

2021 ANNUAL REPORT
**CONSERVATION *and* LIQUIDATION
OFFICE**

Conservation & Liquidation Office

Section One – The Conservation & Liquidation Office

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SECTION ONE – THE CONSERVATION & LIQUIDATION OFFICE

Background

The California Insurance Commissioner (Commissioner), an elected official of the State of California, acts under the supervision of the Superior Court when conserving and liquidating insurance enterprises. In this statutory capacity, the Commissioner is charged with the responsibility for taking possession and control of the assets and affairs of financially troubled insurance enterprises domiciled in California. An impaired enterprise subject to a conservation or liquidation order is commonly referred to as an estate.

The Commissioner, through the state Attorney General's office, applies to the Superior Court for a conservation order to place the financially troubled enterprise in conservatorship. Under a conservation order, the Commissioner takes possession of the estate's financial records and real and personal property, and conducts the business of the estate until a final disposition regarding the estate is determined. The conservation order allows the Commissioner to begin an investigation to determine, based on the estate's financial condition, if the estate can be rehabilitated, or if continuing business would be hazardous to its policyholders, creditors, or the public.

If, at the time the conservation order is issued or anytime thereafter, it appears to the Commissioner that it would be futile to proceed with the conservation, the Commissioner will apply for an order to liquidate the estate's business. In response to the Commissioner's application, the Court generally orders the Commissioner to liquidate the estate's business in the most expeditious fashion.

The Conservation & Liquidation Office ("CLO") performs conservation and liquidation services on behalf of the Commissioner with respect to insurance companies domiciled in California.

The CLO was created in 1994 as the successor to the Conservation & Liquidation Division of the Department of Insurance which was managed by State employees. The CLO is based in San Francisco, California. As of December 31, 2021, the CLO is responsible for the administration of 16 insurance estates.

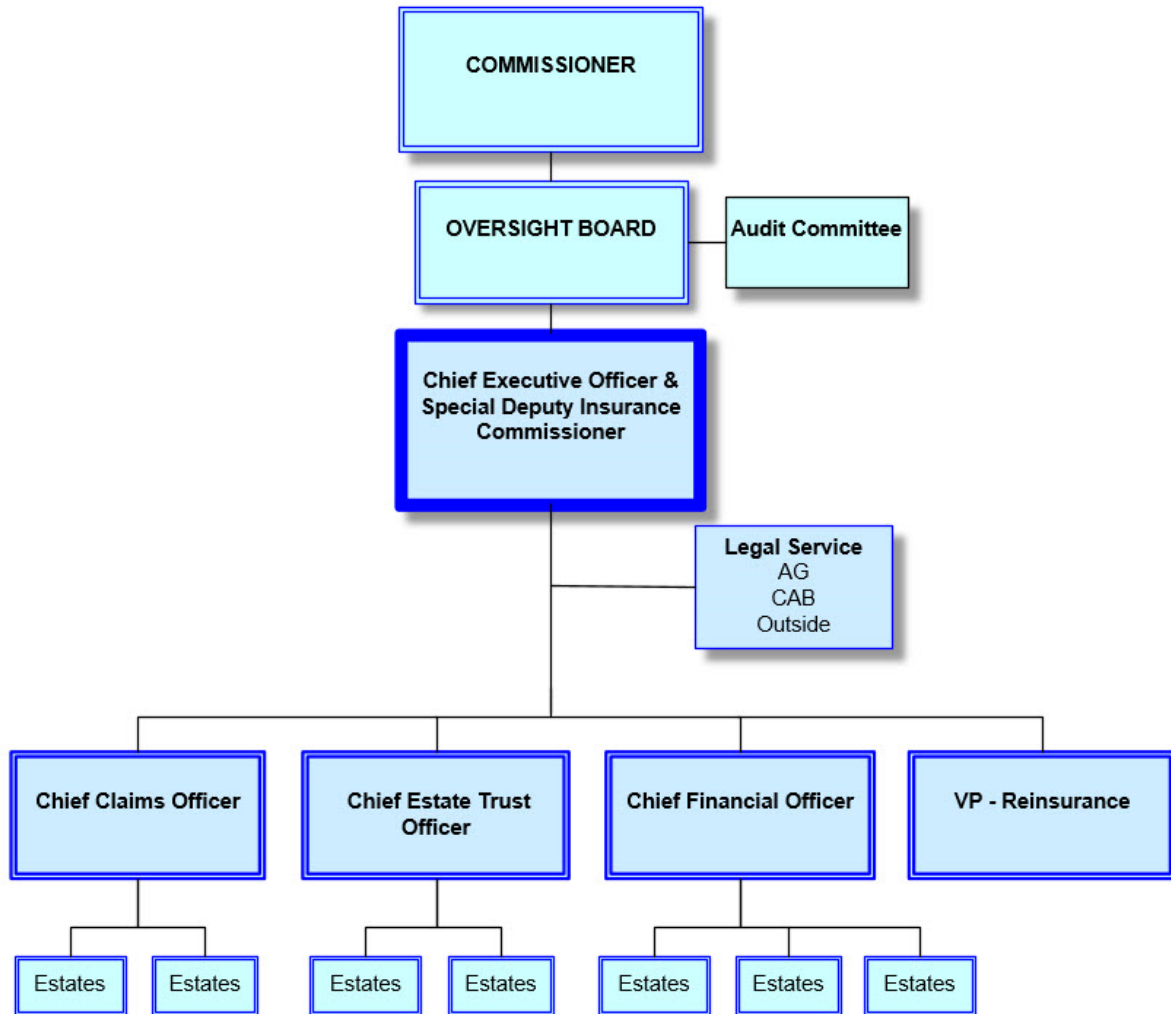
In addition to the role described above, the CLO at times provides special examination services to the Financial Surveillance Branch of the Department of Insurance. The CLO is reimbursed directly by the company being examined. During 2021, the CLO assisted with three such examinations.

In 2014, the CLO's Oversight Board authorized the CLO/Regulatory Services Group (RSG) (name used when doing work other than traditional California conservation and liquidations) to enter an engagement with the Nevada Insurance Commissioner to provide receivership management services. In 2016, the Board authorized engagements with Insurance Commissioners from the states of Colorado, Hawaii,

Oregon, and Wyoming. In 2017, the Board authorized an engagement with the State of Arizona to assist in the Meritas insolvency. In 2020, the Board again authorized an engagement with the State of Nevada to assist in the Physicians Indemnity Risk Retention Group insolvency. By providing professional receivership services to other states, the CLO and RSG are able to maintain proven receivership skills and institutional knowledge in California at a time that receiverships/liquidations are declining. These engagements further help to reduce the overall cost to California estates under the management of the CLO.

Organizational Structure

**Conservation & Liquidation Office
Executive/Board**



Oversight Board and Audit Committee Meetings

CLO activities are overseen by an Oversight Board composed of three senior executives of the California Department of Insurance. The Board also serves as the Audit Committee members. During 2021 the Oversight Board and Audit Committee members are the Chief Deputy Commissioner, Deputy Insurance Commissioner – General Counsel, and Deputy Commissioner – Financial Surveillance Branch.

During 2021 the Oversight Board and Audit Committee held three regularly scheduled meetings.

Mission Statement and 2021 Organizational Goals and Results

The CLO’s Mission Statement is as follows:

The CLO, on behalf of the Insurance Commissioner, rehabilitates and/or liquidates, under Court supervision, troubled insurance enterprises domiciled in the State of California. In addition, the CLO provides Special Examination Services, with Commissioner and Board oversight. As a fiduciary for the benefit of claimants, the CLO handles the property of troubled or failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.

On an annual basis, the CLO prepares a Business Plan for the organization supporting the CLO Mission Statement. The Business Plan is presented to the Oversight Board for approval.

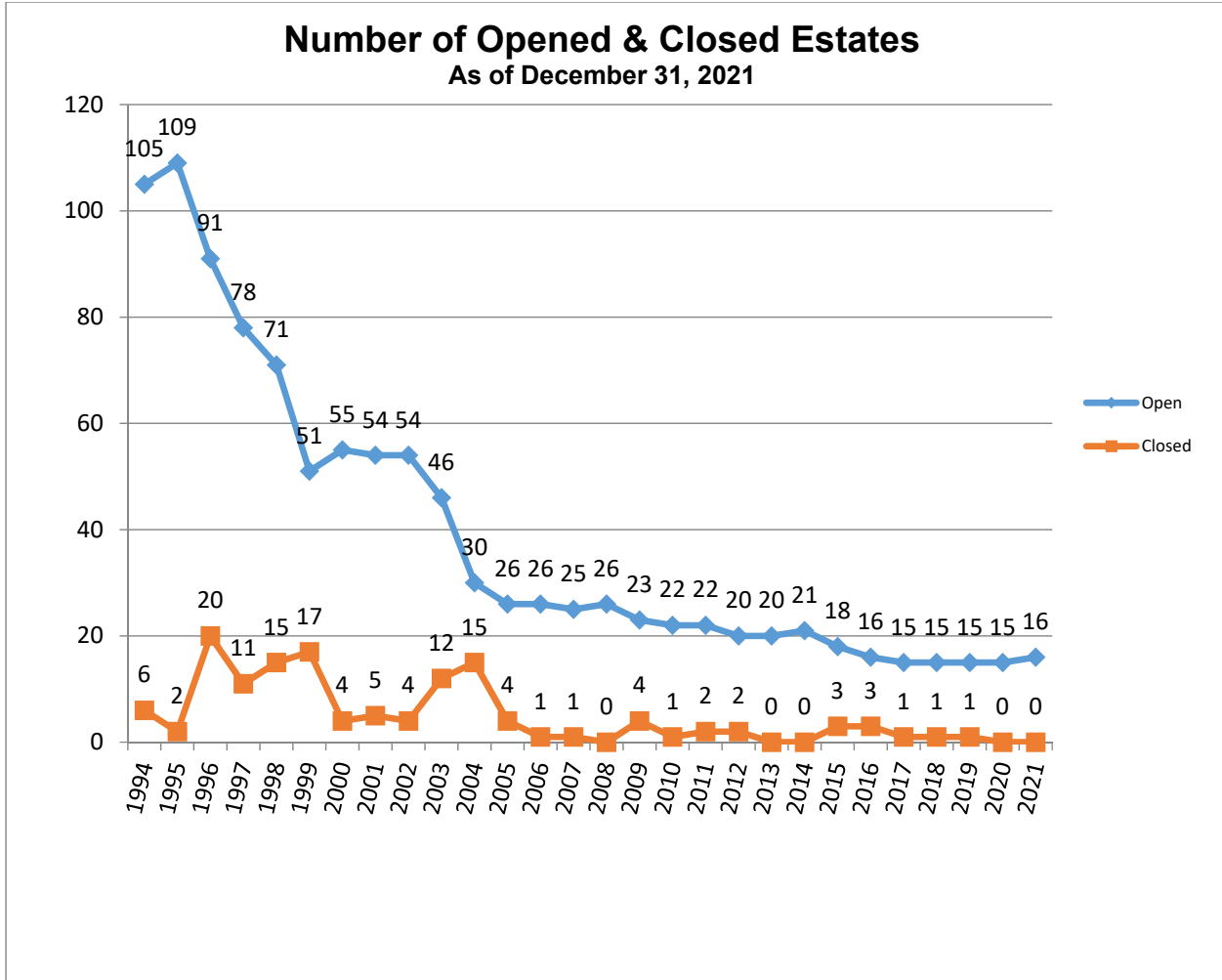
The 2021 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2021, there were 15 open estates under management. The open estates consist of 14 Property & Casualty Estates and one Life/Health Estate. The CLO goal in 2021 was to close one estate and distribute \$180 million.

