

1 EDMUND G. BROWN JR.
Attorney General of the State of California
2 W. DEAN FREEMAN
FELIX E. LEATHERWOOD
3 Supervising Deputy Attorneys General
MARLA K. MARKMAN, State Bar No. 77300
4 Deputy Attorney General
300 South Spring Street, Suite 1702
5 Los Angeles, CA 90013
Telephone: (213) 897-2491
6 Fax: (213) 897-5775

ORIGINAL FILED

APR 16 2007

LOS ANGELES
SUPERIOR COURT

7 Attorneys for Applicant
8 Insurance Commissioner of the State of California

9
10 SUPERIOR COURT OF THE STATE OF CALIFORNIA
11 FOR THE COUNTY OF LOS ANGELES
12

13 **INSURANCE COMMISSIONER OF THE STATE**
14 **OF CALIFORNIA,**

Applicant,

15 v.

16 **PAULA INSURANCE COMPANY,**

17 Respondent.
18
19
20
21
22
23
24

CASE NO.: BS 075685

**VERIFIED APPLICATION OF
INSURANCE
COMMISSIONER FOR
ORDER APPROVING AN
INTERIM DISTRIBUTION
OF ASSETS TO APPROVED
CLAIMANTS AND EARLY
ACCESS DISTRIBUTION TO
INSURANCE GUARANTY
ASSOCIATIONS AND
POINTS AND AUTHORITIES
IN SUPPORT THEREOF**
[Ins. Code §§ 1033(a)(2) &
1035.5]

Date: May 31, 2007
Time: 9:30 a.m.
Dept: 85
Judge: Dzintra I. Janavs

25 TO ALL INTERESTED PARTIES AND TO THEIR ATTORNEYS OF RECORD:

26 Applicant, the Insurance Commissioner of the State of California, in his capacity as
27 Liquidator of Paula Insurance Company alleges as follows:

28 ///

1 1. On April 26, 2002, this Court ordered and appointed the Commissioner to serve as
2 Conservator of Paula Insurance Company (hereinafter referred to as "PAULA").

3 2. On June 21, 2002, this Court found that PAULA was insolvent and, on that basis,
4 terminated the Commissioner's status as Conservator and ordered and appointed the
5 Commissioner to serve as Liquidator of PAULA.

6 3. As of September 30, 2006, the Commissioner has approximately \$55.1 million in
7 general assets.

8 4. As of February 1, 2007, there were 210 Class 2 POCs remaining to be adjusted.

9 5. In order for approved claimants to receive some portion of their approved claim
10 while the remaining POCs are processed and the remaining reinsurance is collected, the
11 Commissioner wishes to have a partial distribution of assets to approved Class 2 claimants--
12 insurance guaranty associations (hereinafter referred to as "IGA") claimants and non-IGA
13 claimants.

14 **Interim Distribution to Class 2 Non-IGA Claimants**

15 6. The Commissioner processed all but 210 of the Class 2 POCs and wishes to make
16 an interim distribution of \$55,830.13 to approved Class 2 non-IGA claimants under California
17 Insurance Code Section 1033(a)(2). This would allow those with fully liquidated and approved
18 claims to receive a portion of their approved claim while the resolution of the remaining POCs
19 continues. The list of approved Class 2 non-IGA claimants is attached hereto as Exhibit 1.

20 7. The proposed interim distribution of \$55,830.13 to approved Class 2 non-IGA
21 claimants equates to 25% of their approved claims. The Interim Distribution percentage is based
22 on estimating the final distribution percentage for all approved claimants similarly situated, i.e.,
23 all Class 2 claimants (IGA and non-IGA) and is less than the final distribution percentage,
24 allowing for sufficient reserves for the claimants whose POCs have not been finalized at the time
25 of the proposed Interim Distribution.

26 8. By paying only 25% of the approved claim, the Commissioner has reserves enough
27 to ensure that those whose claims are still being processed are protected, so that all Class 2
28 claimants, regardless of when their POC is finally resolved, will receive the exact same

1 percentage of their approved claim at the time of final distribution. The Commissioner believes
2 that no claimant or group of claimants will receive a preference over any other similarly situated
3 claimant or group of claimants by this proposed Interim Distribution.

4 **Early Access Distribution to Class 2 IGA Claimants**

5 9. There are nine IGAs that are currently paying claims on behalf of PAULA. The
6 Commissioner wishes to make an early access distribution of approximately \$14 million to six^{1/2}
7 of those IGAs under California Insurance Code Section 1035.5. This would allow the IGAs to
8 recover some of the funds they have already expended on behalf of PAULA even while those
9 IGAs' final claims against PAULA's assets are not yet determined because IGA claims have not
10 fully developed and are expected to grow significantly over the long term. The amount of the
11 proposed Early Access Distribution to each IGA is subject to a final accounting (taking into
12 account statutory deposits and other credits and the final distribution percentage for all Class 2
13 claimants) as required by the Early Access Agreement between the Commissioner and each of
14 the nine IGAs. The nine Early Access Agreements with each IGA are attached hereto as Exhibits
15 2 through 10.

16 10. The following method was used to determine each IGA's share of the \$14 million:

- 17 a. Each IGA's statutory deposits, other assets, or other credits,
18 if any, held in each IGA's home state were considered. Exhibit 11
19 ("Detail Of Prior Distributions, Stat Deposit Offsets, And Other
20 Credits"), attached hereto, lists the credits, where applicable.
21 b. Next, the Commissioner developed "percent pay out" models
22 and applied them to each IGA's total Paid Losses as of June 30,
23 2006. With each percent pay out model, the Commissioner
24 calculated the amount of remaining assets. The Commissioner
25 determined that \$14 million could be distributed and still ensure
26

27 1. There are three IGAs that are not participating in this proposed Early Access Distribution
28 because their statutory deposits exceed their paid losses. Those IGAs are Arizona, New Mexico and
Oregon.

1 that there were enough remaining assets such that all Class 2
2 claimants would receive the same percentage of their approved
3 claim. The results of such calculations are attached hereto as
4 Exhibit 12 ("Analysis Of Assets Available For Distribution") and
5 Exhibit 13 ("IGA Losses Subject To Distribution").

6 c. The \$14 million equals approximately 44.5 percent of the
7 IGAs' reported Paid Losses. As the Commissioner stated in
8 Paragraph 9, the IGAs' claims have not fully developed and are
9 expected to grow significantly over the long term. Thus, the 44.5
10 percent will not cause a preference for any Class 2 claimant.

11 Exhibit 14 ("Analysis of Cumulative Distribution Percentage"),
12 attached hereto, summarizes the current distribution percentage.

13 d. Finally, the Commissioner calculated each IGA's pro rata
14 share of the \$14 million by multiplying the gross cumulative
15 distribution percent (44.5) to the total paid losses and then
16 deducted any applicable credits. The result was each IGA's share
17 of the \$14 million. The IGAs whose credits exceed the calculated
18 cumulative distribution amount will not be receiving any
19 distribution at this time. The results of these calculations are
20 attached hereto as Exhibit 15 ("Detail Of Individual IGA
21 Distribution Amounts").

