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**LOS ANGELES
SUPERIOR COURT**

1 KAMALA D. HARRIS
Attorney General of California
2 W. DEAN FREEMAN
FELIX E. LEATHERWOOD
3 Supervising Deputy Attorneys General
LISA W. CHAO
4 Deputy Attorney General
State Bar No. 198536
5 300 South Spring Street, Suite 1702
Los Angeles, CA 90013
6 Telephone: (213) 897-2481
Fax: (213) 897-5775
7 E-mail: Lisa.Chao@doj.ca.gov
Attorneys for Applicant Dave Jones,
8 *Insurance Commissioner of the State of California,*
in his capacity as Liquidator of Superior National
9 *Insurance Company, Superior Pacific Casualty*
Company, California Compensation Insurance
10 *Company, Commercial Compensation Casualty*
Company and Combined Benefits Insurance
11 *Company*

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA

13 COUNTY OF LOS ANGELES

14 CENTRAL CIVIL WEST
15

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

18 Applicant,

19 v.

20 **SUPERIOR NATIONAL INSURANCE**
21 **COMPANY,**

22 Respondent.
23
24
25
26
27
28

Case No.: BS061974
Consolidated with: BS061675
BS062171
BS062173
BS063746

NOTICE OF APPLICATION AND
APPLICATION FOR ORDER APPROVING
LIQUIDATOR'S PROPOSAL TO
DISBURSE ASSETS TO CERTAIN STATE
INSURANCE GUARANTY
ASSOCIATIONS; DECLARATIONS OF
BOB FERNANDEZ AND RAYMOND
MINEHAN IN SUPPORT THEREOF

Dept: 322-CCW
Judge: The Honorable Kenneth R.
Freeman

Hearing date: None
Last day to serve and file objection and
opposition: August 27, 2012

1 TO ALL INTERESTED PARTIES AND THEIR ATTORNEYS OF RECORD:

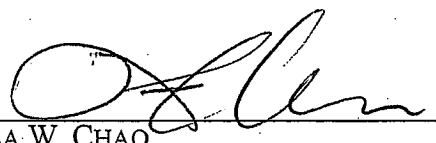
2 PLEASE TAKE NOTICE that Dave Jones, Insurance Commissioner of the State of
3 California, in his capacity as Liquidator ("Liquidator") of Superior National Insurance Company,
4 Superior Pacific Casualty Company, California Compensation Insurance Company, Combined
5 Benefits Insurance Company and Commercial Compensation Casualty Company (collectively the
6 "Insolvent Companies"), hereby applies for an Order approving the Liquidator's application to
7 disburse the assets of the Insolvent Companies to certain state insurance guaranty associations or
8 funds pursuant to Insurance Code §1035.5.

9 PLEASE TAKE FURTHER NOTICE that any objection or opposition to this Application
10 must be filed directly in Department 322-CCW and served on all parties on or before August 27,
11 2012. If no objection or opposition to this Application is received by the Court by that date, the
12 Court may rule on the Application without a hearing.

13
14 Dated: July 24, 2012

Respectfully Submitted,

15 KAMALA D. HARRIS
16 Attorney General of California
17 W. DEAN FREEMAN
18 FELIX E. LEATHERWOOD
19 Supervising Deputy Attorneys General

20 
21 LISA W. CHAO
22 Deputy Attorney General
23 *Attorneys for Applicant Dave Jones,*
24 *Insurance Commissioner of the State of*
25 *California, in his capacity as Liquidator of*
26 *Superior National Insurance Company,*
27 *Superior Pacific Casualty Company,*
28 *California Compensation Insurance*
Company, Commercial Compensation
Casualty Company and Combined Benefits
Insurance Company

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SUMMARY OF APPLICATION

Pursuant to Insurance Code § 1035.5, the Liquidator seeks court approval for his proposal to disburse the Insolvent Companies' assets to certain insurance guaranty associations ("IGAs"). In aggregate amounts, the Liquidator seeks court approval to disburse \$34,680,371 from the insolvent estate of California Compensation Insurance Company; \$572,602 from the insolvent estate of Combined Benefits Insurance Company; \$3,293,891 from the insolvent estate of Superior National Insurance Company; \$1,873,621 from the insolvent estate of Superior Pacific Casualty Company, and \$348,601 from the insolvent estate of Commercial Compensation Casualty Company. This is a total distribution from the five estates of \$40,769,086. The specific amounts to be disbursed to IGAs are set forth in Section "IV" below.

The Liquidator submits that he has complied with the requirements of Insurance Code § 1035.5 for disbursement of assets to insurance guaranty associations and, accordingly, this Court should approve the instant application.

II. Insurance Code § 1035.5 Governs the Disbursement of Assets to Insurance Guaranty Associations

Insurance Code § 1035.5 controls the disbursement of an insolvent insurer's assets to the California Insurance Guarantee Association ("CIGA") and/or to any other insurance guaranty association. Insurance Code § 1035.5 provides in its entirety:

"Notwithstanding the provisions of Article 14 (commencing with §1010), with regard only to those insurers subject to this article:

"(a) Within 120 days of the issuance of an order directing the winding up and liquidation of the business of an insolvent insurer under §1016, the commissioner shall make application to the court for approval of a proposal to disburse the insurer's assets, from time to time as such assets become available, to the California Insurance Guarantee Association, or the California Life and Health Insurance Guarantee Association, and to any entity or person performing a similar function in another state.

"(b) The proposal shall at least include the following provisions for:

1 “(1) Reserving amounts for the payment of expenses of administration and
2 the payment of claims of secured creditors (to the extent of the value of the security
3 held) and claims falling within the priorities established in paragraphs (1) to (4),
4 inclusive, of subdivision (a) of §1033.

5 “(2) Disbursement of the assets marshaled to date and subsequent
6 disbursements of assets as they become available.

7 “(3) Equitable allocation of disbursements to each of the associations
8 entitled thereto.

9 “(4) The securing by the commissioner from each of the associations
10 entitled to disbursements pursuant to this section of an agreement to return to the
11 commissioner such assets previously disbursed as may be required to pay claims of
12 secured creditors and claims falling within the priorities established in paragraphs
13 (1) to (5), inclusive, of subdivision (a) of §1033 in accordance with the priorities.
14 No bond shall be required of any association.

15 “(5) A full report to be made by the association to the commissioner
16 accounting for all assets so disbursed to the association, all disbursements made
17 therefrom, any interest earned by the association on the assets, and any other matter
18 as the court may direct.

19 “(c) The commissioner's proposal shall provide for disbursements to the
20 associations in amounts estimated at least equal to the claim payments made or to
21 be made by the associations for which such associations could assert a claim against
22 the commissioner, and shall further provide that if the assets available for
23 disbursement from time to time do not equal or exceed the amount of the claim
24 payments made or to be made by the associations, then disbursements shall be in
25 the amount of available assets. The reserves of the insolvent insurer on the date of
26 the order of liquidation shall be used for purposes of determining the pro rata
27 allocation of funds among eligible associations.

28 “(d) The commissioner shall offset the amount disbursed to any entity or

1 person performing a function in any other state similar to that function performed
2 by the California Insurance Guarantee Association, or the California Life and
3 Health Insurance Guarantee Association, by the amount of any statutory deposit,
4 premiums, or any other asset of the insolvent insurer held in that state.

5 “(e) Notice of such application shall be given to the associations in and to
6 the commissioners of insurance of each of the states. Any such notice shall be
7 deemed to have been given when deposited in the United States certified mails,
8 first-class postage prepaid, at least 30 days prior to submission of such application
9 to the court. Action on the application may be taken by the court provided the above
10 required notice has been given and provided further that the commissioner's
11 proposal complies with paragraphs (1) and (4) of subdivision (b).”

12 California and other states have similar requirements regarding the handling of assets of
13 insolvent insurers that require the equitable distribution of an insolvent insurer's assets among all
14 IGAs. (Cal. Ins. Code, § 1033(a); *Commercial Nat'l Bank v. Superior Court* (1993), 14
15 Cal.App.4th 393, 398 (finding that claimants within same class are entitled to share pro rata in
16 distribution to class).) Therefore, pursuant to Insurance Code § 1035.5(b)(4), the Liquidator
17 secured agreements from IGAs receiving distributions from the Liquidator to return to the
18 Liquidator the distributed assets as may be required to pay claims of secured creditors and claims
19 failing within the priorities established in Insurance Code §1033(a), paragraphs (1) to (5),
20 inclusive. (Declaration of Bob Fernandez (“Fernandez Decl.”), Exhibits “A,” “B” and “C.”)

