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8 *as Liquidator of Fremont Indemnity Company*

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA
10 COUNTY OF LOS ANGELES
11 CENTRAL CIVIL WEST
12

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

15 Applicant,

16 v.

17 **FREMONT INDEMNITY COMPANY,**

18 Respondent.
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ORIGINAL FILED
Superior Court of California
County of Los Angeles

JUN 08 2016

Sherri R. Carter, Executive Officer/Clerk
By: Robin Sanchez, Deputy

CASE NO. BS083582

**LIQUIDATOR'S TWELFTH ANNUAL
STATUS CONFERENCE REPORT
FOR PERIOD JANUARY 1, 2015
THROUGH MARCH 31, 2016**

Hearing Date: June 15, 2016
Time: p.m.
Dept: CCW 322
Judge: Hon. William F. Highberger

Action Filed: June 3, 2003

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1 Insurance Commissioner of the State of California, in his capacity as Liquidator
2 ("Liquidator") of Fremont Indemnity Company ("Fremont") hereby submits the following
3 Twelfth Annual Status Conference Report for the period January 1, 2015 through March 31, 2016
4 ("2015 Annual Report").¹

5 INTRODUCTION

6 The Liquidator through his Conservation and Liquidation Office (the "CLO") continues to
7 manage the liquidation of an insurance company with billions of dollars of policyholder liability.
8 This report provides a comprehensive update on the current status of the Fremont liquidation
9 estate.

10 Currently, all of the Liquidator's operations associated with Fremont's liquidation are
11 overseen by the CLO. As of March 31, 2016, Fremont had approximately \$115 million in
12 balance sheet assets, including cash, investments, statutory deposits and reinsurance recoverable.
13 As of March 31, 2016, Fremont's liabilities are now estimated at \$2.44 billion, including
14 approximately \$2.101 billion in Class 2 policyholder liabilities.

15 In 2015, the Liquidator continued to bill and to collect reinsurance, to administer claims,
16 and to wind down administrative operations. The Liquidator continues to wrap up the remaining
17 affairs of the estate with the intent to reduce the workload and costs of the estate to maximize
18 remaining recoveries for claimants. The estate has made progress in the past year related to the
19 on-going process of billing, collecting and commuting the remaining reinsurance. Also during
20 2015 the Fremont Estate successfully completed an eleventh early access distribution
21 (approximately \$13.9 million) to the participating insurance guarantee associations ("IGAs").

22 This report will provide the court with the progress made on the Fremont estate since the
23 last report and current efforts to position the estate for closure.

24 ADMINISTRATION OF LIQUIDATION ESTATE

25 The Liquidator handles the administrative functions in the following three categories:
26 (1) Policy Administration (the process of performing and enforcing general contractual rights

27 ¹ While the Liquidator has previously submitted reports based on the prior calendar year,
28 this report includes the most recent financial data. Thus, references to the year 2015 includes first
quarter of 2016 up to March 31, 2016.

1 under an insurance policy); (2) Claims Administration (the administration and adjustment of
2 proofs of claim filed against Fremont); and (3) Company Administration (the remaining general
3 corporate functions that are required to complete the liquidation, including information
4 technology, final asset recoveries, reinsurance collections, and financial reporting/accounting and
5 investment management).

6 **A. Policy Administration**

7 Policy administration currently involves maintenance of the estate's electronic policy
8 database and periodically reviewing coverage information for the IGAs as well as for addressing
9 the proofs of claim that pertain to coverage issues against the Fremont estate. CLO staff continue
10 to provide these services to the IGAs, but minimal resources are required.

11 **B. Claims Administration**

12 **1. Proof of Claims ("POCs") Management**

13 The Claims Department still had 297 open POCs at the end of 2015. Net policyholder
14 class claim liabilities (Class 2) including POCs declined by \$6.4 million during the year. All
15 claims below the policyholder class level are rendered moot as there are no assets to pay those
16 classes.

