2015 ANNUAL REPORT

CONSERVATION & LIQUIDATION OFFICE

Conservation & Liquidation Office

Section 1 – The Conservation & Liquidation Office

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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 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 that will 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 of the financially troubled estate, 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.

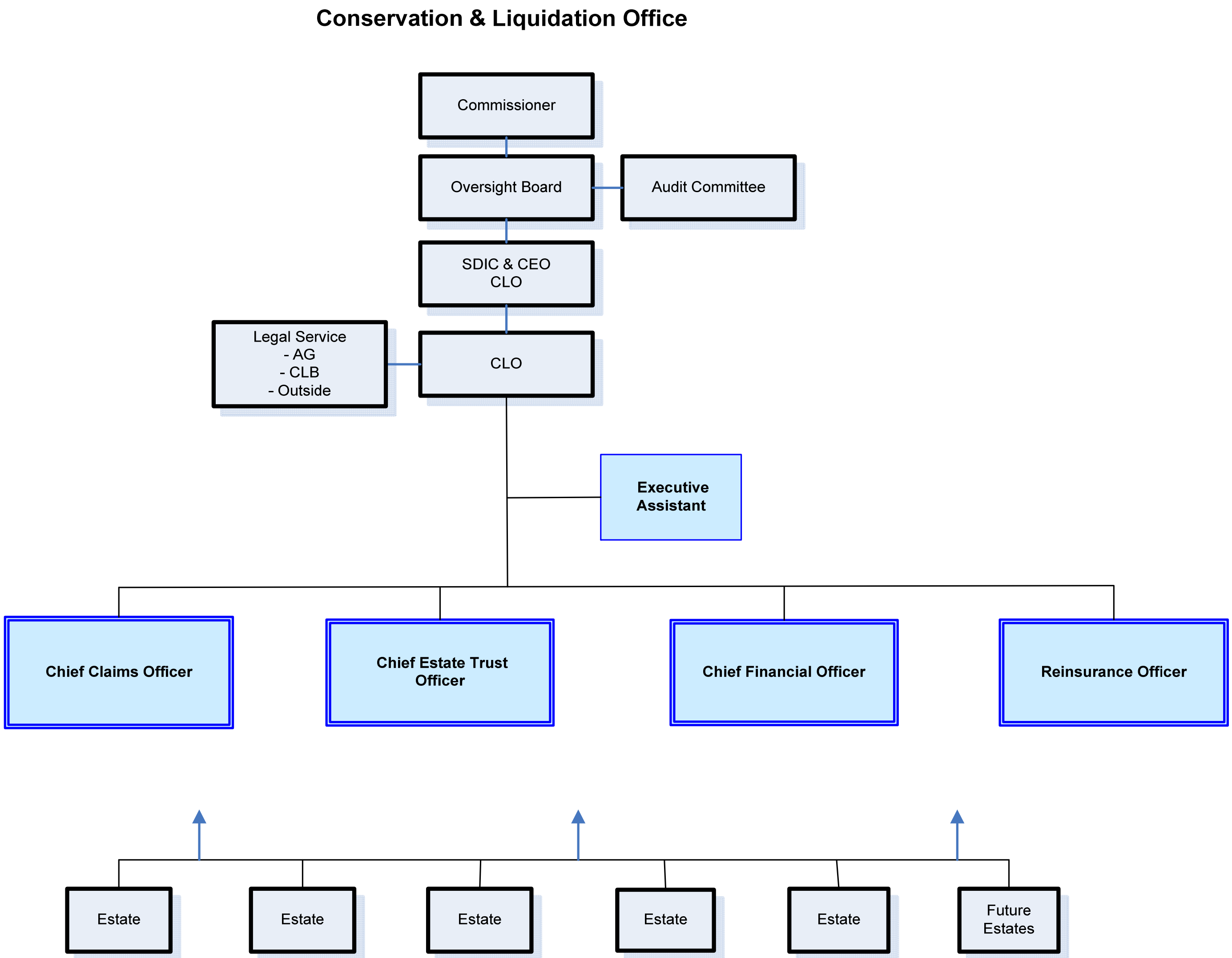
The Conservation & Liquidation Office ("CLO") performs conservation and liquidation services on behalf of the California Insurance Commissioner (Commissioner) with respect to insurance companies domiciled in California.

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, 2015, the CLO is responsible for the administration of 18 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 2015 the CLO assisted with one such examination.

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 2015, the Board authorized similar engagements with Insurance Commissioners from the states of Colorado, Hawaii, Oregon, and Wyoming. The purpose of taking such work is to maintain receivership and institutional knowledge in California at a time that receiverships/liquidations are declining materially and to reduce the cost to California estates under the management of the CLO.

Organizational Structure



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 current Oversight Board and Audit Committee members are Ms. Nettie Hoge, Chief Deputy Commissioner, Mr. John Finston, Deputy Insurance Commissioner – General Counsel, and Ms. Susan Bernard, Deputy Commissioner-Financial Surveillance Branch. In March of 2016, Mr. Kim Hudson retired and was replaced by Ms. Susan Bernard.

During 2015, the Oversight Board and Audit Committee held three regularly scheduled meetings and four additional special meetings. For all meetings, there was a 100% attendance by the Committee members.

2015 Organizational Goals and Results

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 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.

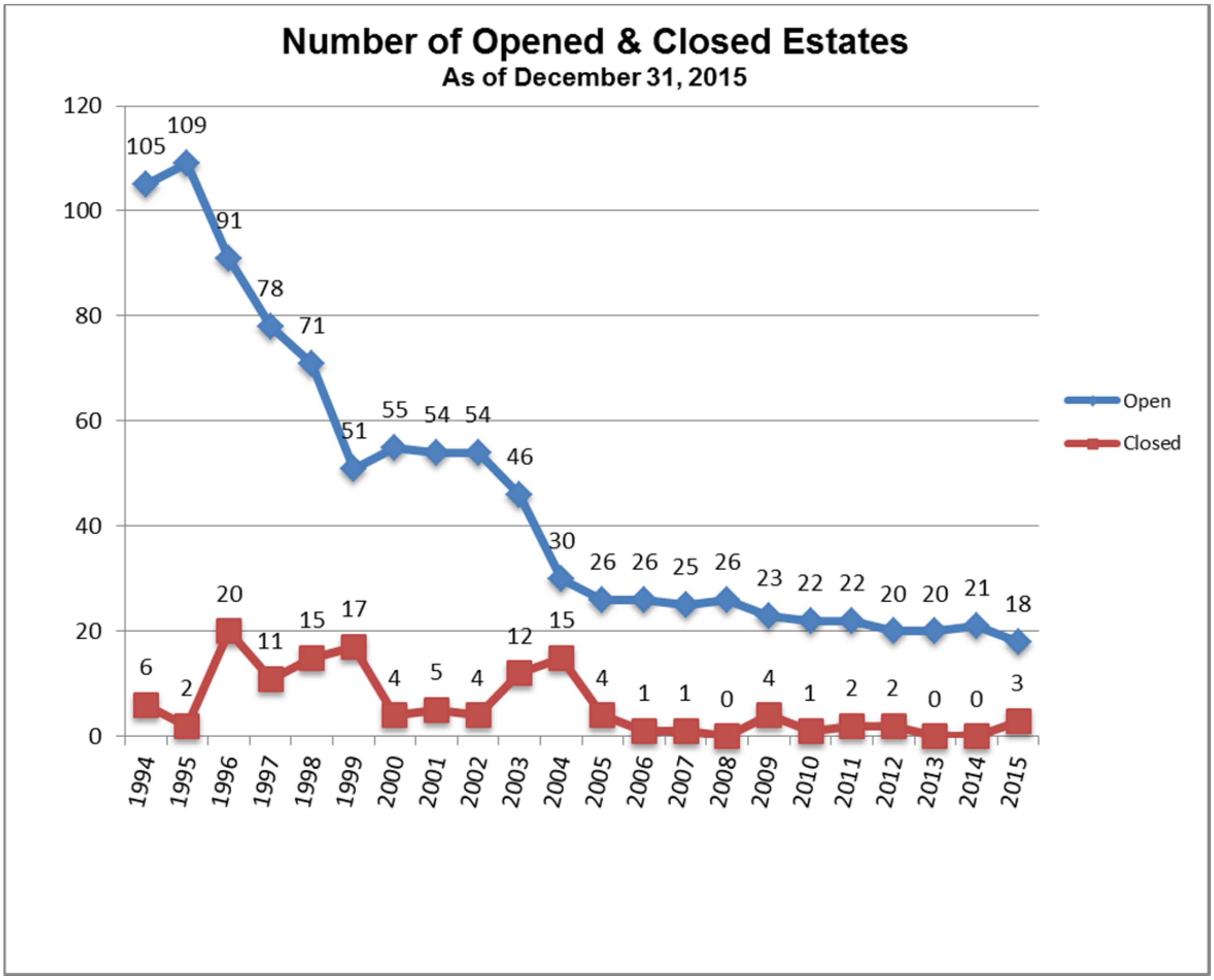
The 2015 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2015, there were 21 open estates under management. The open estates consist of 17 Property & Casualty Estates and four Life/Health Estates. The CLO goal in 2015 was to close six estates and distribute $87 million.

1. Closings

GOAL	RESULTS
Close 6 Estates: 1) Enterprise Ins. Co. 2) Pacific National Ins. Co. 3) Majestic Ins. Co. 4) Fremont Life Ins. Co. 5) HIH America 6) Golden State Mutual Life Ins. Co.	Due to unforeseen challenges, Fremont Life, HIH America, and Golden State Mutual Life Ins. Co. will not close until 2016.

