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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 MUTUAL) REPORT ON
INSURANCE COMPANY IN) STATUS OF LIQUIDATION
LIQUIDATION) ESTATE FOR PERIOD ENDING
) DECEMBER 31, 2009
)
)
) Civil No. 030915528
) (Consolidated with 030915527)
)
) Judge Kate A. Toomey

The Court appointed Liquidator of Wasatch Crest Mutual Insurance Company in Liquidation ("WCMIC"), 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 (WCMIC) (Civil No. 030915528) is consolidated with the case of Wasatch Crest Insurance Company in Liquidation (WCIC) (Civil No. 030915527).

This report was prepared by the Special Deputy Liquidator and reflects the status of the

liquidation estate. Also attached is a financial report of assets and liabilities of the WCMIC 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.

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

Wasatch Crest Mutual Insurance Company (WCMIC), merged with or absorbed Electric Mutual Benefit Association (a VEBA trust) and Energy Mutual, wrote primarily workers compensation insurance, first as a captive for Utah Power and Light (NKA Rocky Mountain Power), then, in 2003, for other businesses. It also assumed insurance from Educators Mutual Insurance Company and from an affiliate, First Continental Life Insurance Company. Other direct lines included appliance warranty, private passenger auto and travel accident and health. Another affiliate, 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 was a subsidiary of Wasatch Crest Group (Group). Group sold WCIC to WCMIC on January 1, 2003. Group also owned First Continental Life Insurance Company which was sold and moved to Texas during the third quarter of 2004.

Administrative Update

Remaining activity relates to processing claims and collecting reinsurance. The claim-filing bar date passed on July 31, 2004. Collection activity for unpaid premium is complete. The company no longer has any employees and relies on services provided by consultants and employees of other companies in receivership in Utah and Idaho. Litigation activity and related expenses have

ended except for those related to one claim (see Claims section below). Subrogation collections are complete. The office complex has been downsized.

Claims

The Deputy Liquidator has valued virtually all claims filed in the estate.

G.A. claims remain undetermined although the UT and ID G.A.s have significant exposure on WCMIC policies. The first Notices of Claim Determinations were sent on January 27, 2004. The Special Deputy sought and received court approval to make a thirty percent distribution of allowed class 3 claims which was made during 2006. No further distributions will be made until a valuation of reinsurance recoverables from WCIC has been completed.

During the claim determination process, the Liquidator denied one medical claim that resulted in an objection by the claimant. That objection was heard by a Special Master approved by this court and, in that hearing, the claimant prevailed over the Liquidator. That claim was administered by the Idaho Life and Health Insurance Guaranty Association (ILHIGA) which paid its \$300,000.00 limit to the claimant. Claimant's counsel has recently made a demand upon the estate for amounts exceeding the ILHIGA limit. The Special Deputy has made an offer to settle this demand which is pending.

Rocky Mountain Power (FKA PacifiCorp) opted out of the Guaranty Fund system and is handling all of the claims that attached to its policies. WCMIC settled the PacifiCorp claims several years ago for a lump sum amount. A pro-rata distribution has been made as noted above.

Future distributions are possible but timing and amount are speculative.

- **Remaining Affected G.A.s** (Utah, Idaho) are reporting periodically and paying claims in the ordinary course of business. G.A. proof-of-claim

forms are filed as “contingent” due to the ongoing claim activity. Claim development as reported by the G.A.s have not yet been fully valued due to the time it takes for workers compensation claims to develop. The Idaho Property and Casualty Insurance G.A. has an Ancillary Proceeding against the estate in Idaho to obtain reimbursement from a special deposit for its payment to a policyholder. The Special Deputy has stipulated to the proceeding and payment in the amount of \$200,104.38 which is inclusive of losses and expenses. The balance of the deposit remains with the Ancillary Receiver pending resolution of its remaining claim(s).

- **Workers comp. business written after April 2003:**

This business covered by the G.A.s was being administered by WCMIC on behalf of the G.A.s but was transitioned to the G.A.s due to the departure of the last of the WCMIC employees.