21 **III. PREVIOUS EARLY ACCESS DISTRIBUTIONS**

22 The Liquidator has previously made eight early access distributions to IGAs.

23 On November 13, 2001, Los Angeles Superior Court Judge Frances Rothschild approved
24 distributions by the Liquidator to CIGA the amounts of \$11,125,000 from the estate of Superior
25 National Insurance Company and \$13,875,000 from the estate of California Compensation
26 Insurance Company, for a total distribution of \$25 million. (Fernandez Decl., ¶ 4.)

27 On February 13, 2002, Judge Rothschild approved distributions by the Liquidator to
28 CIGA of an additional \$5 million from the estates of Superior National Insurance Company and

1 California Compensation Insurance Company. (Fernandez Decl., ¶ 5.)

2 On January 16, 2003, this Court approved distributions by the Liquidator to certain IGAs
3 in the amounts of \$104,907,447 from California Compensation Insurance Company; \$1,712,274
4 from Combined Benefits Insurance Company; \$15,717,252 from Commercial Compensation
5 Casualty Company; and \$8,814,098 from Superior Pacific Casualty Company, for a total
6 distribution from the four estates of \$131,151,071. (Fernandez Decl., ¶ 6.)

7 On June 10, 2003, this Court approved the distributions by the Liquidator to certain IGAs
8 in the amounts of \$37,888,752 from California Compensation Insurance Company; \$4,207,971
9 from Combined Benefits Insurance Company; \$9,355,770 from Commercial Compensation
10 Casualty Company, for a total distribution from the three estates of \$51,452,493. (Fernandez
11 Decl., ¶ 7.)

12 On August 2, 2005, this Court approved the distributions by the Liquidator to certain
13 IGAs in the amounts of \$130,942,593 from California Compensation Insurance Company;
14 \$5,749,786 from Combined Benefits Insurance Company; \$8,372,626 from Commercial
15 Compensation Casualty Company; \$33,599,122 from Superior National Insurance Company; and
16 \$4,527,090 from Superior Pacific Casualty Company, for a total distribution from the five estates
17 of \$183,191,217. (Fernandez Decl., ¶ 8.)

18 On May 31, 2007, this Court approved the distributions by the Liquidator to certain IGAs
19 of \$32,114,636 from California Compensation Insurance Company; \$1,848,730 from Combined
20 Benefits Insurance Company; \$1,083,895 from Commercial Compensation Casualty Company;
21 \$8,718,925 from Superior National Insurance Company; and \$6,281,609 from Superior Pacific
22 Casualty Company, for a total distribution from the five estates of \$50,047,795. (Fernandez
23 Decl., ¶ 9.)

24 On June 24, 2008, this Court approved the distributions by the Liquidator to certain IGAs
25 in the amounts of \$26,380,125 from California Compensation Insurance Company; \$388,959
26 from Commercial Compensation Casualty Company; and \$4,969,738 from Superior Pacific
27 Casualty Company, for a total distribution from the three estates of \$31,738,822. (Fernandez
28 Decl., ¶ 10.)

On October 1, 2010, this Court approved the distributions by the Liquidator of certain IGAs in the amounts of \$210,000,000 from California Compensation Insurance Company; \$30,000,000 from Commercial Compensation Casualty Company; \$7,500,000 from Superior Pacific Casualty Company; and \$80,000,000 from Superior National Insurance Company, for a total distribution from the four estates of \$327,500,000. (Fernandez Decl., ¶ 11.)

On August 3, 2011, this Court approved the distributions by the Liquidator of certain IGAs and individual policyholders with non-covered claims in the amounts of \$55,024,210 from California Compensation Insurance Company, \$1,752 from Combined Benefits Insurance Company, \$49,314,946 from Superior National Insurance Company, \$1,788 from Superior Pacific Casualty Company, and \$10,134,352 from Commercial Compensation Casualty Company, for a total distribution from the five estates of \$114,477,048. (Fernandez Decl., ¶ 12.)

IV. PROPOSED DISTRIBUTIONS

Pursuant to the requirements of Insurance Code § 1035.5, the Liquidator proposes to make the following specific disbursements of assets to the following IGAs from the Insolvent Companies.

A. California Compensation Insurance Company

As of March 31, 2012, the Liquidator of California Compensation Insurance Company ("California Compensation") has total cash assets of approximately \$75,677,214. This amount consists of \$75,560,755 in the CLO Investment Pool and \$116,459 in Non-Pooled Accounts. (See Declaration of Raymond Minehan ("Minehan Decl."), Exhibit "A," which is a spreadsheet entitled "Consolidated Superior National Estates, Statement of Assets and Liabilities in Liquidation," and details the total cash and certain liabilities of the Insolvent Companies.)

The Liquidator proposes to distribute and pay up to 51% of each IGA's projected ultimate liability which is comprised of paid losses, loss adjustment expenses, reserves and incurred but not reported claims, less applicable statutory deposits and previous payments, for a total payment to all IGAs of \$34,680,371. Accordingly, the Liquidator of California Compensation proposes to distribute and pay the following amounts:

1. Arkansas Property & Casualty Guaranty Fund	\$ 19,691.00
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1	2.	California Insurance Guarantee Association	\$33,999,589.00
2	3.	Florida Workers' Comp. Ins. Guaranty Association	\$ 6,284.00
3	4.	Georgia Insurers Insolvency Pool	\$ 637,051.00
4	5.	Louisiana Insurance Guaranty Association	\$ 17,756.00

5 (See Minehan Decl., Exhibit "B," entitled "Superior National Insurance Companies in
6 Liquidation, Summary of 9th Early Access Distribution to IGAs" detailing the distributions by
7 company to each IGA.)

8 Pursuant to Insurance Code § 1035.5(b)(1), the Liquidator has retained sufficient assets
9 from the total cash assets of California Compensation for the payment of projected administrative
10 expenses and the payment of claims of secured creditors and claims falling within the priorities
11 established in Insurance Code § 1033(a)(1) to (4). Specifically, the Liquidator has retained \$575
12 for accrued expenses as of March 31, 2012; \$335,047 for unclaimed property to be escheated;
13 \$21,641,453 to secure California Compensation's proportionate share of the lien upon the
14 proceeds of the U.S. Life arbitration between U.S. Life and the Insolvent Companies granted to
15 SNTL Litigation Trust pursuant to section V.C., page 17 of the Settlement Agreement dated
16 September 8, 2000 (the "SNTL Lien"). (Minehan Decl., ¶ 5 and Exhibit "A.")

17 Subtracting the total proposed distribution of \$34,680,371 and the above amounts from
18 total cash assets of \$75,677,214 leaves remaining excess cash assets for California Compensation
19 of \$19,019,768 which is more than adequate to cover all future expenses of administration.
20 (Minehan Decl., ¶ 5(a).)

21 No distribution will be made to any other IGA since the amounts previously distributed
22 already equal the present calculated percentage of IGA ultimate liability. Other than the IGAs
23 listed immediately above, the Liquidator has no information concerning any payments made by
24 other IGAs on behalf of California Compensation that would demonstrate an exigency requiring
25 the Liquidator to make an early distribution or reserve assets to make an early distribution to
26 other IGAs.

27 **B. Combined Benefits Insurance Company**

28 As of March 31, 2012, the Liquidator of Combined Benefits Insurance Company

1 ("Combined Benefits") has total cash assets of approximately \$13,383,804. This amount consists
2 of \$13,154,041 in the CLO Investment Pool as of March 31, 2011 and \$229,763 in Non Pooled
3 Accounts. (Minehan Decl., Exhibit "A.")

4 The Liquidator proposes to distribute and pay up to 95% of each IGA's projected ultimate
5 liability which is comprised of paid losses, loss adjustment expenses, reserves and incurred but
6 not reported claims, less applicable statutory deposits and previous payments, for a total payment
7 to California Insurance Guarantee Association of \$572,602.

8 Pursuant to Insurance Code § 1035.5(b)(1), the Liquidator has retained sufficient cash
9 assets from the total cash assets of Combined Benefits for the payment of administrative expenses
10 and the payment of claims of secured creditors and claims falling within the priorities established
11 in Insurance Code §1033(a)(1) to (4). Specifically, the Liquidator has retained \$10 for accrued
12 expenses as of March 31, 2012; \$603 for unclaimed property to be escheated; and \$203,597 to
13 secure Combined Benefits' proportionate share of the SNTL Lien. (Minehan Decl., ¶ 6 and
14 Exhibit "A.")