17 As of December 31, 2015, there were 297 POCs remaining to be processed and closed.
18 209 claims relate to assumed reinsurance that has remained open to support collection of
19 reinsurance, and with the present likelihood of the estate's reinsurance activities ceasing by the
20 end of 2016, those claims, all Class 7 general claims, will all be closed. Of the remaining claims,
21 42 are related to IGAs, and 46 are related to non-covered or overcap claims. The estate continues
22 to receive new claims, primarily latent claims from both IGA covered workers compensation
23 policyholders and non-workers compensation property and casualty business. As of March 31,
24 2016 the estate carries a reserve of \$19.075 million for all remaining open non-IGA, non-covered
25 and overcap claims. Additionally, the estate has approved \$5.7 million in such claims.

26 The estate has recently received a claim from the United States Department of Health and
27 Human Services for approximately \$280,000 for alleged Medicare Secondary Payor liabilities.
28 The claim has a number of novel issues, including reverse preemption under the McCarran-

1 Ferguson Act (15 U.S.C. § 1011 et seq.), the fact that the Fremont estate previously rejected a
2 prior claim filed by the same agency for the same issues but with different claims, as well as the
3 fact the Federal agency has filed a similar claim against the California Insurance Guarantee
4 Association (CIGA). The challenge facing the estate is that the federal government does not
5 recognize state statute bar date limitations, nor does it accept California's claim priority scheme
6 under Insurance Code section 1033. If the estate is unable to resolve the matter, it is possible that
7 this issue could prolong the life of the estate.

8 The estate is currently contemplating filing a motion with this Court to consider steps to
9 accelerate the claims resolution process consistent with Insurance Code section 1025, which
10 requires claims be liquidated to be considered for potential participation in the distribution
11 process.

12 **2. IGA Claims and Distribution**

13 In addition to providing continued support of the IGAs' claims functions, the Liquidator's
14 primary task is to distribute early access funds to the IGAs pursuant to Insurance Code² section
15 1035.5.

16 On June 15, 2015, the Court approved the eleventh early access of Fremont's assets to the
17 IGA's for claim payment activity reported by the IGAs from January 1, 2014, through December
18 31, 2014. Pursuant to the Court's approval, the Liquidator distributed assets in the aggregate
19 amount of \$13,910,535 to the IGAs based on claim losses reported to the Liquidator, after
20 offsetting statutory deposits and other assets that were turned over to the IGAs upon Fremont's
21 insolvency. Following the 2015 early access distribution, IGAs have received a total of \$1.02
22 billion from early access distributions and statutory deposit releases. Those funds have been used
23 by the IGAs to pay Fremont's covered Class 2 policyholder claims pursuant to their respective
24 IGA statutes. A summary of the historical distributions and the statutory deposits released to the
25 IGAs is attached hereto as Exhibit A.

26 For 2016, the Liquidator has determined that no early access distribution will be made.
27 The Liquidator's decision is based on a number of factors, including the nearing of the closure of

28 ² Unless otherwise noted, all statutory references are to the Insurance Code.

1 the estate and making a final distribution, the potential for over-distribution to IGA claimants in
2 light of the requirement for ultimate pro rata distribution to all Class 2 claimants, and the need for
3 a sufficient reserve to pay non-IGA Class 2 policyholder claims.

4 **3. Non-IGA Covered Claims**

5 Certain types of Class 2 policyholder liabilities are not protected or not fully covered by
6 the IGAs, but are nonetheless entitled to ultimately share ratably with all other Class 2 claims.
7 These non-IGA covered liabilities include workers' compensation claims payable under the
8 United States Longshore & Harbor Workers Act ("USL&H Claims") and claims that are not
9 covered or only partially covered by the IGAs based on exclusions and coverage limitations
10 found in the IGAs' controlling statutes. The Liquidator continues to update these claims for
11 reinsurance billing purposes, and resolve such claims as appropriate. These open claims are
12 treated akin to IGA claims in that the estate has not attempted to close them and will not until the
13 estate is near closure. Reserves for these claims are included in the \$19 million reported above.

14 As of December 31, 2015, the Liquidator continues to monitor several aggregate POCs
15 that involve Class 2 policyholders in states with net worth exclusions which preclude certain high
16 net worth policyholders from eligibility to have their claims paid by the IGAs (Net Worth
17 Exception claims). Net Worth Exception claims are handled differently by different states. In
18 some states IGAs do not pay and require the claims to be returned to the policyholders for
19 handling, while other states' IGAs actually pay the claims and seek reimbursement from the
20 policyholders (Net Worth Subrogation claims). The Claims Department continues to obtain
21 periodic loss and expense reports from the Class 2 Net Worth Exception policyholders with open
22 POCs in order to track losses and bill reinsurance.

