2017 ANNUAL REPORT

CONSERVATION & LIQUIDATION OFFICE

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 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.

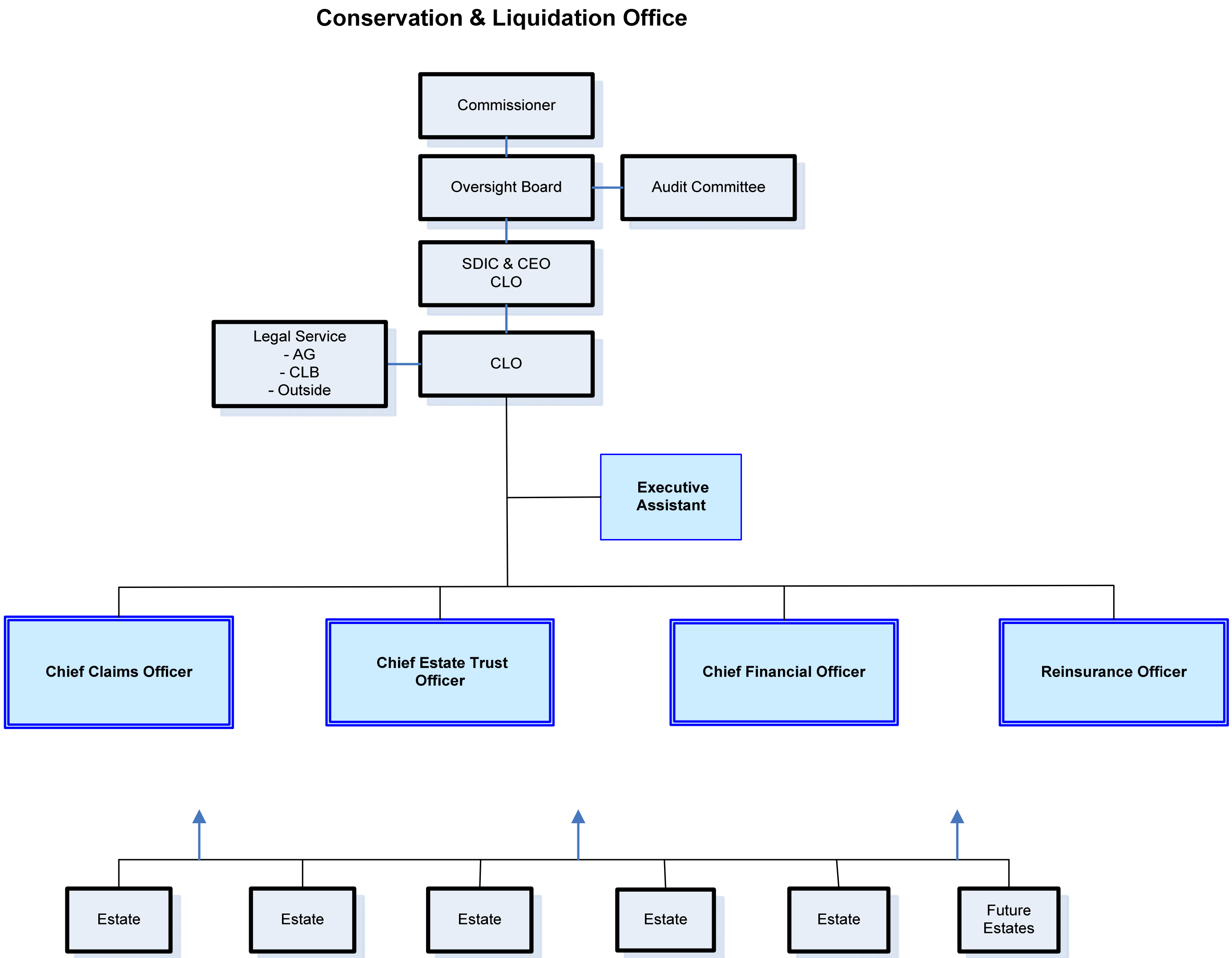
The Conservation & Liquidation Office ("CLO") performs conservation and liquidation services on behalf of the California Insurance Commissioner (Commissioner) with respect to insurance companies domiciled in California.

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, 2017, the CLO is responsible for the administration of 15 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 2017 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 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. 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



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 Chief Deputy Commissioner, Deputy Insurance Commissioner – General Counsel, and Deputy Commissioner-Financial Surveillance Branch.

During 2017, the Oversight Board and Audit Committee held three regularly scheduled meetings. There was a 100% attendance by the Committee members.

Mission Statement and 2017 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 2017 Business Plan focused on estate closings and distributions, collecting/converting assets, evaluating claims and enhancing the operating efficiencies of the CLO.

Entering 2017, there were 16 open estates under management. The open estates consist of 13 Property & Casualty Estates and three Life/Health Estates. The CLO goal in 2017 was to close two estates and distribute $127 million.

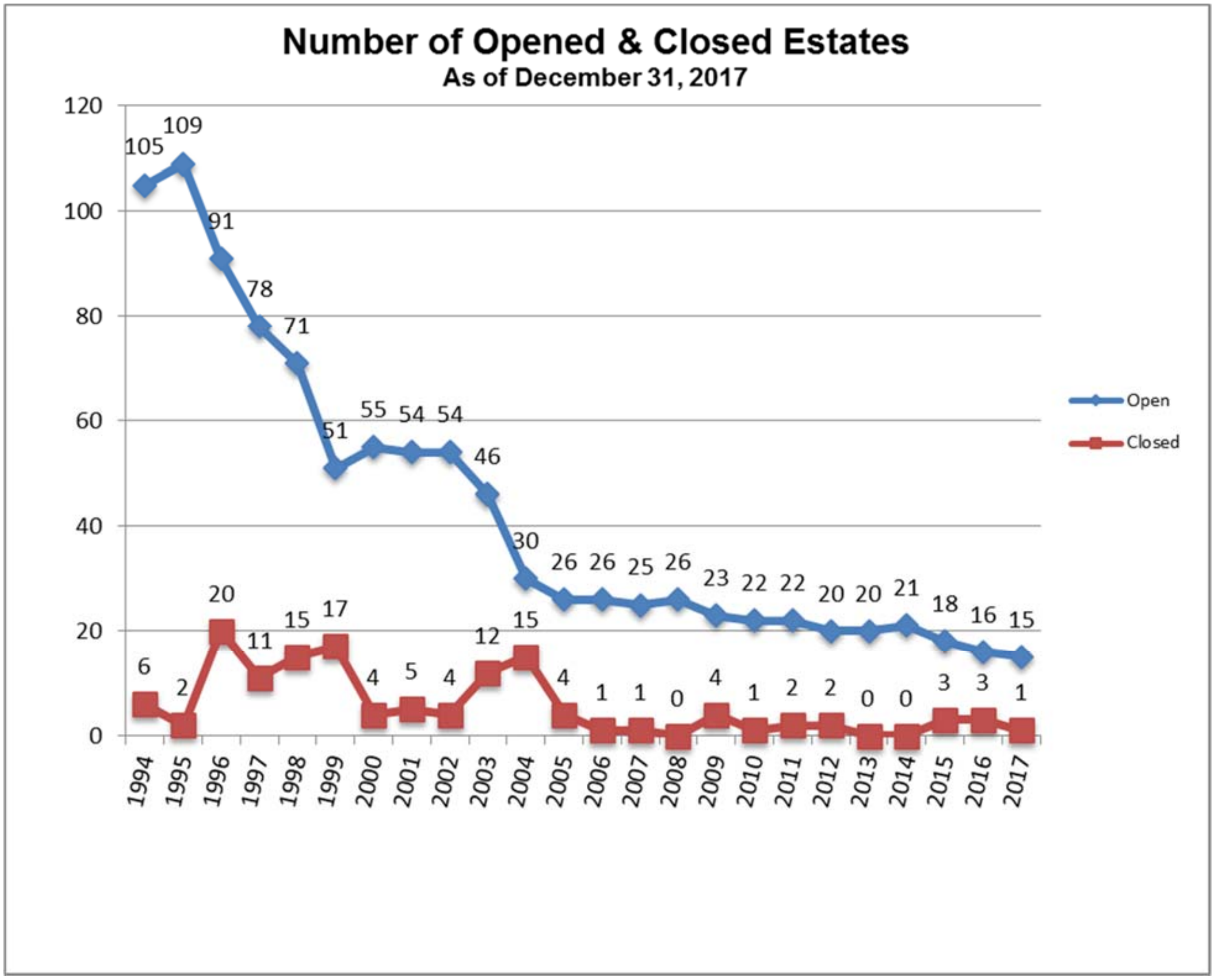
The CLO closed one of the two estates that were planned for closure in 2017. The remaining estate was delayed due to legal and regulatory complications and will close in 2018.