Number of Opened & Closed Estates as of 12/2015



Since 1994, there have been approximately 127 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 50 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

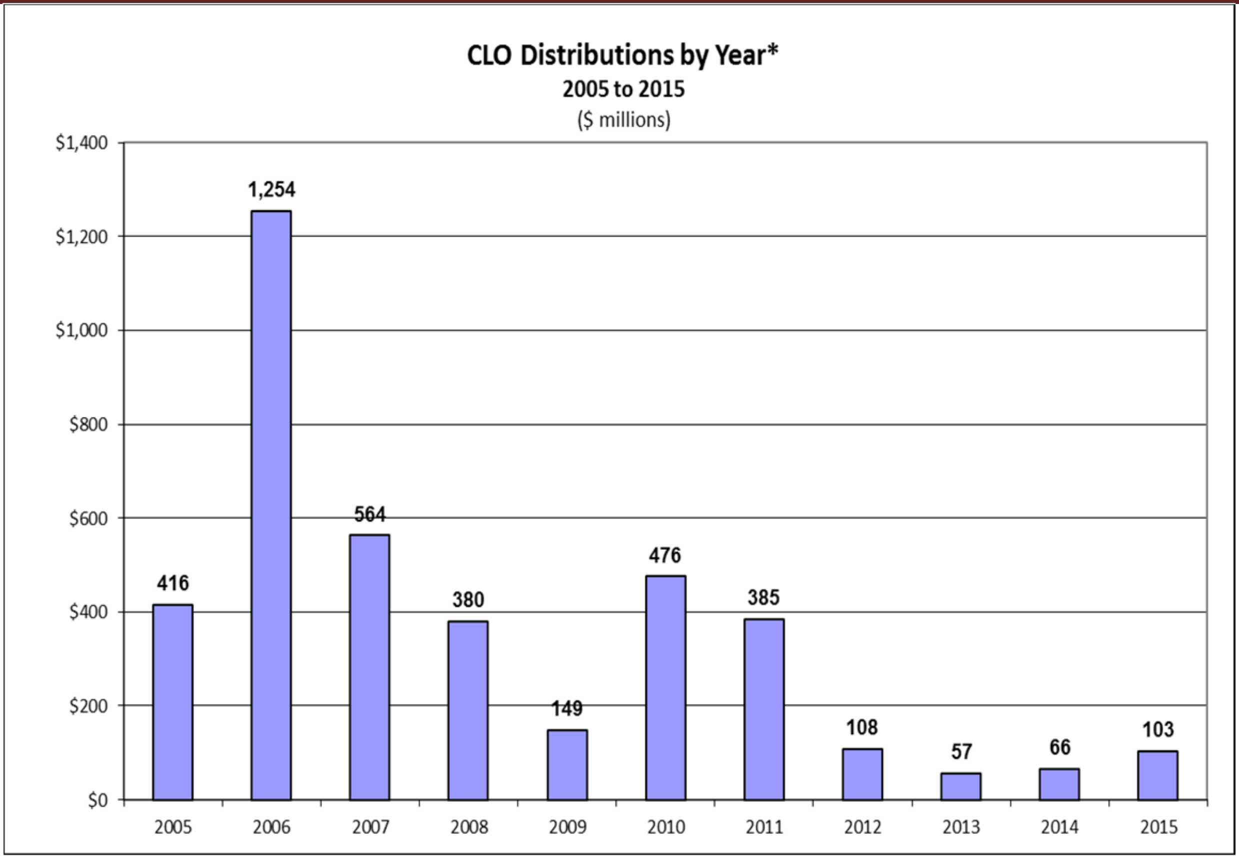
2. Distributions

Early Access and Interim Distributions

Estate	2015 Actual ($ Millions)	2015 Goal ($ Millions)
Superior National Insurance Companies In Liquidation	$19.3	$15
Fremont Indemnity	$13.9	$25
Western Employers	$54.1	$20
Fremont Indemnity Co. (stat deposit releases)	$.5	$0
Sub-total:	**$87.8**	**$60**

Final Distributions

Estate	2015 Actual ($ Millions)	2015 Goal ($ Millions)
HIH America	$0.0	$12
Majestic Ins. Co.	$3.1	$3
Fremont Life Ins. Co.	$0.0	$1
Frontier Pacific Ins. Co.	$11.6	$11
Sub-total:	**$14.7**	**$27**
TOTAL DISTRIBUTIONS:	**$102.5**	**$87**



**Since 2004, $3.96 billion has been distributed.*

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 1.5 years at December 31, 2015.

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, 2015, the CLO had $492.9 million of estate marketable investment securities under management.

For the year ending December 31, 2015, the average portfolio balance was approximately $490.1 million. The portfolio earned an interest yield of 1.6% and a net yield after security gains/losses and mark-to-market adjustments of 1.0%.

Administrative Expenses

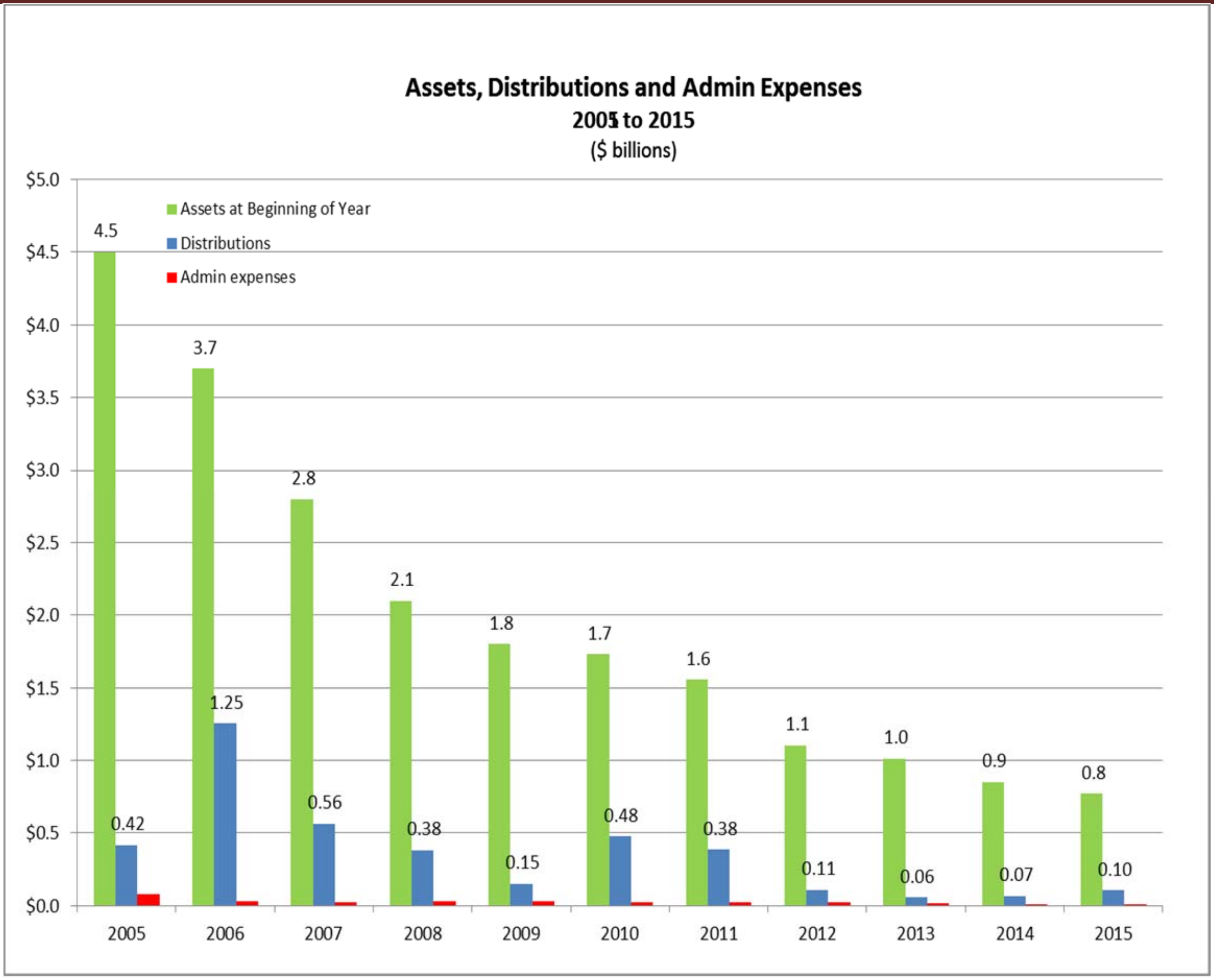
Administrative expenses consist of both direct and indirect expenses.[1]

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, and in some instances direct contract hours charged. For example, if employees charged 200 hours to a specific estate and in total 2,000 hours was 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.

[1] *See "CLO Financial Results" section of this report on the budget and actual expenditures for 2015 for direct and indirect expenses.*



The chart above displays the aggregated estate assets at beginning of year, distributions and administrative expenses from the year 2005 to 2015. The table below lists these figures.

Year	Assets ($ billions)	Distributions ($ millions)	Administrative Expenses ($ millions)
2005	$4.5	$416	$76
2006	$3.7	$1,254	$32
2007	$2.8	$564	$24
2008	$2.1	$380	$29
2009	$1.8	$149	$29
2010	$1.7	$476	$22
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

CLO Compensation

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.