23 **4. Subrogation**

24 The collection of subrogation receivables is essentially complete. Continuing efforts to
25 track and recover small, significantly aged balances is no longer cost justified for the Liquidator
26 to devote estate resources.

27 **C. Company Administration**

28 **1. Finance – Accounting & Investment Management**

1 The CLO Accounting Department is responsible for recording and reporting all financial
2 aspects of the Fremont estate and maintains the estate's general ledgers inherited from Fremont at
3 the time of liquidation in 2003. The staff evaluated historical ledgers and records of Fremont and
4 its subsidiaries and has converted them to a liquidation basis of accounting. The department
5 produces periodic financial statements, manages estate cash as well as the accounts
6 payable/receivable functions. It is also responsible to ensure audit compliance and supports the
7 preparation of tax filings.

8 Fremont's invested assets are managed by third party institutional money managers. The
9 CFO of the CLO has the responsibility to manage this third party relationship as well as the
10 accounting department.

11 2. Reinsurance

12 a. Summary

13 Reinsurance is Fremont's second largest balance sheet asset. As a result of various
14 reinsurance commutation and collection efforts that occurred over the past 15 months, prospective
15 reinsurance recoverables, net of an allowance for uncollectable reinsurance, now total \$37.8
16 million due from 114 reinsurers, including \$25 million due from Fremont's twenty largest
17 reinsurers.

18 A number of the merged entities that comprise the Fremont estate have reinsurance
19 programs that are unique to the individual company. In other situations, Fremont's reinsurance
20 programs cover multiple Fremont entities. Fremont's predominant line of business was workers'
21 compensation. Given the "long tail" nature of this class of business risk, a significant number of
22 Fremont's reinsurance treaties remain active.

23 Having regard for the "long tail" nature of Fremont's business and the diversity of its
24 reinsurance program the overall quality of reinsurance security is mixed and Fremont's records
25 continue to reflect amounts due from insolvent companies. Fremont's reserve for potentially
26 uncollectible reinsurance at March 31, 2016 is \$9.6 million.

27 b. Reinsurance Recoverable

28 A summary of reinsurance recoverable (paid, case, and IBNR (incurred but not reported)

1 that will ultimately be due from Fremont's twenty largest reinsurers is attached hereto as Exhibit

2 B. Amounts received from reinsurers post-liquidation are \$480.9 million.

3 c. Administration of Fremont's Reinsurance

4 Fremont's reinsurance operations are handled by the CLO staff in San Francisco. One
5 former Fremont reinsurance employee continues to be retained as a consultant to ensure the
6 continued successful run-off of the remaining program as well as a claims consultant to assist
7 with commutations.

8 d. Reinsurance Processing

9 Ceded Contracts: Fremont has its own internally developed computer systems for billing
10 and accounting for reinsurance. The Fremont estate faces both billing/collection as well as
11 commutation challenges. As the Fremont estate nears the end of its life cycle, complex issues and
12 difficult reinsurers remain while cooperative reinsurers have commuted. Since June 1, 2012, the
13 CLO has established a direct business relationship with all reinsurance participating on Fremont
14 ceded treaties previously serviced by the Guy Carpenter's Seattle Office.

15 Assumed Contracts: After considering the infrequent activity and the small amount of
16 monies billed compared to the costs of continuing to process the Fremont estate's assumed book
17 of treaty reinsurance business, the CLO ceased processing assumed treaty claims as of May 2009.
18 A handful of accounts continue to be processed for offset purposes. An exception was a fronting
19 arrangement with Clarendon Insurance Group in which Fremont's liabilities were collateralized
20 with a trust account and funds held. In the second quarter of 2016, Fremont and Clarendon
21 reached an agreement in principle to commute this treaty for \$3.95 million which will result in a
22 return of funds of \$6.089 million to Fremont. Upon completion, the agreement will be filed with
23 this Court for approval.

