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THIRD JUDICIAL DISTRICT COURT
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SALT LAKE COUNTY
BY _____
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IN THE THIRD JUDICIAL DISTRICT COURT IN AND FOR SALT LAKE COUNTY,
STATE OF UTAH, SALT LAKE DEPARTMENT

In re)
)
WASATCH CREST INSURANCE) REPORT ON
COMPANY IN LIQUIDATION,) STATUS OF LIQUIDATION
) ESTATE FOR PERIOD ENDING
) DECEMBER 31, 2009
)
)
) Civil No. 030915527
) (030915528 is consolidated with 030915527)
)
) Judge Kate A. Toomey

The Court appointed Liquidator of Wasatch Crest Insurance Company in Liquidation ("WCIC"), Acting Utah Insurance Commissioner, Neal Gooch, (" Liquidator"), by and through his Special Deputy Liquidator, Len Stillman, herein files this Report On Status Of Liquidation Estate For Period Ending DECEMBER 31, 2009 pursuant to the Liquidation Order issued July 31, 2003, and pursuant to Utah Code Annotated, Section 31A-27-314. The case of Wasatch Crest Mutual Insurance Company (Civil No. 030915528) is consolidated with the case of Wasatch Crest Insurance Company in Liquidation (Civil No. 030915527).

The Liquidator sets forth herein a Report on the status of the liquidation estate and a

Financial Report of assets and liabilities of the liquidation estate of WCIC including the current assessment of liabilities for all claims filed against the liquidation estate. The attached Exhibit "A" Financial Report, was prepared by Jackie Muro of Vida Consulting, Inc., Los Angeles, CA under the direction of the Court appointed Special Deputy Liquidator, Len Stillman.

The Liquidator herein reports to the Court regarding significant events and activities in the liquidation of WCIC as follows:

Brief History (This item will continue to appear in these reports for the convenience of the Court.)

Wasatch Crest Insurance Company (WCIC) (FKA Home Fire Insurance Company, Utah Home Fire Insurance Company, Wasatch Crest Casualty Company, Transunion Casualty) wrote all personal lines except life insurance. WCIC also assumed reinsurance from affiliated companies Wasatch Crest Mutual Insurance Company, (WCM) and First Continental Life Insurance Company (FCL) as well as other non-affiliates. WCIC was a subsidiary of Wasatch Crest Group (Group). Group sold WCIC to Wasatch Crest Mutual Insurance Company on January 1, 2003. Group also owned First Continental Life Insurance Company which it sold in the third quarter of 2004.

Administrative Update

Estate activity related to evaluating claims has been completed (however, see Claims section below). Remaining claim activity is being handled by the affected Guaranty Associations. The Special Deputy is sending claim information to reinsurers and collecting reinsurance. The company no longer has any employees. Remaining administrative work is done by independent contractors. Litigation activity and related expense not related to claims has ended. The company

has downsized its office space. Furniture and equipment owned by the estate has been sold. The claim bar date passed on July 31, 2004.

Claims

Class 3 claims not covered by GAs were paid at 100% of allowed amounts in December 2006. The paid total of those claims is \$254,029.31.

Only certain Guaranty Association (GA) claims remain undetermined. The particular issues surrounding valuing workers compensation claims involve the long-term nature of payments to injured workers. Certain GAs have yet to finalize their claims in the estate. There was one objection to the Liquidator's Notice of Claim Determination. That objection was heard in July, 2006 by a Special Master. The Liquidator prevailed in that objection as well as in a subsequent appeal to the liquidation court. The claimant appealed to the Utah Supreme Court.

The Utah Life and Health Insurance Guaranty Association was also a defendant in that case. After oral argument, the Supreme court found in favor of the claimant on a narrow issue not necessarily dispositive of the case.

Recently, the claimant's attorney filed an action in this court seeking a summary judgment against the estate for amounts paid by the Utah Medicaid office on behalf of the claimant. This matter will be handled in the ordinary course.

Affected Guaranty Associations (UT, ID) (MT, NV and CA now closed) are reporting periodically and handling claims in the ordinary course of business. GA proof-of-claim forms are filed as "contingent" due to the ongoing claim activity. Guaranty Association claims for administrative expenses (class 2) will be reviewed and paid at 100% of the allowed

amount. The Special Deputy made an “early access” distribution to the Utah Property and Casualty Guaranty Association in the first quarter of 2005 of \$869,731.50. During the fourth quarter of 2006, the Special Deputy sought and received court approval to make another early access distribution to all affected guaranty associations to the full extent of their approved class 2 and class 3 claims.