15 Subtracting the total proposed distribution of \$572,602 and the above reserved amounts
16 from total cash assets of \$13,383,804 leaves remaining excess cash assets for Combined Benefits
17 of \$12,606,992, which is more than adequate to cover all future expenses of administration.

18 (Minehan Decl., ¶ 6.)

19 No distribution will be made to any other IGA since the amounts previously distributed
20 already equal the present calculated percentage of IGA ultimate liability. Other than the IGAs
21 listed immediately above, the Liquidator has no information concerning any payments made by
22 other IGAs on behalf of Combined Benefits that would demonstrate an exigency requiring the
23 Liquidator to make an early distribution or reserve assets to make an early distribution to other
24 IGAs.

25 C. Superior National Insurance Company

26 As of March 31, 2012, the Liquidator of Superior National Insurance Company ("Superior
27 National") has total cash assets of approximately \$21,958,158 in the CLO Investment Pool.
28 (Minehan Decl., Exhibit "A.")

1 The Liquidator proposes to distribute and pay up to 52.5% of each IGA's projected
2 ultimate liability comprised of paid losses, loss adjustment expenses, reserves and incurred but
3 not reported claims, less applicable statutory deposits and previous payments, for a total
4 distribution to California Insurance Guarantee Association of \$3,293,891.

5 Pursuant to Insurance Code § 1035.5(b)(1), the Liquidator has retained certain amounts
6 from the total cash assets of Superior National for the payment of administrative expenses and the
7 payment of claims of secured creditors and claims falling within the priorities established in
8 Insurance Code § 1033(a)(1) to (4). Specifically, the Liquidator has retained \$1,713 for accrued
9 expenses as of March 31, 2012; \$81,950 for unclaimed property to be escheated; and \$4,974,776
10 to secure Superior National's proportionate share of the SNTL Lien. (Minehan Decl., ¶ 7 and
11 Exhibit "A.")

12 Subtracting the total proposed distribution of \$3,293,891 and the above reserved amounts
13 from total cash assets of \$21,958,158 leaves remaining excess cash assets for Superior National
14 of \$13,605,828, which is more than adequate to cover all future expenses of administration.
15 (Minehan Decl., ¶ 7.)

16 No distribution will be made to any other IGA since the amounts previously distributed
17 already equal the present calculated percentage of IGA ultimate liability. Other than the IGAs
18 listed immediately above, the Liquidator has no information concerning any payments made by
19 other IGAs on behalf of Superior National that would demonstrate an exigency requiring the
20 Liquidator to make an early distribution or reserve assets to make an early distribution to other
21 IGAs.

22 **D. Superior Pacific Casualty Company**

23 As of March 31, 2012, the Liquidator of Superior Pacific Casualty Company ("Superior
24 Pacific") has total cash assets of approximately \$3,814,065 in the CLO Investment Pool as of
25 March 31, 2012. (Minehan Decl., Exhibit "A.")

26 The Liquidator proposes to distribute and pay up to 21% of each IGA's projected ultimate
27 liability comprised of paid losses, loss adjustment expenses, reserves and incurred but not
28 reported claims, less applicable statutory deposits and previous payments, for a total distribution

1 to California Insurance Guarantee Association of \$1,873,621.

2 Pursuant to Insurance Code § 1035.5(b)(1), the Liquidator has retained sufficient cash
3 assets from the total cash assets of Superior Pacific for the payment of administrative expenses
4 and the payment of claims of secured creditors and claims falling within the priorities established
5 in Insurance Code §1033(a)(1) to (4). Specifically, the Liquidator has retained \$38 for accrued
6 expenses as of March 31, 2012; \$386 for unclaimed property to be escheated; and \$72,297 to
7 secure Superior Pacific's proportionate share of the SNTL Lien. (Minehan Decl., ¶ 8 and Exhibit
8 "A.")

9 Subtracting the total proposed distribution of \$1,873,621 and the above reserved amounts
10 from total cash assets of \$3,814,065 leaves remaining excess cash assets for Superior Pacific of
11 \$1,867,723, which is more than adequate to cover all future expenses of administration.
12 (Minehan Decl., ¶ 8.)

13 No distribution will be made to any other IGA since the amounts previously distributed
14 already equal the present calculated percentage of IGA ultimate liability. Other than the IGAs
15 listed immediately above, the Liquidator has no information concerning any payments made by
16 other IGAs on behalf of Superior Pacific that would demonstrate an exigency requiring the
17 Liquidator to make an early distribution or reserve assets to make an early distribution to other
18 IGAs.

19 **E. Commercial Compensation Casualty Company**

20 As of March 31, 2012, the Liquidator of Commercial Compensation Casualty Company
21 ("Commercial Compensation") has total cash assets of approximately \$12,718,826 in the CLO
22 Investment Pool. (Minehan Decl., ¶ 9 and Exhibit "A.")

23 The Liquidator proposes to distribute and pay up to 80% of each IGA's projected ultimate
24 liability which is comprised of paid losses, loss adjustment expenses, reserves and incurred but
25 not reported claims, less applicable statutory deposits and previous payments, for a total
26 distribution to all IGAs of \$348,601. As such, the Liquidator of Commercial Compensation
27 proposes to distribute and pay the following amounts:

28 1. Arkansas Property & Casualty Guaranty Assoc. \$ 2,297.00

1	2.	Illinois Insurance Guaranty Association	\$ 35,698.00
2	3.	Nebraska Property & Liability Insurance Guaranty Assn.	\$ 2,473.00
3	4.	New Jersey Workers' Comp. Security Fund	\$161,504.00
4	5.	Pennsylvania Workers' Comp. Security Fund	\$138,628.00
5	6.	Utah Property & Casualty Guaranty Association	\$ 8,001.00

6 (Minehan Decl., Exhibit "B.")

7 Pursuant to Insurance Code § 1035.5(b)(1), the Liquidator has retained sufficient assets
8 from the total cash assets of Commercial Compensation for the payment of administrative
9 expenses and the payment of claims of secured creditors and claims falling within the priorities
10 established in Insurance Code §1033(a)(1) to (4). Specifically, the Liquidator retained \$463,729
11 for accrued expenses as of March 31, 2012; \$219,111 for unclaimed property to be escheated; and
12 \$1,107,877 to secure Commercial Compensation's proportionate share of the SNTL Lien.

13 (Minehan Decl., ¶ 9 and Exhibit "A.")

14 Subtracting the total proposed distribution of \$348,601 and the above amounts from total
15 cash assets of \$12,718,826 leaves remaining excess cash assets for Commercial Compensation of
16 \$10,579,508, which is more than adequate to cover all future expenses of administration.

17 (Minehan Decl., ¶ 9.)

18 No distribution will be made to any other IGA since the amounts previously distributed
19 already equal the present calculated percentage of IGA ultimate liability. Other than the IGAs
20 listed immediately above, the Liquidator has no information concerning any payments made by
21 other IGAs on behalf of Commercial Compensation that would demonstrate an exigency
22 requiring the Liquidator to make an early distribution or reserve assets to make an early
23 distribution to other IGAs.

24 WHEREFORE, the Liquidator prays that the Court issue an Order as follows:

25 1. Finding that proper notice of this application was provided to all IGAs in and all
26 Commissioners of Insurance of each of the states pursuant to Insurance Code § 1035.5(e) and to
27 all interested parties in this proceeding;

28 2. Authorizing the Liquidator of California Compensation Insurance Company to

1 distribute and pay a total of \$34,680,371 from the assets of California Compensation Insurance
2 Company to certain insurance guaranty associations as set forth in this application;

3 3. Authorizing the Liquidator of Combined Benefits Insurance Company to distribute
4 and pay a total of \$572,602 from the assets of Combined Benefits Insurance Company to certain
5 insurance guaranty associations as set forth in this application;

6 4. Authorizing the Liquidator of Superior National Insurance Company to distribute
7 and pay a total of \$3,293,891 from the assets of Superior National Insurance Company to certain
8 insurance guaranty associations as set forth in this application;

9 5. Authorizing the Liquidator of Superior Pacific Casualty Company to distribute and
10 pay a total of \$1,873,621 from the assets of Superior Pacific Casualty Company to certain
11 insurance guaranty associations as set forth in this application;

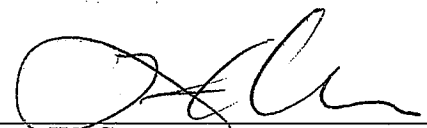
12 6. Authorizing the Liquidator of Commercial Compensation Casualty Company to
13 distribute and pay a total of \$348,601 from the assets of Commercial Compensation Casualty
14 Company to certain insurance guaranty associations as set forth in this application; and

15 7. Authorizing the Liquidator to take any and all action necessary to accomplish the
16 purposes of this Order.