24 e. Reinsurance Disputes

25 Currently there are no active disputes with reinsurers. The Liquidator will continue to
26 evaluate and pursue any legal recourse to ensure all contractual services are properly received by
27 the Fremont estate in accordance with any of its agency relationships, including Guy Carpenter.

28 f. Reinsurance Collections

1 The Commissioner collected \$1.6 million from reinsurance billings since January 1, 2015.
2 The CLO reinsurance staff is currently direct billing and collecting from 22 reinsurers previously
3 administered by Guy Carpenter. The balance of active reinsurance treaties will continue to be
4 billed and collected from reinsurers and brokers in the normal course of business.

5 **g. Reinsurance Commutations**

6 Over the past 15 months, the Commissioner commuted with nine reinsurers: CIGNA
7 (annuity assignment), Connecticut Indemnity, Excess Insurance Company, Partner Re,
8 Pennsylvania Manufacturers' Association Insurance Company, Sompco, St. Paul Fire & Marine
9 Insurance Company, TOA Re, Unione Italiana. These nine commutations totaled \$2.8 million in
10 collections. Settlement agreements greater than \$100,000 were submitted to this court for
11 approval. The Commissioner continues to work towards commuting with Fremont's largest
12 reinsurers in 2016.

13 **3. Information Technology**

14 The CLO continues to provide IT services for Fremont's overall administration. The CLO
15 currently uses the GOLD (Guardian of Liquidated Data) system for retrieval of historical policy
16 and claim information required for the continued support of Fremont's run-off. The CLO is
17 continuing the on-going process of loading into the GOLD System the paid loss information
18 reported by the IGAs who have the statutory obligation to process and pay Fremont claims. The
19 CLO also must coordinate and support the loading of the claims data into the reinsurance billing
20 database created by Tbase to support reinsurance billing and collection.

21 **D. Annual Financial Statement as of March 31, 2016**

22 Fremont's financial statement for the period ending March 31, 2016 is attached as Exhibit
23 C.

24 Fremont has total assets of approximately \$115 million consisting primarily of \$56.5
25 million in cash and investments and \$37.7 million in reinsurance recoverables as well as
26 approximately \$11.7 million in pledged assets associated with certain reinsurance contracts.
27 Fremont has in excess of \$2 billion in policyholder claims. Accordingly, Fremont's assets will be
28 sufficient to pay only secured claims, administrative expenses and a portion of the Class 2

1 policyholder claims with no funds available for unsecured creditors.

2 LEGAL MATTERS

3 A. Matters Resolved in 2015

4 On June 15, 2015, the Court approved administrative and professional fees and expenses
5 incurred by the Fremont estate from January 1, 2014 through December 31, 2014 in the amount
6 of \$2,970,359.77, including \$2,913,686.47 for administrative and operating expenses pursuant to
7 section 1035, and \$56,673.30 for legal fees and expenses pursuant to section 1036.

8 Also on June 15, 2015, the Court approved the Liquidator's proposal to disburse
9 \$13,910,535 of Fremont's assets to the IGAs pursuant to section 1035.5. On July 2, 2015 and
10 pursuant to the Court's order, the Liquidator completed the distribution to the IGAs.

11 The estate also obtained an order on June 15, 2015 authorizing the Liquidator to
12 commence destruction of certain Fremont legacy records as part of the process of winding down
13 the estate. The record destruction has now been complete in accordance with the order.

14 B. Pending Matters

15 1. Browning Ferris Industries, LLC et al.

16 Browning-Ferris Industries, LLC, BFI Waste Systems of North America, LLC and Azusa
17 Land Reclamation Co., Inc. (collectively "BFI") had open proofs of claim in the Fremont estate
18 under two excess umbrella policies issued by Fremont. On June 4, 2013, the Liquidator rejected
19 BFI's claim. On July 3, 2013, BFI filed its Order to Show Cause (OSC) Application pursuant to
20 section 1032 seeking the issuance of an OSC as to why its claim against Fremont should not be
21 allowed. On August 26, 2013, the Court held a hearing on BFI's OSC Application and issued an
22 order, which amongst other provided the parties to consider a compromise.