The final distribution and closing of an estate is one of the more challenging milestones to achieve in the liquidation process. The Great States estate is awaiting a final federal tax refund to complete a final supplemental distribution and estate closure has been moved to 2022.

1. Closings

GOAL	RESULTS
Close 1 Estate: 1) Great States Ins. Co.	Due to delay of federal tax refund, Great States will not close until 2022.

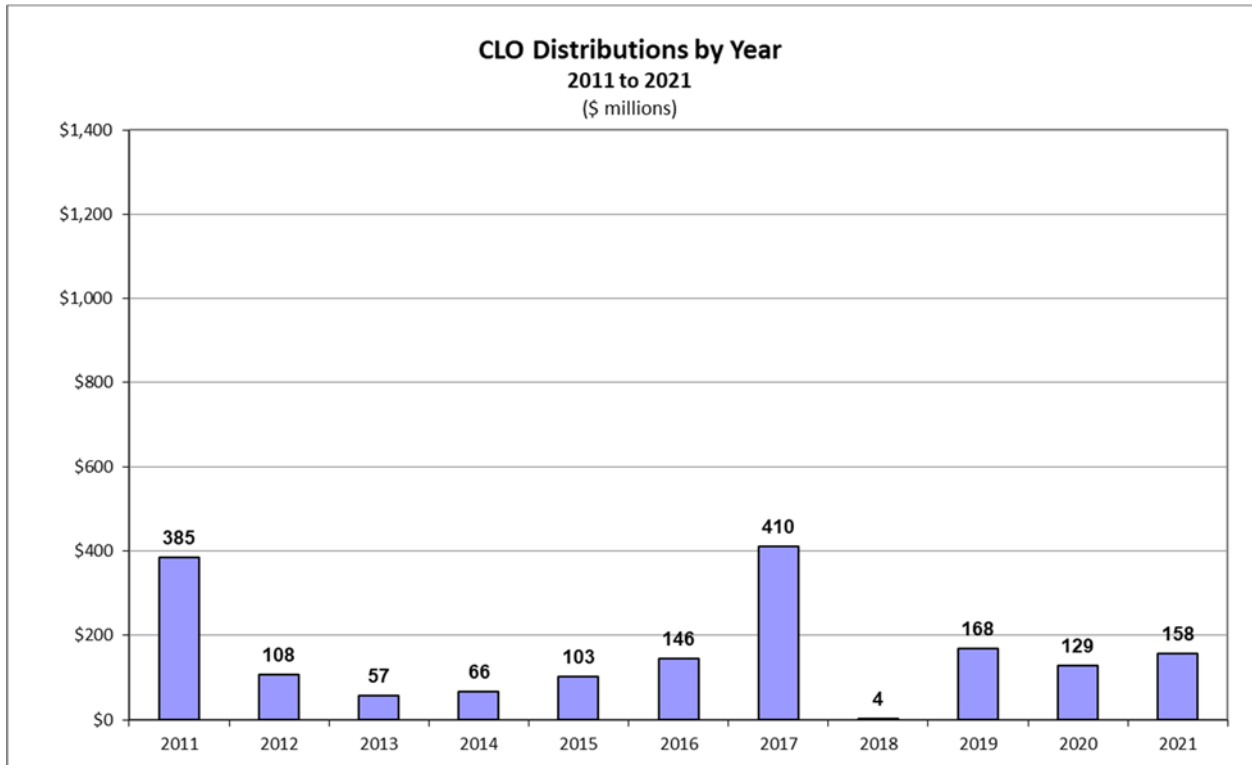


Since 1994, there have been approximately 133 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 56 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

2. Distributions

Final Distributions

Estate	2021 Actual (\$ Millions)	2021 Goal (\$ Millions)
Western Employers Ins. Co.	\$41.3	\$40.0
SNICIL Estates	\$92.5	\$80.0
CastlePoint National	\$0	\$60.0
Merced Property & Casualty	\$23.8	\$0
TOTAL DISTRIBUTIONS:	\$157.6	\$180.0



CLO Investment Policy

The CLO has a formal investment policy, as approved by its Oversight Board, requiring that investments be investment grade fixed income obligations of any type. These investments may be issued or guaranteed by (1) the U.S. and agencies, instrumentalities, and political sub-divisions of the U.S., and/or (2) U.S. corporations, trusts and special purpose entities. Such securities must be traded on exchanges or in over-the-counter markets in the U.S. None of the portfolio will be invested in fixed income securities rated below investment grade quality by Standard & Poor's, Moody's, or by another nationally recognized statistical rating organization. In addition, the duration must be maintained within +/- 12 months of the Barclays Capital U.S. Government/Credit 1-3 Yr. The average duration was approximately 2 years at December 31, 2021.

The investments are managed in equal parts by two professional money management firms and are warehoused at the Union Bank of California.

At December 31, 2021, the CLO had \$286.7 million of estate marketable investment securities under management.

For the year ending December 31, 2021, the average portfolio balance was approximately \$376.9 million. The portfolio earned an interest yield of 1.6% and a net yield after security gains/losses and mark-to-market adjustments of -.5%.

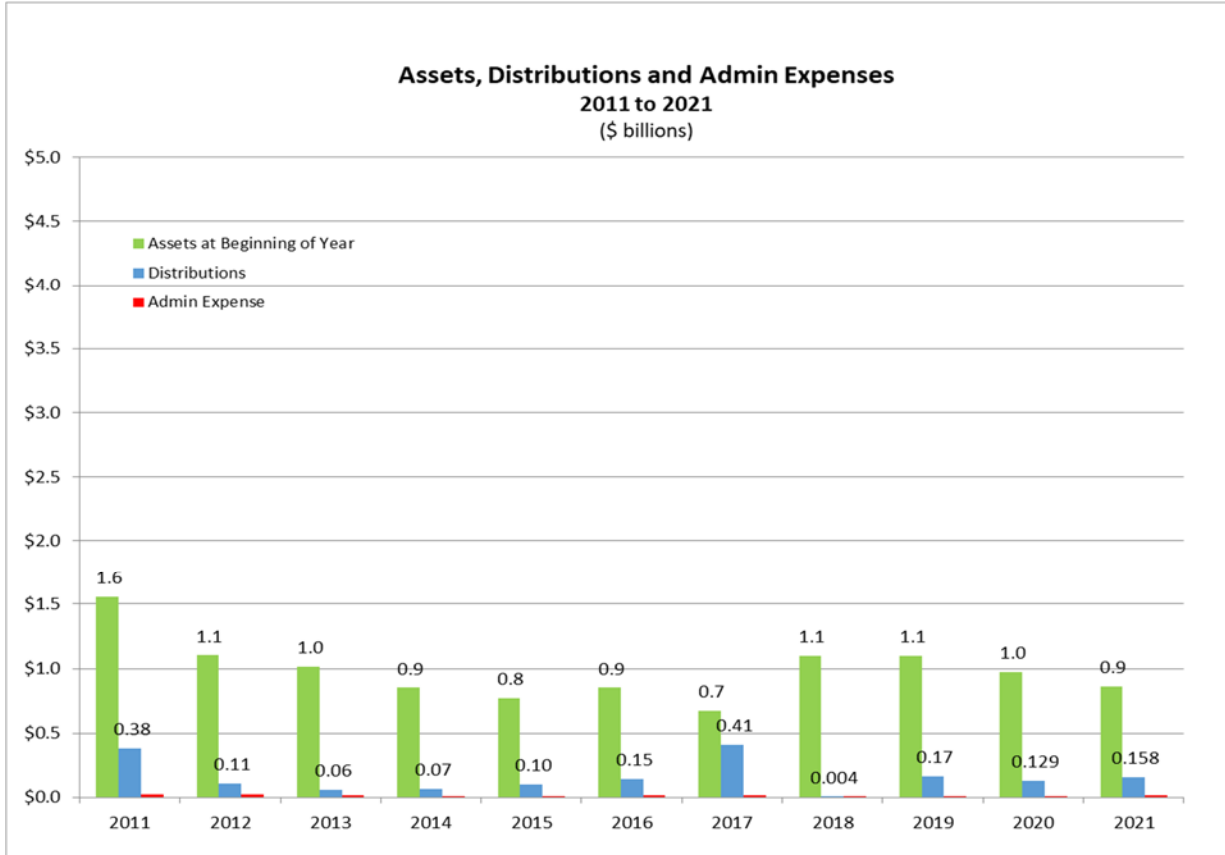
Administrative Expenses

Administrative expenses consist of both direct and indirect expenses. See "CLO Financial Results" section of this report on the budget and actual expenditures for 2020 for direct and indirect expenses.