22 11. The Commissioner proposes the following Early Access Distribution to these six
23 IGAs:

- | | | |
|----|--|-------------|
| 24 | a. Alaska Insurance Guaranty Association: | \$1,190,033 |
| 25 | b. California Insurance Guarantee Association: | \$7,777,265 |
| 26 | c. Florida Workers Compensation | |
| 27 | Insurance Guaranty Association: | \$ 300,576 |
| 28 | | |


- d. Idaho Insurance Guaranty Association: \$ 183,492
e. Nevada Insurance Guaranty Association: \$ 32,634
f. Texas Property & Casualty Insurance Association: \$4,516,000

12. WHEREFORE, Applicant the Insurance Commissioner of the State of California as Liquidator, prays this application be granted and that the Court issue its order authorizing that:

- a. the Liquidator provide for an interim distribution of assets to Class 2 non-IGA claimants in the amount of \$55,830.13; and,
b. the Liquidator provide for an early access distribution of assets to Class 2 IGA claimants in the amount of approximately \$14 million; and
(c) the Liquidator take any and all action necessary to accomplish the purposes of the Order prayed for herein.

Dated: April 16, 2007

EDMUND G. BROWN JR.
Attorney General of the State of California
W. DEAN FREEMAN
FELIX E. LEATHERWOOD
Supervising Deputy Attorneys General
MARLA K. MARKMAN
Deputy Attorney General


MARLA K. MARKMAN
Deputy Attorney General
Attorneys for Applicant
Insurance Commissioner of the State of California

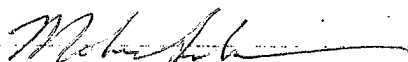
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
VERIFICATION

I, Mohsen Sultan, state that:

I am an Estate Trust Officer for the California Insurance Commissioner's Conservation and Liquidation Office and have been managing the affairs of Paula Insurance Company since April 2002. I have read the VERIFIED APPLICATION OF INSURANCE COMMISSIONER FOR ORDER APPROVING AN INTERIM DISTRIBUTION OF ASSETS TO APPROVED CLAIMANTS AND EARLY ACCESS DISTRIBUTION TO INSURANCE GUARANTEE ASSOCIATIONS and know the contents thereof. The statements contained in the Verified Application are based upon information that has been assembled by authorized employees of the Conservation & Liquidation Office from the official records maintained there under my supervision. I am informed and believe that the statements based upon that information are true. As to those matters that are within my own personal knowledge, the statements are true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 2nd day of ^{April} ~~March~~ 2007, in San Francisco, California.


Mohsen Sultan
Estate Trust Officer

POINTS AND AUTHORITIES

The purpose of insurance insolvency proceedings is to ensure the orderly and equitable distribution of assets of the insolvent insurer to those entitled to share in those assets. *In re Title USA Ins. Corp.* (1996) 36 Cal.App.4th 363, 372.

Interim Distribution of Assets to Approved Class 2 Non-IGA Claimants

Insurance Code Section 1033 provides in pertinent part as follows:

(a) Claims allowed in a proceeding under this article shall be given preference in the following order:

(1) Expense of administration.

(2) All claims of the California Insurance Guarantee Association or the California Life and Health Insurance Guarantee Association, and associations or entities performing a similar function in other states, together with claims for refund of unearned premiums and all claims under insurance and annuity policies or contracts, including funding agreements, of an insolvent insurer that are not covered claims.

The list of claimants in (a)(2) above constitutes the Class 2 claimants of an insolvent insurance company. Here, the Commissioner has received and processed the majority of the POCs from Class 2 non-IGA claimants; however, at this time, the Commissioner cannot make a Final Distribution to those claimants because the POCs of other Class 2 claimants have not been fully processed. Therefore, the Commissioner proposes an Interim Distribution to the Class 2 non-IGA claimants whose POCs have been fully processed and approved so that they do not have to wait any longer for a distribution of assets while the POCs of the remaining Class 2 non-IGA claimants are processed. To ensure no claimant receives a preference over any other similarly situated claimant, the Commissioner has reserved enough assets so that those Class 2 claimants whose POCs have not been fully processed and fully liquidated at this time will receive the exact same percentage of their approved claim as those who will receive a distribution from this proposed Interim Distribution.

Early Access Distribution of Assets to IGA Class 2 Claimants

Insurance Code Section 1035.5 provides in pertinent part as follows:

(a) Within 120 days of the issuance of an order directing the winding up and liquidation of the business of an insolvent insurer under Section 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 (3) Equitable allocation of disbursements to each of the associations
entitled thereto.

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

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

11 (d) The commissioner shall offset the amount disbursed to any entity or
12 person performing a function in any other state similar to that function
performed by the California Insurance Guarantee Association, or the California
Life and Health Insurance Guarantee Association, by the amount of any
13 statutory deposit, premiums, or any other asset of the insolvent insurer held in
that state.

14 ...

15 Here, the Commissioner has secured an early access agreement with each of the nine IGAs
that are paying claims on behalf of PAULA.

16 In determining that a total of \$14 million could be safely distributed to IGAs and not effect
17 a preference for any Class 2 claimant, the Commissioner considered that claims from non-IGA
18 claimants have not fully developed and that IGA claims have not been finalized and are expected to
19 grow significantly over the long term.

20 Next, the Commissioner determined each IGAs pro rata share of the \$14 million by taking
21 the amount of paid losses, including loss adjustment expenses, as reported by each IGA from the date
22 of liquidation through September 30, 2006 ("Paid Losses") and offsetting such Paid Losses by the
23 statutory deposits, other assets, or other credits held in each IGA's home state. The net result, or net
24 claim, of each IGA was divided by the \$14 million and the result was each IGA's pro rata share of
25 the \$14 million.

26 ///

27 ///

28 ///

1 WHEREFORE, the Commissioner, as applicant, prays that this Motion be heard and
2 granted, and that this Court issue an Order as follows:

3 (1) that the Liquidator provide for an interim distribution of assets to Class 2
4 non-IGA claimants in the amount of \$55,830.13;

5 (2) that the Liquidator provide for an early access distribution of Assets to Class 2
6 IGA claimants in the amount of approximately \$14 million; and

7 (3) that the Commissioner is authorized to take any and all action necessary to
8 accomplish the purposes of the Order prayed for herein.