23 The parties have recently reached agreement on a resolution of the claim. A draft
24 settlement agreement has been provided to BFI and the Liquidator is awaiting comments. The
25 estate anticipates submitting the settlement for court approval once the parties have reached the
26 terms of a settlement agreement.

27 2. Administrative and Professional Fees and Expenses for 2015

28 The Liquidator is preparing his Application for Order Approving Payment of

Administrative and Professional Fees and Expenses for Year Ending December 31, 2015, and anticipates filing the application with the court during the third quarter of 2016.

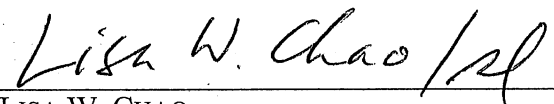
CONCLUSION

In 2015, the Liquidator focused primarily on resolving administrative matters in anticipation of positioning the estate for closure in late 2017. As detailed in this report, the continuing run-off of the reinsurance program as well as the determination of unresolved claims against the estate will continue to require the Liquidator's active management.

The Liquidator, though his CLO staff, is prepared to address any questions the Court may have regarding this 2015 Annual Report at the status conference on June 15, 2016.

Dated: June, 2016

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Insurance Commissioner of the State of California,
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EXHIBIT A

Fremont Indemnity Co.
Distribution Inception-To-Date
3/31/2016

State	1st Distribution	2nd Distribution	3rd Distribution	4th Distribution	5th Distribution	6th Distribution	7th Distribution	8th Distribution	9th Distribution	10th Distribution	11th Distribution	Distribution Total	Stat dep. release/Assignment & Assumption	Total
Alabama	137,205.00	20,786.00	35,700.00	68,948.00	9,345.00	25,403.00	85,686.00	33,237.00	34,825.00	48,858.00	49,850.00	549,843.00	-	549,843.00
Alaska	3,615,351.00	3,260,791.00	5,507,239.00	5,815,791.00	1,837,406.00	-	809,256.00	2,021,375.00	1,025,619.00	2,574,179.00	-	26,467,007.00	4,872,250.71	31,339,257.71
Arizona	-	-	-	-	-	-	-	-	3,907,619.00	6,648,065.00	-	10,555,684.00	34,401,689.25	44,957,373.25
Arkansas	397,633.00	178,954.00	448,382.00	295,878.00	63,053.00	-	-	-	-	-	-	1,383,900.00	714,635.25	2,098,535.25
California	-	13,974,266.00	123,936,280.00	111,000,890.00	38,385,866.00	47,825,829.00	29,234,335.00	32,680,659.00	15,905,849.00	10,593,790.00	4,887,542.99	428,425,326.99	276,475,887.96	704,901,214.95
Colorado	1,999,577.00	915,447.00	1,447,852.00	1,054,969.00	307,287.00	514,366.00	1,846,124.00	-	-	-	201,304.24	8,286,926.24	-	8,286,926.24
Connecticut	-	-	-	233,821.00	46,384.00	92,499.00	293,294.00	27,503.00	62,566.00	93,430.00	-	849,497.00	899,300.00	1,748,797.00
Delaware	-	-	-	-	-	-	-	-	-	-	-	-	83,692.79	83,692.79
DC	111,189.00	54,130.00	78,386.00	30,536.00	-	29,981.00	150,835.00	48,836.00	51,188.00	51,286.00	52,198.00	658,565.00	-	658,565.00
Florida	1,054,778.00	1,006,778.00	1,476,718.00	1,062,444.00	1,113,913.00	-	-	-	-	-	-	5,714,631.00	1,223,370.87	6,938,001.87
Georgia	140,740.00	272,037.00	633,797.00	407,108.00	132,046.00	-	-	309,060.00	131,028.00	237,688.00	520,284.63	2,783,788.63	-	2,783,788.63
Hawaii	3,865,629.00	1,527,942.00	1,849,941.00	1,512,511.00	78,509.00	-	-	-	-	-	-	8,834,532.00	-	8,834,532.00
Idaho	-	-	-	-	132,911.00	56,900.00	147,783.00	658,481.00	221,043.00	-	192,712.55	1,409,830.55	4,604,119.57	6,013,950.12
Illinois	11,978,870.00	8,548,391.00	12,714,223.00	8,722,986.00	3,088,657.00	-	-	1,807,957.00	2,375,274.00	-	-	49,236,358.00	1,657,000.00	50,893,358.00