17 Dated: July 24, 2012

Respectfully Submitted,

18 KAMALA D. HARRIS
19 Attorney General of California
20 W. DEAN FREEMAN
21 FELIX E. LEATHERWOOD
22 Supervising Deputy Attorneys General

23 
24 LISA W. CHAO
25 Deputy Attorney General
26 *Attorneys for Applicant Dave Jones,*
27 *Insurance Commissioner of the State of*
28 *California, 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 Company

Declaration of Bob Fernandez

DECLARATION OF BOB FERNANDEZ

I, Bob Fernandez, declare as follows:

1. I am employed as an Estate Trust Officer with the Insurance Commissioner of the State of California's Conservation and Liquidation Office. If called upon to testify, I could and would testify competently, under oath, to the following facts as they are personally known to me, except as to those matters stated on information and belief, and as to those matters, I believe them to be true. The statements contained in this declaration are not all within my personal knowledge, and I am informed and believe that no single officer of the CLO has personal knowledge of all these matters. The statements herein are based on information assembled by authorized employees of the CLO, and I am informed and believe that the statements based upon that information are true and correct.

2. The Insurance Commissioner of the State of California, in his statutory role as Conservator or Liquidator, has the responsibility for the management and administration of the conservation and/or liquidation of numerous California insurers, including the estates of Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company, Combined Benefits Insurance Company and Commercial Compensation Casualty Company (collectively the "Insolvent Companies").

3. Since 2000, I am the CLO employee responsible for the overall management of the Insolvent Companies in conservation and in liquidation, including but not limited to financial reporting, claim administration, and disbursement of assets. I am also responsible for the management of books and records of the Insolvent Companies, and I have overall custody and control thereof.

4. On November 13, 2001, this Court approved the distribution by the Liquidator to the California Insurance Guarantee Association ("CIGA") of \$11,125,000 from the estate of Superior National Insurance Company and \$13,875,000 from the estate of California Compensation Insurance Company, for a total distribution of \$25 million.

5. On February 13, 2002, this Court approved the distribution by the Liquidator to the CIGA of an additional \$5 million from the estates of Superior National Insurance Company

1 and California Compensation Insurance Company.

2 6. On January 16, 2003, this Court approved the distribution by the Liquidator to
3 certain insurance guaranty associations ("IGAs") of \$104,907,447 from California Compensation
4 Insurance Company, \$1,712,274 from Combined Benefits Insurance Company; \$15,717,252 from
5 Commercial Compensation Casualty Company; and \$8,814,098 from Superior Pacific Casualty
6 Company, for a total distribution from the four estates of \$131,151,071.

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8 \$37,888,752 from California Compensation Insurance Company, \$4,207,971 from Combined
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10 Company, for a total distribution from the three estates of \$51,452,493.

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12 certain IGAs of \$130,942,593 from California Compensation Insurance Company; \$5,749,786
13 from Combined Benefits Insurance Company; \$8,372,626 from Commercial Compensation
14 Casualty Company; \$33,599,122 from Superior National Insurance Company; and \$4,527,090
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17 9. On May 31, 2007, this Court approved the distribution by the Liquidator to IGAs
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24 Compensation Casualty Company; and \$4,969,738 from Superior Pacific Casualty Company, for
25 a total distribution from the three estates of \$31,738,822.

26 11. On October 1, 2010, this Court approved the distribution by the Liquidator to
27 IGAs of \$210,000,000 from California Compensation Insurance Company, \$30,000,000 from
28 Commercial Compensation Casualty Company, \$7,500,000 from Superior Pacific Casualty

1 Company, and \$80,000,000 from Superior National Insurance Company, for a total distribution
2 from the four estates of \$327,500,000.

3 12. On August 3, 2011, this Court approved the distributions by the Liquidator of
4 certain IGAs and individual policyholders with non-covered claims of \$55,024,210 from
5 California Compensation Insurance Company, \$1,752 from Combined Benefits Insurance
6 Company, \$49,314,946 from Superior National Insurance Company, \$1,788 from Superior
7 Pacific Casualty Company, and \$10,134,352 from Commercial Compensation Casualty
8 Company, for a total distribution from the five estates of \$114,477,048.

9 13. Attached and incorporated herein as Exhibit "A" is a true and correct copy of the
10 Agreement for Early Access Distribution of Funds, dated August 23, 2002.

11 14. Attached and incorporated herein as Exhibit "B" is a true and correct copy of the
12 Agreement for Early Access Distribution of Funds, dated May 4, 2005.

13 15. Attached and incorporated herein as Exhibit "C" is a true and correct copy of the
14 Agreement for Early Access Distribution of Funds between the Liquidator and South Dakota
15 Property and Casualty Insurance Guaranty Association, dated September 9, 2010.

16 I declare under penalty of perjury under the laws of the State of California that the
17 foregoing is true and correct.

18 Executed this 18 day of July, 2012, at San Francisco, California.

19
20 

21 Bob Fernandez
22
23
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25
26
27
28

Exhibit “A”

AGREEMENT FOR EARLY ACCESS DISTRIBUTION OF FUNDS

This Agreement is made this twenty-third day of August, 2002, by and between the California Insurance Commissioner ("Commissioner"), as liquidator of Superior National Insurance Company, California Compensation Insurance Company, Combined Benefits Insurance Company, Superior Pacific Casualty Company and Commercial Compensation Casualty Company (hereinafter "Superior National") and the Insurance Guaranty Associations of the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Wisconsin, and Wyoming (the "IGAs").

RECITALS

1. On March 3, 2000, pursuant to an order of the Los Angeles Superior Court, State of California, the Commissioner conserved Superior National. On September 26, 2000, the same court determined Superior National to be insolvent, and appointed the Commissioner as liquidator, ordering the liquidator to liquidate and wind up the business of Superior National and to exercise all powers necessary for the purpose of carrying out the order, and
2. Superior National was licensed to transact primarily Workers' Compensation Insurance but also wrote General Liability insurance. Superior National was licensed to write business in Alabama, Alaska, Arizona, Arkansas, California, Colorado, Delaware, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Missouri, Nebraska, Nevada, New Jersey, New Mexico, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia,

Wisconsin, and Wyoming. The Superior National estate now contains assets of \$246,503,304 in cash and securities (see attached chart).

3. The IGAs pursuant to their respective enabling statutes have statutory duties to pay and discharge covered claims and related loss adjustment services and defense expenses for insureds and claimants with regards to "covered claims" (as that term is defined in each of the IGAs enabling statute) in the event of the finding of insolvency of and appointment of a receiver and/or liquidator of an insurance carrier which was a member insurer of that IGA.

4. Pursuant to their statutory obligations, the IGAs, between the date of liquidation and June 30, 2002, have paid covered claim liabilities, including paid losses and allocated loss adjustment expenses in the amounts recorded on Exhibit "A" attached hereto.

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties agree as follows:

1. The Commissioner may, from time to time, and upon approval by the supervising liquidation court, distribute assets of Superior National to the IGAs on an equitable basis, after the Commissioner has first reserved assets sufficient for the following:

- a) payment of the expenses of administration;
- b) payment of claims of secured creditors to the extent of the value of the security held; and
- c) payment of anticipated claims, if any, falling within the priorities established in paragraphs (1) - (2), inclusive, of Insurance Code § 1033(a).

Such distributions will be equitably allocated between the IGAs in the same ratio as the individual IGA's payments for covered claims and loss adjustment expenses bears to the total covered claims and loss adjustment expenses paid by all of the IGAs; provided that any such distributions will be

reduced by any statutory/special deposits available to any IGA from such deposits maintained by Superior National in the IGA's state, except where the IGA's state has refused payment of such statutory deposit to the IGA.

2. The IGAs further agree to make a full report to the Commissioner, accounting for all assets received by the IGA, all disbursements made, all interest earned on the assets, and any other matter that the court may direct.