Direct expenses charged to estates consist of legal costs, consultants and contractors, salaries and benefits for employees working exclusively for a single estate, if applicable, office expenses, and depreciation of property and equipment.

Indirect expenses that are not incurred on behalf of a specific estate are allocated using an allocation method based on the ratio of employee hours directly charged to a specific estate to total direct hours charged to all estates. For example, if employees charged 200 hours to a specific estate and in total 2,000 hours were incurred by all estates that specific estate would be allocated 10% (200 hours divided by 2,000 total hours charged to all estates). Indirect expenses include CLO employee compensation, rent, and other facilities charges and office expenses.

In accordance with California Insurance Code Section 1035, the Commissioner may petition funds from a general appropriation of the State of California Insurance Fund if an estate does not have sufficient assets to pay for administrative expenses.



The chart above displays the aggregated estate assets at beginning of year, distributions and administrative expenses from the year 2011 to 2021. The table below lists these figures.

Year	Assets (\$ billions)	Distributions (\$ millions)	Administrative Expenses (\$ millions)
2011	\$1.6	\$385	\$21
2012	\$1.1	\$108	\$25
2013	\$1.0	\$57	\$14
2014	\$0.9	\$66	\$15
2015	\$0.8	\$103	\$16
2016	\$0.9	\$146	\$15
2017	\$0.7	\$410	\$11
2018	\$1.1	\$4	\$9
2019	\$1.1	\$168	\$13
2020	\$1.0	\$129	\$11
2021	\$0.9	\$158	\$15

Compensation Methodology

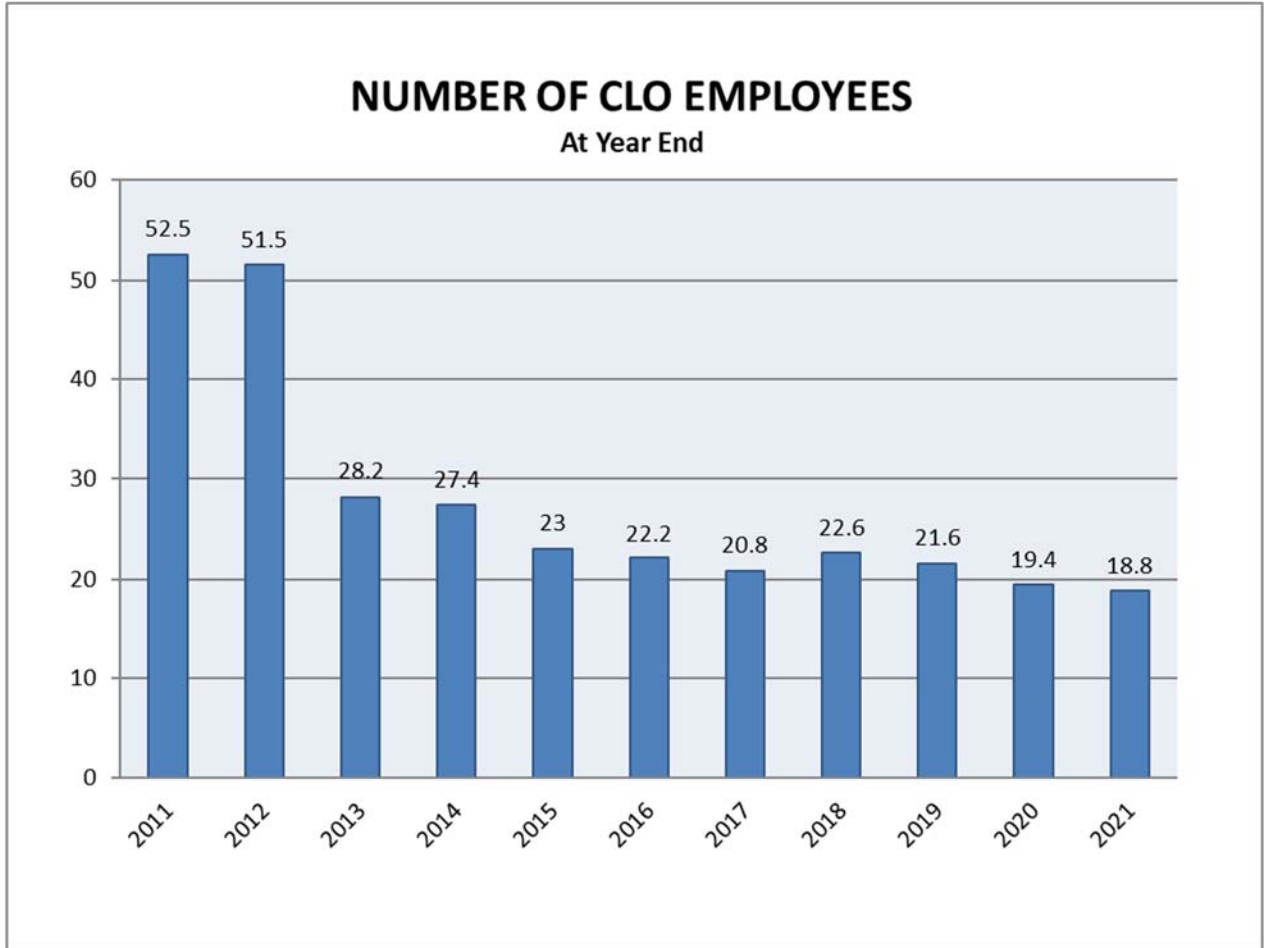
The CLO is not part of the State’s civil service system. All employees are at-will. The CLO does not have a bonus plan or pay incentive compensation. To that end, the CLO has established policies and procedures that are more akin to the private marketplace. The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the primary survey source used was the CompAnalyst, which is a large survey representing thousands of companies across the U.S. which includes hundreds of jobs. This subscription survey collects marketplace compensation data from many sources and uses mathematical algorithms to predict the pay level of any of its survey jobs in major industries and geographical locations. The data used in this study was the nonprofit industry segment located in San Francisco.

A summary of the compensation procedures follows:

- A written job description is developed for each position.
- Salary grades are derived from comparable external market data.
- Salary ranges are identified (low, middle, and high) based on market comparisons obtained by an outside independent compensation consultant.
- Salary ranges are updated periodically.
- The creation of a “new job position” is sent to an outside consultant for external evaluation.
- All employees receive an annual compensation review.

CLO employment on a full-time equivalent basis and total compensation for employees are summarized below:

	2021	2022 (Budget)
Number of CLO full-time equivalent employees at beginning of year	19.4	18.8
Total compensation and benefits for CLO employees	\$4,360,500	\$4,483,200



The chart above shows the number of CLO full-time employee equivalent from 2011 to 2021.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 64% compared to December 31, 2011.

CLO Financial Results

For Years Ended December 31, 2021 and December 31, 2020

Cash received	December 31, 2021 Actual	December 31, 2021 Budget	December 31, 2020
Reinsurance recoveries, and miscellaneous income	\$13,549,700	Reinsurance recoveries and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.	\$12,698,500
Investment income, net of expenses	-1,414,200	Investment income is not budgeted due to the large changes in investment balances that occur throughout the year (due to distributions), as well as changes in investment return rates.	19,963,500
Total:	12,135,500		\$32,662,000

	December 31, 2021	December 31, 2021	December 31, 2020
	Actual	Budget	
Distributions	\$157,514,000	\$	\$128,865,300

Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2021	December 31, 2021	December 31, 2020
	Actual	Budget	
Legal expenses	*\$5,825,200	\$1,196,700	\$2,283,000
Consultants and contractors	1,311,400	1,304,300	1,587,900
Office expenses	1,618,300	708,900	686,400
Compensation and benefits			0
Total:	\$8,754,900	\$3,209,900	\$4,557,300

*\$2,864,900 of the total \$5,825,200 Actual 2021 Legal expenses is attributed to ongoing litigation related to the California Ins. Co. estate. The CLO is reimbursed 100% of its legal expenses by California Ins. Co.

Administrative – CLO Overhead Expenses

CLO overhead expenses	December 31, 2021	December 31, 2021	December 31, 2020
	Actual	Budget	
Compensation and benefits	\$4,360,500	\$4,501,100	\$4,794,500
Office expenses	1,445,000	1,509,500	1,452,100
Consultants and contractors	91,800	101,000	101,500
Legal expenses	4,600	5,000	2,100
Total:	5,901,900	\$6,116,600	\$6,350,200
Administrative Totals	December 31, 2021	December 31, 2021	December 31, 2020
	Actual	Budget	
Estate Direct Expense Total	8,754,900	\$3,209,900	\$4,557,300
CLO Overhead Expense Total	5,901,900	6,116,600	6,350,200
Total:	14,656,800	\$9,326,600	\$10,907,500

Estates Open Longer Than Ten Years

After the entry of an order placing an impaired California insurer into conservation and/or liquidation, the Insurance Commissioner and the CLO have the statutory responsibility to marshal and resolve the assets and liabilities of the failed entity.

The time required to close an insolvency proceeding is largely determined by the amount and complexity of the assets to be monetized and distributed to claimants. In addition, the length of an insolvency is equally affected by the amount of time required to make a final determination of an estate's liability.

Most of the insolvencies that remain open for more than ten years have some combination of on-going litigation, complicated tax exposure, potential collection of additional material assets, and challenges associated with the evaluation of liabilities. Until both sides of the insolvent estate's balance sheet are resolved (assets collected and liabilities fixed), the insolvency proceeding will remain open. In addition, estates are subject to federal tax reporting and escheatment requirements after the final distribution. The estates listed below have been in liquidation for ten years or more.

Executive Life & ELIC Opt-Out Trust:

The Estate has remained open until the full resolution of any remaining contingencies. Since the Estate was transferred to the CLO in 1997, the Estate has recovered \$906 million from litigation and distributed \$932 million to claimants. The ELIC Estate completed a final distribution on July 1, 2020. The Estate will work on a host of post distribution closing requirements (creditor outreach, escheatment, etc.) in 2022.