Indiana	905,406.00	563,479.00	653,256.00	173,912.00	-	-	-	-	-	-	-	2,296,053.00	51,000.00	2,347,053.00
Iowa	1,783,978.00	619,958.00	1,195,145.00	757,539.00	250,885.00	-	-	-	-	-	-	4,607,505.00	-	4,607,505.00
Kansas	-	-	-	-	-	-	-	-	-	-	-	-	2,500,000.00	2,500,000.00
Kentucky	585,856.00	198,809.00	336,726.00	138,860.00	100,921.00	108,995.00	649,566.00	100,636.00	112,884.00	27,293.00	113,557.00	2,474,103.00	57,576.25	2,531,679.25
Louisiana	-	2,635.00	117,026.00	-	-	-	-	-	-	-	-	119,661.00	150,033.75	269,694.75
Maine	10,526.00	12,800.00	17,220.00	1,769.00	-	-	-	-	-	-	-	42,315.00	-	42,315.00
Maryland	-	-	-	-	-	-	-	-	-	-	-	-	1,000,000.00	1,000,000.00
Michigan	-	-	-	-	-	-	-	-	-	-	-	-	15,492,468.99	15,492,468.99
Minnesota	462,052.00	274,128.00	165,236.00	168,275.00	-	27,125.00	-	-	-	35,827.00	-	1,132,643.00	-	1,132,643.00
Mississippi	6,669.00	3,472.00	60,116.00	19,725.00	-	-	-	-	-	-	-	89,982.00	-	89,982.00
Missouri	803,665.00	787,886.00	1,599,832.00	1,301,440.00	196,038.00	-	-	-	-	-	-	4,688,861.00	799,822.10	5,488,683.10
Montana	1,266,073.00	684,579.00	996,304.00	933,482.00	563,510.00	462,258.00	1,681,084.00	804,868.00	360,145.00	482,663.00	-	8,234,966.00	-	8,234,966.00
Nebraska	364,722.00	316,987.00	262,707.00	293,483.00	202,077.00	-	-	-	-	-	-	1,439,976.00	228,891.30	1,668,867.30
Nevada	-	-	-	27,506.00	-	3,497.00	36,519.00	16,505.00	20,183.00	12,645.00	11,462.39	128,317.39	432,436.00	560,753.39
New Hampshire	252,214.00	50,367.00	107,080.00	56,012.00	-	-	-	-	-	-	-	465,673.00	-	465,673.00
New Jersey	7,994,939.00	1,276,029.00	9,327,444.00	5,219,497.00	1,800,436.00	-	-	-	-	1,279,055.00	6,485,252.12	33,382,652.12	-	33,382,652.12
New Mexico	-	-	-	-	-	28,825.00	-	-	219,722.00	503,957.00	-	752,504.00	1,335,529.23	2,088,033.23
New York	3,838,347.00	-	-	-	-	-	-	-	-	-	-	3,838,347.00	12,755,131.06	16,593,478.06
North Carolina	178,495.00	-	3,125.00	73,186.00	169,614.00	-	-	73,117.00	84,185.00	127,600.00	101,864.52	811,186.52	206,039.70	1,017,226.22
Oklahoma	-	-	57,255.00	96,057.00	-	-	-	19,142.00	98,878.00	186,547.00	7,125.22	465,004.22	403,806.44	868,810.66
Oregon	-	-	-	-	-	-	-	-	-	-	-	-	17,369,448.50	17,369,448.50
Pennsylvania	605,568.00	98,937.00	589,766.00	710,783.00	150,240.00	-	-	-	-	1,482,435.00	124,997.38	3,762,726.38	-	3,762,726.38
Rhode Islands	424.00	-	148.00	-	-	-	-	-	-	-	-	572.00	-	572.00
South Carolina	-	-	-	-	178,966.00	-	-	-	-	-	-	178,966.00	-	178,966.00
South Dakota	-	-	-	-	-	-	-	-	-	-	-	-	210,507.27	210,507.27
Tennessee	140,284.00	65,430.00	66,524.00	42,861.00	-	-	-	-	-	-	-	315,099.00	-	315,099.00
Texas	3,367,949.00	636,416.00	1,789,719.00	1,706,133.00	448,357.00	60,694.00	1,675,697.00	191,328.00	-	409,931.00	6,288.46	10,292,512.46	457,383.12	10,749,895.58
Utah	858,570.00	573,364.00	909,297.00	984,896.00	388,551.00	355,997.00	2,130,050.00	824,499.00	898,404.00	580,484.00	600,655.53	9,104,867.53	-	9,104,867.53
Vermont	102,909.00	139,155.00	110,663.00	43,069.00	-	-	-	-	-	46,081.00	69,961.43	511,838.43	-	511,838.43
Virginia	-	116,841.00	162,627.00	73,398.00	-	25,958.00	84,633.00	-	55,378.00	4,778.00	58,307.00	581,920.00	592,744.73	1,174,664.73
Wisconsin	2,394,606.00	753,466.00	1,407,305.00	979,348.00	30,240.00	408,798.00	1,053,610.00	-	-	-	427,171.54	7,454,544.54	50,000.00	7,504,544.54
Total	49,224,224.00	36,934,280.00	168,063,039.00	144,007,213.00	49,675,212.00	49,971,175.00	39,934,422.00	39,617,203.00	25,564,790.00	25,426,592.00	13,910,535.00	642,328,685.00	379,024,764.84	1,021,353,449.84