3. The IGA will return to the Commissioner, upon demand, all or part of the assets as maybe required by the Commissioner to pay the claims of secured creditors and claims falling within the priorities established in Insurance Code § 1033(4) (1) - (2), in accordance with those priorities, as the code section now exists or as it may exist in the future. This obligation will include an obligation to return any assets that are in excess of the total distribution that the IGA would be entitled to from the estate pursuant to Insurance Code sections 1033 *et seq.* at the time of a proposed distribution by the Commissioner. In the event that the IGA must make an assessment in accordance with its enabling statute in order to make a refund to the Commissioner pursuant to this paragraph, then the IGA shall have 120 days from the date such refund is requested to make such refund to the Commissioner.

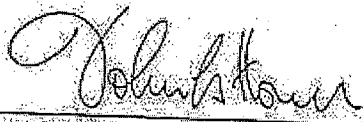
4. The IGA will comply with all requirements set forth in Insurance Code § 1035.5.

5. If any legal action is necessary to enforce this Agreement, the IGA agrees that the action will be brought in the Los Angeles Superior Court, State of California, in the liquidation proceedings of

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.


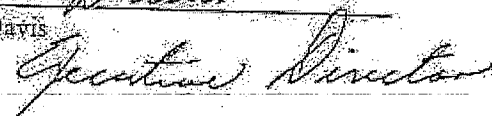
DATED: Oct. 3rd., 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
Loren D. Suter
for Deputy Insurance Commissioner

DATED: 9/19/, 2002

Alabama Insurance Guaranty Association

By 
Betty S. Davis
Manager 
Executive Director

SUPERIOR NATIONAL INSURANCE COMPANY WAS NOT LICENSED IN ALABAMA.
THE AGREEMENT IS BEING SIGNED ON BEHALF OF CALIFORNIA COMPENSATION
INSURANCE COMPANY AND COMMERCIAL COMPENSATION INSURANCE COMPANY
ONLY.

BD

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

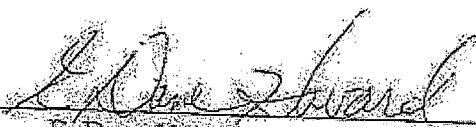
DATED Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
for Loren D. Suter
Deputy Insurance Commissioner

DATED Sept. 20, 2002

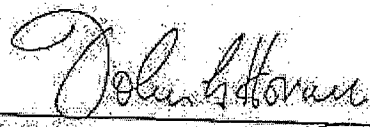
Alaska Insurance Guaranty Association

By 
E. Dane Havard
Fund Administrator

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
Loren D. Suter
Deputy Insurance Commissioner

DATED: 9/17, 2002

State Compensation Fund of Arizona (AZ WC)

By 
Pat Hardep
Financial Services

Superior National by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By John D. Suter
for Loren D. Suter
Deputy Insurance Commissioner

DATED: Sep 11 - 26, 2002

California Insurance Guarantee Association

By Lawrence E. Mulryan
Lawrence E. Mulryan
Executive Director

Western Guaranty Fund

SEP 17 2002

RECEIVED

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By


Loren D. Suter

for Deputy Insurance Commissioner

DATED: Sept 18, 2002

Western Guaranty Fund Services (CO)

By


Robert T. Sweeney
President

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct. 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By Johnston

Loren D. Suter
Deputy Insurance Commissioner
for

DATED: Sept 17, 2002

Delaware Insurance Guaranty Association

By Homer A. Rhule
Homer A. Rhule
Executive Manager

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By John H. Suter

Loren D. Suter
Deputy Insurance Commissioner

DATED: 9/1/02, 2002

Guaranty Fund Management Services (D.C.)

By Paul Gulko

Paul Gulko
President

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By John L. Suter

for Loren D. Suter
Deputy Insurance Commissioner

DATED: Sept 17, 2002

Guaranty Association

Florida Workmen's Compensation Insurance

By Anthony M. Grippo
Executive Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct. 8th, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By John H. Suter

for Loren D. Suter
Deputy Insurance Commissioner

DATED: 9/27, 2002

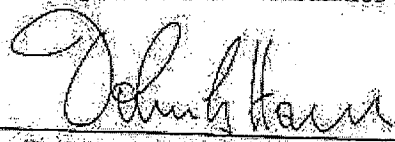
Georgia Insurers Insolvency Pool

By Michael C. Marchman
Michael C. Marchman
Executive Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

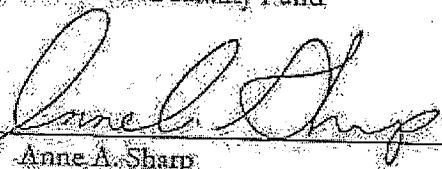
DATED: Oct 8th, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
Loren D. Suter
for Deputy Insurance Commissioner

DATED: October 7, 2002

Illinois Insurance Guaranty Fund

By 
Anne A. Sharp
Executive Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 16, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

for By John H. Super
Loren D. Super
Deputy Insurance Commissioner

DATED: October 7, 2002

Indiana Insurance Guaranty Association

By Jean B. Funk
Jean B. Funk
Executive Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By


Loren D. Suter
Deputy Insurance Commissioner

DATED: 9/17/02, 2002

Iowa Insurance Guaranty Association

By


Kent M. Forney
General Counsel

Western Guaranty Fund

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of
this agreement, that such court will have jurisdiction over the IGA.

RECEIVED

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By John D. Suter
Loren D. Suter
Deputy Insurance Commissioner

DATED: Sept 18, 2002

Western Guaranty Fund Services (KS)

By Robert T. Sweeney
Robert T. Sweeney
President

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By



Loren D. Suter
Deputy Insurance Commissioner

fa

DATED: September 17, 2002

Kentucky Insurance Guaranty Association

By




Scott Webster
Claims Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
Loren D. Suter
Deputy Insurance Commissioner

DATED: 9-26, 2002


Louisiana Insurance Guaranty Association

By 
Seth Keener
Executive Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

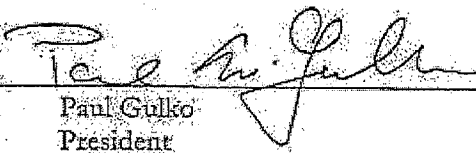
DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
Loren D. Suter
Deputy Insurance Commissioner

DATED: 9/18, 2002


Guaranty Fund Management Services (MA)

By 
Paul Gulko
President

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.


DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
for Loren D. Suter
Deputy Insurance Commissioner

DATED: 9-27, 2002

Mississippi Insurance Guaranty Association

By 
C. William Satterfield
Executive Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct. 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By John H. Suter

for Loren D. Suter
Deputy Insurance Commissioner

DATED: Sept 19, 2002

Missouri Property and Casualty
Insurance Guaranty Association

By Charles F. Renn

Charles F. Renn
Executive Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: 22 November 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By John H. Suter

for Loren D. Suter
Deputy Insurance Commissioner

DATED: 11/12/ 2002

New Mexico Insurance Guaranty Association


By Gary M. Keenan

Gary M. Keenan
Fund Administrator

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By: 
Loren D. Sufer
for: Deputy Insurance Commissioner

DATED: Sept 18, 2002

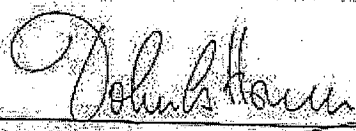
New York Insurance Department Liquidation Bureau

By: 
Richard S. Karpin
Assistant Special Deputy Superintendent of Insurance

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
for Loren D. Suter
Deputy Insurance Commissioner

DATED: September 26, 2002

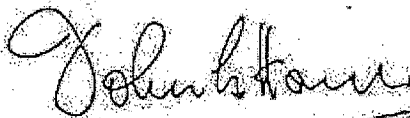
Oklahoma Property & Casualty
Insurance Guaranty Association

By 
Howard B. Howell
General Manager

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

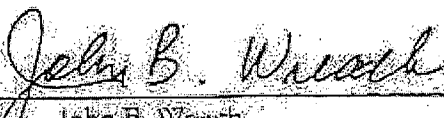
DATED: 22 November, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
Loren D. Suter
Deputy Insurance Commissioner

DATED: _____, 2002

Oregon Insurance Guaranty Association

By 
John B. Wreath
Administrator

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company


By


Loren D. Suter
Deputy Insurance Commissioner


for

DATED: 9/20, 2002

Pennsylvania Workmans' Compensation
Security Fund


Notarial Seal
Jean A. Cuaz, Notary Public
Harrisburg, Dauphin County
My Commission Expires Feb. 26, 2005
Member, Pennsylvania Association of Notaries

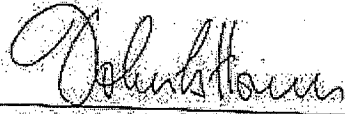
By


Michael P. Sullivan
Claims Manager

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.