The CLO exceeded its 2017 distribution goal of $127 million by $283.2 million for a total of $410.2 million distributed in total during the year. In addition to the scheduled distributions from the three Mission estates, Superior National and the American Sterling estate, the CLO released an unscheduled $227.6 million early access distribution from the Castlepoint estate, as well as an unscheduled $5 million early access distribution from the SeeChange estate. Both distributions were not included in the original 2017 plan.

The only gap to the 2017 plan for distributions was the final distribution of $1 million for the Fremont Life conservation estate. To allow for final notification to policyholders the distribution has been deferred until 2018 and will be managed to closure in coordination with the Fremont Indemnity estate closure.

1. Closings

GOAL	RESULTS
Close 2 Estates: 1) American Sterling Ins. Co. 2) Fremont Life Ins. Co.	American Sterling closed on October 19, 2017. Due to legal administrative reasons, Fremont Life will not close until 2018.



Since 1994, there have been approximately 131 estates closed. These estates consisted of 55 ancillaries, 22 title companies and 54 regular insurers. Ancillary and title companies typically require only limited work on behalf of the Liquidator.

2. Distributions

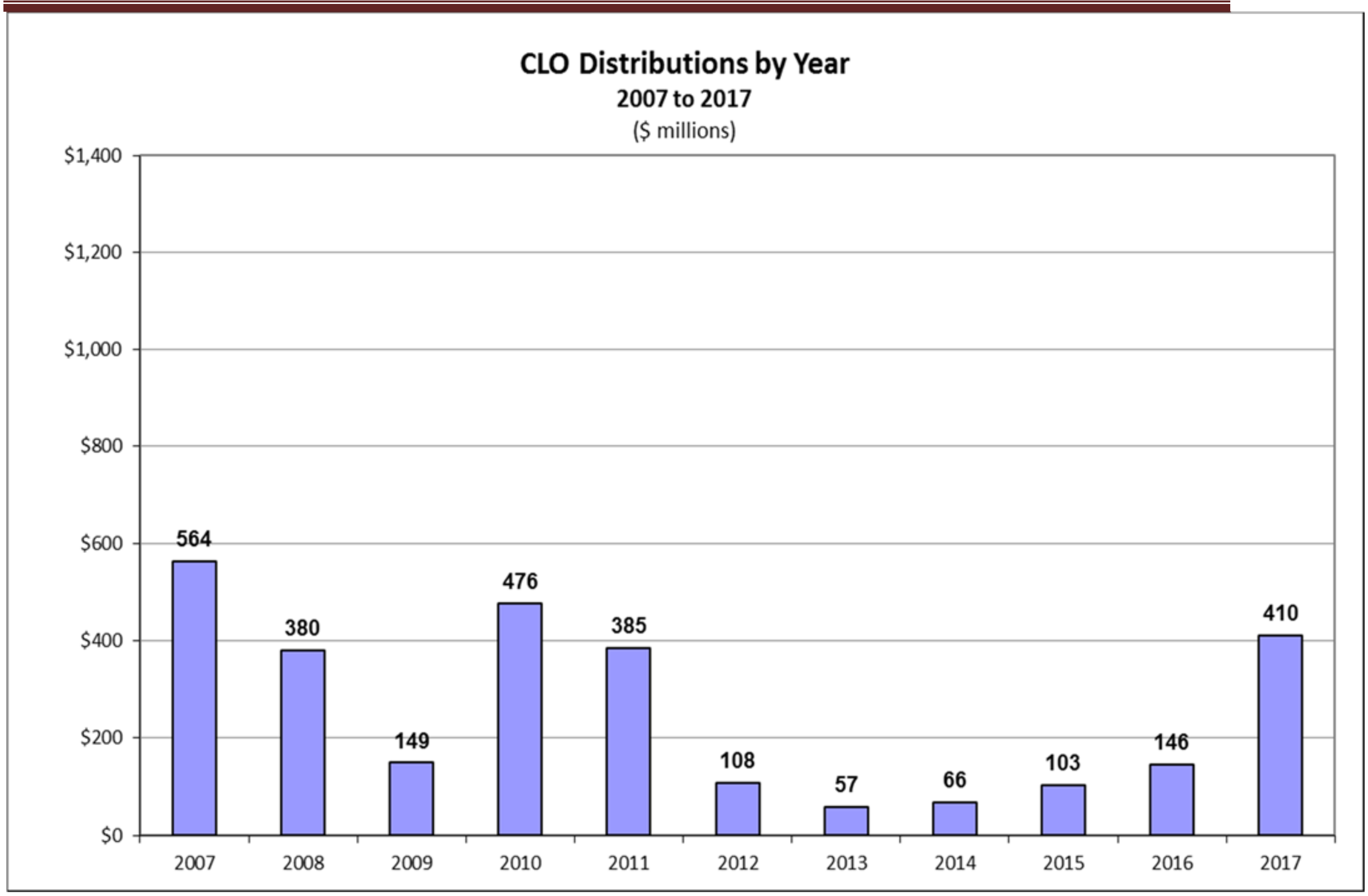
Early Access and Interim Distributions

Estate	*2017 Actual ($ Millions)	2017 Goal ($ Millions)
Mission Ins. Co.	$109.8	$91.3
Mission National Ins. Co.	$34.0	$18.7
Enterprise Ins. Co.	$8.0	$0.0
Superior National Insurance Companies In Liquidation	$17.7	$10.0
SeeChange Health Ins. Co.	$5.0	$0.0
CastlePoint National Ins. Co.	$227.6	$0.0
Sub-total:	**$402.0**	**$120.0**

Final Distributions

Estate	*2017 Actual ($ Millions)	2017 Goal ($ Millions)
American Sterling Ins. Co.	$8.2	$6.0
Fremont Life Ins. Co.	$0.0	$1.0
Closed Estates	$0.0	0.3
Sub-total:	**$8.2**	**7.3**
TOTAL DISTRIBUTIONS:	**$410.2**	**$127.3**

*Total distribution amount may not foot due to rounding.



