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Thursday, August 28, 2003

To: Bill Kovacic, FOD
OSM - Lexington

Earl Bandy, Chief
AVSO - Lexington ✓

Subject: *financial information about Frontier Insurance*

I attempted to acquire from the New York State Insurance Department up-to-date financial information about the reorganization of Frontier Insurance. This afternoon I spoke with an employee of the Department, Ms. Maureen Hardy, who is working within the offices of Frontier Insurance.

Ms. Hardy was not very helpful. She says the most recent report on Frontier's financial condition is about 20 months old (December 2001). That report allegedly shows Frontier to be \$170 million in the red. Ms. Hardy agreed to send a copy of this report to me. I will relay it when I get it in my hands.

In an effort to get some useful info, I asked Ms. Hardy how long the insurance commissioner would let Frontier hang around before liquidating it. She said, "We are hoping not to liquidate Frontier." She did not give any reasons for this optimism.

Other than that, I didn't get any information that might help to OSM and the RA's in Utah and Kentucky evaluate the settlement offers Bill Gorton is floating. I will keep trying.

JOHN AUSTIN
Staff Attorney