DATED: Oct. 3rd., 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
for Loren D. Suter
Deputy Insurance Commissioner

DATED: 9/19/, 2002

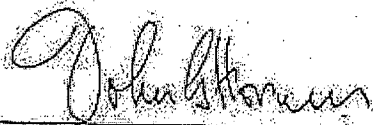
South Carolina Property & Casualty
Insurance Guaranty Association

By 
J. Smith Harrison
Manager

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

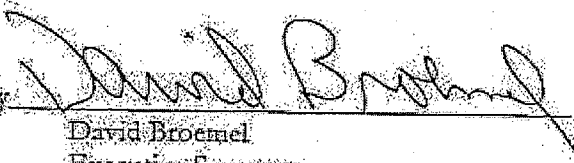
DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By: 
for Loren D. Suter
Deputy Insurance Commissioner

DATED: 9/18, 2002


Tennessee Insurance Guaranty Association

By: 
David Broemel
Executive Secretary

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
Loren D. Suter
Deputy Insurance Commissioner
for.

DATED: September 20, 2002


Texas Property and Casualty
Insurance Guaranty Association

By 
~~Paul Cannon~~ MERVIN KELLY, Executive
Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct. 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
for Loren D. Suter
Deputy Insurance Commissioner

DATED: 9/25/2002, 2002

Association

Utah Property and Casualty Insurance Guaranty

By 
Allen J. Muhlestein
Executive Director

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 8th, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By John H. Hauer
for Loren D. Suter
Deputy Insurance Commissioner

DATED: Oct 1, 2002

Wisconsin Insurance Security Funds

By Mark H. Fernal
Mark H. Fernal
Executive Director

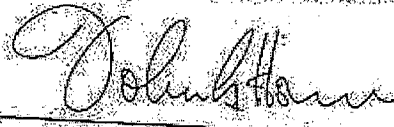
Western Guaranty Fund

SEP 17 2002
RECEIVED

Superior National, by way of an Order to Show Cause, and the IGA agrees, solely for purposes of this agreement, that such court will have jurisdiction over the IGA.

DATED: Oct 3rd, 2002

Harry Low
Insurance Commissioner of the State of California
Liquidator of Superior National Insurance Company

By 
Loren D. Suter
Deputy Insurance Commissioner
for

DATED: Sept 18, 2002

Western Guaranty Fund Services (WY)

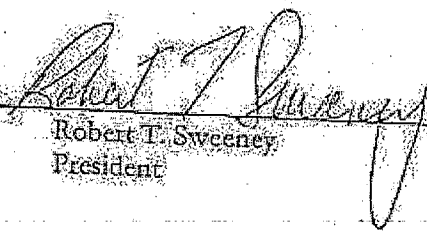
By 
Robert T. Sweeney
President

Exhibit “B”



CONSERVATION & LIQUIDATION OFFICE
P.O. Box 26894
San Francisco, CA 94126-0894
Tel: 415.676.5000 Fax: 415.676.5002
www.caclo.org

AGREEMENT FOR EARLY ACCESS DISTRIBUTION OF FUNDS

This Agreement is effective upon the later of the two signatory dates. This agreement between the Arkansas Property & Casualty Fund and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of California Compensation Insurance Company, Combined Benefits Insurance Company, Commercial Compensation Casualty Company, Superior National Insurance Company and Superior Pacific Insurance Company (hereinafter referred to as "SNICIL Companies").

Recitals

1. On March 6, 2000, pursuant to an order of the County of Los Angeles Superior Court, State of California, the Commissioner conserved "SNICIL Companies". On September 26, 2000, the same court determined "SNICIL Companies" to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of "SNICIL Companies" and to exercise all powers necessary for the purpose of carrying out the order;
2. The "SNICIL Companies" Estate has sufficient assets in cash and securities to provide early access of funds to Guaranty Associations;
3. The Commissioner proposes, pursuant to California Insurance Code §1035.5,

after reserving amounts necessary for payment of expenses of administration and the payment of claims of secured creditors (to the extent of the value of security held) and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of "SNICIL Companies" on an equitable allocation to those Guaranty Associations eligible to participate in the distribution;

4. Such distributions will be equitably allocated between the Guaranty Associations in a ratio consisting of each Guaranty Association's reported payments for covered claims and loss adjustment expenses and the total reported covered claims and loss adjustment expenses paid by all Guaranty Associations; provided that any such allocated distributions will be reduced by the entire amount of any statutory/special deposits available to any Guaranty Association from such deposits posted by "SNICIL Companies" in the Guaranty Association's state, regardless of whether such deposit has been actually received by such Guaranty Association;

5. "SNICIL Companies" maintained statutory deposits ("Deposits") with the Insurance Commissioner or regulator in each state in which "SNICIL Companies" operated. The Deposits secured or partially secured "SNICIL Companies" liabilities to workers' compensation claimants in those states, and the proceeds of the Deposits have been or may be made available for distribution by the applicable Commissioner or regulator to the Guaranty Association for its use in paying covered claims. Neither "SNICIL Companies" nor the Liquidator has come into possession of any portion of the Deposits. The amount of the Deposit in the state of a Guaranty Association will be included in the calculation of that Guaranty Association's early access distribution under this Agreement.

Agreement

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties agree as follows:

1. The Commissioner may, from time to time, and upon approval by the "SNICIL Companies"

Liquidation court, distribute assets of "SNICIL Companies" to Guaranty Association on an equitable basis, after the Commissioner has first reserved assets sufficient for the following:

- (a) payment of the expenses of administration California Insurance Code §1033 (a) (1)
- (b) payment of claims of secured creditors to the extent of the value of the security held; and
- (c) payment of claims falling within the priorities established in paragraphs (1) – (2), inclusive, of California Insurance Code §1033, subd. (a).

Such distributions will be made equitably between all Guaranty Associations.

2. Any such distributions to a Guaranty Association will be offset by the entire amount of any statutory/special deposits available to the Guaranty Association from such deposits maintained by "SNICIL Companies" in the Guaranty Association's state. The Commissioner will not object to the release of any statutory/special deposit maintained by "SNICIL Companies" in the Guaranty Association's state for payment of workers' compensation claims, provided that such Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay compensable workers' compensation claims under "SNICIL Companies" policies, and allocated claims expense necessary to pay those claims.

3. The Guaranty Association agrees to make a full report to the Commissioner, accounting for all assets received by it, all disbursements made, all interest earned on the assets, and any other

matter that the court may direct.

4. The Guaranty Association will return to the Commissioner, upon demand, all or part of the assets received pursuant to this Agreement or pursuant to applicable law, as may be required by the Liquidator to pay the pro rata portion of all allowed claims of secured creditors and claims falling within the priorities established in California Insurance Code section 1033(a) (1) – (2), in accordance with those priorities, as the code section exists or may exist in the future. This obligation will include an obligation to return any assets that are in excess of the total distribution that the Guaranty Association would be entitled to from the "SNICIL Companies" Estate pursuant to California Insurance Code section 1033(a) at the time of a proposed distribution by the Commissioner. In the event that the Guaranty Association's receipt of distributions under this Agreement or its receipt of "SNICIL Companies" Statutory Deposit results in the Guaranty Association having received funds that exceed the amount of the pro rata distribution to which the Guaranty Association is entitled under a court approved interim or final distribution approved by the Court, the Guaranty Association shall refund to the Liquidator such amount as is necessary to ensure that the Guaranty Association has received no more than its equitably allocated share of the court-approved distribution. In the event that the Guaranty Association must make an assessment in accordance with its enabling statute in order to make a refund to the Commissioner pursuant to this paragraph, then the Guaranty Association will have 120 days from the date such refund is requested to make such refund to the Commissioner.

5. The Guaranty Association will comply with all requirements set forth in California Insurance Code §1035.5.

6. If any legal action is necessary to enforce this agreement, the Guaranty Association agrees that such action will be commenced in the County of Los Angeles, Superior Court of the State of California, in the Liquidation proceeding of "SNICIL Companies", by way of an Order to Show Cause and the Guaranty Association agrees, for this purpose only, to subject itself to the jurisdiction of the County of Los Angeles Superior Court of the State of California by way of an Order to Show Cause procedure.