Compensation Methodology

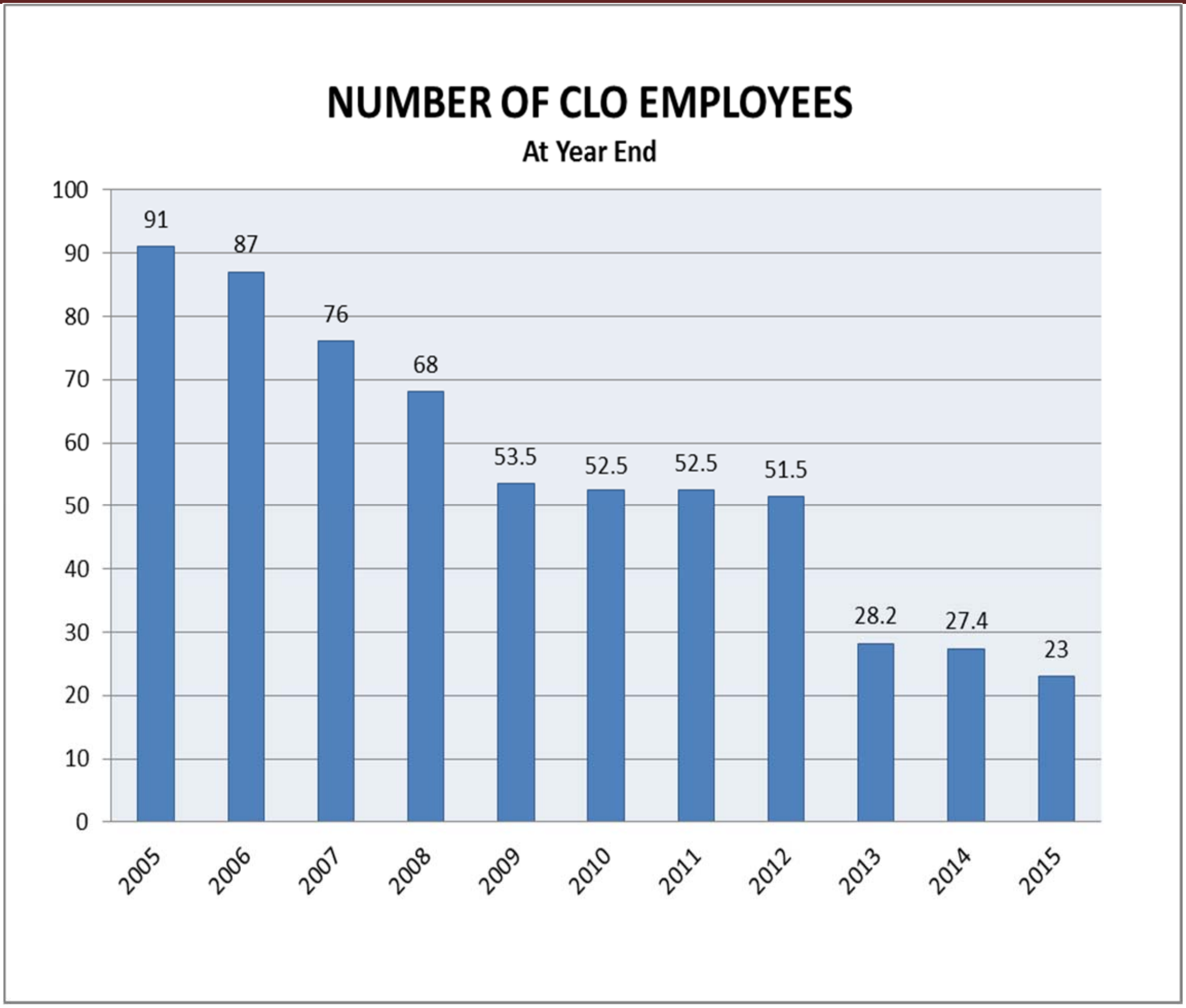
The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the two primary survey source used was the Comp Analyst: Large survey representing thousands of companies across the U.S. which include hundreds of jobs. This subscription survey 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:

	2015	2016 (Budget)
Number of CLO full time equivalent employees at beginning of year	27.4	23.0
Total compensation and benefits for CLO employees	$5,267,842	$4,776,207



The chart above shows the number of CLO full-time employee equivalent from 2005 to 2015.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 75% compared to December 31, 2005.

CLO Financial Results

For Years Ended December 31, 2015 and December 31, 2014

Cash received	December 31, 2015		December 31, 2014
	Actual	Budget	
Litigation, reinsurance recoveries, and miscellaneous income	$197,512,200	N/A[2]	$55,786,100
Investment income, net of expenses	4,817,300	N/A[3]	5,843,300
Total:	**$202,329,500**		**$61,629,400**

[2] Litigation, reinsurance recoveries, and miscellaneous income are not amendable to budgeting due to the irregular timing of their occurrence.
[3] 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.

	December 31, 2015		December 31, 2014
	Actual	Budget	
Distributions	**$103,346,200**	**$87,000,000**	**$66,196,600**

Administrative – Estate Direct Expenses

Estate Direct Expenses	December 31, 2015		December 31, 2014
	Actual	Budget	
Legal expenses	$1,977,900	$2,130,600	$2,624,100
Consultants and contractors	2,532,100	1,837,900	1,953,000
Office expenses	4,737,700	1,035,000	2,853,900
Compensation and benefits	0	220,000	109,600
Total	$9,247,700[4]	$5,223,500	$7,540,600

[4] Estate expense financial results exceeded budget primarily due to the setup of closing budgets amounting to $2.6 million, expenses of $600 thousand incurred in the document destruction and holding costs of estate real estate of approximately $317 thousand.

Administrative – CLO Overhead Expenses

CLO overhead expenses	December 31, 2015		December 31, 2014
	Actual	Budget	
Compensation and benefits	$5,267,800	$5,306,900	$5,303,400
Office expenses	1,618,200	1,691,500	1,721,100
Consultants and contractors	123,900	96,000	101,900
Legal expenses	24,800	15,600	10,300
Total	$7,034,700	$7,110,000	$7,136,700

Administrative Totals	December 31, 2015		December 31, 2014
	Actual	Budget	
Estate Direct Expense Total	$9,247,700	$5,223,500	$7,540,600
CLO Overhead Expense Total	7,034,700	$7,110,000	7,136,700
Total:	**$16,282,400**	**$12,333,500**	**$14,677,300**

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:

Continuing asset recovery, via complex litigation, has required the Estate to remain open. The Commissioner's lawsuit against Altus S.A. et al was resolved in the fourth quarter of 2015. The estate is contemplating making a final distribution in spite of uncertainties regarding the federal income tax ramifications of the Altus settlement, plus there is a disputed claim for a contingent attorney fee arising from the settlement. The Estate and associated trust will be required to complete any escheatment of unclaimed funds post the final distribution. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $906 million from litigation and distributed $737 million to claimants. Assets presently in the Estate will fund final distributions and operations.

Fremont Indemnity Company:

The Fremont Estate is in the final stages of completing the run off of its extensive reinsurance program. Once the remaining treaties are commuted or otherwise resolved, the estate will be in position to determine and settle all class 2 (policyholder) liability, the majority of which is comprised of the state guaranty fund claims. Thereafter the estate will petition the court for approval of a final distribution and closing orders. The estate has distributed in excess of $1 billion dollars in early access distributions to state guaranty funds since 2003. The estate released its 11th early access distribution in 2015 for approximately $14M. Other than one pending claim dispute the estate is not facing any other material litigation or legal impediments.

Frontier Pacific Insurance Company:

All substantive activities of the estate were completed in 2015. On June 23, 2015 the Liquidation Court approved a final distribution, and, essentially, a closing order. All creditors were paid in July 2015, and the estate remains open only for statutorily required escheatment, and upon its completion, a Declaration of Compliance will be filed by the estate. The Estate will be closed in 2016.

Golden Eagle:

The Estate is in long-term run off. All policyholder claims have been 100% reinsured and policyholder claims are being paid timely, Golden Eagle remains liable to the policyholders should the reinsurance not suffice to satisfy all claim obligations. The reinsurance program is believed to have sufficient coverage to accommodate all remaining claims exposure. Until all claims are resolved or paid out, the Estate must remain open. The CLO acts in a pure monitoring capacity to ensure that the reinsurance contract continues to pay all claims.

Great States:

The Estate continues to seek a resolution to a dispute regarding the American Home Assurance Surety Bond matters in California and Arizona. The estate continues to work with California Insurance Guarantee Association for certain claim documentation to support ongoing billing of the surety. In an effort to resolve the balance of the surety in California, the parties continue to explore commutation possibilities. In Arizona the estate is working with the Arizona Insurance Guaranty Fund which had a substantial hiatus in billing the surety, and then, the estate believes, billed the surety for less than they should have. The estate is actively working with Arizona to resolve the matter but has not resolved the issue yet. To date the Estate has distributed 40.3 percent of the paid losses to the Insurance Guarantee Associations.

HIH America Compensation & Liability:

All substantive activities of the estate were completed in 2015. On Dec. 31, 2015, the estate received an order from the Liquidation Court approving the final distribution of assets, and, essentially closing the estate. The final distribution of approximately $15 million was made in 2016 and the estate is now closed.

Mission/ Mission National:

In 2012, Mission Insurance Company and Mission National Insurance Company each applied to the United States Department of Justice (DOJ) for a release from super-priority claims. The DOJ has filed two claims for substantial EPA liability. Two more claims will be filed, with the possibility of one additional claim to be filed. Both Mission Insurance Company and Mission National Insurance Company are in discussion with the DOJ in efforts to resolve the EPA claims. All policyholder claims in both estates have been paid 100%.

Superior National Insurance Companies in Liquidation ("SNICIL"):

The SNICIL estates have $125 million of collectible reinsurance still on the books. Nearly all of the collectible reinsurance involves long tail Workers Compensation business; thus, the strategy is to attempt to commute the remaining balances. This will continue to require a significant amount of time and effort to commute all of the reinsurance contracts and programs. All of the known liabilities have been determined except the finalization of the Guaranty Association claims. Collectively, the estates have distributed approximately of $1.5 billion dollars in early access distributions to state guaranty funds since 2001.The Estates completed the 12th early access distribution in 2015 for approximately $19.3 million.

