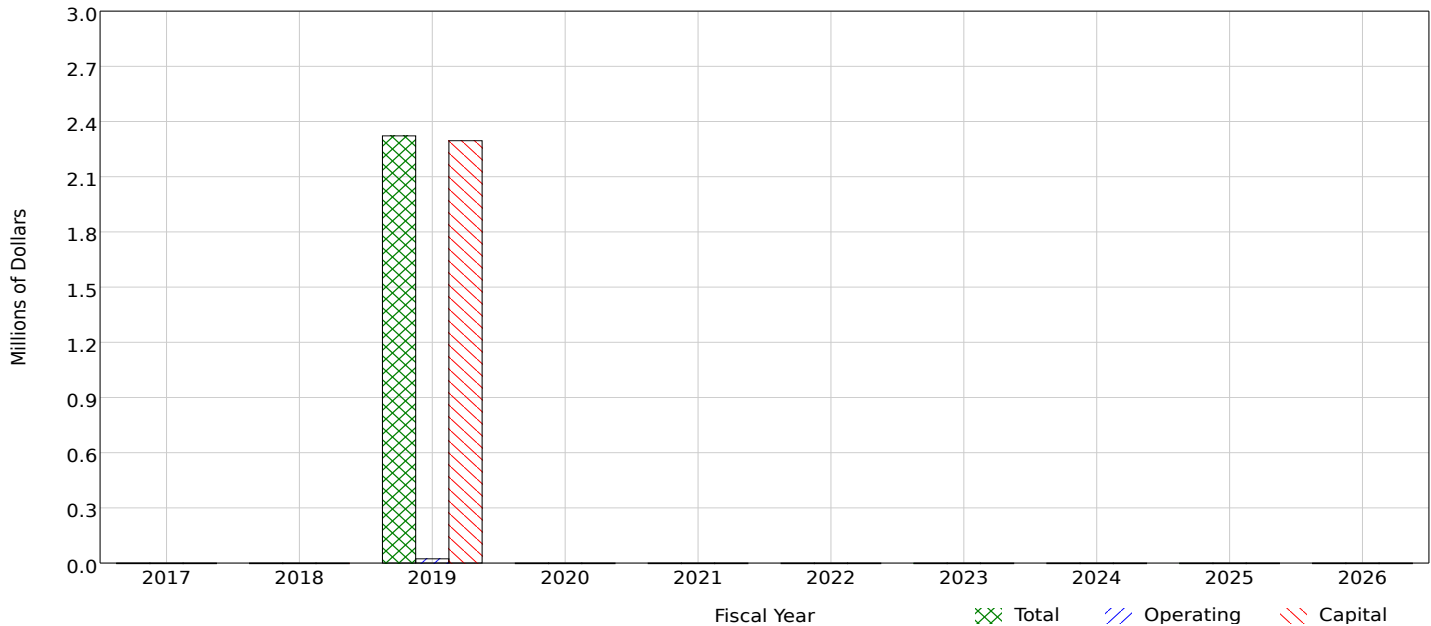


## Fund Source Report

**1053****Invst Loss****Investment Loss Trust Fund**

<b>Year Authorized</b> 1991	<b>Year Repealed</b>	<b>Active?</b> No	<b>Mental Health?</b> No	<b>Duplicated?</b> No	<b>Fund Group</b> Unrestricted General
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### Operating and Capital Appropriations



**Legal Authority**  
Court decree

**Source of Revenue**  
Settlement payments from First Life.

**Restrictions on Use**  
Subject to legislative appropriation with no restrictions on use.

#### Description and History

The Investment Loss Trust Fund (ILTF) was established in 1991 to provide financial security to participants in the state supplemental annuity plan and other annuity holders who may be harmed by the possible default on guaranteed insurance contracts of Executive Life Insurance Company of California (Executive Life). Executive Life had issued guaranteed investment contracts to the Plan and individual annuities to three hundred members. In April, 1991, California State Regulators took over Executive Life, raising considerable uncertainty about the value of the Plan assets and the individual annuities.

In 1991, \$45 million was appropriated from the General Fund and \$93.1 million was appropriated from the statutory budget reserve fund into the ILTF.

The balance in the fund is held in escrow to protect annuitants who currently receive annuities from the successor to Executive Life and for recovery actions still in progress. The state would be obligated to pay these annuitants if that company should fail.

The amount available for appropriation is the amount released from escrow. That amount depends on the number of affected employees still working for the State.

August 2010

Use of funds released from escrow has been sporadic. The code was reclassified as unrestricted GF during the budget clarification project of FY11. At this point, the code can be deactivated and funds released from escrow can be deposited into the general fund.