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of "SNICIL Companies" in Liquidation

Dated: May 4, 2005

By David Wilson
David Wilson
Special Deputy Insurance Commissioner

Dated: APRIL 28, 2005

Arkansas Property & Casualty Guaranty Fund
By Steve A. Uhryn
Steve A. Uhryn, Esq.
Administrator

6. If any legal action is necessary to enforce this agreement, the Guaranty Association agrees that such action will be commenced in the County of Los Angeles, Superior Court of the State of California, in the Liquidation proceeding of "SNICIL Companies", by way of an Order to Show Cause and the Guaranty Association agrees, for this purpose only, to subject itself to the jurisdiction of the County of Los Angeles Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: May 4, 2005

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of "SNICIL Companies" in Liquidation

By David Wilson
David Wilson
Special Deputy Insurance Commissioner

Dated: April 20, 2005

Nebraska Property & Liability Insurance Guaranty Assn.

By L. Dean Fletcher
L. Dean Fletcher
Administrator

6. If any legal action is necessary to enforce this agreement, the Guaranty Association agrees that such action will be commenced in the County of Los Angeles, Superior Court of the State of California, in the Liquidation proceeding of "SNICIL Companies", by way of an Order to Show Cause and the Guaranty Association agrees, for this purpose only, to subject itself to the jurisdiction of the County of Los Angeles Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: May 4, 2005

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of "SNICIL Companies" in Liquidation

By David Wilson
David Wilson
Special Deputy Insurance Commissioner

Dated: March 29, 2005

New Jersey Compensation, Rating & Inspection Bureau
(NJCRIB)

On behalf of the New Jersey Workers Compensation
Security Fund

By Grover E. Czech
Grover E. Czech, Esq.
Executive Director, NJCRIB

6. If any legal action is necessary to enforce this agreement, the Guaranty Association agrees that such action will be commenced in the County of Los Angeles, Superior Court of the State of California, in the Liquidation proceeding of "SNICIL Companies", by way of an Order to Show Cause and the Guaranty Association agrees, for this purpose only, to subject itself to the jurisdiction of the County of Los Angeles Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: May 4, 2005

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of "SNICIL Companies" in Liquidation

By David E. Wilson
David E. Wilson
Special Deputy Insurance Commissioner

Dated: April 12, 2005

Nevada Insurance Guaranty Association
By Donna M. Meade
Donna Meade
Executive Director

Exhibit “C”

AGREEMENT FOR EARLY ACCESS DISTRIBUTION OF FUNDS

This Agreement is effective upon the later of the two signatory dates. This agreement
SOUTH DAKOTA PROPERTY & CASUALTY INS. GUARANTY ASSOCIATION
between the Florida American Guaranty Fund Group and the California Insurance Commissioner
("Commissioner"), in his capacity as Liquidator of California Compensation Insurance Company,
Combined Benefits Insurance Company, Commercial Compensation Casualty Company, Superior
National Insurance Company and Superior Pacific Insurance Company (hereinafter referred to as
"SNICIL Companies".)

Recitals

1. On March 6, 2000, pursuant to an order of the County of Los Angeles Superior Court, State of California, the Commissioner conserved "SNICIL Companies". On September 26, 2000, the same court determined "SNICIL Companies" to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of "SNICIL Companies" and to exercise all powers necessary for the purpose of carrying out the order;
2. The "SNICIL Companies" Estate has sufficient assets in cash and securities to provide early access of funds to Guaranty Associations;
3. The Commissioner proposes, pursuant to California Insurance Code §1035.5, after reserving amounts necessary for payment of expenses of administration and the payment of claims of secured creditors (to the extent of the value of security held) and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of "SNICIL Companies" on an equitable allocation to those Guaranty Associations eligible to participate in the distribution;
4. Such distributions will be equitably allocated between the Guaranty Associations in a ratio consisting of each Guaranty Association's reported payments for covered claims and loss adjustment expenses and the total reported covered claims and loss adjustment expenses paid by all Guaranty Associations; provided that any such allocated distributions will be reduced by the entire amount of

any statutory/special deposits available to any Guaranty Association's state, regardless of whether such deposit has been actually received by such Guaranty Association;

5. "SNICIL Companies" maintained statutory deposits ("Deposits") with the Insurance Commissioner or regulator in each state in which "SNICIL Companies" operated. The Deposits secured or partially secured "SNICIL Companies" liabilities to workers' compensation claimants in those states, and the proceeds of the Deposits have been or may be made available for distribution by the applicable Commissioner or regulator to the Guaranty Association for its use in paying covered claims. Neither "SNICIL Companies" nor the Liquidator has come into possession of any portion of the Deposits. The amount of the Deposit in the state of a Guaranty Association will be included in the calculation of that Guaranty Association's early access distribution under this agreement.

Agreement

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the parties agree as follows:

1. The Commissioner may, from time to time, and upon approval by the "SNICIL Companies" Liquidation court, distribute assets of "SNICIL Companies" to Guaranty Association on an equitable basis, after the Commissioner has first reserved assets sufficient for the following:
 - (a) payment of the expenses of administration California Insurance Code §1033(a) (1)
 - (b) payment of claims of secured creditors to the extent of the value of the security held; and
 - (c) payment of claims falling within the priorities established in paragraphs (1) – (2), inclusive, of California Insurance Code §1033, subd. (a).

Such distributions will be made equitably between all Guaranty Associations.

2. Any such distributions to a Guaranty Association will be offset by the entire amount of any statutory/special deposits available to the Guaranty Association from such deposits maintained by "SNICIL Companies" in the Guaranty Association's state. The Commissioner will not object to the

release of any statutory/special deposits maintained by "SNICIL Companies" in the Guaranty Association's state. The Commissioner will not object to the release of any statutory/special deposit maintained by "SNICIL Companies" in the Guaranty Association's state for payment of workers' compensation claims, provided that such Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay compensable workers' compensation claims under "SNICIL Companies" policies, and allocated claims expense necessary to pay those claims.

3. The Guaranty Association agrees to make a full report to the Commissioner, accounting for all assets received by it, all disbursements made, all interest earned on the assets, and any other matter that the court may direct.

4. The Guaranty Association will return to the Commissioner, upon demand, all or part of the assets received pursuant to this Agreement or pursuant to applicable law, as may be required by the Liquidator to pay the pro rata portion of all allowed claims of secured creditors and claims falling within the priorities established in California Insurance Code section 1033(a) (1) – (2), in accordance with those priorities, as the code section exists or may exist in the future. This obligation will include an obligation to return any assets that are in excess of the total distribution that the Guaranty Association would be entitled to from the "SNICIL Companies" Estate pursuant to California Insurance Code section 1033(a) at the time of a proposed distribution by the Commissioner. In the event that the Guaranty Association's receipt of distributions under this Agreement or its receipt of "SNICIL Companies" Statutory Deposit results in the Guaranty Association having received funds that exceed the amount of the pro rata distribution to which the Guaranty Association is entitled under a court approved interim or final distribution approved by the Court, the Guaranty Association shall refund to the Liquidator such amount as is necessary to ensure that the Guaranty Association has received no more than its equitably allocated share of the court-approved distribution.

In the event that the Guaranty Association must make an assessment in accordance with its enabling statute in order to make a refund to the Commissioner pursuant to this paragraph, then the Guaranty Association will have 120 days from the date such refund is requested to make such refund to the Commissioner.

5. The Guaranty Association will comply with all requirements set forth in California Insurance Code §1035.5.

6. If any legal action is necessary to enforce this agreement, the Guaranty Association agrees that such action will be commenced in the County of Los Angeles, Superior Court of the State of California, in the Liquidation proceeding of "SNICIL Companies", by way of an Order to Show Cause and Guaranty Association agrees, for this purpose only, to subject itself to the jurisdiction of the County of Los Angeles Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 9/20, 2010

STEVE POIZNER
Insurance Commissioner of the State of California,
Liquidator of SNICIL Companies in Liquidation

By David E. Wilson
DAVID E. WILSON
Special Deputy Insurance Commissioner

Dated: Sept 9, 2010

By Edwin E. Evans
EDWIN E. EVANS, Esq.
South Dakota P&C Insurance Guaranty Association

Declaration of Raymond Minehan

DECLARATION OF RAYMOND MINEHAN

I, Raymond Minehan, declare as follows:

1. I am employed as Chief Financial Officer of the California Insurance Commissioner's Conservation & Liquidation Office. I have held my current position since May 7, 2005.

2. I have personal knowledge of the facts and circumstances set forth in this declaration, and if called upon to do so, I could and would competently testify thereto.

3. As Chief Financial Officer for the Insolvent Companies, I am responsible for preparing, supervising and reviewing the financial accounting for the Insolvent Companies.