Western Employers:

Western Employers underwrote coverages on very long-tail exposures (workers compensation, asbestos, pollution , etc.) and had been subject to extensive litigation associated with claims that exceed state guaranty fund coverage limits or were altogether not covered by the guaranty funds. The CLO worked to overcome pre-receivership record-keeping issues inherited at the time of liquidation. Western Employers has several high limit claims that have not reached policy attachment points and as those liabilities are not liquidated, the estate still must obtain a court order before those claims can be determined as to liability against the estate. Western Employers coverage included many liability policies that had produced toxic tort claims at EPA Super Fund clean-up sites. Under Federal priority statutes, the Federal Government is entitled to verification that all policy liability is extinguished for the clean-ups; otherwise they believe they have a direct right of access to the policy. The estate worked closely with the United States Department of Justice and obtained a Federal Release waiver, meaning that the estate has no residual liability to the United States. The settlement with the Unites States allowed the estate to distribute $35 million to Guaranty Associations and another $19 million to non-Guaranty Association approved creditors. The estate will concentrate on resolving the remaining creditor claims and getting a final distribution accomplished.

Claims History

Property and Casualty Estates

Estate	Liquidation Date	Proof Of Claims Filed	Proof Of Claims Resolved	Open POCs
American Sterling	10/26/2011	93	93	0
Frontier Pacific	11/30/2001	43,573	43,573	0
Fremont	7/2/2003	45,669	45,372	297
Golden Eagle [5]	2/18/1998		n/a (see below)	
HIH (2 estates)	5/8/2001	3,175	3,173	2*
Mission (2 estates)	2/24/1987	141,646	141,646	0
SeeChange	1/28/2015	154	0	154
Superior (5 estates)	9/26/2000	13,936	13,893	43
Western Employers	4/19/1991	9,809	9,772	37
	Total:	**258,055**	**257,522**	**533**

[5] *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.*

** Both open claims are on the Great States estate and relate to the inability to close the Arizona and California surety bond issues.*

Life 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.

Fremont Life Insurance Company: Fremont Life transferred approximately 3,500 in-force policies to assuming insurers via reinsurance and/or co-insurance agreements prior to conservation. All policy administration is handled by the successor insurers. The Estate is a wholly owned subsidiary of the Fremont Indemnity insolvency estate.

Golden State Mutual Life Insurance Company: Golden State transferred approximately 120,000 in-force policies to an assuming insurer via a reinsurance agreement. All remaining policy liabilities not assumed through the reinsurance transaction were covered by the National Organization of Life and Health Insurance Guaranty Associations (NOLHGA) via a consensual agreement approved by the liquidation court.

2016 Business Goals

The 2016 Business Plan is focusing on estate closings and distributions.

Entering 2016, there are 18 open estates under management by the CLO. The open estates consist of 14 Property & Casualty Estates and four Life/Health Estates. Our goal in 2016 is to close five estates and distribute $192.1 million.

Starting 2016, we have 23 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2016 Goals are as follows:

1. Close 5 Estates[6]
   - Fremont Life Ins. Co.
   - Golden State Mutual Life Ins. Co.
   - HIH America Compensation & Liability Ins. Co.
   - American Sterling Ins. Co.
   - Frontier Pacific Ins. Co.

[6]*Closing is defined as fully releasing the Commissioner from all legal responsibilities for an estate.*

2. Early Access, Interim, and Final Distributions

   Early Access and Interim Distributions:

Superior National Estates	$15,000,000
Fremont	12,000,000
Executive Life (Opt-In)	94,000,000
Executive Life (Opt-Out)	46,000,000

   Final Distributions:

HIH America Compensation & Liability Ins. Co.	14,800,000
American Sterling	6,000,000
Fremont Life	1,000,000
Closed Estates	3,300,000
	$192,100,000

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Conservation or Liquidation Estates Opened During the Year 2015
- None.

Conservation or Liquidation Estates Closed During the Year 2015
- Enterprise Ins. Co.
- Majestic Ins. Co.
- Pacific National Ins. Co.

Conservation & Liquidation Office

Current Year and Cumulative Distributions by Estate [7]

	Year Ended 12/31/2015				Cumulative to 12/31/2015			
	Policyholders	Federal and State Claims	General Creditors	Total	Policyholders	Federal and State Claims	General Creditors	Total
American Sterling Ins Co	-	-	-	-	205,072.17	-	-	205,072.17
Executive Life Ins Co	-	-	-	-	737,275,943.35	-	-	737,275,943.35
Fremont Indemnity Co	14,396,676.70	-	-	14,396,676.70	1,020,120,980.85	-	-	1,020,120,980.85
Frontier Pacific Ins Co	11,581,329.97	-	-	11,581,329.97	36,021,446.19	-	-	36,021,446.19
Great States Ins Corp	-	-	-	-	10,154,782.54	-	-	10,154,782.54
HIH America Ins Co	(1,913,577.60)	-	-	(1,913,577.60)	326,586,350.39	-	-	326,586,350.39
Majestic Ins Co	-	-	3,100,000.00	3,100,000.00	-	-	12,382,123.58	12,382,123.58
Mission Ins Co	-	-	-	-	846,832,560.39	111,132.28	265,664,288.58	1,112,607,981.25
Mission National Ins Co	-	-	-	-	499,851,864.00	-	27,077,326.29	526,929,190.29
Enterprise Ins Co	-	-	-	-	120,573,413.97	39,680.36	12,075,602.89	132,688,697.22
Pacific National Ins Co	-	-	-	-	56,251,816.79	-	-	56,251,816.79
California Comp Ins Co	9,933,987.00	-	-	9,933,987.00	912,533,081.14	-	-	912,533,081.14
Combined Benefits Ins Co	23,554.00	-	-	23,554.00	26,078,314.00	-	-	26,078,314.00
Superior National Ins Co	5,544,554.00	-	-	5,544,554.00	412,154,724.18	-	-	412,154,724.18
Superior Pacific Cas Co	3,000,000.00	-	-	3,000,000.00	46,969,739.19	-	-	46,969,739.19
Commercial Comp Cas Co	797,066.00	-	-	797,066.00	97,984,309.64	-	-	97,984,309.64
Western Employers Ins Co	54,056,680.41	59,668.98	-	54,116,349.39	122,246,678.93	59,668.98	-	122,306,347.91
	97,420,270.48	59,668.98	3,100,000.00	100,579,939.46	5,271,841,077.72	210,481.62	317,199,341.34	5,589,250,900.68

*Since administration was transferred to CLO in 1997.

[7] *Fremont Life, Golden Eagle, Golden State Mutual, and SeeChange estates are not included on this schedule as no distributions have occurred.*

Estates in Conservation and/or Liquidation as of December 31, 2015

Estate Name	Date Conserved	Date Liquidated
American Sterling Insurance Company	09/26/11	10/26/11
California Compensation Insurance Company	03/06/00	09/26/00
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
Fremont Life Insurance Company	06/05/08	*
Frontier Pacific Insurance Company	09/07/01	11/30/01
Golden Eagle Insurance Company	01/31/97	02/18/98
Golden State Mutual Life Insurance Company	09/30/09	01/28/11
Great States Insurance Company	03/30/01	05/08/01
HIH America Comp. & Liability Insurance Company	03/30/01	05/08/01
Mission Insurance Company	10/31/85	02/24/87
Mission National Insurance Company	11/26/85	02/24/87
SeeChange Health Insurance Company	11/19/14	01/28/15
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

No Liquidation 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 2015 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information.[8]

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, except when otherwise provided in a rehabilitation plan. The probability of a valid claim being paid is dependent on the valuation of the claim, the order of preference 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 must 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.

[8] *Estates under management of the CLO have an annual independent review of its financial statements. Copies of the independently reviewed financial statements can be accessed through the CLO webpage (www.caclo.org). Annual audits or reviews are waived for estates with little or no assets or activity.*

ESTATE SPECIFIC INFORMATION

American Sterling Insurance Company

Conservation Order: September 26, 2011
Liquidation Order: October 26, 2011

2015 Report

American Sterling Insurance Company (ASIC) was a California domiciled property and casualty insurance company formerly located in Laguna Nigel, California. ASIC is a wholly owned subsidiary of American Sterling Corporation (ASC), a California corporation. ASIC has a wholly owned subsidiary American Sterling Productions, Ltd, which in turn has four wholly owned subsidiaries, three that appear dormant and one that held a material real estate investment.

ASIC was licensed to write multiple classes of coverage. Pre-liquidation ASIC wrote only liability and automobile classes of insurance in Arizona, Kansas and Nevada. ASIC was not writing business in California.

Due to a lack of adequate cash flow to meet claims and overhead obligations, ASIC and its subsidiaries were placed into conservation on September 26th 2011. No immediate or reliable prospect of new cash materialized through efforts of the shareholder. As a result, the conservator had to seek an insolvency order to trigger the state guaranty funds to timely honor claims payments. ASIC and its subsidiaries were placed into liquidation on October 26, 2011.

As of December 31, 2011 all open policyholder claims had been transferred to the three participating IGAs, 30-day cancellation notices were issued at liquidation to all in force policyholders. All claims have been determined through a formal POC process and are essentially ready for payment subject to monetizing the final estate asset.

The focus of the estate in 2015 was to take possession and monetize the final real estate asset in the liquidation estate. ASIC foreclosed its security interest in a residential property in Orange County that was pledged as collateral for a defaulted loan made by ASIC (Monarch Bay residence). After failing to negotiate a consensual resolution with the long-term occupants of the Monarch Bay residence, the estate was forced to file an unlawful detainer action and pursue a formal eviction process.