Fremont Indemnity Company:

Fremont released a \$83.4 million final distribution to approved Class 2 creditors on September 26, 2019, the distribution paid 43.25% of approved policyholder claims. The Estate completed most all post distribution and closing activities in 2020 including the sale of a subsidiary entity to a third party. The Fremont Estate negotiated the sale of its wholly owned subsidiary stock and charter for Fremont Life Insurance Company (FLIC). The Estate received court approval of the FLIC sale as part of its comprehensive closing order and closed the transaction in January 2021. In addition, the Estate continues to hold certain non-transferrable annuity assets that will generate material payments to the estate over the next number of years. Together with the FLIC sale proceeds, the liquidation court has authorized the estate to retain the non-transferrable assets to be collected, and to distribute those funds when collections reach a \$5 million threshold.

Golden Eagle:

The Estate has filed pleadings administratively closing the legal proceeding on the active Superior Court docket subject to the remaining claims run-off plan. As reported in prior years, all Golden Eagle policyholder claims have been 100% reinsured and are being paid timely. The reinsurance program covering the court sanctioned run-off ensures Golden Eagle's ability to pay all policyholder claims when and as they become payable (up to the reinsurer's aggregate limit of liability). As such the Commissioner has not asked the court to take any action that would prematurely cut off any policyholder's right to submit and be paid on a claim covered under a Golden Eagle policy. Golden Eagle and the insurance guaranty associations remain liable to the policyholders in the very unlikely event the reinsurance is not sufficient to satisfy all claim obligations. The reinsurance program is believed to have sufficient coverage to accommodate all remaining claims exposure, but if the reinsurance protection is ever exhausted (by reaching the reinsurer's aggregate limit of liability) the Commissioner will take steps to trigger guaranty association protection for Golden Eagle's policyholders. Until all claims are resolved or paid out, the Estate will continue to honor all remaining claims run-off requirements but will remain in an administratively closed status. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to pay all claims.

Great States:

With the resolution of all material estate affairs Great States completed a final distribution in 2019 and was positioned for closure. The Estate is still due a material tax refund from the Federal government and received a supplemental distribution from the Reliance liquidation and will immediately seek to distribute the tax and distribution collections upon receipt of the refund and thereafter seek a final closure order. Significant delays in collecting the final tax recovery have been slowed by the recent civil restrictions and their impact on the IRS, but the estate has been advised the IRS has assigned an agent to address the refund payment due. The Estate is estimated to collect its final recovery and distribute the funds and close in 2022.

Mission/Mission National:

Both Mission Insurance Company and Mission National Insurance Company have paid 100% of all Policyholder claim exposure. In addition to entering into agreements with the United States Department of Justice and the EPA on a Federal Waiver settlement and release, the Mission estate received material distributions in 2019 and early 2020 from the Receivership estate of Centaur in Illinois. Subsequent to the Centaur collections, the Mission estate completed distributions to creditors totaling \$49.5 million. Mission and Mission National estates will remain open to collect final reinsurance obligations from other insolvent estates.

Superior National Insurance Companies in Liquidation (SNICIL):

After obtaining a Court sanctioned final claims cut-off date of June 30, 2019, the SNICIL Estates (5 related estates managed and referred to as a single estate internally) have addressed and finalized all claims from the Guaranty Funds with properly submitted POCs. The SNICIL estates completed a final distribution in October 2021. Collectively, the 5 estates have already distributed approximately \$1.5 billion dollars in early access distributions to state Guaranty Funds since 2001. The estates will be in a position to close in 2022 upon the completion of escheating unclaimed funds to their respective states.

Western Employers:

After receiving a court sanctioned final claims cut-off date in 2017, the estate resolved all outstanding claims and released a final distribution in October, 2019 paying 100% of the estate's approved claims plus interest on that claim from the date of its approval until the date of the distribution. Subsequently, the Federal Government submitted a late claim after the claims cut-off date, arguing a super priority status and that the state court does not have the authority to bar the claim. In 2021, Counsel for the Estate completed

a settlement of the late filed Federal claim and released its final distribution. The estate will perform all remaining post-distribution closing requirements as well as seek approval to release a final distribution of any residual estate assets to the equity holder.

Claims History

Property and Casualty Estates

Estate	Liquidation Date	Proof of Claims Filed	Proof of Claims Resolved	Open Proof of Claims
California Ins Co	N/A	TBD	TBD	TBD
CastlePoint National	4/1/2017	1,893	694	1,199
Fremont	7/2/2003	45,673	45,673	0
Golden Eagle	2/18/1998		n/a (see below)	
Great States	5/8/2001	1,169	1,169	0
Merced	12/3/2018	450	339	111
Mission (2 estates)	2/24/1987	141,646	141,646	0
Superior (5 estates)	9/26/2000	13,951	13,951	0
Western Employers	4/19/1991	9,792	9,792	0
*Western General	08/05/2021	619	0	619
	Total:	215,193	213,264	1,929

Note: Golden Eagle is not subject to a finding of statutory insolvency. All claims are covered under a reinsurance agreement and are being paid by the reinsurer.

**Western General figures above are as of 12/31/2021. The estate's claim bar date was 02/28/2022, therefore the total Proof of Claims Filed and Open will increase in subsequent reporting.*

Life and Health Insurance Estates

Executive Life Insurance Company: Executive Life is a life insurance company and has policies rather than claims. There were 327,000 policies/contracts at time of liquidation.

2022 Business Goals

The 2022 Business Plan is focusing on estate closings and distributions.

Entering 2022 there are 16 open estates under management by the CLO. The open estates consist of 15 Property & Casualty Estates and one Life/Health Estate. Our goal in 2022 is to distribute \$63.1 million.

Starting 2022, we have 18.8 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2022 Goals are as follows:

1. Close 8 Estates

Great States Ins. Co.
Western Employers Ins. Co.
Superior National's Five Estate
Executive Life

Note: Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.

2. Early Access and Final Distributions

Early Access Distribution:

CastlePoint National Ins. Co.60,000,000

Final Distributions:

Great States Ins. Co.500,000

HIH America (supplemental)1,500,000

Sable Ins. Co. (supplemental). 1,100,000

\$63,100,000

SECTION TWO – ESTATE SPECIFIC INFORMATION

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Conservation or Liquidation Estates Opened During the Year 2021

Western General Conserved on May 26, 2021

Western General Liquidated on August 5, 2021

Conservation or Liquidation Estates Closed During the Year 2021

None

Current Year and Cumulative Distributions by Estate

	Year Ended 12/31/2021				Cumulative to 12/31/2021			
	Policyholders	Federal & State Claims	General Creditors	***Total	Policyholders	Federal & State Claims	General Creditors	Total
**Castlepoint National Ins Co	-	-	-	-	251,520,019	-	-	251,520,019
*Executive Life Ins Co	-	-	-	-	931,667,566	-	-	931,667,566
Fremont Indemnity Co	-	-	-	-	1,106,139,443	-	-	1,106,139,443
Great States Ins Corp	-	-	-	-	61,818,395	-	-	61,818,395
Merced Property Cas Co	23,784,075	-	-	23,784,075	23,784,075	-	-	23,784,075
Mission Ins Co	-	-	-	-	846,832,560	23,861,132	390,041,525	1,260,735,218
Mission National Ins Co	7,484,651	-	-	7,484,651	536,482,595	4,850,000	27,077,326	568,409,921
California Comp Ins Co	16,987,459	-	-	16,987,459	929,798,934	-	-	929,798,934
Combined Benefits Ins Co	3,651,580	-	4,098,462	7,750,042	30,102,418	-	4,098,462	34,200,880
Superior National Ins Co	39,937,676	-	-	39,937,676	388,485,720	-	-	388,485,720
Superior Pacific Cas Co	16,192,814	-	-	16,192,814	71,094,230	-	-	71,094,230
Commercial Comp Cas Co	14,175,751	-	-	14,175,751	114,016,964	-	-	114,016,964
Western Employers Ins Co	1,278,707	-	40,000,000	41,278,707	175,312,810	59,669	48,974,372	224,346,851
	116,008,062	-	44,098,462	160,106,524	5,467,055,730	28,770,801	470,191,685	5,966,018,216

*Since administration was transferred to CLO in 1997.

**In addition, the CastlePoint estate made statutory deposit releases of \$227.6 million (2017), \$4.9 million (2018), and \$19 million (2019) for a cumulative total of \$251.5 million.

***2021 Total Distribution amount of \$160.1 million is net of distribution credits from several Insurance Guaranty Associations. Actual estate distributions total \$157.5 million.

Note: Golden Eagle, California Ins. Co., and Western General estates are not included as no distributions have occurred.