9 Dated: April 16, 2007

EDMUND G. BROWN JR.
Attorney General of the State of California
W. DEAN FREEMAN
FELIX E. LEATHERWOOD
Supervising Deputy Attorneys General
MARLA K. MARKMAN
Deputy Attorney General

13 

14 By: MARLA K. MARKMAN
15 Deputy Attorney General

16 Attorneys for Applicant
17 Insurance Commissioner
of the State of California

18 a:\ Paula II early access app
19
20
21
22
23
24
25
26
27
28

EXHIBIT 1

Paula - AZ Class 2 UPR Claimants

Insured Name	Claimant Name/Payee	Poc #	Claimed Amount	Approved Amount	25% Distribution Amount
METAL MANUFACTURING CO.	METAL MANUFACTURING CO.	116590	\$86.00	\$86.00	\$21.50
RIVERS LATH & STUCCO LLC	RIVERS LATH & STUCCO LLC	119091	\$102.93	\$102.93	\$25.73
POWER & PALMER, INC.	POWER & PALMER, INC.	61810	\$953.49	\$107.04	\$26.76
HASPORT PERFORMANCE INC.	HASPORT PERFORMANCE INC.	121893	\$115.00	\$115.00	\$28.75
RAMIREZ FLOOR COVERING INC.	RAMIREZ FLOOR COVERING INC.	150054	\$116.86	\$116.86	\$29.22
DOUG MELLON FARMS	DOUG MELLON FARMS	104100	\$119.83	\$119.83	\$29.96
TOMCO COOLING	TOMCO COOLING	118348	\$559.88	\$188.53	\$47.13
FILLY'S RESTAURANT	FILLY'S RESTAURANT	60132	\$190.00	\$190.00	\$47.50
SHAMROCK TILING, INC.	SHAMROCK TILING, INC.	101270	\$197.40	\$197.40	\$49.35
TEMPE ELECTRIC COMPANY	TEMPE ELECTRIC COMPANY	118043	\$214.00	\$214.00	\$53.50
SOUTHERN ARIZONA CITRUS EXCHANGE	SOUTHERN ARIZONA CITRUS EXCHANGE	108323	\$216.00	\$216.00	\$54.00
SELECT SEED OF ARIZONA	SELECT SEED OF ARIZONA	119229	\$850.00	\$231.00	\$57.75
BLACKROCK EXCAVATING	BLACKROCK EXCAVATING	119237	\$249.00	\$249.00	\$62.25
COMPLETE PETS LLC	COMPLETE PETS LLC	117071	\$258.00	\$258.00	\$64.50
INSTY PRINTS	INSTY PRINTS	121269	\$273.00	\$273.00	\$68.25
COMPLETE MARINE, INC.	COMPLETE MARINE, INC.	51087	\$285.00	\$285.00	\$71.25
EMRY S GIFTS OF DISTINCTION	EMRY S GIFTS OF DISTINCTION	120901	\$302.00	\$302.00	\$75.50
ECHOLS SAW & SUPPLIES	ECHOLS SAW & SUPPLIES	119699	\$307.00	\$307.00	\$76.75
DAVIES TILE INC.	DAVIES TILE INC.	120866	\$323.87	\$323.87	\$80.97
SUN TECH COATING & MFG.	SUN TECH COATING & MFG.	58644	\$326.00	\$326.00	\$81.50
M & M MOTORS, INC.	M & M MOTORS, INC.	59970	\$339.00	\$339.00	\$84.75
SPOKESMAN BICYCLE SHOP	SPOKESMAN BICYCLE SHOP	110981	\$341.00	\$341.00	\$85.25
LAZER ELECTRIC INC.	LAZER ELECTRIC INC.	120386	\$341.57	\$341.57	\$85.39
TGM MASONRY	TGM MASONRY	120982	\$344.00	\$344.00	\$86.00
DEFNER MASONRY	DEFNER MASONRY	121941	\$359.54	\$359.54	\$89.89
ATLANT, INC.	ATLANT, INC.	119528	\$363.00	\$363.00	\$90.75
DEN-MARK SPECIALTY CONSTRUCTION INC	DEN-MARK SPECIALTY CONSTRUCTION INC	121302	\$380.36	\$380.36	\$95.09
DAVID A DBA: YUMA LANDSCAPING	DAVID A DBA: YUMA LANDSCAPING, DAVID A	100489	\$388.00	\$388.00	\$97.00
CARTERS TACK & FEED TRUCKING	CARTERS TACK & FEED TRUCKING	116360	\$390.00	\$390.00	\$97.50
TOM ALBERS COMPLETE LANDSCAPING	ALBERS COMPLETE LANDSCAPING, TOM	111970	\$407.00	\$407.00	\$101.75
PASTICHE MODERN EATERY	PASTICHE MODERN EATERY	119280	\$433.00	\$433.00	\$108.25
SPEC INTERNATIONAL	SPEC INTERNATIONAL	117699	\$447.27	\$447.27	\$111.82
CANYON STATE VENDING, LLC	CANYON STATE VENDING, LLC	119766	\$467.00	\$467.00	\$116.75

ARTISAN CASES & SIGNS, INC.
 CHUCKS CUSTOM PAINTING
 DENIS GRIGGS CONSTRUCTION
 SEDONA BOTTLING COMPANY
 SUPERSTITION RANCH MARKET
 TIMBER WOLF PUB (00)
 S. O. S. EXTERMINATING INC.
 HINTZE DEVELOPMENT CO., INC.
 DUNCAN FAMILY FARMS
 LANE CONCRETE CORP
 SMALL PLANET BAKERY INC
 RECYCLED BUSINESS SYSTEMS, LLC
 LA CASA LOCA MEXICAN RESTAURANT
 ZIP 34 COURIERS
 VALLEY CITRUS PCKG.CO.
 KODIAK PRODUCE & STORAGE INC.
 ORBIT
 D'NJ PAINTING, INC.
 CURRY FAMILY LTD
 ARIZONA RAIN SPRINKLING CO.
 TORTOLITA PLUMBING LLC
 THE PEDDLER'S SONS PRODUCE CO.
 A TOUCH OF CLASS
 JERRY S AUTO SERVICE
 GREG SPRAWLS FARMS
 NATIVE CAFE & COFFEEHOUSE
 CUSTOM OUTDOOR LANDSCAPE INNOV
 NEW FRONTIER PAINTING, INC.
 INTERFACE TECHNICAL TRAINING
 RONNIE WHITE
 OAK CREEK SHEET METAL
 TIPTON ELECTRICAL CONTRACTING
 ARIZONA LIGHTING, INC.
 ENGLAND FARMING PARTNERSHIP
 S & S MACHINE SHOP
 FIRESPRINKLING SPECIALISTS INC
 INTEGRATED REAL ESTATE SERVICE