The estate continues to operate through year–end 2015 without sufficient cash to honor all claims and cover the estimated administrative cost to close the insolvency proceeding. In 2015 the estate took full possession of the Monarch Bay residence, cleaned and repaired the property and placed it under an exclusive listing agreement. The estate is working through a number of purchase offers and hopes to secure a contract for sale in 2016. Upon the disposition of the residence the estate will petition the court for a final distribution and closing orders.

American Sterling Ins Co

ASSETS AND LIABILITIES

As of Decemeber 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$6,910,800	$6,222,600
Other assets	131,600	131,600
Total assets	7,042,400	6,354,200

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	41,200	41,200
Claims against policies, before distributions	2,250,900	2,250,900
Less distributions to policyholders	(205,100)	(205,100)
All other claims	504,600	504,600
Total liabilities	2,591,600	2,591,600
Net assets (deficiency)	$4,450,800	3,762,600

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$19,500	$6,700
Salvage and other recoveries	46,600	3,300
Total income	66,100	10,000

Expenses	2014	2015
Loss and claims expenses	88,400	-
Administrative expenses	369,100	698,200
Total expenses	457,500	698,200
Net income (loss)	($391,400)	($688,200)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$104,500
Recoveries, net of expenses	6,323,200
Distributions	(205,100)
Monetary assets available for distribution	$6,222,600

Executive Life Insurance Company

Conservation Order: April 11, 1991
Liquidation Order: December 6, 1991

2015 Report

Executive Life Insurance Company (ELIC) was placed in conservation by order of the Los Angeles County Superior Court on April 11, 1991. At the time, ELIC, which had more than 330,000 policyholders, was the largest life insurance insolvency in United States history. In the summer and fall of 1991, the Commissioner conducted an auction seeking bids to acquire the junk bond portfolio and insurance assets of ELIC. In December 1991, the Commissioner's selection of a group of French and European investors (the Altus/MAAF group) as the winning bidder, and the transaction was approved by the Conservation Court.

In March 1992, ELIC's junk bond portfolio was transferred to Altus Finance for a purchase price of approximately $3 billion. In August 1993, the Court approved a final Rehabilitation Plan under which the majority of ELIC's assets and its restructured insurance policies were 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 were given a choice either to accept new coverage (Opt In) from Aurora National Life Assurance Company (Aurora) or to terminate their ELIC policies (Opt Out) in return for a pro rata share of ELIC's assets. The Rehabilitation Plan also provided for the establishment of various trusts, collectively known as the Enhancement Trusts, to marshal and distribute assets for the benefit of 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 Altus and some of the other co-defendants in 2004 and 2005.

A trial against the remaining defendant in 2005 resulted in a jury verdict finding Artemis S.A., a two-thirds owner of Aurora, liable for knowing participation in a conspiracy with members of the Altus/MAAF group to defraud the Commissioner, but the Commissioner was not awarded damages. In August 2008, the jury's verdict of liability was upheld on appeal and the case was remanded to the U.S. District Court for a new trial on the issue of damages.

Continuing asset recovery, via complex litigation, has required the Estate to remain open. The new trial concluded on October 29, 2012 and the jury rendered a verdict finding no damages. On April 2, 2013, the trial court reinstated the restitution award in favor of the Commissioner and entered judgment against defendant Artemis in the amount of $241,092,020 less a credit of $110,000,000 that the Commissioner received at an earlier date. The Commissioner appealed to the U.S. Court of Appeals for the Ninth Circuit and on April 16, 2013, the U.S. District Court issued an order staying execution of the restitution judgment pending the appeal decision. On April 24, 2013 defendants, Artemis S.A. filed its Notice of Cross-Appeal against the restitution judgment.

In accordance with the U.S. Appeals Court Ninth Circuit Briefing schedule, the Commissioner and defendants have completed briefing the court.

Continuing asset recovery, via complex litigation, has required the Estate to remain open. The Commissioner's lawsuit against Altus S.A. et al was resolved in the fourth quarter of 2015. The estate is contemplating making a final distribution in spite of uncertainties regarding the federal income tax ramifications of the Altus settlement, plus there is a disputed claim for a contingent attorney fee arising from the settlement. The Estate and associated trust will be required to complete any escheatment of unclaimed funds post the final distribution. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $906 million from litigation and distributed $737 million to claimants. Assets presently in the Estate will fund final distributions and operations.

ELIC vs Indentured Trustee Policyholders

The Estate is a party to a proceeding brought by certain Indenture Trustee policyholders who challenged various CLO administrative expenses for the period January 1, 1997 to June 30, 2008. The Court issued an order on December 7, 2009 approving those expenses and subsequently denied the request by the Indenture Trustee policyholders for attorney fees. On February 4, 2010, the Indentured Trustee Policyholders filed a Notice of Appeal against the court's approval of CLO administrative expenses of ELIC for the period January 1, 1997 to June 30, 2008 (approximately $12 million), as well as the court's denial of ITP's attorney fees of $395,730.50. The ITP's appeal brief was filed in December 2010 and the Commissioner's response brief was filed January 27, 2011. The appeal was scheduled for hearing on December 13, 2013 but prior to the hearing date the parties agreed to settle the litigation for a consideration of $300,000.00 subject to approval of the court. This matter is now closed.

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. A distribution of $211 million of Altus Litigation Funds was made to Opt-Out policyholders in February 2006. Presently the remaining assets of the Opt-Out Trust consist of distributions allocated to policyholders with whom contact has been lost, in most cases due to bad addresses (such funds will be escheated to the last known state of residence). This trust however, continues to remain open to effect additional distributions to Opt-Out policyholders if the Commissioner is successful in the ELIC estate's pending litigation.

Executive Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$23,792,600	$108,613,900
Other assets	592,900	89,095,900
Total assets	24,385,500	197,709,800

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	3,025,500	2,701,100
Policyholder liability	6,607,487,900	6,835,111,200
All other claims	428,800	428,800
Total liabilities	6,610,942,200	6,838,241,100
Net assets (deficiency)	($6,586,556,700)	($6,640,531,300)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$315,600	$84,816,300
Litigation recoveries	-	90,305,100
Miscellanoues income	2,600	(2,900)
Total income	318,200	175,118,500

Expenses	2014	2015
Administrative expenses	2,346,800	1,584,400
Interest on policyholder liability	227,262,800	227,508,600
Total expenses	229,609,600	229,093,000
Net income (loss)	($229,291,400)	($53,974,500)

CHANGE IN MONETARY ASSETS [9]

Beginning monetary assets at takeover	$112,111,400
Recoveries, net of expenses	733,778,400
Distributions	(737,275,900)
Monetary assets available for distribution	$108,613,900

[9] *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, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$8,103,400	$7,987,900
Total assets	8,103,400	7,987,900

Liabilities	12/31/2014	12/31/2015
Secured claims	5,956,600	5,955,600
Unclaimed funds payable	2,238,500	2,236,600
Payable to Affiliates	590,000	590,000
Reserve for administrative expenses	(681,700)	(794,300)
Total liabilities	8,103,400	7,987,900

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income and Expenses	2014	2015
Investment income	$92,500	$75,600
Miscellanoues income	100	-
Administrative expenses	250,000	188,200
Net income (loss)	($157,400)	($112,600)

Fremont Indemnity Company
Conservation Order: June 04, 2003
Liquidation Order: July 02, 2003

2015 Report

Fremont was authorized as a multi-line Property & Casualty insurer, but at the time of liquidation operated as a "Monoline" Workers' Compensation insurer writing only Workers' Compensation and Employer Liability 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"), Fremont's immediate parent company. FCIG was wholly-owned by a publicly traded holding company, Fremont General Corporation ("FGC"). Approximately 65% of Fremont's Workers' Compensation claims are attributable to business written in California. Most of the general liability business was assumed by a group of life insurance companies and administered through a third party administrator named Riverstone. The "Claims Bar Date", or the final date to submit a claim against the insolvent entity, was June 30, 2004.

All legal disputes with the exception of one Order to Show Cause proceeding associated with a toxic tort claim have been resolved. The unresolved matter is proceeding in the liquidation court but the parties are actively negotiating a settlement of the dispute without litigating the myriad of issues. The estate appears well positioned to avoid costly litigation and secure a reasonable compromise of the disputed claim in 2016.

The Estate continues to bill and collect on the remaining active reinsurance treaties, as well as seeking commutations where advantageous.

The Estate released its eleventh early access distribution in July 2015. The estate is planning a twelfth early access distribution in 2016.

Fremont Indemnity Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$70,274,400	$58,122,600
Recoverable from reinsurers	39,373,400	40,017,500
Other assets	19,556,500	18,540,700
Total assets	129,204,300	116,680,800

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	15,631,600	15,631,600
Claims against policies, before distributions	3,130,912,400	3,124,572,500
Less distributions to policyholders	(1,005,724,300)	(1,020,121,000)
All other claims	319,903,600	321,418,800
Total liabilities	2,460,723,300	2,441,501,900
Net assets (deficiency)	($2,331,519,000)	($2,324,821,100)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$800,200	$616,600
Salvage and other recoveries	26,826,200	11,846,500
Total income	27,626,400	12,463,100

Expenses	2014	2015
Loss and claims expenses	83,312,300	3,235,200
Administrative expenses	2,404,300	2,932,500
Total expenses	85,716,600	6,167,700
Net income (loss)	($58,090,200)	$6,295,400

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$434,855,900
Recoveries, net of expenses	643,387,700
Distributions	(1,020,121,000)
Monetary assets available for distribution	$58,122,600

Fremont Life Insurance Company
Conservation Order: June 05, 2008

2015 Report

Fremont Life Insurance Company ("Fremont Life"), a California domiciled life insurance company was located in Costa Mesa, California. Fremont Life was a wholly owned subsidiary of Fremont Compensation Insurance Group Inc., whose ultimate parent is Fremont General Corporation ("FGC"). FGC filed for protection under Chapter 11 of the U.S. Bankruptcy Code in June of 2008. At the time of the parent's bankruptcy filing Fremont Life was unable to maintain the minimum required capital and surplus of $4,500,000. At about the time of the subsequent bankruptcy filing by its parent FGC, the California insurance regulators opted to seek a conservation of Fremont Life.