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, 2017.

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, 2017, the CLO had $353.9 million of estate marketable investment securities under management.

For the year ending December 31, 2017, the average portfolio balance was approximately $413.5 million. The portfolio earned an interest yield of 1.9% and a net yield after security gains/losses and mark-to-market adjustments of 1.4%.

In addition, the CLO managed estate CastlePoint maintained in a separate investment account amounting to $119.7 million and yielding 2 % at December 31, 2017. This account complies with the CLO approved investment guidelines. The CastlePoint estate is currently located in New Jersey and will be transferred to San Francisco early 2019 at which time this investment account will be transferred to the CLO investment pool.

Administrative Expenses

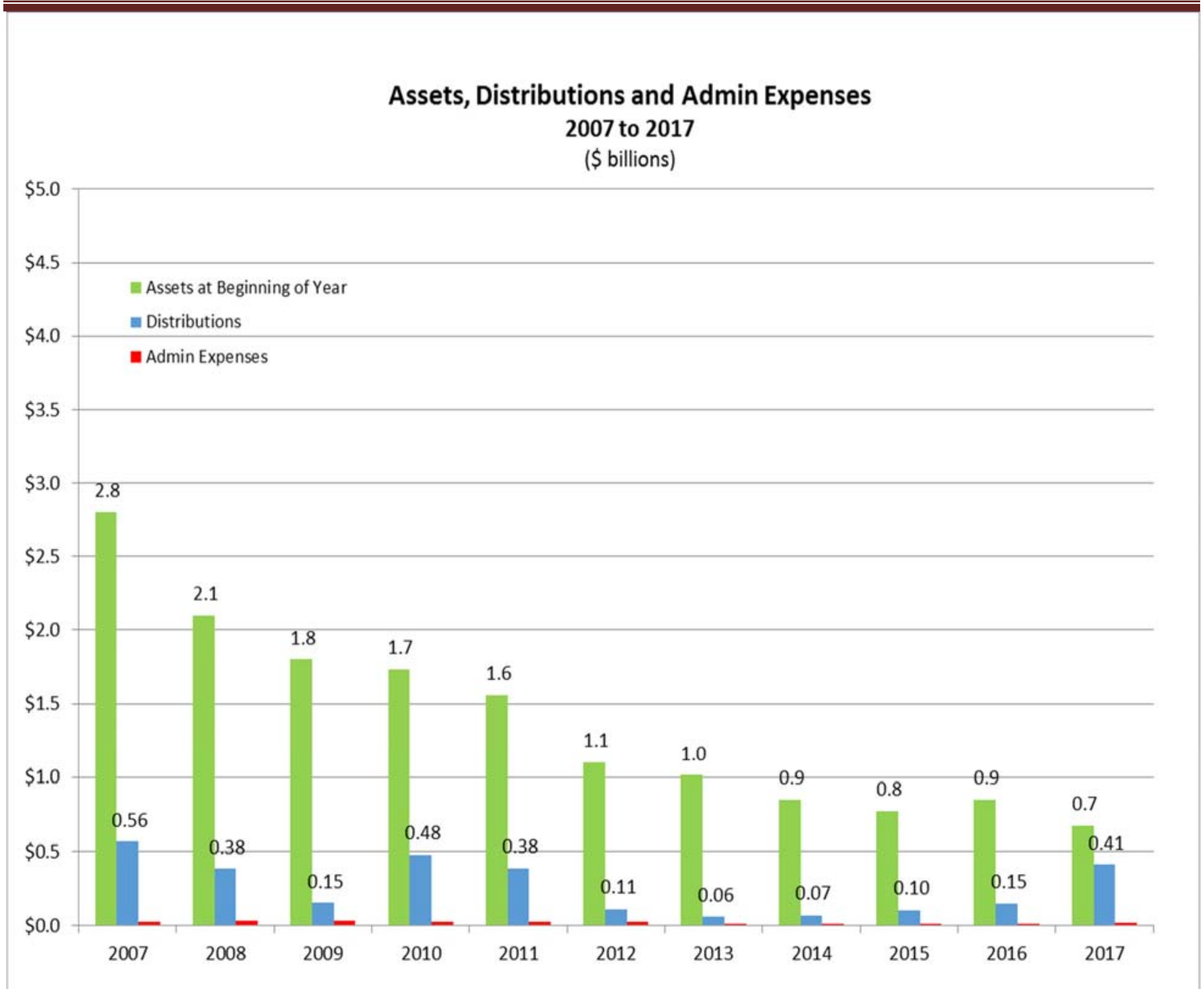
Administrative expenses consist of both direct and indirect expenses. [1]

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. 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 2017 for direct and indirect expenses.*



The chart above displays the aggregated estate assets at beginning of year, distributions and administrative expenses from the year 2007 to 2017. The table below lists these figures.

Year	Assets ($ billions)	Distributions ($ millions)	Administrative Expenses ($ millions)
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
2016	$0.9	$146	$15
2017	$0.7	$410	$11