4. In determining the proposed amount to be distributed by each of the estates and pursuant to Insurance Code § 1035.5(b) the Liquidator has retained sufficient assets to provide for the payment of expenses administration, the payment of claims of secured creditors (to the extent of the value of the security held), and claims within the priorities established in paragraphs (1) to (4), inclusive, of subdivision (a) of Section 1033.

5. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid investment assets on behalf of the California Compensation Insurance Company ("California Compensation") to provide for the payment of \$575 for accrued expenses as of March 31, 2012; \$335,047 for unclaimed property to be escheated; and \$21,641,453 to secure California Compensation's proportionate share of the lien upon the proceeds of the U.S. Life arbitration between U.S. Life and the Insolvent Companies granted to SNTL Litigation Trust pursuant to section V.C., page 17 of the Settlement Agreement dated September 8, 2000 (the "SNTL Lien"). After taking into account these amounts including the proposed distribution, California Compensation has an additional \$19,019,768 in excess liquid investment assets available. The excess liquid investment assets are more than adequate to cover all future administrative expenditures and additional distributions.

6. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid investment assets on behalf of Combined Benefits Insurance Company ("Combined Benefits") to provide for the payment of \$10 for accrued expenses as of March 31, 2012; \$603 for unclaimed

1 property to be escheated; and \$203,597 to secure Combined Benefits' proportionate share of the
2 SNTL Lien. After taking into account these amounts including the proposed distribution,
3 Combined Benefits has an additional \$12,606,992 in excess liquid investment assets. The excess
4 liquid investment assets are more than adequate to cover any future administrative expenditures
5 and additional distributions.

6 7. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid
7 investment assets on behalf of Superior National Insurance Company ("Superior National") to
8 provide for the payment of \$1,713 for accrued expenses as of March 31, 2012; \$81,950 for
9 unclaimed property to be escheated; and \$4,974,776 to secure Superior National's proportionate
10 share of the SNTL Lien. After taking into account these amounts including the proposed
11 distribution, Superior National has an additional \$13,605,828 in excess liquid investment assets.
12 The excess liquid investment assets are more than adequate to cover any future administrative
13 expenditures and additional distributions.

14 8. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid
15 investment assets on behalf of Superior Pacific Casualty Company ("Superior Pacific") to provide
16 for the payment of \$38 for accrued expenses as of March 31, 2012; \$386 for unclaimed property
17 to be escheated; and \$72,297 to secure Superior Pacific's proportionate share of the SNTL Lien.
18 After taking into account these amounts including the proposed distribution, Superior Pacific has
19 an additional \$1,867,723 in excess liquid investment assets. The excess liquid investment assets
20 are more than adequate to cover all future administrative expenditures and additional
21 distributions.

22 9. Pursuant to Insurance Code § 1035.5(b) the Liquidator has retained liquid
23 investment assets on behalf of Commercial Compensation Casualty Company ("Commercial
24 Compensation") to provide for the payment of \$463,729 for accrued expenses as of March 31,
25 2012; \$219,111 for unclaimed property to be escheated; and \$1,107,877 to secure Commercial
26 Compensation's proportionate share of the SNTL Lien. After taking into account these amounts
27 including the proposed distribution, Commercial Compensation has an additional \$10,579,508 in
28 excess liquid investment assets. The excess liquid investment assets are more than adequate to

1 cover all future administrative expenditures and additional distributions.

2 10. Attached and incorporated herein as Exhibit "A" is a true and correct copy of a
3 spreadsheet entitled "Consolidated Superior National Estates, Statement of Assets & Liabilities in
4 Liquidation." This spreadsheet accurately details total cash in possession and certain liability of
5 the Liquidator as of March 31, 2012, and the other cash availability calculations of California
6 Compensation, Combined Benefits, Superior National, Superior Pacific and Commercial
7 Compensation.

8 11. Attached and incorporated herein as Exhibit "B" is a true and correct copy of a
9 spreadsheet entitled "Superior National Insurance Companies in Liquidation, Summary of 9th
10 Early Access Distribution to IGAs." This spreadsheet accurately details the proposed amounts of
11 the early access distributions to each IGA by each of the Insolvent Companies.

12 I declare under penalty of perjury under the laws of the State of California that the
13 foregoing is true and correct.

14 Executed this 18 day of July, 2012, at San Francisco, California.

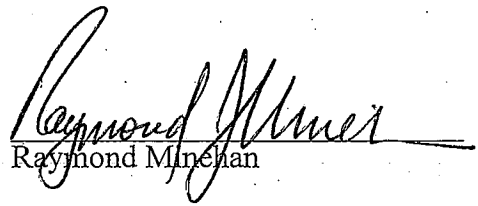
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Exhibit “A”

Insurance Commissioner of the State of California
Conservation & Liquidation Office

CONSOLIDATED SUPERIOR NATIONAL ESTATES
STATEMENT OF ASSETS AND LIABILITIES IN LIQUIDATION
As of March 31, 2012

	Cal Comp	Combined Benefits	Superior Natl	Superior Pacific	Commercial Comp	TOTAL
ASSETS						
Participation in pooled investments	75,560,800	13,154,000	21,958,200	3,814,100	12,718,800	127,205,900
Non-pooled short-term investments:						
Restricted	116,500	229,800	-	-	-	346,300
Accrued investment income	295,600	51,300	86,300	14,600	49,700	497,500
Statutory deposits held by other states	789,700	-	321,500	-	633,300	1,744,500
Funds held by guaranty associations	-	-	11,005,700	-	225,400	11,231,100
Recoverable from reinsurers - paid	2,919,600	6,300	5,335,600	(50,600)	291,400	8,502,300
Recoverable from reinsurers - case reserves	19,793,000	205,600	41,599,400	25,742,700	6,343,200	93,683,900
Recoverable from reinsurers - IBNR	51,413,500	-	-	11,198,300	807,100	63,418,900
Salvage and subrogation recoverable	2,000	-	19,700	-	400	22,100
Total Available Assets	150,890,700	13,647,000	80,326,400	40,719,100	21,069,300	306,652,500
LIABILITIES						
Secured claims	21,976,500	204,200	5,056,700	72,700	1,327,000	28,637,100
Accrued administrative expenses	600	-	1,700	-	463,700	466,000
Claims against policies, including guaranty associations, before distributions	2,055,508,600	34,521,800	886,379,400	224,028,800	138,004,200	3,338,442,800
Early access and other Class 2 distributions	(840,907,800)	(21,482,200)	(391,018,100)	(38,096,100)	(93,984,300)	(1,385,488,500)
All other claims	119,307,900	6,711,100	28,745,100	62,503,300	13,754,500	231,021,900
Total Estimated Liabilities	1,355,885,800	19,954,900	529,164,800	248,508,700	59,565,100	2,213,079,300
NET ASSETS (DEFICIENCY)	(1,204,995,100)	(6,307,900)	(448,838,400)	(207,789,600)	(38,495,800)	(1,906,426,800)

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

Note 2 Does not include expenses for final distribution and related closing activities.

Exhibit “B”

EXHIBIT B

Superior National Insurance Companies in Liquidation Summary of 9th Early Access Distribution to IGAs

Insurance Guaranty Association	California Compensation	Combined Benefits	Superior National	Superior Pacific	Commercial Compensation	Total
Arkansas Property & Casualty Guaranty Association	\$19,691	-	-	-	\$2,297	\$21,988
California Insurance Guarantee Association	33,999,589	\$572,602	\$3,293,891	\$1,873,621	-	39,739,703
Florida Workers' Comp Insurance Guaranty Assn.	6,284	-	-	-	-	6,284
Georgia Insurance Insolvency Pool	637,051	-	-	-	-	637,051
Illinois Insurance Guaranty Association	-	-	-	-	35,698	35,698
Louisiana Insurance Guaranty Association	17,756	-	-	-	-	17,756
Nebraska Property & Liability Insurance Guaranty Ass	-	-	-	-	2,473	2,473
New Jersey Workers' Compensation Security Fund	-	-	-	-	161,504	161,504
Pennsylvania Workers' Compensation Security Fund	-	-	-	-	138,628	138,628
Utah Property & Casualty Guaranty Association	-	-	-	-	8,001	8,001
	<u>\$34,680,371</u>	<u>\$572,602</u>	<u>\$3,293,891</u>	<u>\$1,873,621</u>	<u>\$348,601</u>	<u>\$40,769,086</u>