Estates in Conservation and/or Liquidation as of December 31, 2021

Estate Name	Date Conserved	Date Liquidated
California Ins. Company	11/04/19	*
California Compensation Insurance Company	03/06/00	09/26/00
CastlePoint National Insurance Company	07/28/16	04/01/17
Combined Benefits Insurance Company	03/06/00	09/26/00
Commercial Compensation Casualty Company	06/09/00	09/26/00
Executive Life Insurance Company	04/11/91	12/06/91
Fremont Indemnity Company	06/04/03	07/02/03
Golden Eagle Insurance Company	01/31/97	02/18/98
Great States Insurance Company	03/30/01	05/08/01
Merced Property and Casualty Company	**	12/03/18
Mission Insurance Company	10/31/85	02/24/87
Mission National Insurance Company	11/26/85	02/24/87
Superior National Insurance Company	03/06/00	09/26/00
Superior Pacific Casualty Company	03/06/00	09/26/00
Western Employers Insurance Company	04/02/91	04/19/91
Western General Insurance Company	05/26/2021	08/05/2021

***No Liquidation Order obtained**

****No Conservation Order obtained**

Report on Individual Estates

Each estate has its own unique set of challenges to monetizing assets, valuing the claims, distributing assets and closing. No two estates are the same. The remaining portion of Section 2 provides a brief summary of the 2020 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information. (*See note below*)

In reviewing the financial information, the following must be taken into account:

- The Statement of Assets and Liabilities have been prepared on the liquidation basis of accounting. Under the liquidation basis of accounting, assets reported on the financial statements are assets that are determined to be collectible. The liabilities may change during the course of the liquidation depending on the types of business written by the company, and as claims are reviewed and adjudicated.
- No estimates for future administrative expenses are included in the liabilities, unless the estate has been approved for final distribution and closure by the Court.
- California Insurance Code Section 1033 prescribes that claims on estate assets are paid according to a priority scheme, except when otherwise provided in a rehabilitation plan. The probability of a claim being paid is dependent on the valuation of the claim, the order of priority of the claim, and the amount of funds remaining after other claims having higher preference have been discharged. Each priority class of claims must be fully paid before any distribution may be made to the next priority class. All members of a class receiving partial payment receive the same pro-rata amount.
- For estates where available assets are insufficient to pay all policyholder claims, the CLO intentionally does not evaluate the lower priority proofs of claims, since to do so would incur unnecessary administrative time and expenses, reducing funds available for distribution to higher-priority claimants.
- Shareholders receive any remaining residual value of the estate's net assets only after the general creditors have been paid.
- Beginning Monetary Assets at takeover represent cash and investment balances at the time of liquidation or, in cases where the estate was first liquidated and managed by other parties, at the time the estate was taken over by the Conservation & Liquidation Office.

Note: Each estate under management of the CLO has an annual independent review of its financial statements. Copies of the independently reviewed financial statements can be accessed through the [CLO webpage](#). Annual audits or reviews are waived for estates with little or no assets or activity

ESTATE SPECIFIC INFORMATION

California Insurance Company

Conservation Order: November 4, 2019

2021 Report

California Insurance Company ("CIC") was placed into Conservation on November 4, 2019 by the California Superior Court for the County of San Mateo. The Conservator was appointed to address and resolve certain regulatory concerns related to CIC's recent attempt to exit the California market without the necessary prior approval to do so. The Conservator developed and seeks court approval of a comprehensive rehabilitation plan to address the issues with CIC and their desire to re-domesticate outside California. The Conservator expects his rehabilitation plan to be heard by the court during the summer of 2022.

California Ins Co

ASSETS AND LIABILITIES

As of December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$1,019,322,004	\$1,062,454,467
Other assets	86,356,365	153,080,558
Total assets	\$1,105,678,369	\$1,215,535,025
<hr/>		
Liabilities	12/31/2020	12/31/2021
Claims against policies	\$426,733,877	\$399,821,911
All other claims	85,275,968	171,127,487
Total liabilities	512,009,845	570,949,398
Net assets (deficiency)	\$593,668,524	\$644,585,627

INCOME AND EXPENSES

For Year Ended December 31, 2021

Income	2020	2021
Net premium income	\$162,031,160	\$254,817,452
Investment income	16,387,861	5,257,025
Other income	304,111	1,627
Total income	\$178,723,132	\$260,076,104
<hr/>		
Expenses	2020	2021
Loss and claims expense	\$175,040,286	\$207,651,816
Federal Income Tax expense	2,347,632	13,347,075
Total expenses	177,387,918	220,998,891
Net income (loss)	\$1,335,214	\$39,077,213

CastlePoint National Insurance Company

Conservation Order: July 28, 2016

Liquidation Order: April 1, 2017

2021 Report

CastlePoint National Insurance Company (CastlePoint) was a California domiciled property and casualty insurer that was placed into Conservation on July 28, 2016 and Liquidation effective April 1, 2017 by the San Francisco Superior Court.

CastlePoint is the successor by merger with the following companies prior to Conservation:

- Tower Insurance Company of New York
- Tower National Insurance Company
- CastlePoint Florida Insurance Company
- Massachusetts Homeland Insurance Company
- York Insurance Company of Maine
- Hermitage Insurance Company
- North East Insurance Company
- Preserver Insurance Company
- CastlePoint Insurance Company

A Conservation and Liquidation Plan approved by the Court allowed CastlePoint to deconsolidate from its parent and from the consolidated taxpayer group. In addition, it allowed the Receiver to commute stop loss reinsurance treaties in return for a cash payment of \$200 million which enabled CastlePoint to continue to make claim payments while the claim files were being prepared for the transfer to the 47 affected guaranty associations. A total of 5,977 claim files were transferred through this process.

Since the order of liquidation, the Receiver has opened and/or re-opened approximately 2,900 claim files for the various guaranty associations. CastlePoint has also collected in excess of \$50 million in miscellaneous assets and \$55 million in reinsurance recoveries.

An addendum to an administrative services agreement between CastlePoint and AmTrust/National General was executed to continue to support the claims, IT and accounting functions of the insolvency through June 30, 2021.

CastlePoint settled a litigated matter where a claimant is seeking damages from CastlePoint and/or AmTrust as the third party administrator in 2020.

CastlePoint National Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$342,566,500	\$341,767,200
Recoverable from reinsurers	245,276,100	238,247,700
Other assets	17,572,200	17,534,200
Total assets	605,414,800	597,549,100
Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	7,135,200	7,135,200
Claims against policies, before distributions	1,056,396,200	1,056,396,200
Less distributions to policyholders	(251,520,000)	(251,520,000)
All other claims	67,796,900	64,952,200
Total liabilities	879,808,300	876,963,600
Net assets (deficiency)	(274,393,500)	(279,414,500)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$9,367,300	(\$893,700)
Salvage and other recoveries	1,101,200	903,100
Total income	10,468,500	9,400
Expenses	2020	2021
Loss and claims expenses	5,666,300	1,220,900
Other underwriting expenses incurred	-	-
Administrative expenses	4,152,600	3,809,300
Total expenses	9,818,900	5,030,200
Net income (loss)	\$649,600	(5,020,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$519,264,000
Recoveries, net of expenses	74,023,200
Distributions.....	(251,520,000)
Monetary assets available for distribution	\$341,767,200

Executive Life Insurance Company

Conservation Order: April 11, 1991

Liquidation Order: December 6, 1991

2021 Report

Executive Life Insurance Company (ELIC) was placed in conservation on April 11, 1991. ELIC had more than 330,000 policyholders and was one of the largest life insurance insolvency proceedings in United States history. In 1991, the Commissioner conducted an auction seeking bids to acquire the junk bond portfolio and insurance assets of ELIC. In December 1991, the Commissioner awarded the ELIC asset purchase to a group of French and European investors (the Altus/MAAF group) as the winning bidder, and the transaction was subsequently approved by the Conservation Court.

In 1992, ELIC's junk bond portfolio was sold to Altus Finance for approximately \$3 billion. In 1993, the Court approved a final Rehabilitation Plan under which the majority of ELIC's assets and its restructured insurance policies transferred to a new California insurance company created by the European consortium that had won the 1991 bid. The Rehabilitation Plan became effective in September 1993. Under the terms of the Rehabilitation Plan, former ELIC policyholders could accept new coverage (Opt In) from Aurora National Life Assurance Company (Aurora, now RGA Reinsurance/Aurora) or terminate their ELIC policies (Opt Out) in return for a pro rata share of ELIC's assets. The Rehabilitation Plan also established Enhancement Trusts to marshal and distribute assets to former ELIC policyholders.

The Commissioner commenced a civil action in 1999 against Altus Finance S.A. (Altus) and other defendants alleging that they had acquired the junk bond portfolio and insurance assets of ELIC through fraud. Settlements were reached with certain defendants and some of the co-defendants in 2004 and 2005.

The Commissioner's lawsuit against Altus S.A. et al was resolved in the fourth quarter of 2015. In September 2016, the ELIC estate completed an interim distribution of \$110.8 million to policyholder claimants pursuant to the ELIC Rehabilitation Plan.

On December 4, 2019, the Commissioner obtained court approval to distribute the remaining Altus funds to policyholders on July 1, 2020 and close ELIC's proceedings in 2021. Prior to the closure, ELIC unclaimed distribution checks will be escheated to the Unclaimed Property Division of the respective State of the policyholder's domicile on record. Since the Estate was transferred to the CLO in 1997, the Estate has recovered \$906 million from litigation and distributed \$932 million to claimants.

ELIC Opt-Out Trust

The Opt-Out Trust receives approximately 33% of ELIC assets which are distributed to approximately 27,300 former ELIC policyholders (Opt-Outs) who elected to terminate their policies. On July 1, 2020, the remaining assets of the Opt-Out Trust were distributed and the Opt-Out Trust will be closed in 2022 after the final escheatment is completed.

Executive Life Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$2,657,700	\$1,853,400
Total assets	2,657,700	1,853,400
Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	-	97,900
Total liabilities	-	97,900
Net assets (deficiency)	2,657,700	1,755,500

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$2,148,500	(\$11,000)
Total income	2,148,500	(11,000)
Expenses	2020	2021
Post-liquidation Federal income tax	632,000	5,000
Administrative expenses	668,000	570,000
Loss and claims expenses	40,300	-
Total expenses	1,340,300	575,000
Net income (loss)	808,200	(586,000)

CHANGE IN MONETARY ASSETS*

Beginning monetary assets at takeover	\$112,111,400
Recoveries, net of expenses	821,409,500
Distributions	(931,667,500)
Monetary assets available for distribution	\$1,853,400

**This schedule represents changes in monetary assets from August 1, 1997, when Executive Life's estate accounting was transferred to the CLO, to December 31, 2010.*

ELIC Opt Out Trust

ASSETS AND LIABILITIES

As of December 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$11,594,400	\$41,800
Total assets	<u>11,594,400</u>	<u>41,800</u>
Liabilities	12/31/2020	12/31/2021
Secured claims	9,646,400	3,400
Unclaimed funds payable	1,704,200	-
Reserve for administrative expenses	243,800	38,400
Total liabilities	<u>11,594,400</u>	<u>41,800</u>

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income and Expenses	2020	2021
Investment income	\$534,000	(\$26,100)
Administrative expenses	1,351,700	497,000
Net income (loss)	<u>(\$817,700)</u>	<u>(\$523,100)</u>

Fremont Indemnity Company

Conservation Order: June 04, 2003

Liquidation Order: July 02, 2003

2021 Report

Fremont was a “Monoline” Workers’ Compensation insurer writing coverage in 48 states. Fremont is the successor by merger of six affiliate insurers that were under the common ownership of Fremont Compensation Insurance Group, Inc.

