

COPY

1 KAMALA D. HARRIS
Attorney General of the State of California
2 JOYCE E. HEE (State Bar No. 88610)
Supervising Deputy Attorney General
3 KRISTIAN D. WHITTEN (State Bar No. 58626)
Deputy Attorney General
4 455 Golden Gate, Suite 11000
San Francisco, California 94102-7004
5 Telephone: (415) 703-5589
Facsimile: (415) 703-5480
6 Email: kris.whitten@doj.ca.gov

7 THOMAS J. WELSH (State Bar No. 142890)
CYNTHIA J. LARSEN (State Bar No. 123994)
8 ORRICK, HERRINGTON & SUTCLIFFE LLP
400 Capitol Mall, Suite 3000
9 Sacramento, California 95814-4497
Telephone: (916) 447-9200
10 Facsimile: (916) 329-4900
Email: tomwelsh@orrick.com
11 clarsen@orrick.com

12 Attorneys for Applicant Dave Jones,
Insurance Commissioner of the State of California
13 In his Capacity as Conservator of
Majestic Insurance Company
14

15 SUPERIOR COURT OF THE STATE OF CALIFORNIA
16 CITY AND COUNTY OF SAN FRANCISCO
17

18 DAVE JONES, INSURANCE
19 COMMISSIONER OF THE STATE OF
CALIFORNIA,

20 Applicant,

21 v.

22 MAJESTIC INSURANCE COMPANY, and
23 DOES 1-50, inclusive,

24 Respondents.
25

Case No. CPF-11-511261

**[PROPOSED] ORDER APPROVING
REHABILITATION PLAN**

Date: June 2, 2011
Time: 9:30 a.m.
Dept: 301
Judge: Hon. Peter J. Busch

**EXEMPT from filing fees per Govt. Code
§ 6103**

26 This Court, having considered the Motion for an Order Approving Rehabilitation Plan for
27 Majestic Insurance Company (“Majestic”)¹ of Insurance Commissioner Dave Jones, as
28

¹ All capitalized terms, to the extent not defined in this Order, have the meanings set forth in the Motion.

ENDORSED
FILED
San Francisco County Superior Court

JUN 02 2011

CLERK OF THE COURT
BY: MARJORIE SCHWARTZ-SCOTT
Deputy Clerk

1 Conservator of Majestic; having conducted a hearing on June 2, 2011, to consider the Motion for
2 Order Approving the Rehabilitation Plan (the “Hearing”); having considered the pleadings, filings
3 and evidence in this proceeding, including all matters and information adduced by the
4 Conservator in support of the Rehabilitation Plan; having considered all objections and comments
5 provided by persons interested in the Rehabilitation Plan, including the New York State Workers’
6 Compensation Board’s Objection to the Proposed Rehabilitation Plan for Majestic Insurance
7 Company and the Plaintiffs Contractors’ Objection to Rehabilitation Plan for Majestic Insurance
8 Company; the matter having been fully argued, briefed and submitted and GOOD CAUSE
9 appearing therefor:

10 **IT IS THEREFORE FOUND, DETERMINED AND ORDERED AS FOLLOWS:**

11 **Notice, Opportunity to be Heard and Consent to Jurisdiction**

12 1. The Conservator has provided proper, timely and adequate notice of the Hearing,
13 the Motion and all related matters to all parties entitled to such notice, including policyholders,
14 contract holders, creditors, the shareholder of Majestic and all other interested parties entitled to
15 notice.

16 2. All interested persons had a full and fair opportunity to present any comments,
17 suggestions, objections or other matters relating to the Rehabilitation Plan as detailed in the
18 Conservator’s Motion and the documents filed in support thereof.

19 3. All persons and entities filing objections have consented to the exclusive
20 jurisdiction of the Court on matters relating to Majestic and its assets.

21 **Overruling of Objections and Approval of Rehabilitation Plan**

22 4. All objections to the Rehabilitation Plan are hereby overruled.

23 5. Based upon the Motion and the evidence adduced in support thereof, this Court
24 finds that the Rehabilitation Plan, the Rehabilitation Agreement, and the accompanying
25 Rehabilitation Transaction Agreements are fair, just and equitable to policyholders, creditors and
26 the shareholder of Majestic, as well as other interested parties, and do not discriminate unfairly in
27 favor of or against any class of policyholder, creditor or shareholder.