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

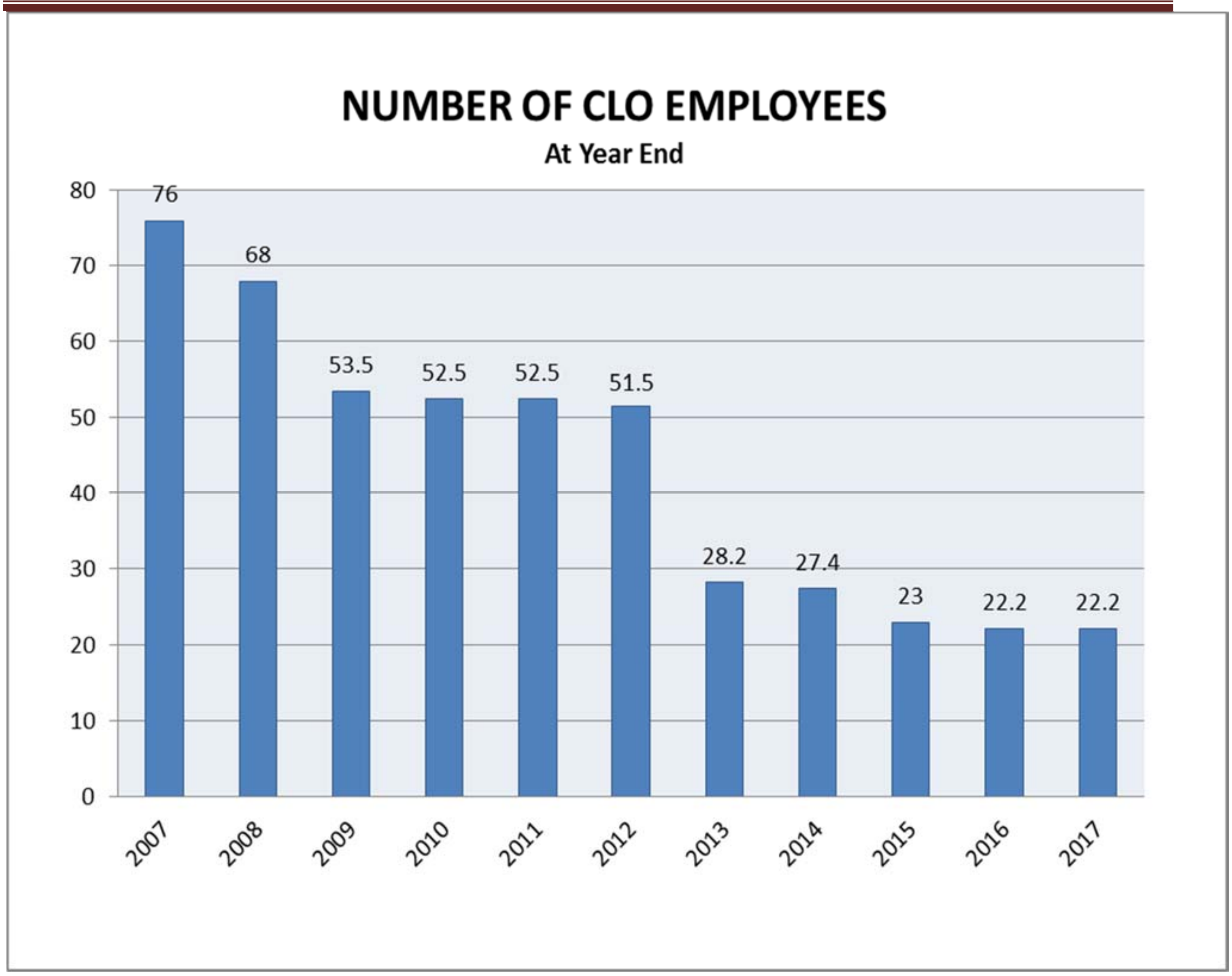
The CLO engages an outside consultant to assist in establishing compensation ranges. In developing this report for the CLO, the primary survey source used was the Comp Analyst, which is a large survey representing thousands of companies across the U.S. which include hundreds of jobs. This subscription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

	2017	**2018 (Budget)**
Number of CLO full time equivalent employees at beginning of year	22.2	20.8
Total compensation and benefits for CLO employees	$4,470,200	$4,219,500



The chart above shows the number of CLO full-time employee equivalent from 2007 to 2017.

As estates have closed resulting in reduced workloads and as a result of internal operating efficiencies the number of full-time employees decreased by 71% compared to December 31, 2007.

CLO Financial Results

For Years Ended December 31, 2017 and December 31, 2016

Cash received	**December 31, 2017**		**December 31, 2016**
	Actual	**Budget**	
Reinsurance recoveries, and miscellaneous income	$30,010,500	N/A[2]	$64,444,900
Investment income, net of expenses	6,320,000	N/A[3]	7,156,700
Total:	**$36,330,500**		**$71,601,600**

[2] 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, 2017		**December 31, 2016**
	Actual	**Budget**	
Distributions	**$410,200,000**	**$127,000,000**	**$146,318,500**

Administrative – Estate Direct Expenses

Estate Direct Expenses	**December 31, 2017**		**December 31, 2016**
	Actual	**Budget**	
Legal expenses	$1,245,900	$1,266,200	$4,456,200
Consultants and contractors	2,180,200	1,623,900	2,527,300
Office expenses	837,900	611,200	1,217,100
Compensation and benefits	8,400	0	163,500
Total	$4,272,400	$3,501,300	$8,364,100

Administrative – CLO Overhead Expenses

CLO overhead expenses	**December 31, 2017**		**December 31, 2016**
	Actual	**Budget**	
Compensation and benefits	$4,470,200	$4,219,500	$4,734,100
Office expenses	1,667,500	1,677,900	1,646,700
Consultants and contractors	162,600	194,100	163,400
Legal expenses	8,300	12,000	12,800
Total	$6,308,600	$6,103,600	$6,557,000
Administrative Totals	**December 31, 2017**		**December 31, 2016**
	Actual	**Budget**	
Estate Direct Expense Total	$4,272,400	$3,501,300	$8,364,100
CLO Overhead Expense Total	6,308,600	6,103,600	6,557,000
Total:	**$10,581,000**	**$9,604,900**	**$14,921,100**

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 efforts, 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 allowing the estate to complete an interim distribution of Altus settlement proceeds in 2016 despite uncertainties regarding the federal income tax ramifications of the Altus settlement. The Estate and associated trust will remain open until the full resolution of any remaining Federal tax matters or the lapse of the associated 3 year statute of limitations which is anticipated to be on or about September 15, 2019. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $906 million from litigation and distributed $853 million to claimants. Assets presently in the Estate will fund final distributions and operations.

Fremont Indemnity Company:

The Fremont Estate completed the run off of its extensive reinsurance program. The estate is now in position to determine and settle all class 2 (policyholder) liabilities, 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. Other than claims arising from disputes over final claim liability determinations, the estate is not facing any other material litigation or legal impediments.

Golden Eagle:

The Estate is in long-term run off. All policyholder claims have been 100% reinsured and policyholder claims are being paid timely. Because this reinsurance program 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), the Commissioner has not asked the court to set a bar date or to take any other action that would prematurely cut off any policyholders 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 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, 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 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 or alternatively, an assignment to CIGA of remaining collection activity. In Arizona, the estate is actively working with the Arizona Industrial Commission to help resolve their collection dispute with the surety company. Significant progress has been made in the past year to the degree that the entire surety impasse may be positioned for final resolution in 2019. To date, the Estate has distributed 40.3 percent of the paid losses to the Insurance Guaranty Associations.