(FCIG). Approximately 65% of Fremont’s Workers’ Compensation claims are attributable to business written in California. The Fremont claims bar date, set by the liquidation court was June 30, 2004.

The Estate resolved all remaining reinsurance treaties and closed down all routine reinsurance operations in 2017.

Legal Counsel for the Estate obtained a “tail-cutting” order from the court establishing July 28, 2017 as the date all open claims must be liquidated, the order further established September 29, 2017 for all liquidated claims to be perfected and submitted to the Liquidator. Fremont released an \$83.4 million final distribution to approved Class 2 creditors on September 26, 2019. The distribution paid 43.25% of approved policyholder claims. The estate conducted significant post distribution and closing activities in 2020. The estate continues to hold certain non-transferrable assets that generate material payments to the estate over the next number of years. As part of the Fremont closing order the liquidation court authorized the estate to retain the non-transferrable assets to be collected and to distribute those funds when collections reach a \$5 million threshold.

The Fremont estate negotiated and closed the sale of the charter and stock of Fremont Life Insurance Company, a wholly owned subsidiary of the Fremont Estate.

Fremont Indemnity Co

ASSETS AND LIABILITIES

As of December 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$3,667,500	\$4,887,400
Recoverable from reinsurers	1,425,000	978,300
Other assets	67,200	67,200
Total assets	5,159,700	5,932,900

Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	32,300	33,100
Claims against policies, before distributions	2,532,388,200	2,532,388,200
Less distributions to policyholders	(1,106,139,400)	(1,106,139,400)
All other claims	221,395,500	221,395,500
Total liabilities	1,647,676,600	1,647,677,400
Net assets (deficiency)	(\$1,642,516,900)	(\$1,641,744,500)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$102,700	(\$26,600)
Salvage and other recoveries	625,800	819,200
Total income	728,500	792,600

Expenses	2020	2021
Federal Income Tax Expense	35,000	(69,000)
Administrative expenses	180,600	89,200
Total expenses	215,600	20,200
Net income (loss)	\$512,900	772,400

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$434,855,900
Recoveries, net of expenses	676,170,900
Distributions	(1,106,139,400)
Monetary assets available for distribution	\$4,887,400

Golden Eagle Insurance Company

Conservation Order: January 31, 1997

Rehab/Liquidation Plan Approved: August 4, 1997

Liquidation Order: February 18, 1998

2021 Report

Golden Eagle Insurance Company (Golden Eagle) is the subject of a Plan of Rehabilitation and Liquidation (Plan) approved by the Superior Court in 1997. The Plan provides for an orderly “run-off” of claims under Golden Eagle’s pre-1997 insurance policies, a process which is ongoing.

As part of the process to run off the remainder of the Golden Eagle estate, additional reinsurance coverage was purchased from Liberty Mutual affiliates to cover all the remaining covered insurance policy exposures. Golden Eagle’s insurance liabilities are fully funded under the Plan eliminating the need for a formal finding of insolvency, and thus have not triggered the claim payment obligations of the Insurance Guaranty Associations (IGAs). Under the court approved Plan these claims will continue to be received, adjusted, and paid in the ordinary course of the run-off of Golden Eagle’s policyholder liabilities. The IGAs remain as a back-up, in the unlikely event that the claims payment assets available under the Plan are exhausted prior to the final policyholder claim payment.

All remaining policyholder claims continue to be administered and paid under the Plan’s indemnity reinsurance and excess of loss reinsurance agreements all within the range of expected cost and reinsurance coverage. The Plan agreements will remain in full force and effect until the entire remaining exposure is paid, assumed, or novated. Currently the legal proceeding is administratively closed on the active court docket, yet the Golden Eagle Estate must remain open to monitor the long-term claim run-off and to give policyholders access to appeal rights through the OSC process that is incorporated into the Plan.

The only assets that remain in the Estate consist of a reserve to fund the administrative expenses that the CLO will incur while monitoring the duration of the run off process.

Golden Eagle Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$1,340,000	\$1,308,900
Total assets	1,340,000	1,308,900
Liabilities	12/31/2020	12/31/2021
Total liabilities	-	-
Net assets (deficiency)	\$1,340,000	\$1,308,900

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$49,300	(\$7,900)
Total income	49,300	(7,900)
Expenses	2020	2021
Administrative expenses	99,300	23,200
Total expenses	99,300	23,200
Net income (loss)	(\$50,000)	(\$31,100)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover*	\$2,029,000
Recoveries, net of expenses	(720,100)
Monetary assets available for distribution	<u>\$1,308,900</u>

*As of December 31, 2006, when Golden Eagle's estate accounting was transferred to the CLO.

Great States Insurance Company

Conservation Order: March 30, 2001

Liquidation Order: May 8, 2001

2021 Report

Great States Insurance Company was domiciled in California and was licensed to write workers compensation coverage in 14 states concentrated in Arizona, California, Colorado, and Nevada. The final date to submit a claim against the Estate, was December 2, 2001.

The Estate resolved a contentious surety bond matter in Arizona as well as address a legislative change which complicated the process of determining the proper payee for distribution purposes. The Estate released a court approved final distribution in 2019, and subsequently learned of a material federal tax refund due the estate. Upon collection of the final refund asset from the IRS the Estate will release a supplemental final distribution in 2022 and work to close the proceeding by year-end 2022.

Great States Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$584,300	\$574,900
Total assets	584,300	574,900
Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	159,200	116,700
Claims against policies, before distributions	70,352,500	70,352,500
Less distributions to policyholders	(61,818,400)	(61,818,400)
All other claims	11,917,600	11,917,600
Total liabilities	20,610,900	20,568,400
Net assets (deficiency)	(20,026,600)	(19,993,500)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$22,500	(\$3,300)
Salvage and other recoveries	100	39,700
Total income	22,600	36,400
Expenses	2020	2021
Administrative expenses	183,400	94,900
Total expenses	183,400	94,900
Net income (loss)	(\$160,800)	(\$58,500)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$7,889,700
Recoveries, net of expenses	54,503,600
Distributions	(61,818,400)
Monetary assets available for distribution	\$574,900

Merced Property & Casualty Company

Liquidation Order: December 3, 2018

2021 Report

Merced Property & Casualty Company (“Merced”) located in Atwater, California is a wholly owned subsidiary of United Heritage Financial Group, and was licensed and authorized to transact homeowners insurance including fire, surety, plate glass, liability, burglary and automobile in California.

In November of 2018, the Camp Fire started in Butte County, California and ultimately burned an area in excess of 153,000 acres causing at least 85 civilian casualties and destroyed 18,793 structures including 13,696 single-family homes. Merced wrote significant homeowners coverage in the cities of Paradise and Magalia, and suffered terminal claim development as a result.

Merced was placed into liquidation by the Merced County Superior Court on December 3, 2018. In late November 2018 at the time of the Commissioner’s urgent filing for an insolvency order, Merced reported approximately \$23 million in admitted assets and \$63 million in total estimated liabilities resulting in a reported negative surplus of \$40 million. Merced’s negative surplus position violates the minimum capital and surplus requirements as set forth in Insurance Code sections 700.01, 700.02 & 700.025.

The liquidation team has completed the transfer of all in-force policy and claim data to the California Insurance Guarantee Association (CIGA). Upon entry of the liquidation order, CIGA’s statutory obligation to adjust and pay Merced claims was triggered. CIGA is projected to ultimately pay \$77.7 million Camp Fire claims but has collected material recoveries from the PG&E Subrogation Trust. Independent of the CLO, CIGA filed a subrogation claim against PGE and to date has collected \$59.2 million in recoveries.

As of December 31, 2021, the Merced Estate, in coordination with the California Insurance Guarantee Association (CIGA), has paid approximately \$77.6 million in loss payments to insureds and loss expenses and currently estimates an additional \$334,000 in expected case reserves to develop over the next couple quarters. In addition CIGA has paid out approximately \$3 million in unearned premium refunds. As of June 30, 2019, all of Merced’s liquidation estate operations are now managed from the CLO’s San Francisco office. The estate has filed a proof of claim in the Pacific Gas & Electric (PGE) bankruptcy proceeding seeking recovery of the estate’s overcap payments to approved claimants. The estate expects to recover a large percentage of the overcap payments similar to the recoveries made by CIGA. The Estate filed its second status report and fee application together with a request for approval to distribute estate assets. Counsel for the estate attended a status conference in October of 2021. The court accepted the status report and approved the liquidation fees and expenses and approved the release of approximately \$24 million in estate assets with approximately \$20 million paid to CIGA as

an early access distribution against it's claim, as well as approximately \$3 million paid to overcap claimaints.. The Atwater home office building and land remain on the market under an exclusive listing with the Merced branch of CB Richard Ellis Real Estate.

The Estate is working to secure and close a pending purchase agreement with a investor local to Merced. Additionally the estate has lodged it's first claim submission to the PGE BK Administrator and will continue to pursue receovery from the Subrogation Trust in early 2022. Annual status and fee application filings will be submitted to the court during 2022.

