

Office of the Special Deputy

The Director of Insurance as statutory Conservator, Rehabilitator, or Liquidator of companies subject to provisions of Articles XIII and XIII ½ of the Illinois Insurance Code, has appointed, pursuant to the authority in Article XIII, a Special Deputy as his agent to direct the affairs of such companies in receivership. Through the Special Deputy, the Director takes the following alternative courses of action, depending on the type of court order that is issued against a company:

1. Pursuant to an Order of Conservation, the Director takes possession of the property, business and affairs of a company to protect the interests of policyholders and other creditors, and proceeds, if possible, to take corrective action to eliminate the condition that required the conservation.

2. Pursuant to an Order of Rehabilitation, the Director is vested with title to all property, contracts and rights of action of the company. He proceeds to conduct the business of the company and to take appropriate steps, if possible, to remove the causes and conditions which made rehabilitation necessary.

3. Pursuant to an Order of Liquidation, the Director is also vested with title to all property, contracts and rights of action of the company. Upon entry of the court order, he proceeds immediately to liquidate the property, business and affairs of the company, to marshal assets, and to evaluate the claims asserted against the company in order to make a pro rata distribution of assets as soon as possible to policyholders, claimants, and other creditors.

For Illinois domiciled or licensed insurers placed into liquidation, the Illinois Property and Casualty Guaranty Fund, the Illinois Life, Accident and Health Guaranty Association, and the Illinois Health Maintenance Organization Guaranty Association are mandated by statute to respond to the covered claims up to certain statutory caps. Similar funds and associations exist in most other states for similar purposes. The claims of policyholders of unauthorized, illegal or unlicensed insurers are not generally afforded this protection.

Following is a brief report of each active company as of December 31, 1999, as well as a combined statement of cash receipts and disbursements for each company.

AAI Syndicate #1, Ltd.

An Order of Conservation with a Finding of Insolvency was obtained against AAI Syndicate #1, Ltd. on February 2, 1999. An Agreed Order of Liquidation was entered on February 9, 1999. A member of the Illinois Insurance Exchange (a/k/a INEX), AAI is a wholly owned subsidiary of AAI Holdings Ltd. which in turn is principally owned by CMA Holdings.

The claims filing deadline is February 9, 2000, with a contingent claim date of February 9, 2001. A total of 10,597 proofs of claim were mailed to potential claimants and 1,028 have been filed.

The outcome of the litigation referenced in the "Geneva Assurance Syndicate" section of this report will be an important factor in determining the amount of funds available for distribution to AAI claimants.

DOI Archives

The Department issued the first manual of procedures for liquidating insurance companies in 1964.

In 1969, legislation was enacted to void the contingent liability provision in insurance policies of companies placed in liquidation, thereby repealing the levy of assessments on policyholders.

Guaranty funds were established in Illinois in 1971 for property and casualty companies; in 1980 for life and health insurers; and in 1987 for HMOs.

Alpine Insurance Company

On January 8, 1999, Alpine Insurance Company, a domestic property and casualty company, was placed under an Agreed Order of Conservation. The company's direct parent is Transco Syndicate #1, Ltd., while the ultimate parent is Exstar Financial Corporation. Transco, a former member of the Illinois Insurance Exchange (a/k/a INEX), was placed in conservation on March 18, 1999.

This receivership is now adversarial. The conservator has filed a Complaint for Liquidation, while the company has contested liquidation and is arguing for a Plan of Rehabilitation. A trial to address these matters will begin in June, 2000.

Amalgamated Labor Life Insurance Company

This domestic life, accident and health company was placed under an Order of Conservation by the Circuit Court of Cook County, Illinois, on May 1, 1989. An Agreed Order of Liquidation was entered against Amalgamated Labor Life Insurance Company on July 5, 1989. Amalgamated is a wholly-owned subsidiary of Missouri National Life Insurance Company which in turn is owned by MoNat Capital Corporation. Missouri National was placed into liquidation on June 29, 1989 in the State of Missouri.

A 100% level A distribution was made to the guaranty associations in the amount of \$927,528. A 22.29% distribution was made at level D in the amount of \$2,854,219. The estate closed on December 29, 1999.

American Mutual Reinsurance Company

American Mutual Reinsurance Company, a domestic mutual insurance company, consented to an Order of Rehabilitation issued by the Circuit Court of Cook County, Illinois, on February 22, 1988. The company operated exclusively as a professional reinsurer of risks written primarily by other mutual insurance companies since its inception in 1941. The company is owned by its reinsured treaty

holders, many of which are also retrocessionaires in the company's reinsurance pool. The company has no direct policyholders.

The Rehabilitator's supervising court entered an order on September 6, 1988, approving the amended Plan of Rehabilitation for American Mutual Reinsurance Company. The amended plan contemplates the payment, in cash, of a fixed percentage of all outstanding claims presented in the ordinary course of business and payment of the remainder by interest bearing surplus drafts. The amended plan provides for progressive periodic increases to the cash portion of the payment formula and a corresponding redemption of the surplus drafts so that, ultimately, obligations may be paid 100% in cash.