ARTISAN CASES & SIGNS, INC.	55483	\$514.00	\$514.00	\$128.50
CHUCKS CUSTOM PAINTING	60108	\$519.06	\$519.06	\$129.77
DENIS GRIGGS CONSTRUCTION	121702	\$520.00	\$520.00	\$130.00
SEDONA BOTTLING COMPANY	120663	\$522.00	\$522.00	\$130.50
SUPERSTITION RANCH MARKET	119031	\$534.00	\$534.00	\$133.50
TIMBER WOLF PUB (00)	118146	\$538.00	\$538.00	\$134.50
S. O. S. EXTERMINATING INC.	118133	\$539.00	\$539.00	\$134.75
HINTZE DEVELOPMENT CO., INC.	113249	\$540.00	\$540.00	\$135.00
DUNCAN FAMILY FARMS	118355	\$544.14	\$544.14	\$136.04
LANE CONCRETE CORP	121967	\$547.51	\$547.51	\$136.88
SMALL PLANET BAKERY INC	121410	\$551.00	\$551.00	\$137.75
RECYCLED BUSINESS SYSTEMS, LLC	119349	\$566.00	\$566.00	\$141.50
LA CASA LOCA MEXICAN RESTAURANT	150045	\$73,136.09	\$579.00	\$144.75
ZIP 34 COURIERS	119787	\$598.00	\$598.00	\$149.50
VALLEY CITRUS PCKG.CO.	50841	\$244.00	\$612.00	\$153.00
KODIAK PRODUCE & STORAGE INC.	114221	\$635.00	\$635.00	\$158.75
ORBIT	116476	\$656.00	\$656.00	\$164.00
D'NJ PAINTING, INC.	118066	\$697.50	\$697.50	\$174.38
CURRY FAMILY LTD	62391	\$698.80	\$698.80	\$174.70
ARIZONA RAIN SPRINKLING CO.	120168	\$704.91	\$704.91	\$176.23
TORTOLITA PLUMBING LLC	121257	\$215.89	\$707.00	\$176.75
THE PEDDLER'S SONS PRODUCE CO.	114872	\$713.00	\$713.00	\$178.25
A TOUCH OF CLASS	119021	\$728.00	\$728.00	\$182.00
JERRY S AUTO SERVICE	121142	\$728.00	\$728.00	\$182.00
GREG SPRAWLS FARMS	51990	\$753.00	\$753.00	\$188.25
NATIVE CAFE & COFFEEHOUSE	116951	\$756.00	\$756.00	\$189.00
CUSTOM OUTDOOR LANDSCAPE INNOV	112985	\$785.00	\$785.00	\$196.25
NEW FRONTIER PAINTING, INC.	119693	\$801.00	\$800.99	\$200.25
INTERFACE TECHNICAL TRAINING	120634	\$826.00	\$826.00	\$206.50
WHITE, RONNIE	150003	\$836.50	\$836.50	\$209.13
OAK CREEK SHEET METAL	120071	\$836.89	\$836.89	\$209.22
TIPTON ELECTRICAL CONTRACTING	101395	\$859.15	\$859.15	\$214.79
ARIZONA LIGHTING, INC.	119104	\$869.00	\$869.00	\$217.25
ENGLAND FARMING PARTNERSHIP	56739	\$904.42	\$904.42	\$226.11
S & S MACHINE SHOP	108145	\$908.00	\$908.00	\$227.00
FIRESPRINKLING SPECIALISTS INC	121886	\$911.00	\$911.00	\$227.75
INTEGRATED REAL ESTATE SERVICE	117782	\$1,027.00	\$1,027.00	\$256.75

RINCON MARKET INC.	RINCON MARKET INC.	121717	\$1,035.00	\$1,035.00	\$258.75
MILEX AUTO SERVICE CENTERS	MILEX AUTO SERVICE CENTERS	119025	\$1,044.00	\$1,044.00	\$261.00
STEVE CONSTRUCTION CONSULTANTS	CONSTRUCTION CONSULTANTS, STEVE	101691	\$1,072.00	\$1,072.00	\$268.00
GLASS SMITH DBA: OMEGA GLASS CORPORAT	GLASS SMITH DBA: OMEGA GLASS CORPORA	102130	\$1,126.00	\$1,126.00	\$281.50
INDUSTRIAL MANAGEMENT SERVICES	INDUSTRIAL MANAGEMENT SERVICES	150055	\$1,140.00	\$1,140.00	\$285.00
FARM CONTRACTING, INC.	FARM CONTRACTING, INC.	108617	\$1,188.55	\$1,188.55	\$297.14
CAMELBACK CABINETS LLC	CAMELBACK CABINETS LLC	121793	\$1,567.15	\$1,189.05	\$297.26
BORDERS & BEYOND LANDSCAPING, INC.	BORDERS & BEYOND LANDSCAPING, INC.	60371	\$671.70	\$1,206.31	\$301.58
DISCOUNT CONSTRUCTION	DISCOUNT CONSTRUCTION	61938	\$771.13	\$1,215.75	\$303.94
DOMINGOS FARMS INC.	DOMINGOS FARMS INC.	119833	\$1,223.44	\$1,223.44	\$305.86
GOLD CIRCUIT, INC.	GOLD CIRCUIT, INC.	112540	\$1,223.80	\$1,223.80	\$305.95
4-M FARMS	4-M FARMS	107644	\$1,350.07	\$1,350.07	\$337.52
-FRANK C & R TIRE	C & R TIRE, -FRANK	113370	\$1,371.00	\$1,371.00	\$342.75
HAMILTON FARMS	HAMILTON FARMS	107935	\$1,289.11	\$1,470.11	\$367.53
OLANDER GLASS CORP.	OLANDER GLASS CORP.	119695	\$1,526.00	\$1,526.00	\$381.50
BOMARS LANDSCAPING INC.	BOMARS LANDSCAPING INC.	117107	\$1,663.00	\$1,663.00	\$415.75
FIREPLACE FURNISHINGS, INC.	FIREPLACE FURNISHINGS, INC.	121998	\$1,810.00	\$1,810.00	\$452.50
FRGC DEVELOPMENT LLC	FRGC DEVELOPMENT LLC	121232	\$1,870.00	\$1,870.00	\$467.50
ACTIVE TIRE, LLC	ACTIVE TIRE, LLC	115568	\$763.00	\$1,875.00	\$468.75
INDEPENDENT ELECTRIC CO., INC.	INDEPENDENT ELECTRIC CO., INC.	57584	\$541.76	\$1,916.19	\$479.05
SUN FRESH FARMS, A PARTNERSHIP	SUN FRESH FARMS, A PARTNERSHIP	120297	\$1,931.59	\$1,931.59	\$482.90
ARTIFACT ENTERTAINMENT	ARTIFACT ENTERTAINMENT	119109	\$1,957.00	\$1,957.00	\$489.25
MEXICAN TILE COMPANY	MEXICAN TILE COMPANY	62337	\$2,022.00	\$2,022.00	\$505.50
TOMS TIRE SERVICE	TOMS TIRE SERVICE	119519	\$2,183.00	\$2,183.00	\$545.75
CLARKE CONCRETE DESIGN, INC.	CLARKE CONCRETE DESIGN, INC.	120365	\$2,502.38	\$2,502.38	\$625.50
VOICE & DATA CABLE SPECIALISTS	VOICE & DATA CABLE SPECIALISTS	120764	\$2,555.00	\$2,555.00	\$638.75
JUDY HIDDEN HILLS MOBILODGE LAZY AC	HIDDEN HILLS MOBILODGE LAZY ACRES, LLC	110911	\$2,637.00	\$2,637.00	\$659.25
AMW REPAIR SERVICE	AMW REPAIR SERVICE	121344	\$2,481.00	\$2,889.00	\$722.25
THE CARWASHER, INC.	THE CARWASHER, INC.	119033	\$2,964.00	\$2,964.00	\$741.00
COLLINS PRECISION MFG., INC.	COLLINS PRECISION MFG., INC.	117684	\$2,981.00	\$2,981.00	\$745.25
BUD S SERVICE CENTER	BUD S SERVICE CENTER	120848	\$2,623.00	\$3,186.00	\$796.50
INSTRUMENTATION SPECIALTIES	INSTRUMENTATION SPECIALTIES	150053	\$4,389.00	\$3,415.00	\$853.75
MODULAR SYSTEMS INC.	MODULAR SYSTEMS INC.	121136	\$3,446.00	\$3,446.00	\$861.50
WESTSIDE DRYWALL, INC.	WESTSIDE DRYWALL, INC.	112987	\$4,274.76	\$4,274.76	\$1,068.69
SIERRA VISTA ELECTRIC, INC.	SIERRA VISTA ELECTRIC, INC.	119347	\$4,375.25	\$4,375.25	\$1,093.81
CMB CONCRETE, INC.	CMB CONCRETE, INC.	119525	\$4,396.52	\$4,396.52	\$1,099.13
SIERRA ESTRELLA DAIRY	SIERRA ESTRELLA DAIRY	115200	\$4,608.00	\$4,608.00	\$1,152.00