All in-force insurance contracts have been transferred to successor insurance companies, and the operations of Fremont Life have been discontinued. The conserved estate has the responsibility to ensure all risk associated with the remaining policies and life products are properly assumed by the successor insurers.

The Estate is also working with the California Department of Justice to seek a satisfaction of judgment thereby resolving an outstanding restitution order the conservation estate is subject to.

Once the restitution requirements and a third party settlement are approved by the court the Estate will be positioned to complete a final assumption transaction for the few policies associated with the restitution case and there after petition the court for authority to make a final distribution and close the conservation estate.

Fremont Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$1,515,400	$1,503,600
Other assets	500	500
Total assets	1,515,900	1,504,100

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	6,600	10,800
All other claims	1,609,200	1,609,200
Total liabilities	1,615,800	1,620,000
Net assets (deficiency)	(99,900)	($115,900)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$16,800	$54,000
Total income	16,800	54,000

Expenses	2014	2015
Administrative expenses	71,300	70,000
Total expenses	71,300	70,000
Net income (loss)	($54,500)	($16,000)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$1,443,100
Recoveries, net of expenses	60,500
Monetary assets available for distribution	$1,503,600

Frontier Pacific Insurance Company

Conservation Order: **September 7, 2001**
Liquidation Order: **November 30, 2001**

2015 Report

Frontier Pacific Insurance Company ("FPIC"), a California domiciled property and casualty insurer, was licensed in California, Nevada, New York and South Carolina. FPIC primarily wrote surety and private passenger auto liability. In August 2001, FPIC's parent company, Frontier Insurance Company ("FIC") of New York, voluntarily entered rehabilitation under the control of the New York Liquidation Bureau. As a result of the FIC rehabilitation, reinsurance recoverables due FPIC from FIC were never paid. A subsequent financial examination by the California regulators disallowed the FIC reinsurance receivable, resulting in a negative surplus by FPIC, and FPIC was insolvent and an Order of Liquidation was obtained on November 30, 2001. The "Claims Bar Date," or the final date to submit a claim against the Estate, was August 30, 2002.

All substantive activities of FPIC were completed in 2015. The Court approved a final distribution which occurred in July, 2015. The estate remained open at year end only for a check reissuance and/or escheatment process after which a Declaration of Compliance will be sought and the estate closed.

In July 2015, the Estate completed its final distribution in the amount of approximately $11.6 million. The remaining task to escheat unclaimed property is underway and is anticipated to be completed in 2016. Upon completion, the Estate will file its Declaration of Compliance discharging the Insurance Commissioner as Liquidator and closing Frontier Pacific.

Frontier Pacific Ins Co

ASSETS AND LIABILITIES
As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$11,960,400	$1,084,600
Recoverable from reinsurers	825,000	-
Other assets	1,358,200	-
Total assets	14,143,600	1,084,600

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	4,745,100	1,134,800
Claims against policies, before distributions	42,608,000	42,249,400
Less distributions to policyholders	(24,440,100)	(36,021,400)
All other claims	8,675,600	8,675,600
Total liabilities	31,588,600	16,038,400
Net assets (deficiency)	($17,445,000)	($14,953,800)

INCOME AND EXPENSES
For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$122,100	$87,300
Salvage and other recoveries	10,400	900
Total income	132,500	88,200

Expenses	2014	2015
Loss and claims expenses	5,367,000	(2,689,700)
Administrative expenses	1,129,700	638,000
Total expenses	6,496,700	(2,051,700)
Net income (loss)	($6,364,200)	$2,139,900

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,531,900
Recoveries, net of expenses	18,574,100
Distributions	(36,021,400)
Monetary assets available for distribution	$1,084,600

Golden Eagle Insurance Company

Conservation Order:	**January 31, 1997**
Rehab./Liquidation Plan Approved:	**August 4, 1997**
Liquidation Order:	**February 18, 1998**

2015 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. Under the Plan, Golden Eagle's insurance operating assets and future business were sold to affiliates of Liberty Mutual Insurance Company. The Plan also 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. Because payment in full of Golden Eagle's insurance liabilities is provided for under the Plan, the Liquidation Order does not contain a formal finding of insolvency, and thus the claim payment obligations of the Insurance Guaranty Associations (IGAs) have not been triggered. As a result, no bar date has been set for the filing of insurance claims covered under a Golden Eagle policy. Such 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. The judicial proceeding (and the liquidation estate) may need to be kept open to allow for IGA coverage to be triggered in the event the existing claims paying capacity provided for under the Rehabilitation Plan is exhausted, although the Commissioner and the Superior Court are exploring options for terminating the legal proceeding while the run-off process continues, while preserving the rights of policyholders to receive payment on their claims.

All remaining policyholder claims are being administered and paid under the Plan's indemnity reinsurance and excess of loss reinsurance agreements with Liberty Mutual affiliates. Policyholder claims continue to run off within the range of expected cost and reinsurance coverage, however, the Commissioner has engaged a consulting actuary to prepare updated projections of claim payout patterns. Absent a court order to the contrary, until the entire remaining exposure is paid, assumed or novated, the 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 Rehabilitation 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 December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$1,841,800	$1,730,500
Total assets	1,841,800	1,730,500

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	-	-
Total liabilities	-	-
Net assets (deficiency)	$1,841,800	$1,730,500

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$20,800	$16,800
Salvage and other recoveries	2,700	-
Total income	23,500	16,800

Expenses	2014	2015
Administrative expenses	53,200	128,100
Total expenses	53,200	128,100
Net income (loss)	($29,700)	($111,300)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover [10]	$2,029,000
Recoveries, net of expenses	(298,500)
Monetary assets available for distribution	$1,730,500

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

Golden State Mutual Life Insurance Company
Conservation Order: September 30, 2009
Liquidation Order: January 28, 2011

2015 Report

Golden State Mutual Life Insurance Company (GSM), was a mutual life and health insurance company domiciled and incorporated in California, with its principal place of business and home office located in Los Angeles, California. Golden State's business provided life insurance products to the minority middle-income marketplace primarily in California, Texas, North Carolina, Michigan and Illinois.

As of June 30, 2009, Golden State filed its Quarterly Statement reporting surplus that was less than the minimum paid-in capital and surplus required by the Insurance Code. Consequently, Golden State was deemed statutorily impaired and placed into conservation on September 30, 2009.

In November 2009, the Conservator conducted a national "request for proposal" process seeking a healthy successor insurer to purchase the mutual company or assume its book of business. IA American Life Insurance Company was the successful bidder and the Superior Court approved IA's assumption of all in-force GSM policies on June 24, 2010.

By December 2010, after the assumption by IA American, the Conservator determined Golden State's estimated liabilities exceeded its estimated remaining assets by over $3 million. A hearing on the Liquidation Motion was held on January 28, 2011, and an order of insolvency was entered.

During 2015 Golden State obtained court approval and completed the sale of its final assets. On December 30, 2015 the court entered its closing order for the liquidation estate subject to some procedural filings with the court – a final accounting and declaration of compliance.

The estate is positioned to make its final filings with the court in early 2016 and will formally close the estate.

Golden State Mutual Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$227,200	$162,000
Other assets	190,000	-
Total assets	417,200	162,000

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	1,026,000	1,026,000
Policyholder claims	1,664,200	1,664,200
All other claims	7,571,900	7,571,800
Total liabilities	10,262,100	10,262,000
Net assets (deficiency)	($9,844,900)	($10,100,000)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income (loss)	$2,400	$1,300
Other income	75,100	21,700
Total income	77,500	23,000

Expenses	2014	2015
Administrative expenses	236,400	278,200
Total expenses	236,400	278,200
Net income (loss)	(158,900)	(255,200)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$72,139,200
Recoveries, net of expenses	(71,977,200)
Monetary assets available for distribution	$162,000

HIH America Comp. & Liability Insurance Company
Conservation Order: March 30, 2001
Liquidation Order: May 8, 2001

2015 Report

HIH America Compensation Liability Insurance Company (HIH) was domiciled in California and licensed to transact business in 31 states with California being the primary state accounting for 82% of the business written. HIH wrote only workers' compensation insurance. The "Claims Bar Date," or the final date to submit a claim against the Estate, was December 2, 2001.

Given the number of states in which HIH wrote business, a significant effort was required at the time of liquidation to properly transfer all open covered claims to the insurance guaranty community. The Estate had a significant amount of intercompany relationships with various affiliates that required a considerable amount of work to resolve such intercompany balances. Additionally, the Estate had a significant reinsurance program that was placed under a run off plan.

The balance of the reinsurance program has been essentially run-off to conclusion. All material assets have been collected or resolved. The Estate collected periodic claim payments from the insolvency estate of its parent company and has since received approval for the sale of the unliquidated portion of the claim. With the resolution of the final upper layer reinsurance treaties and assignment of the claim against the bankrupt parent, the estate was able to obtain court approval in December 2015 for a final distribution in early 2016. The Estate plans to file a Declaration of Compliance in 2016 after release of the final distribution thereby formally closing the estate.