The first payment under this amended plan was made in February 15, 1989. In 1999 American Mutual Reinsurance Company made an additional four (4) distributions, bringing the total number of distributions under the amended plan to forty-four (44). The payment formulas for distributions made under the amended plan are 37.50% cash and 62.50% surplus draft for 1989 and 1990 payments; 41.25% cash and 58.75% surplus draft for 1991 through 1993; 46.25% cash and 53.75% surplus draft for 1994 through 1996; and 49.25% cash and 50.75% surplus draft for 1997 through 1999 payments. The increased payment formula in 1991, 1994 and 1997 resulted in partial redemptions of the outstanding surplus drafts totaling \$15,055,322. Through 1999, American Mutual Reinsurance Company has settled over \$353 million of paid claim obligations pursuant to the Plan of Rehabilitation—\$216.4 million in cash and cash offsets and the remaining \$137.4 million in surplus drafts.

Associated Life Insurance Company

Associated Life Insurance Company was placed under an Order of Conservation on July 29, 1988, by the Circuit Court of Cook County, Illinois. This domestic life, accident and health company was owned by United Diversified Corporation, an insurance holding company (now liquidated) which

was controlled by Towers Diversified Corporation of New York City. The Director determined that the company was insolvent and on September 1, 1988, filed his Complaint for Liquidation with a Finding of Insolvency against Associated Life Insurance Company. After extended hearings, adversarial in nature, an Agreed Order of Liquidation with a Finding of Insolvency was issued on March 3, 1989.

The claims filing date was March 3, 1990. Approximately 29,528 proof of claim forms were mailed, of which approximately 2,651 were filed with the Liquidator. To date, early access distributions of \$268,840 have been made to various guaranty associations, for both administrative expenses and claim benefits.

In 1992, a settlement in favor of Associated Life was reached in a suit in federal court against certain former officers and directors of the company. The suit included allegations of violations of the Racketeer Influenced and Corrupt Organization Act and dissipation of company funds. The former controlling person of these companies, as well as Towers, has since been incarcerated in federal prison, in part as a result of this insolvency. Additional indictments were issued.

A decision regarding the feasibility of a policyholder distribution will be made following an assessment of potential IRS tax liability, the amount of the guaranty association administrative expenses and claims incurred to date.

Back of the Yards Risk Management Association, Inc.

The Association was organized in 1993, pursuant to the Illinois Workers Compensation Act and Section 305 of the Illinois Insurance Code, for the purpose of administering a program of group self-insurance for workers compensation loss exposures for selected members of the Back of the Yards Neighborhood Council, Inc. The Association was placed in conservation by a court order entered April 21, 1999. An Agreed Order of Rehabilitation was entered on December 20, 1999.

The Rehabilitator directed the Association's assessment of its 1,000 pool members on June 22, 1999, in order to cure the deficiencies in its financial condition. Collection efforts are ongoing, as the Rehabilitator continues to monitor the Association's financial viability. The only claim payments currently being made are for losses due to temporary total disability and temporary partial disability.

Centaur Insurance Company

Centaur Insurance Company, a domestic property and casualty insurance company, consented to an Agreed Order of Rehabilitation issued by the Circuit Court of Cook County, Illinois, on September 4, 1987. The Rehabilitator's Revised Plan of Rehabilitation was entered by the supervising court on May 13, 1988, and subsequently approved by order dated November 19, 1990. The company is a wholly-owned subsidiary of Borg-Warner Securities Corporation. From inception to date, the Rehabilitator has paid \$51,271,555 in direct claims and related loss adjustment expenses.

The Rehabilitator has engaged in negotiations with numerous reinsurers, both domestic and international, resulting in commutations which were approved by the supervising court. Claims of reinsureds are undergoing extensive review in an effort to fix the liabilities of Centaur's general creditors.

Coronet Insurance Company

On December 10, 1996, an Order of Conservation was obtained against Coronet Insurance Company, as well as two of its subsidiaries, Crown Casualty Company and National Assurance Indemnity Company. On December 24, 1996, Coronet was declared insolvent and an Agreed Order of Liquidation was entered. Coronet, a domestic property and casualty company, is a wholly owned subsidiary of Normandy Insurance Agency, Inc. of Chicago.

The claim filing deadline was December 24, 1997, with a contingent claim date of December 24, 1998. A total of 104,836 proof of claim forms were mailed, of which 18,548 were filed with the Liquidator. To date, early access distributions of \$136,882 have been made to various guaranty funds, for both administrative expenses and claim benefits.

On December 8, 1998, the Liquidator filed a federal RICO complaint in the U.S.D.C. Northern District of Illinois, against certain former officers and directors of Coronet. Settlement agreements totaling \$5 million have been reached with five defendants and two additional parties.

