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*Insurance Commissioner of the State of California*

9 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
10 COUNTY OF LOS ANGELES  
11 CENTRAL DISTRICT

13 **INSURANCE COMMISSIONER OF THE**  
14 **STATE OF CALIFORNIA,**  
15 Applicant,  
16 v.  
17 **WESTERN GENERAL INSURANCE**  
18 **COMPANY,**  
19 Respondent.

Case No. 21STCP01655

**[PROPOSED] ORDER APPOINTING  
INSURANCE COMMISSIONER AS  
CONSERVATOR**

Date: May 26, 2021  
Time: 8:30 a.m.  
Dept.: 39  
Judge: Hon. Stephen I. Goorvitch  
Trial Date: None Set  
Action Filed: May 21, 2021

Exempt from fees pursuant to Govt.  
Code § 6103

**FILED**  
Superior Court of California  
County of Los Angeles

05/26/2021

Sherri R. Carter, Executive Officer / Clerk of Court

By:                     R. Mendoza                     Deputy

1           The Court, having reviewed the ex parte application and supporting papers of Petitioner  
2 Ricardo Lara, in his capacity as Insurance Commissioner of the State of California  
3 (Commissioner), for an order appointing him Conservator of Western General Insurance  
4 Company (Western General) pursuant to Insurance Code section 1011, and good cause appearing,  
5 the Court finds that the Commissioner has adequately shown that Western General is in such  
6 condition that its further transaction of business will be hazardous to its policyholders, creditors,  
7 and the public;

8           WHEREFORE IT IS HEREBY ORDERED that:

9           1.       The Commissioner is appointed as Conservator (Conservator) of Western General  
10 and directed to conduct the business of Western General or so much thereof as he deems  
11 appropriate; and he is authorized, in his discretion, to pay or defer payment of some or all proper  
12 claims, expenses, liabilities and obligations of Western General, in whole or in part, accruing  
13 prior or subsequent to his appointment as Conservator;

14           2.       The Conservator is authorized to appoint and employ special deputies, estate  
15 managers, other professionals, clerks and assistants and to give each of them such power and  
16 authority as he may deem necessary and authorizing the Commissioner as Conservator to  
17 compensate these persons from the assets of Western General as he may deem appropriate.  
18 Joseph Holloway is hereby appointed as Deputy Conservator empowered to carry out any and all  
19 duties and exercise the authority of the Conservator granted herein and the Insurance Code. Scott  
20 Pearce is hereby appointed as Conservation Manager empowered to carry out any and all duties  
21 and exercise the authority of the Conservator and Deputy Conservator, and as may be delegated  
22 by the Conservator and Deputy Conservator;

23           3.       The Conservator is authorized to assume or reject, or to modify, any executory  
24 contract, including without limitation, any lease, rental or utilization contract or agreement  
25 (including any schedule to any such contract or agreement), and any license or other arrangement  
26 for the use of computer software or business information systems, to which Western General is a  
27 party or as to which it agrees to accept an assignment of such contract; the Conservator is directed  
28 to effect any such assumption or rejection or modification of any executory contract not later than

1 120 days after the date of this Order Appointing Conservator, unless such date is extended by  
2 application to and further order of this Court; and all executory contracts that are not expressly  
3 assumed by the Conservator shall be deemed rejected;

4 4. The Conservator is authorized to take possession of all of the assets of Western  
5 General, including books, records and property, both real and personal, accounts, safe deposit  
6 boxes, rights of action, and all such assets as may be in the name of Western General,  
7 wheresoever situated;

8 5. Title to all property and assets of Western General, including deposits, securities,  
9 contracts, rights of actions, books, records and other assets of every type and nature, and  
10 including both those presently in Western General's possession and those which may be  
11 discovered hereafter, wheresoever situated, is vested in the Commissioner in his official capacity  
12 as Conservator of Western General and/or his successor in office, in his or her official capacity as  
13 Conservator; and the Conservator is authorized to deal with the same in his own name as  
14 Conservator or in the name of Western General, and all persons are enjoined from interfering  
15 with the Conservator's possession and title thereto;

16 6. The Conservator shall have all the powers of the directors, officers, and managers  
17 of Western General, whose authorities are suspended except as such powers may be redelegated  
18 by the Conservator;

19 7. The Conservator is authorized to terminate compensation arrangements with  
20 employees, to enter into new compensation arrangements with employees, including  
21 arrangements containing retention incentives, and authorizing the Conservator to hire employees  
22 on such terms and conditions as he deems reasonable;