Merced Property and Casualty Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$31,457,700	\$7,343,700
Other assets	804,800	842,600
Total assets	32,262,500	8,186,300
Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	56,100	182,600
Claims against policies, before distributions	33,017,600	30,593,200
Less distributions to policyholders	-	(23,784,100)
All other claims	1,776,900	1,939,100
Total liabilities	34,850,600	8,930,800
Net assets (deficiency)	(2,588,100)	(744,500)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$1,115,400	(\$198,200)
Salvage and other recoveries	53,865,100	2,933,200
Total income	54,980,500	2,735,000
Expenses	2020	2021
Loss and claims expenses	3,822,800	475,100
Administrative expenses	395,400	454,100
Total expenses	4,218,200	929,200
Net income (loss)	50,762,300	1,805,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$23,011,357
Recoveries, net of expenses	8,116,443
Distributions	(23,784,100)
Monetary assets available for distribution	\$7,343,700

Mission Insurance Company

Conservation Order: October 31, 1985

Liquidation Order: February 24, 1987

Mission National Insurance Company

Conservation Order: November 26, 1985

Liquidation Order: February 24, 1987

2021 Report

The Mission Insurance Companies' insolvency proceedings began with the conservation of the Mission entity on October 31, 1985 with the balance of the entities being conserved in November 1985. Efforts to rehabilitate the companies did not succeed, and on February 24, 1987, the companies were ordered into liquidation

In accordance with a 2006 court approved closing plan, the Mission estates completed a final policyholder distribution in 2006 whereby all policyholder claimants for Mission, Mission National and Enterprise were paid 100% of their approved claim. As of year-end 2020, the general creditors of the Mission estate have unsatisfied portions remaining on their approved claims.

The Mission estates participate as members of a consolidated tax group (Covanta being the parent) and, as such, are joint and severally liable for the tax exposure of the group. The Mission estate has been indemnified from certain tax and tax related exposure by the ultimate taxpayer.

After legal counsel for the estate reached an agreement with the United States Department of Justice and the EPA on a Federal Waiver settlement and release, the Estates made a material distribution in 2017 to all creditors. In November, 2019 the Mission estate received a material distribution from the receivership estate of Centaur insurance in Illinois. By August 2020, the Mission estate completed distributions to creditors totaling over \$1.2 billion. Both estates must remain open as there are material assets to recover from other insolvent entities.

Mission Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$3,488,300	\$3,519,500
Recoverable from reinsurers	649,700	649,700
Other assets	23,816,400	23,816,400
Total assets	27,954,400	27,985,600
Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	1,130,100	1,414,400
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	74,061,200	74,061,200
Total liabilities	75,191,300	75,475,600
Net assets (deficiency)	(47,236,900)	(\$47,490,000)

INCOME AND EXPENSES

As of Decemeber 31, 2020 and December 31, 2021

Income	2020	2021
Investment income	\$1,393,200	(\$20,500)
Salvage and other recoveries	735,500	30
Total income	2,128,700	(20,470)
Expenses	2020	2021
Loss and claims expenses	(1,382,600)	-
Administrative expenses	618,700	232,800
Total expenses	(763,900)	232,800
Net income (loss)	\$2,892,600	(\$253,270)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$133,667,000
Recoveries, net of expenses	1,106,837,700
Distributions	(1,236,985,200)
Monetary assets available for distribution	\$3,519,500

Mission National Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$3,288,200	\$3,276,600
Recoverable from reinsurers	1,793,200	1,793,200
Total assets	5,081,400	5,069,800
Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	1,511,400	1,501,700
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(536,482,600)	(536,482,600)
All other claims	16,838,100	16,838,100
Total liabilities	77,965,400	77,955,700
Net assets (deficiency)	(\$72,884,000)	(\$72,885,900)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$281,200	(\$19,100)
Salvage and other recoveries	89,800	78,200
Total income	371,000	59,100
Expenses	2020	2021
Loss and claims expenses	(2,214,200)	-
Administrative expenses	190,500	61,000
Total expenses	(2,023,700)	61,000
Net income (loss)	\$2,394,700	(1,900)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$18,289,000
Recoveries, net of expenses	548,547,500
Distributions	(563,559,900)
Monetary assets available for distribution	\$3,276,600

Superior National Insurance Companies In Liquidation (SNICIL)

(California Compensation Insurance Company, Combined Benefits Insurance Company, Commercial Compensation Casualty Company, Superior National Insurance Company, and Superior Pacific Casualty Company)

Conservation Order: March 6, 2000

Liquidation Order: September 26, 2000

2021 Report

On March 6, 2000, the Los Angeles County Superior Court (the Court) ordered and appointed the Insurance Commissioner to serve as Conservator of four workers' compensation insurance companies: Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company and Combined Benefits Insurance Company. On June 9, 2000, the Court ordered and appointed the Commissioner to serve as conservator of a fifth workers' compensation insurance company named Commercial Compensation Casualty Company. In his capacity as Conservator, the Insurance Commissioner obtained title to and possession of all the property and assets of the five estates, collectively identified as Superior National Insurance Companies in Liquidation (Superior National Estates).

In September 26, 2000, the Court ordered the liquidation of each of the five Superior National Estates, Superior National Insurance Company, Superior Pacific Casualty Company, California Compensation Insurance Company, Commercial Compensation Casualty Company, and Combined Benefits Insurance Company based on insolvency. The Court appointed the Commissioner to serve as Liquidator of the insurers. All five of the estates were primarily workers' compensation estates, and most of the losses were transferred per statute to various Insurance Guaranty Funds to administer and resolve.

The estate obtained a Court sanctioned final claims cut-off date as of June 30, 2019, and has been actively addressing various closure activities throughout 2021. The estate finalized all claims from the Guaranty Funds and released its final distribution of approximately \$92 million in October 2021. Collectively, the five estates have already distributed approximately \$1.5 billion dollars in early access distributions to state Guaranty Funds since 2001. The Estate will work on a host of post distribution requirements (creditor outreach, escheatment, etc.) to position the estate for closure in 2022.

California Compensation Ins Co

ASSETS AND LIABILITIES

As of December 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$16,167,700	\$525,200
Recoverable from reinsurers	619,400	-
Other assets	1,973,400	-
Total assets	18,760,500	525,200
Liabilities		
Secured claims and accrued expenses	231,200	463,300
Claims against policies, before distributions	1,723,180,600	1,723,079,900
Less distributions to policyholders	(912,811,500)	(929,798,900)
All other claims	119,107,300	99,828,400
Total liabilities	929,707,600	893,572,700
Net assets (deficiency)	(\$910,947,100)	(\$893,047,500)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$574,100	(\$26,100)
Salvage and other recoveries	435,900	700
Total income	1,010,000	(25,400)
Expenses		
Loss and claims expenses	(220,578,500)	(18,766,200)
Administrative expenses	517,300	840,500
Total expenses	(220,061,200)	(17,925,700)
Net income (loss)	\$221,071,200	\$17,900,300

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$165,879,200
Recoveries, net of expenses	764,444,900
Distributions	(929,798,900)
Monetary assets available for distribution	\$525,200

Combined Benefits Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$7,837,100	\$29,000
Total assets	7,837,100	29,000
Liabilities		
Secured claims and accrued expenses	600	16,900
Claims against policies, before distributions	26,428,500	30,102,400
Less distributions to policyholders	(26,450,800)	(30,102,400)
All other claims	3,917,200	-
Total liabilities	3,895,500	16,900
Net assets (deficiency)	\$3,941,600	12,100

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$258,200	(\$9,600)
Salvage and other recoveries	24,700	-
Total income	282,900	(9,600)
Expenses		
Loss and claims expenses	(6,688,700)	3,855,200
Administrative expenses	80,100	64,700
Total expenses	(6,608,600)	3,919,900
Net income (loss)	\$6,891,500	(\$3,929,500)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$11,115,400
Recoveries, net of expenses	23,114,500
Distributions	(34,200,900)
Monetary assets available for distribution	\$29,000

Superior National Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$36,557,600	\$300,200
Recoverable from reinsurers	326,700	-
Total assets	36,884,300	300,200
Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	77,500	218,800
Claims against policies, before distributions	738,270,300	760,704,200
Less distributions to policyholders	(348,548,000)	(388,485,700)
All other claims	28,803,000	13,754,300
Total liabilities	418,602,800	386,191,600
Net assets (deficiency)	(\$381,718,500)	(\$385,891,400)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$1,433,400	(\$44,000)
Salvage and other recoveries	1,131,000	12,100
Total income	2,564,400	(31,900)
Expenses	2020	2021
Loss and claims expenses	(67,987,600)	7,320,300
Administrative expenses	223,200	366,900
Total expenses	(67,764,400)	7,687,200
Net income (loss)	\$70,328,800	(\$7,719,100)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$68,622,300
Recoveries, net of expenses	320,163,600
Distributions	(388,485,700)
Monetary assets available for distribution	\$300,200

Superior Pacific Casualty Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$14,759,800	\$128,300
Recoverable from reinsurers	2,072,000	-
Total assets	16,831,800	128,300
Liabilities	12/31/2020	12/31/2021
Secured claims and accrued expenses	400	78,300
Claims against policies, before distributions	155,041,300	159,831,700
Less distributions to policyholders	(54,901,400)	(71,094,200)
All other claims	62,365,700	62,430,800
Total liabilities	162,506,000	151,246,600
Net assets (deficiency)	(\$145,674,200)	(\$151,118,300)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$521,700	(\$13,500)
Salvage and other recoveries	5,700	100
Total income	527,400	(13,400)
Expenses	2020	2021
Loss and claims expenses	(39,476,500)	5,423,800
Administrative expenses	147,000	240,800
Total expenses	(39,329,500)	5,664,600
Net income (loss)	\$39,856,900	(5,678,000)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$58,666,300
Recoveries, net of expenses	12,556,200
Distributions	(71,094,200)
Monetary assets available for distribution	\$128,300

Commercial Compensation Casualty Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$13,163,500	\$306,400
Other assets	866,000	-
Total assets	14,029,500	306,400
Liabilities		
Secured claims and accrued expenses	682,600	288,400
Claims against policies, before distributions	130,948,800	130,923,200
Less distributions to policyholders	(99,841,200)	(114,017,000)
All other claims	13,918,500	13,064,400
Total liabilities	45,708,700	30,259,000
Net assets (deficiency)	(\$31,679,200)	(\$29,952,600)

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$428,500	(\$18,100)
Salvage and other recoveries	12,100	-
Total income	440,600	(18,100)
Expenses		
Loss and claims expenses	(12,793,100)	(879,800)
Administrative expenses	100,300	61,800
Total expenses	(12,692,800)	(818,000)
Net income (loss)	\$13,133,400	\$799,900

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$6,420,700
Recoveries, net of expenses	107,902,700
Distributions	(114,017,000)
Monetary assets available for distribution	\$306,400

Western Employers Insurance Company

Conservation Order: April 2, 1991
Liquidation Order: April 19, 1991

2021 Report

Western Employers Insurance Company (WEIC) was licensed in 38 states plus D.C. and wrote primarily workers' compensation and commercial multi-peril insurance. WEIC went into voluntary run-off in 1987 and then was formally liquidated on April 19, 1991.