Crown Casualty Company

Crown Casualty, a domestic property and casualty company, and a member of the Coronet Insurance Group, was ordered into conservation on December 10, 1996. On January 31, 1997, an Order of Liquidation was entered. The order was a non-contested default. Crown is a wholly owned subsidiary of National Assurance Indemnity Company, which in turn is owned by Coronet Insurance Company. National Assurance and Coronet were also placed in conservation on December 10, 1996. Coronet was placed in liquidation on December 24, 1996, while NAIC's liquidation date was January 3, 1997.

The claim filing deadline was February 2, 1998, with a contingent claim filing date of January 31, 1999. A total of 8,379 proof of claim forms were mailed, of which 1,005 were filed with the Liquidator. Early access distributions of \$56,242 have been made to the Illinois Guaranty Fund for administrative expenses.

Edison Insurance Company

Edison Insurance Company, a domestic property and casualty company, was placed under an Order of Conservation on November 14, 1990. An Agreed Order of Liquidation with a Finding of Insolvency was subsequently issued on February 20, 1991. Edison is a wholly-owned subsidiary of Quantex Financial

Corporation, a New Jersey financial holding corporation.

Approximately 32,274 proofs of claim were mailed and 5,755 have been filed. The claims filing deadline was February 20, 1992. The deadline for contingent claims was February 22, 1993. To date, early access distributions of \$2,618,391 have been made to various guaranty funds, for both administrative expenses and claim benefits.

Ongoing reinsurance recoveries for amounts in excess of \$2 million represent the primary asset marshaling activity for this company.

Equity General Insurance Company

Equity General Insurance Company, a domestic fire and casualty company, was placed under an Order of Conservation by the Circuit Court of Cook County, Illinois, on November 3, 1989. The company is a wholly owned subsidiary of Vincent Nuccio Holding Company. On November 20, 1989, an Order of Liquidation with a Finding of Insolvency was entered against the company. This order was a non-contested default.

The claims filing date was November 20, 1990. The contingent claims date was November 20, 1991. Approximately 12,621 proof of claims forms were mailed. Of those, 1,978 have been filed. To date, early access distributions of \$8,216,522 have been made to various guaranty funds, for both administrative expenses and claim benefits.

First Oak Brook Corporation Syndicate

First Oak Brook Corporation Syndicate was placed in conservation on September 20, 1996, at the request of the Board of Trustees of the Illinois Insurance Exchange (a/k/a INEX) and First Oak Brook. On November 12, 1996, the Cook County Circuit Court granted the Liquidator's petition for liquidation of this company, which is a member of INEX. The order was a non-contested default. The Syndicate is a wholly owned subsidiary of United

Financial Holdings, Inc., an Illinois holding company, which in turn is owned by United Financial Group, Inc. of Illinois.

The claims filing deadline was November 12, 1997, with a contingent claim date of November 12, 1998. A total of 39,794 proof of claim forms were mailed, of which 11,401 were filed with the Liquidator.

The outcome of the litigation referenced in the “Geneva Assurance Syndicate” section of this report will be an important factor in determining the amount of funds available for distribution to First Oak Brook claimants.

Geneva Assurance Syndicate, Incorporated

An Order of Conservation was obtained against the Geneva Assurance Syndicate, Inc. on May 17, 1996. A member of the Illinois Insurance Exchange (a/k/a INEX), Geneva was placed into liquidation on July 11, 1996, by an Agreed Order of Liquidation. Geneva is a wholly owned subsidiary of the United Southern Assurance Company (Melbourne, FL), currently in liquidation, and JBW and Company, Inc. (Concord, CA).

The claim filing deadline was July 11, 1997, with a contingent claim date of July 13, 1998. A total of 4,584 proof of claim forms were mailed, of which 1,737 were filed with the Liquidator. A civil RICO complaint was filed against certain former directors, offices and affiliated companies. Settlements have been reached with almost all defendants.

The Liquidator is also involved in litigation with INEX which will determine the amount of funds available for distribution to the claimants of not only Geneva, but also the other syndicates in liquidation.

Heritage Insurance Company

Heritage Insurance Company of America, a domestic property and casualty insurance company, was placed under an Agreed Order of Rehabilitation by a court order entered on September 16, 1985.

With its principal offices in Chicago, Illinois, it was a wholly owned subsidiary of Greater Heritage Corporation. Following unsuccessful efforts to rehabilitate the company, the Circuit Court of Cook County, Illinois, issued an Agreed Order of Liquidation with a Finding of Insolvency on February 25, 1986.

The claims filing deadline was February 26, 1987, with a contingent claim date of February 26, 1988. A total of \$3.4 million was distributed, almost all of which was for guaranty fund administrative expenses. The estate will be closed in March of 2000.