EXHIBIT B

Fremont Indemnity Company
Balances as of 3/31/2016

Reinsurer	Paid Recoverable	Ceded O/S Loss	Ceded Loss & ALAE IBNR*	Total Ultimate Liability
ACCIDENT & CASUALTY OF WINTERTHUR	5,593	39,035	9,889	54,517
ACE PROPERTY AND CASUALTY INSURANCE COMPANY	62,899	77,207	69,870	209,976
AGF REASSURANCE S.A	0	169,326	0	169,326
AMERICAN STATES - FKA AMERICAN UNION	3,899	294,622	248,702	547,223
CAVELL INSURANCE COMPANY LIMITED	89,856	54,659	43,344	187,859
EVEREST RE BERMUDA, LTD.	192,638	398,648	348,000	939,286
EVEREST REINSURANCE COMPANY	206,851	5,099,710	4,071,423	9,377,983
GENERAL STAR NATIONAL INSURANCE COMPANY	337,578	415,394	1,617,571	2,370,543
GOTHAER VERSICHERUNGSBANK V.V.A.G.	27,063	14,669	11,802	53,534
INSURANCE COMPANY OF NORTH AMERICA	2,250,482	3,654,453	2,301,266	8,206,201
METROPOLITAN GROUP PROPERTY AND CASUALTY INSURANCE COMPANY	-1,303	117,801	27,014	143,512
MUNICIPAL INDEMNITY (BERMUDA), LIMITED	0	157,615	147,280	304,895
NATIONAL CASUALTY COMPANY	-1,028	73,966	65,420	138,358
NEW ZEALAND INSURANCE PLC.	17,768	37,817	15,934	71,519
PROVIDENCE CAPITOL LIFE ASSURANCE COMPANY, LIMITED	22,410	56,669	16,963	96,042
TENECOM LIMITED	205,435	117,856	96,321	419,612
TUREGUM INSURANCE COMPANY (U.K.), LIMITED	130,158	486,076	263,902	880,135
UNITED NATIONAL INSURANCE COMPANY	26,181	81,494	25,718	133,393
WINTERTHUR SWISS INSURANCE COMPANY	-10,809	68,712	54,986	112,889
XL REINSURANCE AMERICA, INC.	2,809	458,622	111,594	573,025
20	3,568,476	11,874,353	9,546,999	24,989,829

