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Insurance Commissioner of the State of California
12 in his Capacity as Liquidator of
CastlePoint National Insurance Company

ELECTRONICALLY
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Superior Court of California,
County of San Francisco
05/09/2018
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14 SUPERIOR COURT OF THE STATE OF CALIFORNIA
15 CITY AND COUNTY OF SAN FRANCISCO

17 DAVE JONES, INSURANCE
18 COMMISSIONER OF THE STATE OF
CALIFORNIA,

19 Applicant,

20 v.

21 CASTLEPOINT NATIONAL INSURANCE
22 COMPANY, and DOES 1-50, inclusive,

23 Respondents.

Case No. CPF-16-515183

Reservation No. 03130412-06

**INSURANCE COMMISSIONER'S
SUPPLEMENTAL STATEMENT IN
SUPPORT OF UNOPPOSED MOTION
FOR APPROVAL OF TRANSACTION
AND TRANSACTION UPDATE**

**Date: May 10, 2018
Time: 9:30 a.m.
Dept: 302
Judge: Hon. Harold E. Kahn**

1 **INSURANCE COMMISSIONER’S SUPPLEMENTAL STATEMENT OF LACK OF**
2 **OPPOSITION TO MOTION FOR APPROVAL OF TRANSACTION AND**
3 **TRANSACTION UPDATE**

4 **Lack of Opposition**

5 Dave Jones, Insurance Commissioner (“Commissioner”) of the State of California, as the
6 statutory Liquidator of the estate of CastlePoint National Insurance Company (“CastlePoint”),
7 filed his *Notice of Motion and Motion for Approval of Transaction* (“Motion”) on March 16,
8 2018. On April 5, 2018, the Commissioner filed a *Statement of Lack of Opposition to Motion for*
9 *Approval of Transaction and Update* in advance of the hearing on the Motion originally
10 scheduled for April 12, 2018. At the request of the Commissioner, the hearing was continued due
11 to unexpected delays by third parties in providing data and information so the required due
12 diligence related to the Transaction at issue in the Motion could not be completed prior to the
13 original hearing date. As noted in the Motion, that due diligence process had the potential to
14 result in an adjustment to the amount of funds to be received by CastlePoint under the
15 Transaction. Set forth below is the Commissioner’s update to the pricing and terms of the
16 Transaction.

17 As of May 7, 2018, the Commissioner has still not received, and the Court’s docket does
18 not reflect, any opposition to the Motion. In light of the Transaction Update below, the
19 Commissioner, through counsel, will appear at the hearing on the Motion to address any
20 questions the Court has regarding the Motion and the finalized terms of the Transaction.

21 **Transaction Update**

22 The due diligence process for the Transaction has now been completed. As noted in the
23 Motion, the Commissioner anticipated that the due diligence process could have an impact on the
24 total amount of money to be received by CastlePoint when the Transaction is completed.

25 After careful consideration of the Transaction and negotiation with the parties, the
26 Commissioner has agreed to a downward adjustment to the net amount that CastlePoint will
27 receive in cash at closing from CastlePoint Reinsurance Company Ltd. (“CPRe”), from \$8.4
28 million to \$7.9 million. Second Declaration of David Wilson In Support of Insurance

1 Commissioner's Motion for Approval of Transaction, ¶2. That adjustment is based on a review
2 of the insurance related reserves of CPRe and the material risk that the reserves may "develop"
3 (i.e., increase during the coming years due to increases in the amounts that CPRe must pay to
4 priority claimants before paying CastlePoint). *Id.* The revised amount of \$7.9 million remains
5 well within the range of potential values for the contingent account receivable asset that is being
6 settled as part of the Transaction. *Id.*

7 Given an estate of this size and the complexity and uncertainty surrounding the current
8 amount due from CPRe to CastlePoint, the Commissioner has determined that the Transaction is
9 reasonable and the Commissioner believes that it should be approved as a necessary, reasonable,
10 and appropriate action to further the efficient wind-up the CastlePoint estate. *Id.*, at ¶3. The
11 Commissioner will be prepared to update the Court at the hearing on the final calculation of the
12 \$7.9 million that CastlePoint will receive, which amount was finalized on May 8, 2018.

13 As noted, notwithstanding the lack of opposition to the Motion, the Commissioner will
14 appear at the hearing to address any questions or concerns.

15 Dated: May 9, 2018

16 THOMAS J. WELSH
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19 By: 

THOMAS J. WELSH

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21 Insurance Commissioner of the
22 State of California
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