Illinois Earth Care Workers Compensation Trust

The Trust was organized in December 1992, pursuant to the Illinois Workers Compensation Act and Section 305 of the Illinois Insurance Code, for the purpose of administering a program of group self-insurance for workers compensation loss exposures for selected members of the Land Improvement Contractors of America. The Trust was placed in conservation by a court order entered on August 19, 1999. By an agreed court order entered on October 21, 1999, the Trust was placed in rehabilitation.

The Rehabilitator directed the Trust’s assessment of its 3000 pool members on September 23, 1999, in order to cure the deficiencies in its financial condition. Collection efforts are ongoing, as the Rehabilitator continues to monitor the Trust’s financial viability. The only claim payments currently being made are for losses due to temporary total disability and temporary partial disability.

Illinois Electrical Employers Workers Compensation Association, Inc.

The Association was organized in 1995, pursuant to the Illinois Workers Compensation Act and Section 305 of the Illinois Insurance Code for the purpose of administering a program of group self-insurance for workers compensation loss exposures for selected members of the Professional Electrical Contractors Association of Chicago. The

Association was placed in rehabilitation by an agreed court order entered on December 20, 1999.

The Rehabilitator directed the Association's assessment of its 18 pool members, in order to cure the deficiencies in its financial condition. Collection efforts are ongoing, as the Rehabilitator continues to monitor the Trust's financial viability. The only payments currently being made are for losses due to temporary total disability and temporary partial disability.

Illinois Insurance Company

An Agreed Order of Liquidation with Finding of Insolvency was obtained against Illinois Insurance Company on July 9, 1999. The company, a domestic property and casualty company, is owned by North American Holdings, Inc., which acquired the company from North American Warranty Services in 1994. They, in turn, had acquired the company as essentially a shell from the estate of Millers National Insurance Company, in Liquidation in 1993.

The claims filing deadline is July 10, 2000, with a contingent claim date of July 10, 2001. A total of 12,559 proofs of claim were mailed to potential claimants and 269 have been filed.

Inland American Insurance Company

On September 11, 1997, Inland American Insurance Company, a domestic property and casualty company, was placed under a Sequestered Order of Conservation. On September 19, 1997, an Agreed Order of Liquidation with a Finding of Insolvency was entered against the company in the Circuit Court of Cook County, Illinois. All outstanding shares of common stock are owned by Inland Investors, L.P., a limited partnership domiciled in Illinois.

The claims filing deadline was September 21, 1998, with a contingent claim date of September 19, 1999. A total of 4,473 proofs of claim were mailed to potential claimants and 970 were filed. Early access distributions of \$430,163 have been made to the Illinois Guaranty Fund for administrative expenses.

Inter-American Insurance Company of Illinois

On December 23, 1991, an Agreed Order of Liquidation with a Finding of Insolvency was entered in the Circuit Court of Cook County against Inter-American Insurance Company of Illinois. The company is a wholly-owned subsidiary of the Beaven/Inter-American Companies, Inc., a Delaware holding company. Inter-American was a domestic life and accident health insurer and had been under the control of the Illinois Director of Insurance since an Order of Conservation was entered on October 25, 1991.

The claims filing date was December 23, 1992. Approximately 38,221 proof of claim forms were mailed. To date, 10,785 have been filed. Early access distributions of \$27,790,291 have been made to various guaranty associations for both administrative expenses and claim benefits.

The Liquidator is working with the IRS to resolve the open tax issues in this estate. In addition, the Liquidator is pursuing arbitration and litigation against reinsurers over millions of dollars in potential recoveries.

Intercontinental Insurance Company

On December 12, 1989, Intercontinental Insurance Company, a domestic property and casualty company, was placed under an Order of Conservation. On January 12, 1990, an Agreed Order of Liquidation with a Finding of Insolvency was entered against the company in the Circuit Court of Cook County, Illinois. Intercontinental Insurance Company is a wholly-owned subsidiary of Intercontinental Financial Group of North America.

The claims filing date was July 12, 1991, with a contingent claim date of July 13, 1994. Approximately 70,136 proof of claim forms were mailed. To date, 23,334 have been filed. Early access distributions of \$13,846,755 have been made to various guaranty funds for both administrative expenses and claim benefits.

Kenilworth Insurance Company

Kenilworth Insurance Company was placed under an Agreed Order of Liquidation with a Finding of Insolvency in the Circuit Court of Cook County, Illinois on April 20, 1982.

Approximately 106,047 proof of claim forms were mailed, of which 34,972 were filed with the Liquidator. The final date for filing proof of claims with the Liquidator was April 30, 1983, with the requirement that contingent claims be liquidated by April 30, 1984. Early access distributions of \$3,250,542 have been made to various guaranty funds for administrative expenses.

Medcare HMO, Inc.

An Order of Conservation was entered against Medcare HMO, Inc. on December 22, 1992, in the Circuit Court of Cook County, Illinois. Medcare was incorporated on November 16, 1984, and certified as a health maintenance organization (HMO) on October 1, 1985.