* Ceded Loss and ALAE IBNR as of 12/31/08 actuarial analysis

EXHIBIT C

950 Fremont Indemnity Co
STATEMENT OF ASSETS AND LIABILITIES
As of March 31, 2016

	Mar 31 2016A
ASSETS	
Participation in pooled investments, at market	56,523,100
Accrued investment income	121,700
Statutory deposits held by other states	2,576,900
Recoverable from reinsurers	37,769,600
Receivable from affiliates	1,360,000
Deposits and other assets	16,925,700
Total Available Assets	115,277,000
LIABILITIES	
Secured claims	15,631,600
Accrued administrative expenses	
Claims against policies, including guaranty associations, before distributions	3,122,662,200
Early access and other Class 2 distributions	(1,021,353,400)
California and Federal claims having preference	62,900
All other claims	322,101,300
Total Estimated Liabilities	2,439,104,600
NET ASSETS (DEFICIENCY)	<u>(2,323,827,600)</u>

950 Fremont Indemnity Co
STATEMENT OF ASSETS AND LIABILITIES
As of March 31, 2016

		Mar 31 2016A
ASSETS detail		
Cash and Investments		
12001	Participation in Pooled Investment Cash and Investments	56,523,063 56,523,063
13015	Accrued Int & Div Receivable	121,656
12012	Statutory Deposits	2,576,868
Reinsurance Receivable		
13001	Rein Recoverable-Paid	8,296,087
13002	Rein Recover-Unpaid Losses	39,088,853
13003	Allow For Uncoll Rein Receivable	(9,615,389)
	Reinsurance Receivable	37,769,551
Receivable from Affiliates		
13012	Receivable from Affiliates	1,359,991
	Receivable from Affiliates Net of Allowance	1,359,991
Other Assets		
15005	Other Prepaid Expense	5,123,821
16001	Funds Held by Reinsurance	11,734,681
17003	Other Assets	67,176
	Other Assets	16,925,677
	Total Available Assets	115,276,806
LIABILITIES detail		
Secured Claims		
21005	Other Secured Liabilities	39,454
22001	Unclaimed Funds Payable	15,592,163
	Secured Claims	15,631,618
Class 1: Payables and Accrued Expenses		
25001	Due To/From Intercompany Acct	2
	Class 1 Liabilities	2
Class 2: Losses, Reserves and non-IGA Claims		
28001	Loss & ALAE Reserve	1,332,635,486
28006	Liability Due to GAs	1,754,583,040
29001	Other Class 2 Payable	10,000,000
29091	Other Class 2 Payable-GOLD	25,443,659
	Class 2 Liabilities before Distributions	3,122,662,184
Early Access and Other Class 2 Distributions		
28007	Advances to Guaranty Associations	(866,545,936)
28097	Advances to Guaranty Associations-GOLD	(154,807,514)
	Early access and other Class 2 distributions	(1,021,353,450)
Class 3, 5 & 6: Calif and Federal claims		
27093	Premium Tax Payable-GOLD	62,853
	Class 3, 5 & 6 Liabilities	62,853
Class 7: All Other Claims		
30005	Reinsurance Payable	302,855,455
30007	Contingent Commission	170,752
30098	Other Class 7 Liabilities-GOLD	19,075,072
31001	Funds Held for Others	-
	Class 7 Liabilities	322,101,278
	Total Estimated Liabilities	2,439,104,485
	NET ASSETS (DEFICIENCY)	(2,323,827,679)

DECLARATION OF SERVICE BY U.S. MAIL

Case Name: **Insurance Commissioner v. Fremont Indemnity Company**
Case No.: **BS083582**

I declare:

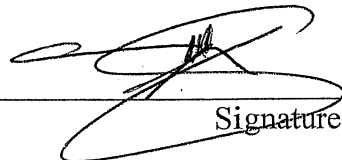
I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General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

On **June 8, 2016**, I served the attached **LIQUIDATOR'S TWELFTH ANNUAL STATUS CONFERENCE REPORT FOR PERIOD JANUARY 1, 2015 THROUGH MARCH 31, 2016** by placing a true copy thereof enclosed in a sealed envelope in the internal mail collection system at the Office of the Attorney General at 300 South Spring Street, Suite 1702, Los Angeles, CA 90013, 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 **June 8, 2016**, at Los Angeles, California.

Michi Ma
Declarant


Signature

SERVICE LIST

Case Name: Insurance Commissioner v. Fremont Indemnity Company

L. A. S. C. Case No.: BS083582

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