Mission/ Mission National:

Both Mission Insurance Company and Mission National Insurance Company reached an agreement with the United States Department of Justice and the EPA on a Federal Waiver settlement and release. The Federal Waiver and Settlement documents were formally ratified by both the federal government and the liquidation court in 2017. The resolution of this long-standing legal impasse allowed for a major distribution to be released from both the Mission and Mission National estates as well as the Enterprise estate in 2017. All policyholder claims in both the Mission and Mission National estates have been paid 100%. Both estates will remain open to collect material reinsurance obligations from other insolvent estates.

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

The 5 SNICIL estates are all in final run off and have approximately $17.3 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 and properly submitted proof of claim liabilities have been determined except the finalization of the claims associated with the state guaranty funds. Collectively, the 5 estates have distributed approximately $1.5 billion dollars in early access distributions to state guaranty funds since 2001.The Estates completed the 15th early access distribution in 2017 for approximately $17.7 million.

Western Employers:

Western Employers underwrote 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 had to overcome considerable pre-receivership record-keeping issues inherited at the time of liquidation. Western Employers has several high limit umbrella and excess policy claims that have not reached policy attachment points. In order to attempt to close the estate, the CLO had to obtain an Insurance Code §1025 tail cutting motion to require that all remaining claims liabilities be liquidated in order to share in a final distribution. This "tail-cutting" process occurred in 2017 and the estate is now finalizing liability determinations of all claims. Previously Western was involved in a 5 year process to resolve any potential liability for toxic tort claims at EPA Super Fund clean-up sites. After the estate worked closely with the United States Department of Justice, it obtained a Federal Release waiver, meaning that the estate has no residual liability to the United States. The settlement with the United States allowed the estate to distribute $35 million to Guaranty Associations and another $19 million to non-Guaranty Association approved creditors. Pending of the final determination of all claims liabilities as enabled by the tail-cutting process described above, the estate may be in a position to distribute all remaining assets by the end of 2018.

Claims History

Property and Casualty Estates

Estate	Liquidation Date	Proof Of Claims Filed	Proof Of Claims Resolved	Open POCs
CastlePoint National	4/1/2017	1,074	23	1,051
Fremont	7/2/2003	45,673	45,594	79
Golden Eagle [4]	2/18/1998		n/a (see below)	
Great States	5/8/2001	1,169	1,167	2*
Mission (2 estates)	2/24/1987	141,646	141,646	0
Superior (5 estates)	9/26/2000	13,951	13,908	43
Western Employers	4/19/1991	9,791	9,772	19
	Total:	**213,304**	**212,110**	**1,194**

[4] 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 on the Great States estate relate to the inability to resolve the Arizona and California surety bond issues.*

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.

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.

SeeChange Health Insurance Company: SeeChange was an insurance company licensed to transact life, accident, and health insurance. The vast majority of its policies were written in California and Colorado. The Estate is wholly owned by SeeChange Health Management Company, Inc.

2018 Business Goals

The 2018 Business Plan is focusing on estate closings and distributions.

Entering 2018 there are 15 open estates under management by the CLO. The open estates consist of 12 Property & Casualty Estates and three Life/Health Estates. Our goal in 2018 is to distribute $160 million.

Starting 2018, we have 22.2 full-time employee equivalents. We will re-assess staffing requirements throughout the year and will make any changes deemed necessary.

The 2018 Goals are as follows:

1. Close 1 Estate[5]

- Fremont Life Ins. Co.

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

2. Final Distributions

Final Distributions:

See Change Health Ins. Co.	3,500,000
Fremont Life	1,500,000
Fremont Indemnity	70,000,000
Western Employers	85,000,000
	$160,000,000

Section 2 – Estate Specific Information

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Conservation or Liquidation Estates Opened During the Year 2017

- CastlePoint National Insurance Company (placed in Conservation on 07/28/16 and liquidated on 04/01/17).

Conservation or Liquidation Estates Closed During the Year 2017

- American Sterling Insurance Company

Current Year and Cumulative Distributions by Estate[6]

	Year Ended 12/31/2017				Cumulative to 12/31/2017			
		Federal and State				Federal and State		
	Policyholders	Claims	General Creditors	Total	Policyholders	Claims	General Creditors	Total
American Sterling Ins Co	2,214,720	-	6,022,718	8,237,438	2,451,296	-	5,991,214	8,442,510
CastlePoint National Ins Co	227,600,000			227,600,000	227,600,000			227,600,000
*Executive Life Ins Co	-	-	-	-	852,575,548	-	-	852,575,548
Enterprise Ins Co	8,042,296	-	-	8,042,296	120,573,414	39,680	20,117,899	140,730,993
Fremont Indemnity Co	-	-	-	-	1,021,353,450	-	-	1,021,353,450
Great States Ins Corp	-	-	-	-	10,154,783	-	-	10,154,783
Mission Ins Co	-	23,750,000	86,018,936	109,768,936	846,832,560	23,861,132	351,683,224	1,222,376,917
Mission National Ins Co	29,146,079	4,850,000	-	33,996,079	499,851,864	4,850,000	56,223,406	560,925,270
California Comp Ins Co	4,429,000	-	-	4,429,000	922,389,783	-	-	922,389,783
Combined Benefits Ins Co	1,000,000	-	-	1,000,000	28,078,314	-	-	28,078,314
Superior National Ins Co	5,600,000	-	-	5,600,000	423,517,736	-	-	423,517,736
Superior Pacific Cas Co	5,000,000	-	-	5,000,000	56,969,739	-	-	56,969,739
Commercial Comp Cas Co	1,684,200	-	-	1,684,200	100,113,623	-	-	100,113,623
SeeChange Insurance	5,000,000	-	-	5,000,000	5,020,806	-	-	5,020,806
Western Employers Ins Co	-	-	-	-	122,292,941	59,669	-	122,352,610
	289,716,295	28,600,000	92,041,654	410,357,949	5,239,775,857	28,810,481	434,015,743	5,702,602,082

*Since administration was transferred to CLO in 1997.

[6]Fremont Life and Golden Eagle estates are not included on this schedule as no distributions have occurred.

Estates in Conservation and/or Liquidation as of December 31, 2017

Estate Name	Date Conserved	Date Liquidated
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
Fremont Life Insurance Company	06/05/08	*
Golden Eagle Insurance Company	01/31/97	02/18/98
Great States 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 2017 operating goals and results, the current status of the estate in the conservation or liquidation process, and summarized financial information.[7]

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.

[7] *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

CastlePoint National Insurance Company

Conservation Order: July 28, 2016
Liquidation Order: April 1, 2017

__2017 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	Hermitage Insurance Company
Tower National Insurance Company	North East Insurance Company
CastlePoint Florida Insurance Company	Preserver Insurance Company
Massachusetts Homeland Insurance Company	CastlePoint Insurance Company
York Insurance Company of Maine	

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 1,790 claim files for the various guaranty associations. CastlePoint has also collected in excess of $40 million in miscellaneous assets and $26 million in reinsurance recoveries.