23 8. Except upon the express authorization of the Conservator, Western General, its  
24 officers, directors, agents and employees are enjoined from transacting any of the business of  
25 Western General, whether in the State of California or elsewhere, or from disposing of, using,  
26 transferring, selling, assigning, canceling, alienating, hypothecating, diminishing, impairing,  
27 waiving, limiting or concealing in any manner or any way, or assisting any person in any of the  
28 foregoing, of the property or assets of Western General or property or assets in the possession of

1 Western General, of any nature or kind, including intangible assets, tax assets and attributes,  
2 claims or causes of action, until further order of this Court and further, such persons from are  
3 enjoined from obstructing or interfering with the Conservator's conduct of his or her duties as  
4 Conservator;

5 9. All persons are enjoined from instituting, prosecuting, or maintaining any action at  
6 law or suit in equity, and matters in arbitration, including but not limited to actions or proceedings  
7 to compel discovery or production of documents or testimony and matters in arbitration, and from  
8 attaching, executing upon, redeeming of or taking any other legal proceedings against any of the  
9 property of Western General, and from doing any act interfering with the conduct of said business  
10 by the Conservator, except after an order from this Court obtained after reasonable notice to the  
11 Conservator;

12 10. Western General and all officers, directors, agents and employees of Western  
13 General shall deliver to, and immediately make available to, the Conservator all assets, books,  
14 records, accounts, records, tax returns, information, computers, tapes, discs, writings, other  
15 recordings of information, equipment and other property of Western General, wheresoever  
16 situated, in said persons custody or control and further, shall disclose verbally, or in writing if  
17 requested by the Conservator, the exact whereabouts of the foregoing items if such items are not  
18 in the possession custody or control of said persons;

19 11. All officers, directors, trustees, employees or agents of Western General, or any  
20 other person, firm, association, partnership, corporate parent, holding company, affiliate or other  
21 entity in charge of any aspect of Western General's affairs, either in whole or in part, and  
22 including but not limited to banks, savings and loan associations, financial or lending institutions,  
23 brokers, stock or mutual associations, or any parent, holding company, subsidiary or affiliated  
24 corporation or any other representative acting in concert with Western General, shall cooperate  
25 with the Conservator in the performance of his or her duties;

26 12. The Conservator is authorized to pay out of the funds and assets of Western  
27 General all costs and fees incurred in preparing for, bringing and maintaining this action,  
28 including the reasonable expenses incurred by the California Department of Insurance, the

1 Special Examiner, and or the Regulatory Services Group prior to the filing of this application, and  
2 for such other actions and activities as are necessary to carry out his functions as Conservator.  
3 Such payments may include reimbursements for third party advisory and consulting services  
4 incurred by a member of the Regulatory Services Group in preparation for conservation of  
5 Western General;

6 13. The Conservator is authorized to pay all reasonable costs of taking possession of  
7 and conserving Western General out of the funds and assets of Western General;

8 14. The Conservator is authorized to pay all reasonable costs of operating Western  
9 General as Conservator (including direct and allocated direct costs, direct and allocated general  
10 and administrative costs and overhead, and all other allocated costs) out of any and all funds and  
11 assets of Western General; and if there are insufficient funds, to pay for the costs out of the  
12 Insurance Fund pursuant to section 1035;

13 15. All funds and assets, including certificates of deposit, bank accounts, and mutual  
14 fund shares of Western General, in various financial depository institutions, including but not  
15 limited to banks, savings and loan associations, industrial loan companies, mutual funds or stock  
16 brokerages, wheresoever situated, are vested in the Conservator and subject to withdrawal upon  
17 his order only;

18 16. All persons who maintain records for Western General, pursuant to written  
19 contract or any other agreement, shall maintain such records and shall deliver to the Conservator  
20 such records upon his request;

21 17. All agents of Western General, and all brokers who have done business with  
22 Western General, shall make all remittances of all funds collected by them or in their hands that  
23 are payable to Western General directly to the Conservator;

24 18. All persons having possession of any lists of policyholders or escrow holders of  
25 Western General shall deliver such lists to the Conservator; and all persons are enjoined from  
26 using any such lists or any information contained therein without the consent of the Conservator;

27 19. The Conservator is authorized to initiate such equitable or legal actions or  
28 proceedings in this or other states as may appear necessary to him to carry out his functions as