TYCO ENTERPRISES	TYCO ENTERPRISES	116532	\$4,618.00	\$4,618.00	\$1,154.50
PRODUCTION FARM MANAGEMENT INC	PRODUCTION FARM MANAGEMENT INC	118358	\$4,639.20	\$4,639.20	\$1,159.80
MOUNTAIN DRYWALL, INC.	MOUNTAIN DRYWALL, INC.	112512	\$4,746.10	\$4,746.10	\$1,186.53
STARSYS DEVELOPMENT CO.	STARSYS DEVELOPMENT CO.	119755	\$5,287.00	\$5,287.00	\$1,321.75
MARVEL DEER VALLEY MASONRY	MARVEL DEER VALLEY MASONRY	51733	\$2,287.00	\$5,764.00	\$1,441.00
ORTIZ BROS., INC.	ORTIZ BROS., INC.	150051	\$7,249.24	\$7,249.24	\$1,812.31
SPEEDY GONZALES CONSTRUCTION,	SPEEDY GONZALES CONSTRUCTION,	120842	\$7,733.00	\$7,733.00	\$1,933.25
SUNBURST SHUTTERS, INC. ET. AL.	SUNBURST SHUTTERS, INC. ET. AL.	120447	\$8,164.00	\$8,164.00	\$2,041.00
ALTI PACKING, INC.	ALTI PACKING, INC.	108514	\$10,084.35	\$10,084.35	\$2,521.09
FARNSWORTH WEBB & GREER INSURANCE,	FARNSWORTH WEBB & GREER INSURANCE,	50519	\$11,541.79	\$11,541.79	\$2,885.45
SIERRA FARMING	SIERRA FARMING	105553	\$1,009.73	\$15,459.00	\$3,864.75
DISTINCTIVE DOORS	DISTINCTIVE DOOR/LINDEN ENTERPRISES, IP	121231	\$23,422.00	\$23,422.00	\$5,855.50
	Total			\$223,320.52	\$55,830.13

EXHIBIT 2

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
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 execution dates. This Agreement is between the Alaska Insurance Guaranty Association ("NORTH AD") and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantec 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07, 2006

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: 12/13, 2006

Alaska Insurance Guaranty Association

By E. Dane Harvard
E. Dane Harvard
Fund Administrator

EXHIBIT 3

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
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 execution dates. This Agreement is between the Industrial Commission of Arizona (Special Fund) ("ICASF") and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantee 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07, 2006

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: 12/18/06, 2006

Industrial Commission of Arizona (Special Fund)

By Laura L. McGrory
Laura L. McGrory
Chief Counsel

EXHIBIT 4

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
94126-0894
Tel: 415.676.5000
Fax: 415.676.5002
www.cacio.org

AGREEMENT FOR EARLY ACCESS DISTRIBUTION OF FUNDS

This Agreement is effective upon the later of the two execution dates. This Agreement is between the California Insurance ^{GUARANTEE} ~~Guaranty~~ Association ("CIGA") and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantee 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07 ~~2006~~

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: Dec. 18, 2006

^{GUARANTEE}
California Insurance ~~Guaranty~~ Association

By Wayne Wilson
Wayne Wilson
Executive Director

EXHIBIT 5

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
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 execution dates. This Agreement is between the Florida Workers' Compensation Insurance Guaranty Association ("FWCIGA") and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantee 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07, ~~2006~~

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: _____, 2006

Florida Workers' Compensation Insurance Guaranty
Association

By Sandra J. Robinson
Sandra J. Robinson
President

EXHIBIT 6

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
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 execution dates. This Agreement is between the Idaho ^{Insurance} ~~Western~~ Guaranty Fund Services (^{Association} "IIGA" ~~"WGS"~~) and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantee 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company

Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07, 2006

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: DECEMBER 12, 2006

~~Idaho Western Insurance Association~~
~~Guaranty Fund Services~~
~~PE~~

By David C. Edwards
David C. Edwards
President

EXHIBIT 7

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
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 execution dates. This Agreement is between the Nevada Insurance Guaranty Association ("NIGA") and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantee 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07, 2006

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: 12/11, 2006

Nevada Insurance Guaranty Association

By Bruce W. Gilbert
Bruce W. Gilbert
Executive Director

EXHIBIT 8

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
94126-0894
Tel: 415.676.5000
Fax: 415.676.5002
www.cacio.org

AGREEMENT FOR EARLY ACCESS DISTRIBUTION OF FUNDS

This Agreement is effective upon the later of the two execution dates. This Agreement is between the New Mexico Property & Casualty Insurance Guaranty Association ("NMPCIGA") and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantee 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07 ~~2006~~

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: 12/21/06 2006

New Mexico Property & Casualty Insurance
Guaranty Association

By Gary M. Keenan
Gary M. Keenan
Fund Administrator

EXHIBIT 9

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



P.O. Box 26894
San Francisco, California
94126-0894
Tel: 415.676.5000
Fax: 415.676.5002
www.cacio.org

CONSERVATION & LIQUIDATION OFFICE

AGREEMENT FOR EARLY ACCESS DISTRIBUTION OF FUNDS

This Agreement is effective upon the later of the two execution dates. This Agreement is between the Oregon Insurance Guaranty Association ("OIGA") and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantee 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07, ~~2006~~

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: 12/14, 2006

Oregon Insurance Guaranty Association

By David C. Johnson
David C. Johnson
Administrator

EXHIBIT 10

Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894
San Francisco, California
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 execution dates. This Agreement is between the Texas Property & Casualty Insurance Guaranty Association ("TPCIGA") and the California Insurance Commissioner ("Commissioner"), in his capacity as Liquidator of Paula Insurance Company.