CastlePoint National Ins Co

ASSETS AND LIABILITIES
As of December 31, 2017

Assets	12/31/2017
Cash and investments	$320,518,000
Other assets	267,623,000
Total assets	588,141,000

Liabilities	12/31/2017
Claims against policies, before distributions	814,653,000
Less distributions to policyholders	
All other claims	57,388,000
Total liabilities	872,041,000
Net assets (deficiency)	($283,900,000)

INCOME AND EXPENSES
For Year Ended December 31, 2017

Income	2017
Investment income	$8,917,000
Salvage and other recoveries	162,000
Total income	9,079,000

Expenses	2017
Premium earned	(168,000)
Losses and claims expense	430,000
Other underwriting expneses incurred	6,725,000
Total expenses	(7,323,000)
Net income (loss)	1,756,000

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$519,264,000
Recoveries, net of expenses	27,254,000
Distributions	(227,600,000)
Monetary assets available for distribution	$318,918,000

American Sterling Insurance Company
Conservation Order: September 26, 2011
Liquidation Order: October 26, 2011

2017 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.

After monetizing all remaining estate assets in late 2016 the estate sought court approval of its final report and motion to distribute estate assets in early 2017. After addressing formal opposition to the final report, through supplemental filings with the court, the estate obtained approval to distribute all assets. The estate released its final distribution in June of 2017, and filed a declaration of compliance essentially closing the estate in October of 2017.

Executive Life Insurance Company

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

2017 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 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. The Estate and associated trust presently remain open to allow the 3 year statute of limitation associated with the estates open tax year of 2015 to lapse. The estate will also be required to complete any escheatment of any unclaimed funds after a final distribution as well as continue to submit periodic status and fee filings with the court. Since the Estate was transferred to the CLO in 1997, the Estate has recovered $906 million from litigation and distributed $853 million to claimants. Assets presently in the Estate will fund final distributions and operations.

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. The Opt-Out Trust received $37.5 million of Altus Settlement Funds.

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 the final distribution to Opt-Out policyholders.

The Estate and associated trust will remain open until resolution of a Federal tax matter which is anticipated about September 15, 2019.

Executive Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$75,895,000	$76,960,800
Other assets	590,000	-
Total assets	76,485,000	76,960,800

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	84,500	90,400
Policyholder liability	7,005,828,700	7,280,664,300
Less distributions to policyholders	(115,299,600)	(115,299,600)
All other claims	428,800	-
Total liabilities	6,891,042,400	7,165,455,100
Net assets (deficiency)	(6,814,557,400)	(7,088,494,300)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$2,202,400	$980,000
Miscellanoues income	-	100
Total income	2,202,400	980,100

Expenses	2016	2017
Administrative expenses	5,986,600	502,300
Interest on policyholder liability	170,242,000	274,843,400
Total expenses	176,228,600	275,345,700
Net income (loss)	(174,026,200)	(274,365,600)

CHANGE IN MONETARY ASSETS [8]

Beginning monetary assets at takeover	$112,111,400
Recoveries, net of expenses	817,424,900
Distributions	(852,575,500)
Monetary assets available for distribution	$76,960,800

[8] *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, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$18,082,500	$16,009,500
Total assets	18,082,500	16,009,500

Liabilities	12/31/2016	12/31/2017
Secured claims	16,736,200	13,458,900
Unclaimed funds payable	2,236,600	1,958,900
Payable to Affiliates	590,000	-
Reserve for administrative expenses	(1,480,300)	591,700
Total liabilities	18,082,500	16,009,500

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income and Expenses	2016	2017
Investment income	$118,100	$212,900
Administrative expenses	804,100	697,200
Net income (loss)	($686,000)	($484,300)

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

2017 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 material legal disputes have been resolved, but as the estate positions for closure through the final determination of its claims liability, there is the possibility for further legal actions should creditors seek to oppose the estate's determination of their claim.

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

Legal Counsel for the Estate obtained an Insurance Code §1025 "tail-cutting" motion to establish July 28, 2017 as the date by which all remaining open claims must be liquidated, with a final date of September 29, 2017, for the claim to be perfected and submitted to the Liquidator. This has enabled the Liquidator to start the process of final claim determinations preparatory to seeking authority to distribute its remaining assets. Absent opposition or unforeseen impediments to the final determination of the estate's policyholder liability, the Estate should be in position to make a final distribution in late 2018.

Fremont Indemnity Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$74,653,600	$77,945,500
Recoverable from reinsurers	20,025,600	2,504,100
Other assets	7,338,900	1,427,200
Total assets	102,018,100	81,876,800

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	39,500	42,500
Claims against policies, before distributions	2,786,040,900	2,673,590,000
Less distributions to policyholders	(1,021,353,400)	(1,022,929,100)
All other claims	308,684,500	221,033,600
Total liabilities	2,073,411,500	1,871,737,000
Net assets (deficiency)	($1,971,393,400)	($1,789,860,200)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$748,300	$957,900
Salvage and other recoveries	11,299,000	5,226,100
Total income	12,047,300	6,184,000

Expenses	2016	2017
Loss and claims expenses	(329,090,500)	(176,456,700)
Federal Income Tax Expense	432,200	236,200
Administrative expenses	1,958,700	871,300
Total expenses	(326,699,600)	(175,349,200)
Net income (loss)	$338,746,900	181,533,200

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$434,855,900
Recoveries, net of expenses	666,018,700
Distributions...	(1,022,929,100)
Monetary assets available for distribution	$77,945,500

Fremont Life Insurance Company
Conservation Order: June 05, 2008

2017 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 was 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 anticipates all final assumption notifications and certificates to be delivered to the remaining co-insured policies by June 2018 thereby positioning the conservation estate to seek court authority to release a final distribution and close the estate in late 2018. The Estate is a wholly owned subsidiary of the Fremont Indemnity insolvency estate.

Fremont Life Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$1,547,100	$1,571,000
Other assets	500	600
Total assets	1,547,600	1,571,600

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	139,900	176,500
All other claims	1,609,200	1,609,200
Total liabilities	1,749,100	1,785,700
Net assets (deficiency)	($201,500)	($214,100)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$21,000	$20,000
Salvage and other recoveries	50,000	-
Total income	71,000	20,000

Expenses	2016	2017
Administrative expenses	156,700	32,600
Total expenses	156,700	32,600
Net income (loss)	($85,700)	($12,600)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$1,443,100
Recoveries, net of expenses	127,900
Monetary assets available for distribution	$1,571,000

Golden Eagle Insurance Company

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

2017 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. Because there has been no court activity in the judicial proceeding for several years, the Commissioner is working with Liberty Mutual and the Court to develop and implement a plan to keep the Plan in place, but dismiss the judicial proceeding subject to the case being reopened in the future if necessary to protect policyholders, to enforce the Plan, and/or to allow for IGA coverage to be triggered in the event the existing claims paying capacity provided for under the Rehabilitation Plan is exhausted.