HIH America Comp & Liability Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$13,423,300	$15,087,100
Recoverable from reinsurers	664,900	-
Total assets	14,088,200	15,087,100

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	68,100	68,100
Claims against policies, before distributions	774,771,100	615,007,000
Less distributions to policyholders	(328,499,900)	(326,586,400)
All other claims	1,990,400	1,990,400
Total liabilities	448,329,700	290,479,100
Net assets (deficiency)	($434,241,500)	($275,392,000)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$146,400	$128,600
Salvage and other recoveries	(180,000)	400
Total income	(33,600)	129,000

Expenses	2014	2015
Loss and claims expenses	(4,431,600)	(82,564,800)
Administrative expenses	289,600	434,800
Total expenses	(4,142,000)	(82,130,000)
Net income (loss)	$4,108,400	$82,259,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$147,637,800
Recoveries, net of expenses	194,035,700
Distributions	(326,586,400)
Monetary assets available for distribution	$15,087,100

Great States Insurance Company
Conservation Order: March 30, 2001
Liquidation Order: May 8, 2001

2015 Report

Great States Insurance Company was domiciled in California and was licensed to transact business in 14 states. Great States wrote only workers' compensation insurance and concentrated in Arizona, Colorado, and Nevada. Great States wrote a minimal amount in California and Illinois. The "Claims Bar Date," or the final date to submit a claim against the Estate, was December 2, 2001.

A significant portion of the Estate's statutory deposits are held in the form of surety bonds and are released as claims arise and formal awards are issued. The entity that has issued the surety bond has off-set rights related to certain reinsurance recoveries by Great States. The process of reconciling these releases and offsets has been an on-going requirement of the Estate.

A significant portion of the Estate's statutory deposits are held in the form of surety bonds which pay as claims arise and formal awards are issued.

The Estate continues to seek a resolution of the surety bond issues with American Home Assurance for bonds covering California and Arizona losses. In an effort to resolve the balance of the surety in California, the parties continue to explore commutation possibilities but have not reached an agreeable figure for resolution. In Arizona the estate is working with the Arizona Insurance Guaranty Fund which had a substantial hiatus in billing the surety, and then, the estate believes, billed the surety for less than they should have billed. The estate is actively working with Arizona to resolve the matter but has not resolved the issue yet. We are hopeful that the matter can be properly addressed and resolved in 2016 which would position the estate for closure in 2017. Only the California and Arizona claims are unresolved, and there are not material assets remaining for collection.

To date the Estate has distributed 40.3 percent of the paid losses to the Insurance Guarantee Associations.

Great States Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$20,599,600	$20,612,200
Recoverable from reinsurers	740,100	750,700
Total assets	21,339,700	21,362,900

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	26,000	24,200
Claims against policies, before distributions	79,121,100	76,051,200
Less distributions to policyholders	(10,154,800)	(10,154,800)
All other claims	11,917,600	11,917,600
Total liabilities	80,909,900	77,838,200
Net assets (deficiency)	($59,570,200)	($56,475,300)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$230,000	$190,800
Salvage and other recoveries	290,100	1,707,300
Total income	520,100	1,898,100

Expenses	2014	2015
Loss and claims expenses	(1,149,600)	(1,374,300)
Administrative expenses	245,200	177,400
Total expenses	(904,400)	(1,196,900)
Net income (loss)	$1,424,500	$3,095,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$7,889,700
Recoveries, net of expenses	22,877,300
Distributions	(10,154,800)
Monetary assets available for distribution	$20,612,200

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

2015 Report

The Mission Insurance Companies' insolvency proceedings began with a court-ordered conservation of the Mission entity on October 31, 1985 with the balance of the entities being conserved in November 1985. All were placed into conservation due to their hazardous financial condition. Efforts to rehabilitate the companies did not succeed, and on February 24, 1987, the companies were ordered into liquidation. Ancillary proceedings in California for Holland America Insurance Company and Mission Reinsurance Company were initiated concurrent with the Missouri Insurance Director's obtaining a receivership order as the domiciliary liquidator.

In accordance with a 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 2015, the general creditors of the Mission estate have unsatisfied portions remaining on their approved claims. The Enterprise estate has closed in 2015 and has kept the shell open for tax purposes.

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. With guidance and advice from tax counsel, the estates have established proper tax reserves for certain open tax years. Covanta has commenced an audit with the Internal Revenue Service (IRS) of the consolidated group returns for tax years 2004-2009. As of year-end 2015, Covanta has resolved the audit with the IRS and resulted with a settlement. The Mission estate has been indemnified from certain tax issues from an approved rehabilitation plan implementation agreement. Thus, the settlement of the tax issues should not affect the Mission estate.

The Mission estates contacted the Department of Justice (DOJ) in late 2011 in an effort to obtain a Federal Claim waiver primarily to avoid any possibility of the Federal Government presenting any late claims for toxic tort clean-ups where a Mission policyholder may have had exposure. Given the Federal priority statute, obtaining a waiver that the companies had considered all the known potential policyholder liabilities prior to closure of the estate was of paramount importance. Enterprise was given the waiver because the nature of its business did not contain significant policyholder exposure for any government claims. Mission and Mission National have continued to be engaged in a back and forth with the DOJ to give them all the necessary documentation for the DOJ to issue the waiver. Owing to the nature of the two remaining estates portfolio of policyholders, this has been a tedious, time consuming process which we foresee continuing into 2016.

Mission Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$110,903,600	$111,906,300
Recoverable from reinsurers	20,791,300	20,685,300
Other assets	23,816,400	23,816,400
Total assets	155,511,300	156,408,000

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	78,753,500	78,753,500
Claims against policies, before distributions	846,832,600	846,832,600
Less distributions to policyholders	(846,832,600)	(846,832,600)
All other claims	198,438,500	198,438,500
Total liabilities	277,192,000	277,192,000
Net assets (deficiency)	($121,680,700)	($120,784,000)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$1,246,000	$1,025,700
Salvage and other recoveries	30,400	4,000
Total income	1,276,400	1,029,700

Expenses	2014	2015
Administrative expenses	882,500	133,000
Total expenses	882,500	133,000
Net income (loss)	$393,900	$896,700

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$133,667,000
Recoveries, net of expenses	1,090,847,300
Distributions	(1,112,608,000)
Monetary assets available for distribution	$111,906,300

Mission National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$30,326,600	$32,500,700
Recoverable from reinsurers	2,706,800	2,473,200
Other assets	34,500	(9,600)
Total assets	33,067,900	34,964,300

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	17,753,800	17,753,800
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(499,851,900)	(499,851,900)
All other claims	16,838,100	16,838,100
Total liabilities	130,838,500	130,838,500
Net assets (deficiency)	($97,770,600)	($95,874,200)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$295,800	$288,800
Salvage and other recoveries	300	-
Total income	296,100	288,800

Expenses	2014	2015
Loss and claims expenses	(4,087,100)	-
Administrative expenses	246,800	(1,607,600)
Total expenses	(3,840,300)	(1,607,600)
Net income (loss)	$4,136,400	$1,896,400

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,289,000
Recoveries, net of expenses	541,140,900
Distributions	(526,929,200)
Monetary assets available for distribution	$32,500,700

SeeChange Health Insurance Company
Conservation Order: November 19, 2014
Liquidation Order: January 28, 2015

2015 Report

On November 19, 2014, the Insurance Commissioner of the State of California (the "Commissioner") was appointed as Conservator of SeeChange Health Insurance Company ("SeeChange") by the Los Angeles County Superior Court pursuant to Section 1011 of the California Insurance Code. The Conservation Order authorizes the Commissioner, through his Conservation & Liquidation Office, as Conservator to conduct the business of SeeChange or so much of the business as he may deem appropriate. All policies terminated on December 31, 2014. Policyholders had 12 months from their termination date to file their claims.

On January 28, 2015, the Insurance Commissioner of the State of California was appointed as Liquidator of SeeChange Health Insurance Company ("SeeChange") by the Los Angeles County Superior Court pursuant to Section 1016 of the California Insurance Code. The Liquidator is directed to liquidate and wind up the business of SeeChange and to act in all ways and exercise all powers necessary for the purpose of the Order and the liquidation provisions of the Insurance Code.

The proof of claim bar date was established as of December 31, 2015. The Receiver mailed 3,113 proofs of claim to policyholders, providers, brokers, employees and other creditors. 154 Creditors executed and returned their proofs of claim and the total stated value of the returned proofs of claim is $28,911,183.42. The Centers for Medicare and Medicaid Services (“CMS”) has filed claims totaling $5,205,759 which represents amounts due under CMS’s Affordable Care Act program. All proofs of claim are in the process of being evaluated. CMS has asserted federal priority statute status which will require a determination before it becomes meaningful to adjudicate all other claims.

SeeChange Ins Co

ASSETS AND LIABILITIES

For Year Ended December 31, 2015

Assets	12/31/2014[11]	12/31/2015
Cash and investments	$7,007,448	$7,194,567
Other assets	1,033,590	1,260,933
Total assets	8,041,038	8,455,500

Liabilities	12/31/2014[11]	12/31/2015
Policyholders claims	17,963,658	19,631,769
All other liabilities	6,556,741	4,565,424
Total liabilities	24,520,399	24,197,193
Capital and Surplus		
Common stock	3,000,000	-
Additional paid-in capital	82,228,055	-
Unassigned surplus	(101,707,416)	-
Net assets (deficiency)	($16,479,361)	(15,741,693)

INCOME AND EXPENSES

For Year Ended December 31, 2015

Income	12/31/2014[11]	12/31/2015
Investment income (loss)	$155,916	$24,844
Cessions and premium income	98,749,898	-
Other income	19,094	468,465
Total Income	98,924,908	493,309

Expenses	12/31/2014[11]	12/31/2015
Loss and claims expenses	101,880,832	416,429
Adminstrative expenses	23,556,068	1,451,596
Total expenses	125,436,900	1,868,025
Net Income (loss)	(26,511,992)	(1,374,716)

[11] 12/31/14 figures are per the quarterly statement filed with the CA Dept. of Ins. using statutory basis of accounting.

