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9 **IN THE SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
10 **IN AND FOR THE COUNTY OF WASHOE**

11 STATE OF NEVADA, EX REL.) Case No. CV14-00807
12 COMMISSIONER OF INSURANCE, IN HIS)
13 OFFICIAL CAPACITY AS STATUTORY) Dept. No. B13
14 RECEIVER FOR DELINQUENT DOMESTIC)
15 INSURER,)
16 Plaintiff,)
17 vs.)
18 NATIONAL GUARANTY INSURANCE)
19 COMPANY, a Nevada Domiciled Property and)
20 Casualty Company,)
21 Defendant)

20 **NINTH STATUS REPORT**

21 Plaintiff State of Nevada ex rel. Commissioner of Insurance, Barbara D. Richardson
22 (the "Commissioner") for the State of Nevada in her capacity as Permanent Receiver of
23 National Guaranty Insurance Company ("NGIC" or the "Company"), by and through her
24 attorneys of record, Attorney General ADAM PAUL LAXALT and Deputy Attorney General
25 RICHARD PAILI YIEN; and Regulatory Services Group ("RSG"), Receivership Manager of
26 NGIC, file this Ninth Status Report in the above-captioned receivership.

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1 **B. Policyholder Related Claims**

2 At liquidation, NGIC had in excess of 600 claims with stated loss reserves in excess of
3 \$6 million at the date of liquidation. The Receivership Manager has worked with the Nevada
4 Insurance Guaranty Association (“NIGA”) to transfer electronic records to them in order for
5 NIGA to fulfill their statutory duties and pay these claims on behalf of NGIC. NIGA has paid
6 loss and LAE payments of \$5,649,870 and has outstanding loss and LAE reserves of
7 \$476,296 at March 31, 2016.

8 **C. Lindsay General Insurance Agency Bankruptcy**

9 NGIC has a \$5 million receivable on its books from Lindsay General Insurance Agency
10 (“Lindsay”), an affiliate. Lindsay filed for bankruptcy protection on February 7, 2013. NGIC
11 has filed a claim in the bankruptcy court for the \$5 million debt but is not likely to recover a
12 material amount. Lindsay is trying to re-organize and emerge from bankruptcy as an
13 insurance lead generation company. Their plan of re-organization has not been approved by
14 the Court, and the Receivership Manager continues to monitor the case. The Receivership
15 Manager will not actively pursue this claim due to the low probability of recovery and the cost
16 of litigation. NGIC has filed a claim in the bankruptcy and will await the submission and
17 approval of a plan of re-organization with the Bankruptcy Court. Any recovery, although highly
18 unlikely, will be distributed to the Nevada Insurance Guaranty Association.

19 **D. Preference Transactions**

20 The Receivership Manager has reviewed the transactions that occurred within one year
21 of the petition for the appointment of a receiver for NGIC in accordance with NRS 696B.412.
22 The Receivership Manger has made a recommendation to the Nevada Attorney General's
23 Office to pursue a preference claim against the former President of NGIC for expenses paid
24 by the Company relating to the formation of a new insurance company, “Clarity Insurance
25 Company”, being formed by the former President of NGIC. The total amount of the
26 preference payments that likely will be pursued is \$48,000. On March 29, 2016, a complaint
27 was filed to recover these funds. On June 23, 2016, Judge Robb conducted a hearing on a
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1 motion to recover the \$48,000 and ordered that jurisdiction was proper. Judge Robb gave
2 counsel for the former President 20 days to file a substantive opposition to the motion.

3 **E. Financial Analysis**

4 At March 31, 2016, NGIC had liquid assets of \$188,638 and liabilities of approximately
5 \$8,000,000. The Receiver incurred \$9,021 in administrative expenses during the first quarter
6 of 2016. Additionally, due to the lack of funds in NGIC, the Receivership Manager will attempt
7 to complete the remaining tasks by the end of the fourth quarter of 2016 and ask for a closing
8 order from the court at that point.

9 **F. CONCLUSION**

10 In compliance with the Court's instructions for a status report regarding the affairs
11 of the Company, the Receivership Manager has submitted the aforementioned report
12 and remains available to present further on any matters in this report as the Court may
13 deem necessary.

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AFFIRMATION

Pursuant to NRS 239B.030, the undersigned does hereby affirm that the preceding document, *Ninth Status Report*, filed in case number CV14-00807, does not contain the personal information of any person.

DATED: July 7, 2016

Respectfully submitted:

Barbara D. Richardson, Commissioner of Insurance
of the State of Nevada, in her Official Capacity as
Statutory Receiver of Delinquent Domestic Insurers

By: /s/ Joseph B Holloway, Jr
INS Consultants, Inc.
Regulatory Services Group
Receivership Supervisor

Respectfully submitted by:

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By: /s/ Richard Paili Yien
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CERTIFICATE OF SERVICE

I hereby certify that I am an employee of the State of Nevada, Office of the Attorney General, and that on this 7th day of July 2016, I electronically served a true and correct copy of the foregoing *Ninth Status Report* at the email addresses below:

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/s/ Anne Goldy
An Employee of the
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