All remaining policyholder claims continue to be 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. Those Plan agreements will remain in full force and effect until the entire remaining exposure is paid, assumed, or novated. Even if the legal proceeding is temporarily dismissed, the liquidation 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 December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$1,666,700	$1,546,100
Other assets	-	100
Total assets	1,666,700	1,546,200

Liabilities	12/31/2016	12/31/2017
Net assets (deficiency)	$1,666,700	$1,546,200

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$21,400	$20,800
Total income	21,400	20,800

Expenses	2016	2017
Administrative expenses	85,200	141,800
Total expenses	85,200	141,800
Net income (loss)	($63,800)	($121,000)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover [9]	$2,029,000
Recoveries, net of expenses	(482,900)
Monetary assets available for distribution	$1,546,100

[9] *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

2017 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 that were intended to be released as claims arise and formal awards are issued. The entity that has issued the surety bond has certain -set-off rights related to reinsurance recoveries by Great States. The process of reconciling these releases and offsets has been an on-going requirement of the Estate.

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 Industrial Commission which had a substantial hiatus in billing the surety after encountering various obstacles to recovering from the surety. Substantial progress has been made, and it is possible that all issues may be resolved before the end of 2018. Resolution of the two surety matters would position the estate for a final distribution of all remaining assets and closure sometime in 2019. Only the California and Arizona claims remain unresolved, and beyond the surety collections there are no material assets remaining for collection.

Great States Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$20,745,800	$20,770,800
Recoverable from reinsurers	715,700	-
Total assets	21,461,500	20,770,800

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	14,800	16,200
Claims against policies, before distributions	72,407,700	71,416,900
Less distributions to policyholders	(10,154,800)	(15,669,800)
All other claims	11,917,600	11,917,600
Total liabilities	74,185,300	67,680,900
Net assets (deficiency)	($52,723,800)	($46,910,100)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$261,300	$265,800
Salvage and other recoveries	1,340,500	5,537,800
Total income	1,601,800	5,803,600

Expenses	2016	2017
Loss and claims expenses	(2,392,000)	(253,400)
Federal Income Tax Expense	73,000	93,000
Administrative expenses	169,300	150,200
Total expenses	(2,149,700)	(10,200)
Net income (loss)	$3,751,500	$5,813,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$7,889,700
Recoveries, net of expenses	28,550,900
Distributions	(15,669,800)
Monetary assets available for distribution	$20,770,800

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

2017 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 2017, 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 issues by the taxpayer.

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. 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 Federal Waiver and Settlement agreement have been fully ratified by both the federal government and the liquidation court in 2017.The Estates made a quasi-final distribution in 2017 to all creditors thereafter, but the estate must remain open as there is still a substantial amount of assets to recover from other insolvent entities.

Mission Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$113,108,500	$4,336,400
Recoverable from reinsurers	20,436,700	20,788,400
Other assets	23,816,400	23,817,600
Total assets	157,361,600	48,942,400

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	24,923,300	1,461,600
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	112,419,500
Total liabilities	223,361,800	113,881,100
Net assets (deficiency)	($66,000,200)	($64,938,700)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$1,421,000	$1,372,700
Salvage and other recoveries	16,200	81,700
Total income	1,437,200	1,454,400

Expenses	2016	2017
Loss and claims expenses	-	(351,700)
Administrative expenses	(53,346,600)	744,700
Total expenses	(53,346,600)	393,000
Net income (loss)	$54,783,800	$1,061,400

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$133,667,000
Recoveries, net of expenses	1,069,296,300
Distributions	(1,198,626,900)
Monetary assets available for distribution	$4,336,400

Mission National Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$33,628,900	$4,994,900
Recoverable from reinsurers	1,718,900	2,610,000
Other assets	-	500
Total assets	35,347,800	7,605,400

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	6,736,800	2,489,900
Claims against policies, before distributions	596,098,500	596,098,500
Less distributions to policyholders	(499,851,900)	(528,997,900)
All other claims	16,838,100	16,838,100
Total liabilities	119,821,500	86,428,600
Net assets (deficiency)	($84,473,700)	($78,823,200)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$411,300	$412,900
Salvage and other recoveries	67,200	76,400
Total income	478,500	489,300

Expenses	2016	2017
Loss and claims expenses	4,826,100	(5,429,900)
Federal Income Tax Expense	(15,867,000)	-
Administrative expenses	118,900	268,600
Total expenses	(10,922,000)	(5,161,300)
Net income (loss)	$11,400,500	5,650,600

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$18,289,000
Recoveries, net of expenses	542,781,200
Distributions	(556,075,300)
Monetary assets available for distribution	$4,994,900

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

2017 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. 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 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.

SeeChange wrote health insurance policies subject to the Affordable Care Act (“ACA”) and received a bill from the Centers for Medicare and Medicaid Services (“CMS”) for the Estate’s participation in the 2014 Risk Adjustment program in the amount of $3,160,139. Additionally, the Estate owed CMS $1,988,154 for their Transitional Reinsurance Program. The Estate had established a liability of $2,480,071 for the liability to CMS for the 2014 Risk Adjustment Program and $2,085,353 for the Transitional Reinsurance Program. These claims were adjudicated as a Class 3 obligation under 1033 of the California Insurance Statutes by CLO as part of the proof of claim process. CMS has stipulated to this classification. CLO requested and received a Federal Release from the United States Department of Justice to release the Estate from any known federal claims on December 22, 2017. That agreement was subsequently filed and approved by the Liquidation Court. SeeChange is being prepared for closing and a final distribution pleading should be filed by June 30, 2018.

SeeChange Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$8,785,400	$4,075,300
Other assets	78,300	78,400
Total assets	8,863,700	4,153,700

Liabilities	12/31/2016	12/31/2017
Claims against policies, before distributions	19,772,600	19,901,200
Less distributions to policyholders	(20,800)	(5,020,800)
All other claims[10]	5,199,700	5,199,700
Total liabilities	24,951,500	20,080,100
Net assets (deficiency)	($16,087,800)	($15,926,400)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$87,000	$69,000
Salvage and other recoveries	1,525,700	52,800
Total income	1,612,700	121,800

Expenses	2016	2017
Losses and claims expense [10]	634,200	5,100
Federal Income Tax Expense	-	13,900
Administrative expenses	294,900	99,500
Total expenses	929,100	118,500
Net income (loss)	$683,600	$3,300

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$6,028,900
Recoveries, net of expenses	3,067,200
Distributions	(5,020,800)
Monetary assets available for distribution	$4,075,300

[10] *2016 amount reported include adjustment for reclassification of Estate claims liabilities.*

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

<u>2017 Report</u>
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 2017 the Superior National Estates released its fifteenth early access distribution to guaranty associations.

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 $17,300,000 (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 25 plus years. Once reinsurance has been resolved, there are no significant issues remaining and the Liquidator can seek closure, hopefully in 2019.