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

2015 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 found that each of the Superior National Estates was insolvent and that it would be futile to proceed as Conservator. The Court terminated the Insurance Commissioner's status as conservator of the five insurers and ordered and appointed the Commissioner to serve as Liquidator of the insurers.

In 2015 the Superior National Estates released its twelfth early access distribution to guaranty associations. The Estates are planning a thirteenth early access distribution in 2016.

Under the most optimistic estimates, SNICL has insufficient assets to fully pay the policyholder claims. Consequently, once all asset recoveries are fully monetized, the Estate will seek court approval not to review any claims below the policyholder class.

The largest remaining asset on the books of the estates are reinsurance recoverables of approximately $125,000,000 (includes IBNR). The Estates' continuing and ultimate goal is to fully resolve its reinsurance recoverables through treaty commutations since Workers Compensation claims are such long tailed claims that conceivably there could be reinsurance billing for the next 50 years. Once reinsurance has been resolved, there are no significant issues remaining and the Liquidator can seek closure.

California Compensation Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$17,819,700	$7,602,900
Recoverable from reinsurers	71,675,100	70,801,400
Total assets	89,494,800	78,404,300

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	232,700	232,700
Claims against policies, before distributions	2,081,819,000	2,098,770,700
Less distributions to policyholders	(902,599,100)	(912,533,100)
All other claims	119,289,200	119,267,700
Total liabilities	1,298,741,800	1,305,738,000
Net assets (deficiency)	($1,209,247,000)	($1,227,333,700)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$195,500	$186,900
Litigation recoveries	10,969,400	-
Salvage and other recoveries	6,258,200	3,335,000
Total income	17,423,100	3,521,900

Expenses	2014	2015
Loss and claims expenses	10,592,800	20,802,600
Administrative expenses	1,890,700	805,900
Total expenses	12,483,500	21,608,500
Net income (loss)	$4,939,600	($18,086,600)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$165,879,200
Recoveries, net of expenses	754,256,800
Distributions	(912,533,100)
Monetary assets available for distribution	$7,602,900

Combined Benefits Ins Co

ASSETS AND LIABILITIES
As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$8,858,500	$8,807,700
Recoverable from reinsurers	687,900	634,600
Total assets	9,546,400	9,442,300

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	600	600
Claims against policies, before distributions	36,016,900	35,649,400
Less distributions to policyholders	(26,054,800)	(26,078,300)
All other claims	6,274,800	6,254,400
Total liabilities	16,237,500	15,826,100
Net assets (deficiency)	($6,691,100)	($6,383,800)

INCOME AND EXPENSES
For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$129,200	$80,300
Litigation recoveries	41,900	-
Salvage and other recoveries	358,000	635,000
Total income	529,100	715,300

Expenses	2014	2015
Loss and claims expenses	(1,568,000)	320,900
Administrative expenses	191,500	87,200
Total expenses	(1,376,500)	408,100
Net income (loss)	$1,905,600	$307,200

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$11,115,400
Recoveries, net of expenses	23,770,700
Distributions	(26,078,400)
Monetary assets available for distribution	$8,807,700

Superior National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$22,483,500	$18,909,300
Recoverable from reinsurers	38,505,400	33,688,200
Total assets	60,988,900	52,597,500

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	77,500	77,500
Claims against policies, before distributions	894,047,400	899,165,600
Less distributions to policyholders	(406,610,200)	(412,154,700)
All other claims	28,723,400	28,722,700
Total liabilities	516,238,100	515,811,100
Net assets (deficiency)	($455,249,200)	($463,213,600)

INCOME AND EXPENSES

For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$237,100	$208,000
Litigation recoveries	1,830,200	-
Salvage and other recoveries	4,203,700	1,752,900
Total income	6,271,000	1,960,900

Expenses	2014	2015
Loss and claims expenses	13,227,000	9,570,400
Administrative expenses	458,300	353,400
Total expenses	13,685,300	9,923,800
Net income (loss)	($7,414,300)	($7,962,900)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$68,622,300
Recoveries, net of expenses	362,441,800
Distributions	(412,154,800)
Monetary assets available for distribution	$18,909,300

Superior Pacific Casualty Co

ASSETS AND LIABILITIES

As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$7,688,400	$10,434,900
Recoverable from reinsurers	23,703,900	14,552,000
Total assets	31,392,300	24,986,900

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	400	400
Claims against policies, before distributions	225,053,700	226,987,900
Less distributions to policyholders	(43,969,700)	(46,969,700)
All other claims	62,365,700	62,365,700
Total liabilities	243,450,100	242,384,300
Net assets (deficiency)	($212,057,800)	($217,397,400)

INCOME AND EXPENSES

For Year Ended December 31, 2013 and 2014

Income	2014	2015
Investment income	$102,500	$77,800
Litigation recoveries	14,900	-
Salvage and other recoveries	597,000	425,500
Total income	714,400	503,300

Expenses	2014	2015
Loss and claims expenses	(4,653,400)	5,575,000
Administrative expenses	358,400	267,800
Total expenses	(4,295,000)	5,842,800
Net income (loss)	$5,009,400	($5,339,500)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$58,666,300
Recoveries, net of expenses	(1,261,700)
Distributions	(46,969,700)
Monetary assets available for distribution	$10,434,900

Commercial Compensation Casualty Co

ASSETS AND LIABILITIES
As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$10,562,000	$9,973,900
Recoverable from reinsurers	5,740,200	5,365,200
Total assets	16,302,200	15,339,100

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	682,600	682,600
Claims against policies, before distributions	144,641,400	144,187,600
Less distributions to policyholders	(97,187,200)	(97,984,300)
All other claims	13,754,500	13,754,500
Total liabilities	61,891,300	60,640,400
Net assets (deficiency)	($45,589,100)	($45,301,300)

INCOME AND EXPENSES
For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$124,800	$95,100
Litigation recoveries	228,100	-
Salvage and other recoveries	478,300	182,800
Total income	831,200	277,900

Expenses	2014	2015
Loss and claims expenses	6,435,200	(79,100)
Administrative expenses	73,800	69,200
Total expenses	6,509,000	(9,900)
Net income (loss)	($5,677,800)	$287,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$6,420,700
Recoveries, net of expenses	101,537,500
Distributions	(97,984,300)
Monetary assets available for distribution	$9,973,900

Western Employers Insurance Company

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

2015 Report

Western Employers Insurance Company ("WEIC") began as a New York-domiciled insurer known as Leatherby Insurance Company and was re-domesticated to California in the late 1970's. The company was licensed in all 38 states and D.C. and wrote primarily workers' compensation and commercial multi-peril insurance. After four years of attempted self-liquidation, WEIC determined it could no longer continue to liquidate without the assistance of the California Department of Insurance. An order placing WEIC into liquidation was entered on April 19, 1991.

WEIC's primary objective will be to resolve all asset recoveries, principally reinsurance assets at this juncture, determine final estate liability and position the Estate for closure by 2017. A significant requirement to meet that objective is to determine how to quantify the remaining long-tail exposure. All assets, except for some residual reinsurance potentially available on unresolved claims have been marshalled.

In 2010 the San Francisco Superior Court set a deadline by which all holders of claims, other than workers' compensation claims, must submit detailed claim updates which set forth the facts regarding the further developments of those claims. Currently all claims that were submitted with the update continue to be reviewed.

Final claims determinations remain the sole issue to be resolved. Two distinct problems slow the claims determination process. First, is the fact that claims must be liquidated before they can be approved, and WEIC wrote a significant number of excess and umbrella policies for environmental type exposure, and the losses continue to accumulate but have not reached an attachment point yet. This will require a Court approved tail cutting motion to require that only liquidated claims can be considered for final distribution.

The estate worked closely with the United States Department of Justice and obtained a Federal Release waiver, meaning that the estate has no residual liability to the United States. The settlement with the Unites States allowed the estate to distribute $35 million to Guaranty Associations and another $19 million to non-Guaranty Association approved creditors. The estate will concentrate on resolving the remaining creditor claims and getting a final distribution accomplished.

Western Employers Ins Co

ASSETS AND LIABILITIES
As of December 31, 2014 and December 31, 2015

Assets	12/31/2014	12/31/2015
Cash and investments	$144,496,300	$92,713,400
Recoverable from reinsurers	5,657,700	-
Total assets	150,154,000	92,713,400

Liabilities	12/31/2014	12/31/2015
Secured claims and accrued expenses	350,000	350,000
Claims against policies, before distributions	166,685,200	162,689,400
Less distributions to policyholders	(68,190,000)	(122,246,700)
All other claims	2,971,800	3,012,100
Total liabilities	101,817,000	43,804,800
Net assets (deficiency)	$48,337,000	$48,908,600

INCOME AND EXPENSES
For Year Ended December 31, 2014 and 2015

Income	2014	2015
Investment income	$1,495,600	$1,438,200
Salvage and other recoveries	3,069,800	483,800
Total income	4,565,400	1,922,000

Expenses	2014	2015
Loss and claims expenses	2,735,300	109,100
Administrative expenses	924,800	1,223,200
Total expenses	3,660,100	1,332,300
Net income (loss)	$905,300	$589,700

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$74,867,900
Recoveries, net of expenses	140,151,800
Distributions	(122,306,300)
Monetary assets available for distribution	$92,713,400

Section 3 – Cross Reference to California Insurance Code (CIC)

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. 21

(b) Whether such persons have resumed business or have been liquidated or have been mutualized. 21

(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. 4, 11, 12

(2) Annual operating goals and results. 5, 7

(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. 9, 13

(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. .. 14-16

(5) An accounting of total claims by estate. 17

(6) A list of current year and cumulative distributions by class of creditor for each estate. 20

(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. 22-55

(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. 22-55

(2) The status of the conservation and liquidation process. 22-55

(3) Financial statements, including current and cumulative distributions, comparing current calendar year to prior year 22-55