On June 3, 1992, Medcare filed a voluntary petition for bankruptcy in the federal courts. The Illinois Director of Insurance moved to dismiss the bankruptcy action, but his motion was rejected. However, an appeal by the Director was upheld and on December 3, 1992, the bankruptcy action was dismissed. The Director then petitioned the state court to seize control of Medcare, resulting in the Order of Conservation. Simultaneously, the Director petitioned the court for liquidation of Medcare. An Order of Liquidation was issued on January 4, 1993. The order was a non-contested default.

Approximately 49,905 claim forms were mailed, of which 2,064 were filed with the Liquidator. The claims filings deadline was January 4, 1994. Early access distributions of \$7,162,415 have been made to the Illinois HMO Guaranty Association for both administrative expenses and claim benefits.

Merit Casualty Company

Merit Casualty Company, a domestic property and casualty insurer, was placed under an Agreed Order of Rehabilitation on December 19, 1994.

The Plan of Rehabilitation contemplated running off existing business of Merit Casualty over a six year period. To that end, a new Merit Insurance Company was formed and the profits were used to pay the claims of Merit Casualty Company.

On December 14, 1996, the court approved the Rehabilitator's Amended Plan of Rehabilitation. The Amended Plan contemplated, among other things, Merit Casualty's sale of all the issued and outstanding common shares of Merit Insurance Company to Pembridge Insurance Services Corporation.

Based upon a subsequent examination of the claim liabilities of the company, the Rehabilitator determined that a successful rehabilitation of Merit Casualty was no longer feasible and that conditions existed that would justify a court order for the liquidation of Merit Casualty. An Agreed Order of Liquidation with a Finding of Insolvency was entered on April 1, 1997.

The claim filing deadline was April 1, 1998, with a contingent claim date of April 1, 1999. A total of 10,858 proofs of claim were mailed, of which 1,494 were filed with the Liquidator. Early access distributions of \$1,586,306 have been made to various guaranty funds, for both administrative expenses and claim benefits.

Millers National Insurance Company

An Order of Conservation was entered against Millers National Insurance Company on May 17, 1990. An Agreed Order of Rehabilitation was entered against Millers, a domestic fire, property and casualty company, on February 4, 1992. Subsequently, a petition for an Order of Liquidation was filed February 17, 1993. An Agreed Order of Liquidation with a Finding of Insolvency was issued on May 11, 1993.

Millers is owned by Forum Holdings, U.S.A., Inc., an insurance holding company which in turn is owned by The Group, Inc., of Concord, Massachusetts.

Both Forum Holdings, U.S.A., Inc., and The Group filed petitions under Chapter 11 of the U.S. Bankruptcy Code on June 15, 1990. Two companies affiliated with Millers through common ownership were placed into liquidation. They were Oil and Gas Insurance Company (Ohio) and Petrosurance Casualty Company (Oklahoma). Subsequently, Petrosurance was sold to outside parties and taken out of liquidation. Furthermore, Millers' wholly-owned subsidiary, Illinois Insurance Company, was placed into conservation simultaneously with Millers, and subsequently sold.

The claim filing deadline was set for May 11, 1994. Approximately 5,930 proofs of claim were mailed and 826 have been filed with the Liquidator. The contingent claims filing deadline was May 11, 1995. Early access distributions of \$8,351,948 have been made to various guaranty funds, for both administrative expenses and claim benefits. In addition, a partial policyholder level distribution of \$2,130,310.74 was made on September 22, 1999.

National Assurance Indemnity Company

National Assurance Indemnity Company, a domestic property and casualty company and a member of the Coronet Insurance Group, was ordered into conservation on December 10, 1996. National Assurance is a wholly owned subsidiary of Coronet Insurance Company, which was placed in liquidation on December 24, 1996. National Assurance's subsidiary, Crown Casualty, was also placed in conservation on December 10. On January 3 and January 31, 1997, respectively, National Assurance and Crown were placed in liquidation. The liquidation orders were not agreed, but rather non-contested defaults.

The claim filing deadline was January 5, 1998, with a contingent claim date of January 5, 1999. A total of 8,504 proofs of claim were mailed, of which 442 were filed with the Liquidator. Early access

distributions of \$14,989 have been made to the Illinois Guaranty Fund for administrative expenses.

Optimum Insurance Company

Optimum Insurance Company of Illinois, a domestic property and casualty insurance company, was placed into conservation by court order on December 28, 1984. Optimum was an affiliate of Ideal Mutual Insurance Company, an insurance corporation domiciled in the State of New York. Ideal Mutual Insurance Company was placed in rehabilitation by court order entered in the State of New York on December 26, 1984, and into liquidation by court order entered on February 7, 1985.