Recitals

1. On April 26, 2002, pursuant to an order of the Los Angeles County Superior Court, State of California, the Commissioner conserved Paula Insurance Company. On June 21, 2002, the same court determined Paula Insurance Company to be insolvent, and appointed the Commissioner as Liquidator, ordering the Liquidator to liquidate and wind up the business of Paula Insurance Company and to exercise all powers necessary for the purpose of carrying out the order;
2. The Paula Insurance Company Estate has sufficient assets in cash and securities to provide early access of funds to Guarantee 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 and claims falling within the priorities established in subdivisions (1) and (2) of California Insurance Code §1033, to distribute available assets of Paula Insurance Company on an equitable allocation to those Guarantee Associations eligible to participate in the distribution.

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 Paula Insurance Company Liquidation court, distribute assets of Paula Insurance Company to Guarantee 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 among all Guarantee Associations.

2. Any such distributions to a Guarantee Association will be offset by the entire amount of any statutory/special deposits held in the Guarantee Association's state, regardless of whether such deposits have been actually received by such Guarantee Association. The Commissioner will not object to the release of any statutory/special deposits held in the Guarantee Association's state for payment of workers' compensation claims, provided that such Guarantee Association expressly agrees to promptly refund to the Liquidator any surplus portion of the deposit that exceeds the amount necessary to pay covered claims under Paula Insurance Company policies and allocated claims expense necessary to pay those claims. Such distributions will be equitably allocated among the Guarantee Associations in a ratio consisting of each Guarantee Association's reported and reconciled payments for covered claims, loss adjustment expenses, and the total reported covered claims and loss adjustment expenses.

3. The Guarantee 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 Guarantee Association will return to the Commissioner, upon demand, all or part of the Early Access Distribution 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 as of the date of the liquidation.

5. The Guarantee 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 Guarantee Association agrees that such action will be commenced in the Los Angeles County Superior Court of the State of California, in the Liquidation proceeding of Paula Insurance Company, by way of an Order to Show Cause and the Guarantee Association agrees, for this purpose only, to subject itself to the jurisdiction of the Los Angeles County Superior Court of the State of California by way of an Order to Show Cause procedure.

Dated: 2/7/07, 2006

John Garamendi
Insurance Commissioner of the State of California,
Liquidator of Paula Insurance Company in Liquidation

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

Dated: 12/15/, 2006

Texas Property & Casualty Insurance Guaranty
Association

By Marvin Kelly
Marvin Kelly
Executive Director

EXHIBIT 11

Paula Insurance Company
Detail Of Prior Distributions, Stat Deposit Offsets, And Other Credits

3rd quarter 2006 Early Access Distribution

Credits evaluated as of: June 30, 2006

IGA ID	IGA ShortName	Stat deposit	Funds Held by IGA	Early access distribution	Stat deposit release to IGA	Stat deposit release	Total credits
01	Alabama	-	-	-	-	-	-
02	Alaska	-	-	-	-	-	-
03	ArizonaWC	-	-	-	8,535,415	-	8,535,415
04	Arizona PC	-	-	-	-	-	-
05	Arkansas	-	-	-	-	-	-
06	California	-	-	-	51,901,405	-	51,901,405
07	Colorado	-	-	-	-	-	-
08	Connecticut	-	-	-	-	-	-
09	Delaware	-	-	-	-	-	-
10	District Of Columbia	-	-	-	-	-	-
11	FloridaWCIGA	-	-	-	300,000	-	300,000
12	FloridaIGA	-	-	-	-	-	-
13	Georgia	-	-	-	-	-	-
14	Hawaii	-	-	-	-	-	-
15	Idaho	-	-	-	419,188	-	419,188
16	Illinois	-	-	-	-	-	-
17	Indiana	-	-	-	-	-	-
18	Iowa	-	-	-	-	-	-
19	Kansas	-	-	-	-	-	-
20	Kentucky	-	-	-	-	-	-
21	Louisiana	-	-	-	-	-	-
22	Maine	-	-	-	-	-	-
23	Maryland	-	-	-	-	-	-
24	MassachusettsWC	-	-	-	-	-	-
25	MassachusettsPC	-	-	-	-	-	-
26	Michigan	-	-	-	-	-	-
27	Minnesota	-	-	-	-	-	-
28	Mississippi	-	-	-	-	-	-
29	Missouri	-	-	-	-	-	-
30	Montana	-	-	-	-	-	-
31	Nebraska	-	-	-	-	-	-
32	Nevada	-	-	-	-	-	-
33	New Hampshire	-	-	-	-	-	-
34	New JerseyWC	-	-	-	-	-	-
35	New JerseyPC	-	-	-	-	-	-
36	New Mexico	-	109,773	-	2,390,000	-	2,499,773
37	New York	-	-	-	-	-	-
38	North Carolina IGA	-	-	-	-	-	-
39	North Dakota IGA	-	-	-	-	-	-
40	Ohio	-	-	-	-	-	-
41	Oklahoma	-	-	-	-	-	-
42	Oregon	-	-	-	8,259,370	-	8,259,370
43	PennsylvaniaWC	-	-	-	-	-	-
44	PennsylvaniaPC	-	-	-	-	-	-
45	Rhode Island	-	-	-	-	-	-
46	South Carolina	-	-	-	-	-	-
47	South Dakota	-	-	-	-	-	-
48	Tennessee	-	-	-	-	-	-
49	Texas	-	-	-	-	-	-
50	Utah	-	-	-	-	-	-
51	Vermont	-	-	-	-	-	-
52	Virginia	-	-	-	-	-	-
53	Washington	-	-	-	-	-	-
54	West Virginia	-	-	-	-	-	-
55	Wisconsin	-	-	-	-	-	-
56	Wyoming	-	-	-	-	-	-
TOTALS		-	109,773	-	71,805,378	-	71,915,151

33,030,474

EXHIBIT 12

Paula Insurance Company

Analysis Of Assets Available For Distribution

3rd quarter 2006 Early Access Distribution

Assets and constraints evaluated as of: June 30, 2006

Liquid assets:

Cash balances and pooled investments	60,833,783
--------------------------------------	------------

Priority claims, restrictions, and constraints:

Secured liabilities	1,358,526	
Class 1 liabilities - current	592,420	
Class 1 budget	3,500,000	
Provision for other class 2 liabilities	<u>207,960</u>	
Total constraints		<u>(5,658,906)</u>
Net available assets		55,174,877