California Compensation Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$19,748,100	$16,107,300
Recoverable from reinsurers	21,284,500	1,034,600
Other assets	-	700
Total assets	41,032,600	17,142,600

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	232,700	231,200
Claims against policies, before distributions	2,098,770,700	2,000,010,800
Less distributions to policyholders	(917,960,800)	(922,388,300)
All other claims	51,490,300	119,228,500
Total liabilities	1,232,532,900	1,197,082,200
Net assets (deficiency)	($1,191,500,300)	($1,179,939,600)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$244,800	$246,300
Salvage and other recoveries	4,278,200	3,490,300
Total income	4,523,000	3,736,600

Expenses	2016	2017
Loss and claims expenses	(32,131,500)	(8,455,600)
Administrative expenses	821,200	631,600
Total expenses	(31,310,300)	(7,824,000)
Net income (loss)	$35,833,300	$11,560,600

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$165,879,200
Recoveries, net of expenses	772,616,400
Distributions	(922,388,300)
Monetary assets available for distribution	$16,107,300

Combined Benefits Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$8,218,700	$7,249,900
Recoverable from reinsurers	40,500	1,100
Total assets	8,259,200	7,251,000

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	600	900
Claims against policies, before distributions	34,602,700	33,973,000
Less distributions to policyholders	(26,078,300)	(28,078,300)
All other claims	6,246,500	6,233,900
Total liabilities	13,771,500	12,129,500
Net assets (deficiency)	($5,512,300)	(4,878,500)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$113,100	$102,200
Salvage and other recoveries	105,500	(1,100)
Total income	218,600	101,100

Expenses	2016	2017
Loss and claims expenses	(742,100)	(615,300)
Administrative expenses	89,100	82,600
Total expenses	(653,000)	(532,700)
Net income (loss)	$871,600	$633,800

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$11,115,400
Recoveries, net of expenses	24,212,800
Distributions	(28,078,300)
Monetary assets available for distribution	$7,249,900

Superior National Ins Co

ASSETS AND LIABILITIES
As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$31,014,400	$28,290,700
Recoverable from reinsurers	9,478,200	7,984,400
Total assets	40,492,600	36,275,100

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	77,500	78,100
Claims against policies, before distributions	854,313,800	831,897,100
Less distributions to policyholders	(417,917,700)	(423,517,700)
All other claims	28,722,700	28,722,700
Total liabilities	465,196,300	437,180,200
Net assets (deficiency)	($424,703,700)	($400,905,100)

INCOME AND EXPENSES
For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$137,500	$241,700
Salvage and other recoveries	1,394,600	886,200
Total income	1,532,100	1,127,900

Expenses	2016	2017
Loss and claims expenses	(37,315,900)	(22,933,200)
Administrative expenses	338,100	262,400
Total expenses	(36,977,800)	(22,670,800)
Net income (loss)	$38,509,900	$23,798,700

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$68,622,300
Recoveries, net of expenses	383,186,100
Distributions	(423,517,700)
Monetary assets available for distribution	$28,290,700

Superior Pacific Casualty Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$5,768,600	$10,048,400
Recoverable from reinsurers	13,623,900	8,232,400
Total assets	19,392,500	18,280,800

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	400	600
Claims against policies, before distributions	216,747,000	215,174,900
Less distributions to policyholders	(51,969,700)	(56,969,700)
All other claims	62,365,700	62,365,700
Total liabilities	227,143,400	220,571,500
Net assets (deficiency)	($207,750,900)	($202,290,700)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$137,700	$158,000
Salvage and other recoveries	165,300	(6,600)
Total income	303,000	151,400

Expenses	2016	2017
Loss and claims expenses	(9,630,600)	(5,537,100)
Administrative expenses	287,200	228,300
Total expenses	(9,343,400)	(5,308,800)
Net income (loss)	$9,646,400	$5,460,200

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$58,666,300
Recoveries, net of expenses	8,351,800
Distributions	(56,969,700)
Monetary assets available for distribution	$10,048,400

Commercial Compensation Casualty Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$11,527,800	$11,096,400
Recoverable from reinsurers	2,654,000	6,800
Total assets	14,181,800	11,103,200

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	682,600	683,200
Claims against policies, before distributions	140,701,000	140,782,600
Less distributions to policyholders	(98,429,400)	(100,113,600)
All other claims	13,754,500	13,918,500
Total liabilities	56,708,700	55,270,700
Net assets (deficiency)	($42,526,900)	($44,167,500)

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$124,600	$147,900
Salvage and other recoveries	88,300	45,700
Total income	212,900	193,600

Expenses	2016	2017
Loss and claims expenses	(2,629,800)	1,765,600
Administrative expenses	68,400	68,800
Total expenses	(2,561,400)	1,834,400
Net income (loss)	$2,774,300	($1,640,800)

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$6,420,700
Recoveries, net of expenses	104,789,300
Distributions	(100,113,600)
Monetary assets available for distribution	$11,096,400

Western Employers Insurance Company

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

2017 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 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 is to determine final estate liability and position the Estate for a final distribution of all remaining assets in 2018. All assets, except for some minimum residual reinsurance potentially available on unresolved claims, have been marshalled.

The estate worked closely with the United States Department of Justice for 5 years and obtained a Federal Release waiver, meaning that the estate has no residual liability to the United States.

The Liquidator obtained an Insurance Code §1025 tail cutting motion requiring that all claims be liquidated in April, 2017, and perfected to the Liquidator by July 2017, This eliminated the major claims determination issues and allowed the estate to commence final claims determinations, a process which continues. Barring contested final claim determinations and result in litigation, the estate projects that a final distribution of all remaining assets may occur in 2018.

Western Employers Ins Co

ASSETS AND LIABILITIES

As of December 31, 2016 and December 31, 2017

Assets	12/31/2016	12/31/2017
Cash and investments	$93,237,300	$92,194,000
Other assets	-	1,463,700
Total assets	93,237,300	93,657,700

Liabilities	12/31/2016	12/31/2017
Secured claims and accrued expenses	350,000	355,400
Claims against policies, before distributions	162,229,100	161,892,600
Less distributions to policyholders	(122,292,900)	(122,950,400)
All other claims	3,012,100	3,012,100
Total liabilities	43,298,300	42,309,700
Net assets (deficiency)	$49,939,000	$51,348,000

INCOME AND EXPENSES

For Year Ended December 31, 2016 and 2017

Income	2016	2017
Investment income	$1,070,000	$1,034,400
Salvage and other recoveries	449,900	892,100
Total income	1,519,900	1,926,500

Expenses	2016	2017
Loss and claims expenses	(294,400)	(221,500)
Federal Income Tax Expense	302,000	270,000
Administrative expenses	481,800	469,100
Total expenses	489,400	517,600
Net income (loss)	$1,030,500	$1,408,900

CHANGE IN ASSETS AVAILABLE FOR DISTRIBUTION

Beginning monetary assets at takeover	$74,867,900
Recoveries, net of expenses	140,336,200
Distributions	(123,010,100)
Monetary assets available for distribution	$92,194,000

Section 3 – 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. 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