On January 3, 1985, Optimum Insurance Company of Illinois was placed in rehabilitation by court order. Following unsuccessful efforts to rehabilitate the company, the Circuit Court of Cook County, Illinois, issued a final Agreed Order of Liquidation with a Finding of Insolvency on May 5, 1986.

Approximately 12,524 proof of claim forms were mailed, of which 3,983 were filed with the Liquidator. The final date for filing proof of claim forms with the Liquidator was May 4, 1987, with the requirement that contingent claims be liquidated by December 29, 1989. Early access distributions of \$2,747,424 have been made to the Illinois Guaranty Fund for administrative expenses.

Pine Top Insurance Company

Pine Top Insurance Company, a domestic property and casualty insurance company, its sole stockholder being Greyhound Corporation (Dial Corp.), was placed in conservation by a court order entered on June 18, 1986. On June 23, 1986, Pine Top Insurance Company was placed in rehabilitation by court order. Following unsuccessful efforts to rehabilitate the company, the Circuit Court of Cook County, Illinois, issued a final Agreed Order of Liquidation with a Finding of Insolvency on January 16, 1987.

Approximately 105,080 proof of claim forms were mailed, of which 21,703 have been filed with the Liquidator. The final date for filing proof of claims with the Liquidator was January 17, 1989. The contingent claims liquidation date was extended to January 17, 1992. Early access distributions of \$3,186,724 have been made to various guaranty funds for administrative expenses and claim benefits.

Beginning in 1996 a 50% partial policyholder distribution of approximately \$13 million was made. A second 50% distribution was made on December 30, 1999, in the amount of \$13,415,677.55.

Prestige Casualty Company

An Order of Liquidation with a Finding of Insolvency was entered against Prestige Casualty Company on July 26, 1994, in the Circuit Court of Cook County, Illinois. Prestige had previously been under a Sequestered Order of Conservation since April 18, 1994. The liquidation proceedings were adversarial. Prestige, a domestic property and casualty company, is a wholly-owned subsidiary of Comet Motor Club, Inc., which in turn is a wholly-owned subsidiary of the Hallmark Holding Group.

A total of 51,027 proof of claim forms were mailed and 10,527 have been filed with the Liquidator. The claims filing deadline was July 26, 1995, and the contingent claim filing deadline was July 26, 1996. Early access distributions of \$7,230,525 have been made to various guaranty funds for administrative expenses.

Resure, Inc.

Resure Inc., was placed in conservation on February 18, 1997. On February 27, 1997, the Cook County Circuit Court issued an Agreed Order of Liquidation with a Finding of Insolvency for this company, which is a member of the Illinois Insurance Exchange (a/k/a INEX). Resure is owned by Talon Re Holdings, Inc., which acquired its ownership on December 31, 1993, through a merger with the former owner, Talon Re, Inc.

The claims filing deadline was February 27, 1998, with a contingent claim date of March 1, 1999. A total of 22,120 proof of claim forms were mailed, of which 4,791 were filed with the Liquidator.

The outcome of the litigation referenced in the "Geneva Assurance Syndicate" section of this report will be an important factor in determining the amount of funds available for distribution to Resure claimants. The settlement of recently concluded litigation will result in approximately \$3.9 million coming into the company.

River Forest Insurance Company

An Order of Conservation was issued against River Forest Insurance Company on December 16, 1993, by the Circuit Court of Cook County, Illinois. Subsequently, an Agreed Order of Liquidation with a Finding of Insolvency was issued on March 18, 1994. River Forest, a domestic property and casualty company, is a wholly owned subsidiary of NISA Corporation.

The claims filing deadline was March 20, 1995. The contingent claims deadline was March 20, 1996. Thus far, 31,627 proofs of claim were mailed and 4,252 have been filed with the Liquidator.

Security Casualty Company

Security Casualty Company, a domestic property and casualty insurance company was placed under an Order of Rehabilitation by court order entered on August 17, 1981. Extensive efforts were made to rehabilitate Security Casualty through the transfer of the company's various books of business to new carriers and through the investments of new assets. The company's in-force business in Florida was sold to Wausau Underwriters of St. Louis in November 1981. The company's Canadian book of business was also sold.

On December 4, 1981, the Circuit Court of Cook County, Illinois, issued an Order of Liquidation with a Finding of Insolvency. The Illinois Appellate Court affirmed the order in December 1982. At the conclusion of this adversarial proceeding, a petition filed with the Illinois Supreme Court for leave to appeal the liquidation order was denied on May 31, 1982, and a mandate was issued on June 21, 1983.

Approximately 122,000 proof of claim forms were mailed, of which 13,506 were filed with the Liquidator. The final date for filing proof of claims with the Liquidator was July 31, 1982, with the requirement that contingent claims be liquidated by July 31, 1988.

Upon a petition by the Liquidator filed on September 22, 1986, the Court ruled that claims of ceding insurers against their insolvent reinsurer are not to be provided the same level of priority as claims made by policyholders. This matter was appealed to the Illinois Supreme Court which ruled in favor of the Liquidator. This was a significant event, as it allowed more assets to be available to policyholders.