WEIC underwrote commercial liability policies on both a primary and excess basis, and many of those policies involved claims that had EPA toxic tort exposures. The estate has devoted the past several years resolving complex and elusive EPA-related claims with the Federal Government.

By obtaining a court-sanctioned final claims cut-off date in 2017, the estate was able to resolve all outstanding claims existing as of that time. All approved claims were paid at 100% of their approved claim amount plus interest paid through the final distribution date in October, 2019. Complicating and extending matters the Federal Government submitted a late claim well after the Superior Court claims cut-off date, arguing that the state court does not have the authority to bar the claim. Counsel for the Estate negotiated the settlement of the Federal Government claim in 2021 and both Federal and State courts/regulators approved the final settlement. A distribution was released in the amount of \$1.28 million in June 2021. In October 2021, the estate released a final distribution of \$40 million to Level 3, LLC, its successor-in-interest and sole shareholder. The Estate will work on a host of post distribution requirements (creditor outreach, escheatment, etc.) to position the estate for closure in 2022 and will remit any remaining estate assets to the Level 3, LLC.

Western Employers Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2020 and December 31, 2021

Assets	12/31/2020	12/31/2021
Cash and investments	\$42,503,000	\$860,900
Total assets	42,503,000	860,900
Liabilities		
Secured claims and accrued expenses	195,300	270,300
Claims against policies, before distributions	176,034,100	175,312,800
Less distributions to policyholders	(174,034,100)	(175,312,800)
All other claims	-	-
Total liabilities	2,195,300	270,300
Net assets (deficiency)	40,307,700	590,600

INCOME AND EXPENSES

For Year Ended December 31, 2020 and 2021

Income	2020	2021
Investment income	\$1,508,700	(\$55,200)
Salvage and other recoveries	86,500	-
Total income	1,595,200	(55,200)
Expenses		
Loss and claims expenses	-	(721,300)
Federal Income Tax Expense	236,000	-
Administrative expenses	294,500	383,100
Total expenses	530,500	(338,200)
Net income (loss)	\$1,064,700	\$283,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	\$74,867,900
Recoveries, net of expenses	150,339,900
Distributions	(224,346,900)
Monetary assets available for distribution	\$860,900

Western General Insurance Company

Conservation Order: May 26, 2021
Liquidation Order: August 5, 2021

2021 Report

Western General is a corporation duly organized and existing under and by virtue of the laws of the State of California, with its principal place of business located at 5230 Las Virgenes Road, Calabasas, CA. Western General is a property and casualty insurance company licensed to transact specialty dealer-originated and agent/broker produced non-standard private passenger automobile insurance. Most of Western General's business was written primarily through its affiliated agency All Motorists Insurance Agency (AMIA). Western General was licensed to transact insurance in 39 states and the District of Columbia, however most of the direct premiums written were concentrated in California with over 80% of the premiums written in the state. Western General is 91.8 percent owned by Western General Holding Company (WGHC), a California Corporation, which is in turn 51.1 percent owned by Robert M. Ehrlich and Laurel B. Ehrlich

On May 15, 2021 Western General filed its quarterly financial statements as of March 31, 2021 as required by Insurance Code section 900,1 stating its financial condition and affairs. The March 31, 2021 financial statement showed that Western General had admitted assets of \$44,901,649 and liabilities of \$40,941,737, resulting in policy holder surplus of \$3,959,912. Western General had a net loss of \$2,923,573 for the three months ending March 31, 2021, and this was after suffering a net loss of \$4,669,557 in the previous year of 2020. Western General continued to experience additional net losses of approximately \$500,000 a month thereafter. Based on the foregoing and continuing losses, and considering Western General's limited surplus, Western General was deemed to be operating in a hazardous financial condition within the meaning of section 1011, subdivision (d).

Pursuant to sections 700.01, 700.02 and 700.25, Western General was required to maintain minimum paid-in capital and surplus in the aggregate amount of \$2,500,000. The Commissioner estimated, based upon recent performance, that Western General would have less than the minimum capital and surplus by the end of the second quarter of 2021.

Based on Western General's quarterly statement of March 31, 2021 coupled with the continuing losses thereafter, the Commissioner determined, and Western General's

management and majority shareholder agreed, that Western General was in such an impaired financial condition that the further transaction of business by it will be, and is, hazardous to its policyholders, creditors and the public, and such condition was the grounds for the entry of an order of conservation under section 1011, subdivisions (d) and (h). On May 26, 2021, upon application to this Court, the Commissioner was appointed Conservator of Western General by the Court.

Upon entry of the conservation order the Commissioner through his Conservation and Liquidation Office (CLO) took immediate daily control of Western General and secured control of the company's assets and operations as well as issued all required legal notifications to the various constituents of Western General.

The cash inflows to Western General for the month of June 2021 totaled \$3,511,845 and the cash outflows totaled \$5,396,706. Thus by the end of June 2021 Western General had less than \$95,000 in unrestricted cash and current outstanding liabilities of approximately \$1.9 million (not including any claim expense). Based upon the foregoing facts, and as contemplated by section 1016, the Commissioner determined he could not effect the rehabilitation of Western General; that it would be futile to continue to proceed as Conservator with conducting the business of Western General; that Western General is insolvent within the meaning of section 985, subdivision (a)(2), in that Western General is unable to meet its financial obligations as they become due; and that such conditions are grounds for liquidation under section 1016, an order of liquidation (with a finding of insolvency) was entered by the Court on August 5, 2021. Additionally, the Court appointed a Deputy Liquidator and a Liquidation Manager to oversee and conduct Western General's insolvency proceeding to conclusion.

Furthermore, pursuant to sections 1063.1, subdivision (b) and (c), and 1063.2, the entry of the liquidation order containing an express finding of insolvency triggers the state-based insurance guaranty statutes, specifically the obligation of the respective state guaranty entities in states where Western General wrote policies to pay the open claims and claim expenses which Western General is no longer able to pay.

As of December 31, 2021, the Western General Estate, in coordination with the participating Insurance Guarantee Associations, has paid approximately \$3.2 million in loss payments to insureds and estimates an additional \$19 million in reserves.

Western General Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2021

Assets	12/31/2021
Cash and investments	\$23,923,825
Other assets	2,131,860
Total assets	<u>26,055,685</u>
Liabilities	12/31/2021
Claims against policies, before distributions	22,130,547
All other claims	4,511,832
Total liabilities	<u>26,642,379</u>
Net assets (deficiency)	<u><u>(\$586,694)</u></u>

INCOME AND EXPENSES

For Year Ended December 31, 2021

Income	2021
Net premium income	\$20,309,556
Investment income	599,964
Other income	89,194
Total income	<u>20,998,714</u>
Expenses	2021
Loss and claims expense	\$16,156,879
Other underwriting expense	13,197,165
Total expenses	<u>29,354,044</u>
Net income (loss)	<u><u>(\$8,355,330)</u></u>

SECTION THREE – CROSS REFERENCES TO CALIFORNIA INSURANCE CODE (CIC)

CIC Section 1035 – Deputy Commissioners, clerks, and assistants, and executive officers; chief executive officer of Conservation and Liquidation Office

(a) In any proceeding under this article, the commissioner may appoint and employ under his or her hand and official seal, special deputy commissioners, as his or her agents, and to employ clerks and assistants and to give to each of them those powers that he or she deems necessary. Upon appointing or employing special deputy commissioners or executive officers, the commissioner shall notify the Chair of the Joint Legislative Budget Committee, by letter, of the action. The costs of employing special deputy commissioners, clerks, and assistants appointed to carry out this article, and all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of that person under this article, shall be fixed by the commissioner, subject to the approval of the court, and shall be paid out of the assets of that person to the department. In the event the property of that person does not contain cash or liquid assets sufficient to defray the cost of the services required to be performed under the terms of this article, the commissioner may at any time or from time to time pay the cost of those services out of the appropriation for the maintenance of the department, but not out of the assets of other estates. Any amounts so paid shall be deemed expenses of administration and shall be repaid to the fund out of the first available moneys in the estate.

CIC Section 1060 - The Commissioner shall transmit all of the following to the Governor, the Legislature, and to the committees of the Senate and Assembly having jurisdiction over insurance in the annual report submitted pursuant to Section 12922:

	Page
(a) The names of the persons proceeded against under this article.....	201
(b) Whether such persons have resumed business or have been liquidated or have been mutualized.....	201
(c) Such other facts on the operations of the Conservation & Liquidation Office as will acquaint the Governor, the policyholders, creditors, shareholders and the public with his or her proceedings under this article, including, but not limited to:	
(1) An itemization of the number of staff, total salaries of staff, a description of the compensation methodology, and an organizational flowchart.....	185, 191-192
(2) Annual operating goals and results.	186-188

(3) A summary of all Conservation and Liquidation Office costs, including an itemization of internal and external costs, and a description of the methodology used to allocate those costs among insurer estates. 189-194

(4) A list of all current insolvencies not closed within ten years of a court ordered liquidation, and a narrative explaining why each insolvency remains open. 194-197

(5) An accounting of total claims by estate. 194-197

(6) A list of current year and cumulative distributions by class of creditor for each estate.. 200

(7) For each proceeding, the net value of the estate at the time of conservation or liquidation and the net value at the end of the preceding calendar year.202-233

(d) Other facts on the operations of the individual estates as will acquaint the Governor, Legislature, policyholders, creditors, shareholders, and the public with his or her proceedings under this article, including, but not limited to:

(1) The annual operating goals and results.....202-233

(2) The status of the conservation and liquidation process.....202-233

(3) Financial statements, including current and cumulative distributions, comparing current calendar year to prior year.202-233