The total amounts distributed to GAs are as follows:

	UT P&C	UT L&H	CA	ID	NV
Class 2	\$94,165.46	\$50,489.57	\$108,235.22	\$9,376.00	\$2,849.56
Class 3	\$1,769,028.50	0	\$2,000.00	\$6,356.00	0
Total	\$1,863,193.90	\$50,489.57	\$110,235.22	\$15,732.00	\$2,849.56

- **Other Claims**

General creditor class claims are not covered by the guaranty associations. All class 6 (general creditor class) claims have been determined except for a Class 6 reinsurance claim which is from Wasatch Crest Mutual Insurance Company, in Liquidation. There are no other claims with lower priority. General Creditor claims will likely see a partial distribution however the timing and amount is uncertain.

- **Records**

Ancient records of the WCIC company and its predecessor companies have been reviewed. Records no longer considered necessary for either historical or practical use have been destroyed pursuant to the liquidation order entered in this case.

All public information regarding the liquidation including GA contacts, liquidation orders, financial statements and the semi-annual reports for the estate and other information is available on the Utah Insurance Receivers' Office web site at utinsreceivers.org.

There have been no material changes in the financial position of the company since the last report other than reserve adjustments due to GA activity. Since cash has been paid out to claimants, investment income to the estate has been reduced.

Reinsurance

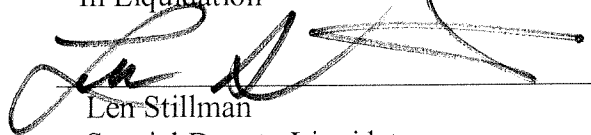
The Special Deputy Liquidator has determined that there is available reinsurance for all remaining direct and assumed business except for the contested claim noted above and is tracking and collecting the recoverable amounts.

Miscellaneous

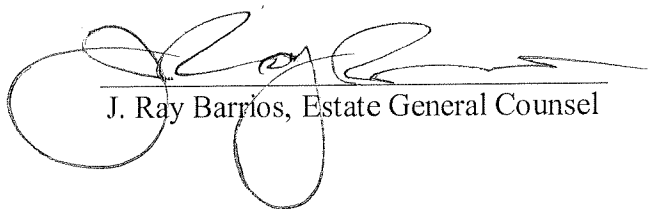
The Special Deputy is not able to project a closing date for the estate because it is greatly dependent upon the affected guaranty associations concluding the adjustment and payment of the remaining claims.

Dated this 16 of February, 2010.

Wasatch Crest Insurance Company
In Liquidation



Len Stillman
Special Deputy Liquidator
Wasatch Crest Insurance Company
In Liquidation



J. Ray Barrios, Estate General Counsel

CERTIFICATE OF MAILING

I hereby certify that I mailed a true and correct copy of the foregoing Quarterly Report On Status Of Liquidation Estate For Period Ending DECEMBER 31, 2009, to the following claimants or parties who have requested general notice in this case, first class postage prepaid, this 16th day of February, 2010

Acting Utah Insurance Commissioner
Neal Gooch, as Liquidator of WCIC
Utah Insurance Department
3110 State Office Building
Salt Lake City, Utah 84112

Allen Muhlestein
Utah Property & Casualty Guaranty Association
P.O. Box 1626
Sandy, Utah 84091-1626

Linda Baysten

EXHIBIT A

Wasatch Crest Insurance Company in Liquidation
 Balance Sheet
 As of December 31, 2009

Date of Liquidation - July 31, 2003

Assets

Invested Assests	
Bonds	\$0
Short Term Investments	0
Cash	6,378,293
	<hr/>
Total Invested Assets	6,378,293
	<hr/>
Other Assets	
Other Assets	0
Furniture, Fixtures, Equip	0
	<hr/>
Total Other Assets	0
	<hr/>
Receivables	
Premiums Receivable	0
Investment Income Receivable	17,500
Due From Reinsurers	7,191,784
Other Receivable	0
Taxes Recoverable	0
	<hr/>
Total Receivables	7,209,284
	<hr/>
Total Assets	<u><u>\$13,587,578</u></u>

Liabilities & Capital

Liabilites	
Loss and LAE Reserves:	
Direct	\$3,621,838
Ceded	(2,920,998)
Assumed	2,809,155
Other Policyholder Liabilities	200,000
Payable to Guaranty Associations	8,812,169
Reinsurance Payable	6,164,072
Taxes Payable	0
Accounts Payable	18,864
Asset Valuation Reserve	0
Other Liabilities	844,959
Unclaimed Property	0
	<hr/>
Total Liabilities	19,550,059
	<hr/>
Capital	
Common Capital Stock	2,250,000
Gross Paid In and Contributed Surplus	136,138,143
Unassigned Funds (Surplus)	(143,418,703)
Current Period Profit (Loss)	(931,921)
	<hr/>
Total Capital	(5,962,481)
	<hr/>
Total Liabilities & Capital	<u><u>\$13,587,578</u></u>

Note: The information contained in this report is prepared by the liquidator from information available to or known by the liquidator as of the date of the report. The liquidator makes no warranty as to the accuracy of the information which is subject to change