Proposed percentage distribution of available assets	25%
--	-----

Proposed current distribution amount (rounded)	<u><u>\$ 14,000,000</u></u>
--	-----------------------------

EXHIBIT 13

Paula Insurance Company
IGA Losses Subject To Distribution

3rd quarter 2006 Early Access Distribution

IGA losses evaluated as of: June 30, 2006
Source: the lower of UDS or FIQ

IGA ID	IGA ShortName	Case loss paid	ALAE paid	Un Premium	Net losses	% of total	Source
01	Alabama					0.00%	
02	Alaska	2,197,373	361,200	116,310	2,674,883	1.61%	UDS
03	ArizonaWC	5,520,019	52,666	-	5,572,685	3.35%	UDS
04	Arizona PC	-	-	-	-	0.00%	
05	Arkansas	-	-	-	-	0.00%	
06	California	130,303,813	-	3,838,158	134,141,971	80.72%	UDS
07	Colorado	-	-	-	-	0.00%	
08	Connecticut	-	-	-	-	0.00%	
09	Delaware	-	-	-	-	0.00%	
10	District Of Columbia	-	-	-	-	0.00%	
11	FloridaWCIGA	1,172,646	177,291	-	1,349,937	0.81%	
12	FloridaIGA	-	-	-	-	0.00%	UDS
13	Georgia	-	-	-	-	0.00%	
14	Hawaii	-	-	-	-	0.00%	
15	Idaho	1,209,081	87,656	57,928	1,354,665	0.82%	UDS
16	Illinois	-	-	-	-	0.00%	
17	Indiana	-	-	-	-	0.00%	
18	Iowa	-	-	-	-	0.00%	
19	Kansas	-	-	-	-	0.00%	
20	Kentucky	-	-	-	-	0.00%	
21	Louisiana	-	-	-	-	0.00%	
22	Maine	-	-	-	-	0.00%	
23	Maryland	-	-	-	-	0.00%	
24	MassachusettsWC	-	-	-	-	0.00%	
25	MassachusettsPC	-	-	-	-	0.00%	
26	Michigan	-	-	-	-	0.00%	
27	Minnesota	-	-	-	-	0.00%	
28	Mississippi	-	-	-	-	0.00%	
29	Missouri	-	-	-	-	0.00%	
30	Montana	-	-	-	-	0.00%	
31	Nebraska	-	-	-	-	0.00%	
32	Nevada	71,608	1,745	-	73,353	0.04%	UDS
33	New Hampshire	-	-	-	-	0.00%	
34	New JerseyWC	-	-	-	-	0.00%	
35	New JerseyPC	-	-	-	-	0.00%	
36	New Mexico	2,215,639	412,277	143,493	2,771,409	1.67%	UDS
37	New York	-	-	-	-	0.00%	
38	North Carolina IGA	-	-	-	-	0.00%	
39	North Dakota IGA	-	-	-	-	0.00%	
40	Ohio	-	-	-	-	0.00%	
41	Oklahoma	-	-	-	-	0.00%	
42	Oregon	6,647,463	933,835	508,755	8,090,053	4.87%	UDS
43	PennsylvaniaWC	-	-	-	-	0.00%	
44	PennsylvaniaPC	-	-	-	-	0.00%	
45	Rhode Island	-	-	-	-	0.00%	
46	South Carolina	-	-	-	-	0.00%	
47	South Dakota	-	-	-	-	0.00%	
48	Tennessee	-	-	-	-	0.00%	
49	Texas	8,470,239	1,673,988	6,554	10,150,781	6.11%	UDS
50	Utah	-	-	-	-	0.00%	
51	Vermont	-	-	-	-	0.00%	
52	Virginia	-	-	-	-	0.00%	
53	Washington	-	-	-	-	0.00%	
54	West Virginia	-	-	-	-	0.00%	
55	Wisconsin	-	-	-	-	0.00%	
56	Wyoming	-	-	-	-	0.00%	
TOTAL		157,807,881	3,700,658	4,671,198	166,179,737	100.00%	

EXHIBIT 14

Paula Insurance Company
Analysis of Cumulative Distribution Percentage

3rd quarter 2006 Early Access Distribution

	(unadjusted)		(adjusted)
	All IGAs	Excluded IGAs *	IGAs receiving distribution
Proposed current distribution amount	14,000,000	-	14,000,000
Add: existing credits and prior advances	71,915,151	19,294,558	52,620,593
Gross cumulative distribution amount to date	<u>\$ 85,915,151</u>	<u>\$ 19,294,558</u>	<u>\$ 66,620,593</u>
Evaluated IGA losses to date (losses as of 06/30/06)	166,179,737	16,434,148	149,745,590
Gross cumulative distribution percent to date	51.7001%	117.4053%	44.4892%

* "Excluded IGAs" refers to those IGAs who, prior to the current distribution, have already received advances and credits that are greater than their total losses times the unadjusted gross cumulative distribution percent. The individual IGA totals can be found in the "Detail of individual IGA distribution amounts."

EXHIBIT 15

Paula Insurance Company
Detail Of Individual IGA Distribution Amounts

3rd quarter 2006 Early Access Distribution

Based on a gross cumulative distribution of 44.4892%
(See separate detail of losses and credits)