- **Appliance Warranty: Hassle Free and Triad Warranty**

Hassle Free was a policy issued to PacifiCorp (“PC”) by WCMIC and covered water heater repairs for subscribers. This program was terminated by PC. All claims have been determined on this business and approved by the court.

Triad Warranty Program claims have all been determined and approved by the court.

- **Other Claims**

There are general creditor claims, all of which have been determined. As of the date of this report, there will be no distributions to creditors with a higher priority than class 3.

There have been no material changes in the financial position of the company. However, since significant funds held by the company have been distributed to claimants, investment income has

been reduced.

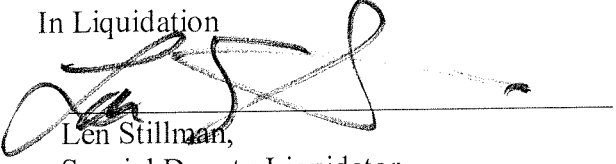
Reinsurance

The Special Deputy Liquidator has settled the attempt to recover premium paid to a London reinsurance broker just prior to the liquidation date. The Deputy Liquidator has agreed to accept 50% of the amount that remained unpaid however only expects to receive about one half of the amount due from them because the broker has now gone into liquidation. The amount allowed in the broker's estate is approximately \$265,000 on the claim and approximately 75,000 British pounds in interest and costs. Since the claim has been agreed, the Liquidator has received two partial payments from the London receiver. Further distributions are expected. Relating to the claim that had been denied but approved at a hearing by a Special Master, the Liquidator sent a claim for the reinsurance the Liquidator believed was owed on the claim. Results of the reinsurance claim are described in an earlier Report.

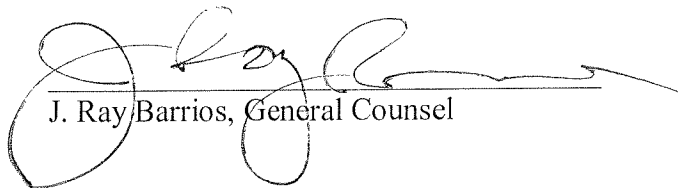
Detailed analysis or additional information regarding any estate function is available to the Court upon the Court's request. Ongoing issues affecting the WCMIC estate may be brought to the Court's attention on an as-needed basis.

Dated this 16 of February, 2010.

Wasatch Crest Mutual Insurance Company
In Liquidation



Len Stillman,
Special Deputy Liquidator



J. Ray Barrios, 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 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 WCMIC
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 Baginton

EXHIBIT A

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

Date of Liquidation - July 31, 2003

Assets

Invested Assests	
Bonds	\$285,836
Short Term Investments	51,796
Cash	2,393,798
	<hr/>
Total Invested Assets	2,731,431
Other Assets	
Other Assets	0
Furniture, Fixtures, Equip	5,233
	<hr/>
Total Other Assets	5,233
Receivables	
Premiums Receivable	0
Investment Income Receivable	6,000
Due From Reinsurers	2,782,391
Other Receivable	76,366
Taxes Recoverable	0
	<hr/>
Total Receivables	2,864,757
Total Assets	<hr/> <hr/> \$5,601,420

Liabilities & Capital

Liabilites	
Loss and LAE Reserves:	
Direct	\$11,192,613
Ceded	(8,844,457)
Other Policyholder Liabilities	6,131,977
Payable to Guaranty Associations	4,897,923
Reinsurance Payable	0
Taxes Payable	1,495
Accounts Payable	22,516
Asset Valuation Reserve	0
Other Liabilities	300,781
Unclaimed Property	0
Loss Portfolio Transfer Reserve	0
	<hr/>
Total Liabilities	13,702,848
Capital	
Aggregate Write-Ins for other than Special Surplus Funds	0
Unassigned Funds (Surplus)	(8,303,603)
Current Period Profit (Loss)	202,176
	<hr/>
Total Capital	(8,101,428)
Total Liabilities & Capital	<hr/> <hr/> \$5,601,421

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