On February 3, 1988, the trial judge issued a decision in favor of the stockholders of Security Casualty Company granting their claim for a constructive trust to be imposed upon the assets of the estate. The Liquidator appealed this decision to the Illinois Supreme Court. On March 29, 1989, the Illinois Supreme Court overturned the decision on appeal, thereby maintaining the appropriate creditor levels of stockholders, owners and investors. This ruling allowed more assets to be available to policyholders and creditors.

On November 8, 1996, a 100% policyholder level distribution was made in the amount of \$14,030,750.30. An additional \$5,086,809 was paid at the Class A level to the Guaranty funds.

State Security Insurance Company

On April 29, 1993, a sequestered Order of Conservation was entered in the Circuit Court of Cook County, Illinois, against State Security Insurance Company, a domestic property and casualty company. State Security is a wholly-owned subsidiary of W.F. Financial Corporation, an Illinois insurance holding company. On June 16, 1993, an Agreed Order of Liquidation with a Finding of Insolvency was entered against State Security.

The claims filing date was July 16, 1994, and the contingent claim filing deadline was July 16, 1995. A total of 47,120 proofs of claim were mailed and 5,176 have been filed with the Liquidator.

Supreme Life Insurance Company

Supreme Life Insurance Company, a domestic life and accident health insurance company, was placed under an Agreed Order of Liquidation with a Finding of Insolvency by Order of the Circuit Court of Cook County, Illinois, on July 12, 1995. In 1991, the company bulk reinsured the large majority of its life business with United Life Insurance Company and terminated its group health business. Therefore, at the time of liquidation there were not many active policies.

The claim filing deadline was July 12, 1996. A total of 1,083 proofs of claim were mailed and 399 were filed with the Liquidator. Early access distributions of \$14,940 have been made to various guaranty associations for administrative expenses and claim benefits.

Transco Syndicate #1, Ltd.

On March 18, 1999, Transco Syndicate #1, Ltd. was placed under an Agreed Order of Conservation. Transco's subsidiary, Alpine Insurance Company, had been placed in conservation on January 8, 1999. The ultimate parent of both entities is Exstar Financial Corporation.

Transco was a member of the Illinois Insurance Exchange (a/k/a INEX), but on December 31, 1996, Transco withdrew from the Exchange and its assets and liabilities were transferred to Alpine Insurance Company. Transco was placed into conservation to have a court order in place which would expressly stay direct actions which named Transco as a party defendant and to obtain the protection of Section 209 (8) of the Illinois Insurance Code with respect to any judgments which may be taken against insureds under policies issued by Transco.

United Equitable Life Insurance Company

United Equitable Life Insurance Company was placed under an Order of Rehabilitation entered on August 8, 1990. Following an adversarial liquidation proceeding, the company was placed in liquidation on December 20, 1991, by an order of the Circuit Court of Cook County, Illinois. United Equitable Life, a domestic life and accident health company, is owned by United Equitable Corporation Stockholders Liquidating Trust (successor to United Equitable Corporation, a Delaware corporation which was dissolved in 1986).

The claims filing date was set for December 21, 1992. A total of 47,262 proof of claims were mailed to potential claimants of which 1,901 have been filed with the Liquidator. Early access distributions of \$2,533,316 have been made to various guaranty associations for administrative expenses and claim benefits.

United Fire Insurance Company

United Fire Insurance Company, a domestic property and casualty and accident and health insurer, was placed in conservation on July 29, 1988, by order of the Circuit Court of Cook County, Illinois. It was owned by United Diversified Corporation, an insurance holding company which was controlled by Towers Diversified Corporation of New York City. The Director determined that the company was insolvent and on September 1, 1988, filed a Complaint for Liquidation with a Finding of Insolvency. After extended hearings, a liquidation order was issued on March 3, 1989, for both United Fire and its parent, Associated Life Insurance Company.

The claims filing date was extended to December 30, 1990. The contingent claims date for the property and casualty business was December 21, 1991. Approximately 41,752 proof of claim forms were mailed, of which approximately 5,824 were filed with the Liquidator. Early access distributions of \$5,810,345 have been made to various guaranty funds and associations for administrative expenses and claim benefits.

In 1992, a settlement was reached in favor of United Fire in a suit against certain former officers and directors of the company including allegations of violations of the Racketeer Influenced and Corrupt Organization Act and dissipation of company funds. The former controlling person of these companies, as well as Towers, has since been incarcerated in federal prison, in part as a result of this insolvency.