28 ///

1 6. All provisions of the Rehabilitation Plan are within the sound discretion of the
2 California Insurance Commissioner acting as Conservator of Majestic. No provision of the
3 Rehabilitation Plan, Rehabilitation Agreement or Rehabilitation Transaction Agreements
4 referenced therein violates any requirement of law and all requirements of due process have been
5 met.

6 7. The Rehabilitation Plan and its accompanying Rehabilitation Transaction
7 Agreements are hereby fully and finally approved and enforceable in accordance with the
8 foregoing and in accordance with their provisions, said provisions being hereby incorporated into
9 this Order Approving Rehabilitation Plan.

10 8. All transactions contemplated by the Rehabilitation Plan, Rehabilitation
11 Agreement and Rehabilitation Transaction Agreements may be immediately consummated,
12 closed or performed upon entry of this Order. The Conservator and the respective parties to the
13 foregoing agreements are hereby authorized to do all acts and sign all ancillary agreements and
14 other documents reasonably necessary to close the transactions contemplated by such agreements,
15 including, but not limited to, the transfer of assets, the execution of bills of sale, execution of
16 documents of title, the entry into contracts and the payment of such fees and expenses as may be
17 necessary or appropriate to the closing of the contemplated transactions. The Conservator is
18 expressly authorized to take all actions, pay all expenses and execute all documents he deems
19 necessary or appropriate in order to effectuate the consummation of the transactions contemplated
20 by and approved in this Order without further approval of this Court. To the extent the
21 Conservator believes it to be necessary, he may negotiate and propose modifications to the Court
22 with respect to Rehabilitation Plan which are consistent with the intent and spirit of the
23 Rehabilitation Plan.

24 9. All other provisions of the Motion, to which reference is hereby made for further
25 detail, are hereby found to be reasonable and are in all things approved.

26 **Continuing Jurisdiction of the Court and Continuation of Injunctions**

27 10. All executory portions of the Rehabilitation Transaction Agreements are also
28 hereby approved and made valid in the event of a future insolvency of Majestic.

1 11. This Court shall retain jurisdiction of this action to supervise the implementation
2 of the Rehabilitation Plan, to resolve disputes in the manner provided for in the Rehabilitation
3 Plan, to adjudicate all third party claims, to make any orders or findings necessary to implement
4 this Order or the Rehabilitation Plan.

5 12. All prior injunctions and other orders of this Court, except to the extent expressly
6 modified herein, are reaffirmed and remain in full force and effect. All powers and authority
7 granted to the Conservator by this Order are in addition to and not in limitation of the powers of
8 the Conservator under the California Insurance Code and the applicable case law.

9 13. The Conservator is expressly authorized to do all things necessary or appropriate
10 to carry out the provisions of the Rehabilitation Plan, Rehabilitation Agreement and
11 Rehabilitation Transaction Agreements.

12 14. All third parties, including, without limitation, banks, savings and loan
13 associations, depositories, custodians, securities issuers, third party lenders or mortgage holders,
14 landlords and transfer agents, are instructed to use their best efforts and to cooperate with the
15 Conservator to ensure that the asset transfers authorized herein are accomplished.

16 **Provisions Regarding Majestic in Conservation**

17 15. This Order is not an order of liquidation for Majestic. The Conservator may seek
18 an order to liquidate Majestic at such time as the Conservator determines such liquidation is
19 advisable. Such application for an order of liquidation shall be made to this Court, and may be
20 made on an *ex parte* basis, subject to subsequent notice and a hearing before this Court.

21 16. The California Insurance Guarantee Association's obligations and the obligations
22 of similar guaranty associations in other states (which guaranty associations shall be collectively
23 referred to as "CIGA") shall not be affected by this Order.

24 17. The Conservator is authorized to use the assets of Majestic to satisfy liabilities of
25 Majestic not assumed by AmTrust North America, Inc. ("AmTrust") or an affiliate of AmTrust
26 pursuant to the Rehabilitation Agreement or Rehabilitation Transaction Agreements, in the order
27 of priority established in Insurance Code Section 1033.

28 ///