1 Conservator;

2 20. The Conservator is authorized to divert, take possession of and secure all mail of  
3 Western General, in order to screen such mail, and to effect a change in the rights to use any and  
4 all post office boxes and other mail collection facilities used by Western General;

5 21. Western General and its officers, directors, agents, servants, employees,  
6 successors, assigns, affiliates, and other persons or entities under their control and all persons or  
7 entities in concert or participation with Western General, and each of them, shall turn over to  
8 Conservator all records, documentation, charts and/or descriptive materials of all funds, assets,  
9 property (owned beneficially or otherwise), and all other assets of Western General wheresoever  
10 situated, and all books and records of accounts, title documents and other documents in their  
11 possession or under their control, which relate, directly or indirectly to assets or property owned  
12 or held by Western General or to the business or operations of Western General;

13 22. Except upon further order of the Court issued after a hearing in which the  
14 Conservator has received reasonable notice, all persons are enjoined from obtaining preferences,  
15 judgments, attachments or other liens, or making any levy against Western General or its assets or  
16 property, and from executing or issuing or causing the execution or issuance of any court  
17 attachment, subpoena, replevin, execution or other process for the purpose of impounding or  
18 taking possession of or interfering with or creating or enforcing a lien upon any property or assets  
19 owned or in the possession of Western General or the Conservator, wheresoever situated, and  
20 from doing any act interfering with the conduct of said business by the Conservator;

21 23. Except upon further order of the Court issued after a hearing in which the  
22 Conservator has received reasonable notice, all persons are enjoined from accelerating the due  
23 date of any obligation or claimed obligation; exercising any right of set-off; taking, retaining,  
24 retaking or attempting to retake possession of any real or personal property; withholding or  
25 diverting any rent or other obligation; doing any act or other thing whatsoever to interfere with  
26 the possession of or management by the Conservator of the property and assets, owned or  
27 controlled by Western General or in the possession of Western General or in any way interfering  
28 with the Conservator or interfering in any manner during the pendency of this proceeding with the

1 exclusive jurisdiction of this Court over Western General and its assets;

2           24. Any and all provisions of any agreement entered into by and between any third  
3 party and Western General, including by way of illustration, but not limited to, the following  
4 types of agreements (as well as any amendments, assignments, or modifications thereto)—  
5 financial guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust,  
6 mortgages, indemnification agreements, subrogation agreements, subordination agreements,  
7 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,  
8 leases, insurance policies, guaranties, escrow agreements, management agreements, real estate  
9 brokerage and rental agreements, servicing agreements, attorney agreements, consulting  
10 agreements, easement agreements, license agreements, tax sharing agreements, franchise  
11 agreements, or employment contracts that provide in any manner that selection, appointment or  
12 retention of a conservator, receiver or trustee by any court, or entry of any order such as hereby  
13 made, shall be deemed to be, or otherwise operate as, a breach, violation, event of default,  
14 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation—  
15 shall be stayed, and the assertion of any and all rights and remedies relating thereto shall also be  
16 stayed and barred, except as otherwise ordered by this Court, and this Court shall retain  
17 jurisdiction over any cause of action that has arisen or may otherwise arise under any such  
18 provision;

19           25. The Conservator to invest and reinvest Western General assets and funds in such a  
20 manner as he deems suitable for the best interest of Western General creditors. However, no  
21 investment or reinvestment shall be made exceeding the sum of \$100,000 without first obtaining  
22 permission of this Court, except the Conservator may make investments or reinvestments in  
23 excess of \$100,000, but not exceeding \$5,000,000 per investment or reinvestment, without prior  
24 approval if such investments or reinvestments are made pursuant to any provisions of the existing  
25 investment guidelines and investment programs of Western General that the Conservator  
26 determines are prudent and appropriate to continue. Such investment guidelines shall be  
27 applicable only to non-pledged and or unencumbered assets in the estate;

28           26. The Conservator is authorized to pay such priority liabilities during conservation

1 as the Commissioner, as statutory conservator, shall determine appropriate and to immediately  
2 reserve against the full payment of such expenses; and

3 27. All persons are enjoined from the waste of the assets of Western General.

4 Dated: 05/26/2021  
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*Stephen I. Goorvitch*

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7 Stephen I. Goorvitch / Judge  
8 Hon. Stephen I. Goorvitch  
9 Judge of the Superior Court  
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