IGA FullName	Total losses*	Gross cumulative distribution (44.4892%)	Total credits	Balance	Current distribution
Alabama Insurance Guaranty Association	-	-	-	-	-
Alaska Insurance Guaranty Association	2,674,883	1,190,033	-	1,190,033	1,190,033
Special Fund of the Industrial Commission of Arizona	5,572,685	2,479,242	8,535,415	(6,056,173)	-
Arizona Property/Casualty Insurance Guaranty Fund	-	-	-	-	-
Arkansas Property & Casualty Guaranty Fund	-	-	-	-	-
California Insurance Guaranty Association	134,141,971	59,678,670	51,901,405	7,777,265	7,777,265
Colorado Insurance Guaranty Association	-	-	-	-	-
Connecticut Insurance Guaranty Association	-	-	-	-	-
Delaware Insurance Guaranty Association	-	-	-	-	-
District of Columbia Insurance Guaranty Association	-	-	-	-	-
Florida Workers' Compensation Insurance Guaranty Association	1,349,937	600,576	300,000	300,576	300,576
Florida Insurance Guaranty Association	-	-	-	-	-
Georgia Insurers Insolvency Pool	-	-	-	-	-
Hawaii Insurance Guaranty Association	-	-	-	-	-
Idaho Insurance Guaranty Association	1,354,665	602,680	419,188	183,492	183,492
Illinois Insurance Guaranty Fund	-	-	-	-	-
Indiana Insurance Guaranty Association	-	-	-	-	-
Iowa Insurance Guaranty Association	-	-	-	-	-
Kansas Insurance Guaranty Fund	-	-	-	-	-
Kentucky Insurance Guaranty Association	-	-	-	-	-
Louisiana Insurance Guaranty Association	-	-	-	-	-
Maine Insurance Guaranty Association	-	-	-	-	-
Maryland Property & Casualty Insurance Guaranty Corporation	-	-	-	-	-
Massachusetts Insurer Insolvency Fund	-	-	-	-	-
Massachusetts Department of Insurance	-	-	-	-	-
Michigan Property & Casualty Insurance Guaranty Association	-	-	-	-	-
Minnesota Insurance Guaranty Association	-	-	-	-	-
Mississippi Insurance Guaranty Association	-	-	-	-	-
Missouri Insurance Guaranty Association	-	-	-	-	-
Montana Insurance Guaranty Association	-	-	-	-	-
Nebraska Property & Liability Insurance Guaranty Association	-	-	-	-	-
Nevada Insurance Guaranty Association	73,353	32,634	-	32,634	32,634
New Hampshire Insurance Guaranty Association	-	-	-	-	-
New Jersey Stock Workers' Compensation Security Fund	-	-	-	-	-
New Jersey Property-Liability Insurance Guaranty Association	-	-	-	-	-
New Mexico Property & Casualty Insurance Guaranty Association	2,771,409	1,232,977	2,499,773	(1,266,796)	-
New York Insurance Department - Liquidation Bureau	-	-	-	-	-
North Carolina Insurance Guaranty Association	-	-	-	-	-
North Dakota Insurance Guaranty Association	-	-	-	-	-
Ohio Insurance Guaranty Association	-	-	-	-	-
Oklahoma Property & Casualty Insurance Guaranty Association	-	-	-	-	-
Oregon Insurance Guaranty Association	8,090,053	3,599,199	8,259,370	(4,660,171)	-
Pennsylvania Workers' Compensation Security Fund	-	-	-	-	-
Pennsylvania Insurance Guaranty Association	-	-	-	-	-
Rhode Island Insurers Insolvency Fund	-	-	-	-	-
South Carolina Property & Casualty Insurance Guaranty Association	-	-	-	-	-
South Dakota Insurance Guaranty Association	-	-	-	-	-
Tennessee Insurance Guaranty Association	-	-	-	-	-
Texas Property & Casualty Insurance Association	10,150,781	4,516,000	-	4,516,000	4,516,000
Utah Property & Casualty Insurance Guaranty Association	-	-	-	-	-
Vermont Property & Casualty Insurance Guaranty Association	-	-	-	-	-
Virginia Property & Casualty Insurance Guaranty Association	-	-	-	-	-
Washington Insurance Guaranty Association	-	-	-	-	-
West Virginia Insurance Guaranty Association	-	-	-	-	-
Wisconsin Insurance Security Fund	-	-	-	-	-
Wyoming Insurance Guaranty Association	-	-	-	-	-
TOTALS	166,179,737	73,932,011	71,915,151	2,016,860	14,000,000

* Loss information is the lower of reported UDS/FIQ data

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: **INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA v.
PAULA INSURANCE COMPANY**

No.: **BS 075685**

I declare:

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

On April 16, 2007, I served the attached **VERIFIED APPLICATION OF INSURANCE COMMISSIONER FOR ORDER APPROVING AN INTERIM DISTRIBUTION OF ASSETS TO APPROVED CLAIMANTS AND EARLY ACCESS DISTRIBUTION TO INSURANCE GUARANTY ASSOCIATIONS AND POINTS AND AUTHORITIES IN SUPPORT THEREOF** by placing a true copy thereof enclosed in a sealed envelope with postage thereon fully prepaid, in the internal mail collection system at the Office of the Attorney General at 300 South Spring Street, Los Angeles, California 90013-1230, 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 April 16, 2007, at Los Angeles, California.

John R. Huetteman

Declarant

John Huetteman

Signature

SERVICE LIST

BS 075685

INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA v. PAULA INSURANCE COMPANY

Deborah S. Maddocks
Vice President-Finance
Paula Financial
87 E. Green Street, Suite 206
Pasadena, California 91105

Jeff Snider
Chairman & CEO
Paula Financial
87 E. Green Street, Suite 206
Pasadena, California 91105

Darlene Gilbert
Bank of America
NMI-101-06-01; Third Floor
Albuquerque, NM 87125-0500

Jennifer Smith
Bank of America
901 Main Street, 7th Floor
Dallas, TX 75202

Gwen Fiorito
Bank of America
2049 Century Park East, 2nd Floor
Los Angeles, CA 90067-3241

Donna King
Bank of New York
Western Trust Company
700 South Flower Street, 2nd Floor
Los Angeles, CA 90017

Chip Clark
Investment Managers, General RE
12707 High Bluff Drive, Suite 200
San Diego, CA 92130

Jerry McDermott
United California Bank
601 South Figueroa Street
Los Angeles, CA 90017

Tim Palmer
Wells Fargo Bank
333 South Grand Avenue, 3rd Floor
Los Angeles, CA 90071

Julie Durham
2785 Carter Street
Truth or Consequences, New Mexico 87901

Lawrence E. Mulryan
Executive Director
California Insurance Guarantee
Association
700 N. Brand Blvd. #1400
Glendale, California 91203

Jeanne M. Jorgensen, Esq.
Allen Watkins Leck Gamble & Mallory LLP
1900 Main Street, 5th Floor
Irvine, CA 92614

Steven C. Strong
Senior Attorney
Qwest Services Corp.
1801 California Street, 49th Floor
Denver, Colorado 80202

Evan Smiley, Esq.
Albert, Weiland & Golden LLP
650 Town Center Drive, Suite 950
Costa Mesa, California 92626

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

E. Diane Havard
Alaska Insurance Guaranty Association
c/o Northern Adjusters, Inc.
1401 Radakof Circle, Suite 100
Anchorage, AK 99508

Laura L. McGrory
Industrial Commission of Arizona (Special
Fund)
800 West Wellington Street, Suite 303
Phoenix, AZ 85005

Wayne Wilson
California Insurance Guaranty Association
700 North Brand Boulevard
Glendale, CA 91203

Sandra J. Robinson
Florida Workers' Compensation Insurance
Guaranty Association
P.O. Box 15159
Tallahassee, FL 32317-5159

David C. Edwards
Idaho Insurance Guaranty Association
1720 South Bellaire Street, Suite 408
Denver, CO 80222

Bruce W. Gilbert
Nevada Insurance Guaranty Association
3821 West Charleston Boulevard, Suite 100
Las Vegas, NV 89102-1859

Gary M. Keenan
New Mexico Property & Casualty Insurance
Guaranty Association
c/o Keenan & Associates
P.O. Box 14590
Albuquerque, NM 87191-4590

David C. Johnson
Oregon Insurance Guaranty Association
10700 South Beaverton Highway, Suite 426
Beaverton, OR 97005

Marvin Kelly
Texas Property & Casualty Insurance
Guaranty Association
9120 Burnet Road
Austin, TX 78758