Closed Companies:

	Conservation (C) Liquidation (L) Ancillary Receivership (A)	Dismissal Date	Destruction of Records Date
Amalgamated Labor Life Insurance Company	07/05/89 (L)	12/29/99	Dec., 2002
American Association of Trauma Specialists	12/01/80 (L)	10/27/86	Feb., 1995
American Mutual Liability Insurance Company	03/09/89 (A)	05/18/93	No Company Records
American United Casualty Company, Inc.	12/09/94 (L)	12/09/93	(N/A)
Cadillac Insurance Company	01/02/90 (A)	10/29/96	No Company Records
Chicago Care, Inc.	04/08/87 (L)	12/27/89	Nov., 1995
Complete Health Care Corp.	11/05/90 (L)	11/15/97	June, 1999
Continental Fire/First Chicago Group	10/26/94 (L)	03/14/95	Oct., 1999
Cooperative Health Plan	03/29/89 (L)	08/24/94	June, 1999
Equity Funding Life Ins. Co.	10/10/74 (L)	10/12/87	No Company Records
Fidelity General Ins. Co.	12/04/70 (L)	12/14/89	Feb., 1995
Georgetown Life Insurance Co.	11/05/90 (L)	11/15/97	June, 1999
Globe Indemnity	01/27/95 (L)	12/09/97	Dec., 2000
Health Plan of Central Illinois	03/22/91 (L)	08/06/98	Aug., 2001
Heartland Casualty Company	01/24/91 (L)	03/30/95	May, 1999
Homeowners Insurance Co.	04/07/71 (L)	04/24/89	Feb., 1995
Ideal Mutual Insurance Co.	02/07/85 (A)	11/24/93	No Company Records
Industrial Fire & Casualty Co.	03/06/91 (L)	12/03/97	Dec., 2000
Inex Insurance Services	02/08/94 (L)	08/02/95	Aug., 1998
Iowa State Travelers Mutual Assurance Company	02/23/83 (A)	05/21/91	No Company Records

Closed Companies:

	Conservation (C) Liquidation (L) Ancillary Receivership (A)	Dismissal Date	Destruction of Records Date
LaSalle Natl. Ins. Co.	04/08/71 (L)	10/12/90	Feb., 1995
Life Assurance Company of Pennsylvania	05/09/91 (A)	07/06/95	No Company Records
Main Insurance Company	06/22/82 (L)	12/30/86	Dec., 1994
Market Insurance Company	12/16/80 (L)	06/06/95	Oct., 1999
Mid-American Insurance Co.	02/29/96 (L)	06/01/97	Dec., 2000
Mile Square Health Plan of IL	01/25/89 (L)	09/01/93	Nov., 1996
Missouri General Insurance Co.	09/12/75 (L)	02/25/82	March, 1995
Modern Life Insurance	08/03/83 (L)	12/31/86	Nov., 1995
Multicare HMO	06/19/91 (L)	06/10/96	Jan., 2000
Multi-State Insurance Exchange	09/11/64 (L)	12/17/81	March, 1995
National Health Care Trust	02/09/82 (L)	09/02/93	Nov., 1996
National Investors Life Insurance Company	09/28/83 (A)	02/27/90	No Company Records
North American/ Commercial Inland	09/23/93 (L)	05/19/97	May, 2000
Patriot Life Insurance Company	08/23/89 (L)	06/19/95	June, 1999
Penta—Plan/Share	02/03/88 (L)	02/11/92	June, 1999
Progressive General Insurance Co.	03/20/68 (L)	03/26/81	March, 1995
Provident Insurance Company	01/09/91 (L)	12/28/94	June, 1999
Prudence Mutual Casualty Company	02/07/70 (L)	5/21/91	Feb., 1995
Reserve Insurance Company	05/29/79 (L)	10/20/98	Mar., 2000
Standard Burial Insurance Assoc.	06/10/87 (L)	11/11/91	(N/A)
Total Health Care, Inc.	06/06/88 (L)	09/14/93	Nov., 1996
Trans-Pacific Insurance Co. Commercial Inland	10/13/94 (A)	02/27/97	No Company Records

Closed Companies:

	Conservation (C) Liquidation (L) Ancillary Receivership (A)	Dismissal Date	Destruction of Records Date
United Diversified Corporation	06/08/92 (L)	08/10/98	Aug., 2001
United Savings Life Ins. Co.	08/27/86 (L)	12/28/88	Nov., 1995
Unity HMO	10/04/91 (L)	12/20/94	Feb., 1999
University Life Insurance Company	09/23/83 (L)	08/23/89	No Company Records
Yorktown Indemnity Company	02/07/89 (L)	09/29/95	June, 1999

The transactions Summary of Cash and Invested Assets represent cash and invested assets of companies in receivership during the calendar year ending December 31, 1999. These tabular listings are presented in accordance with the methods of accounting employed by the Office of the Special Deputy Receiver and are not in accordance with Generally Accepted Accounting Principals (GAAP). Special reports, audited in accordance with Generally Accepted Audited Standards (GAAS), are issued separately annually, as provided by Article XIII of the Illinois Insurance Code.

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