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ORIGINAL FILED

JUN 24 2010

LOS ANGELES
SUPERIOR COURT

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

12 INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA,

13 Applicant,

14 v.

15 GOLDEN STATE MUTUAL LIFE
16 INSURANCE COMPANY, a California
corporation,

17 Respondent.

Case No. BS123005
Assigned to Hon. David P. Yaffe, Dept. 86

**[PROPOSED] ORDER APPROVING THE
CONSERVATOR'S REHABILITATION
PLAN FOR GOLDEN STATE MUTUAL
LIFE INSURANCE COMPANY AND
AUTHORIZING CONSERVATOR TO
ENTER INTO RELATED
AGREEMENTS WITH IA AMERICAN
LIFE INSURANCE COMPANY:**

- 18 (1) AGREEMENT AND PLAN OF
REHABILITATION;
19 (2) ASSUMPTION REINSURANCE
AGREEMENT;
20 (3) SERVICE AGREEMENT; AND
21 (4) NOVATION AGREEMENT

22 Date: June 24, 2010
Time: 9:30 a.m.
23 Dept: Dept 86
Judge: Honorable David P. Yaffe

1 On June 24, 2010, in Department 86 of the above-entitled Court, the Honorable David P.
2 Yaffe, Judge Presiding (the "Court"), the Court held the hearing on its Order To Show Cause
3 dated May 12, 2010 and the Application Re: Order To Show Cause And For Orders Approving
4 Rehabilitation Plan Of Golden State Mutual Life Insurance Company And Authorizing
5 Conservator To Enter Into Related Agreements With IA American Life Insurance Company
6 ("Application") filed by Applicant Steve Poizner, Insurance Commissioner of the State of
7 California, in his capacity as Conservator ("Conservator") of Golden State Mutual Life Insurance
8 Company in Conservation ("Golden State"). Deputy Attorney General Marta L. Smith and
9 attorney Michael R. Weiss appeared on behalf of the Conservator. Other appearances, if any, are
10 noted in the record.

11 The Court, having read and considered the Conservator's Application, the Declarations of
12 David E. Wilson, Joseph B. Holloway, Jr., Patrik Guindon and Michael R. Weiss, and all
13 documents and evidence submitted, including without limitation the rehabilitation plan
14 comprising the four agreements referred to as (1) Agreement and Plan of Rehabilitation, (2)
15 Assumption Reinsurance Agreement, (3) Service Agreement and (4) Novation Agreement
16 (collectively, the "Rehabilitation Plan,"), and having heard and considered the arguments
17 presented to the Court, and upon good cause shown,

18 IT IS HEREBY ORDERED that the Conservator's Application is granted and that:

19 1. This Court has subject matter jurisdiction over this matter pursuant to California
20 Insurance Code § 1010 *et seq*;

21 2. Notice of the Order to Show Cause, the Conservator's Application for approval of
22 the Rehabilitation Plan, the agreements comprising the Rehabilitation Plan, and all other
23 documents and evidence submitted in support of the Conservator's Application was properly
24 provided to Golden State, its former board of directors, its approximately 120,000 policyholders
25 and annuity contract holders, its certificate of contribution holders, its employees and all other
26 persons and entities having a substantial, unsatisfied interest in Golden State known to the
27 Conservator; that the mailing to the Affected Persons was properly provided; and that the notices
28 and mailings comply with due process and with the requirements of California law;

1 3. The Conservator is authorized to enter into the Rehabilitation Plan consisting of
2 (1) Agreement and Plan of Rehabilitation, (2) Assumption Reinsurance Agreement, (3) Service
3 Agreement and (4) Novation Agreement in a form substantially similar to that filed with the
4 Application;

5 4. The Rehabilitation Plan and the agreements comprising the plan are authorized and
6 consistent with California Insurance Code § 1010 *et seq.*, including without limitation §§ 1037,
7 1043 and 1057, the Conservator's discretion under those statutes, and both substantive and
8 procedural due process;

9 5. The Rehabilitation Plan and agreements comprising the plan, when contemplated,
10 are enforceable;

11 6. The Rehabilitation Plan and agreements comprising the plan are fair to Golden
12 State's policyholders, annuity contract holders, creditors, and all other persons and entities having
13 a substantial, unsatisfied interest in Golden State known to the Conservator;

14 7. The form of the Rehabilitation Plan and agreements are approved;

15 8. The policyholder and annuity contract liabilities shall be assumed and transferred
16 to IA American Life Insurance Company ("IA American") upon closing of the Rehabilitation
17 Plan and agreements, such that, upon closing of the agreements, Golden State's policies and
18 annuity contracts shall be assumed by IA American and the policyholders and annuity contract
19 holders of such policies and contracts shall have no further contractual claims against Golden
20 State, other than any claim arising solely from equity ownership rights, if any, as mutual life
21 insurance policyholders;

22 9. The entry into the Rehabilitation Plan and agreements provides each policyholder,
23 annuity contract holder and creditor of Golden State with a more favorable result than the other
24 proposals submitted to the Conservator and under an immediate liquidation of Golden State;

25 10. The Conservator is hereby authorized, in his discretion, to consummate and close
26 the transactions and agreements contemplated by the Rehabilitation Plan and agreements; in his
27 discretion, to make the asset and liability transfers contemplated by the Rehabilitation Plan and
28 agreements; and, in his discretion, to enter into such further agreements, modifications and

1 documents regarding the transfer and assumption of Golden State's policies and annuity
2 contracts, the closing of the Rehabilitation Plan and agreements, the provision for the
3 adjudication, defense, and payment of policy claims in the course of settlement, and the transfers
4 of assets contemplated therein, as he deems appropriate;

5 11. The Court's September 30, 2009, Order Appointing Conservator and Restraining
6 Order, and all stays and injunctions set forth therein, remain in full force and effect;

7 12. All policyholders, annuity contract holders, creditors, persons and entities are
8 enjoined and restrained from commencing or further prosecuting any suit or suit against IA
9 American seeking to impose liability upon IA American for any extra-contractual liabilities, tort
10 liabilities, statutory liabilities or other liabilities of Golden State which arise prior to the date of
11 IA American's assumption of Golden State's policies and annuity contracts;

12 13. All liabilities not assumed by IA American shall remain with Golden State;

13 14. All assets and liabilities of Golden State not transferred to IA American will
14 remain with and be monetized by the Conservator, and will be subject to the claim priority and
15 asset distribution procedures set forth in Insurance Code § 1010 *et seq.*;

16 15. Following the closing of the Rehabilitation Plan and agreements with IA
17 American, the Conservator shall maintain all rights to apply for further orders of conservation
18 and/or liquidation concerning Golden State and to apply for a proof of claims process to be
19 established in accordance with California Insurance Code § 1010 *et seq.*, including a claims bar
20 date and other procedures to distribute Golden State's retained assets in an orderly manner;

21 16. Nothing in the requested Order shall diminish the rights of the Conservator in this
22 matter;

23 17. Upon the closing of the Rehabilitation Plan and agreements and transactions
24 contemplated therein with IA American, the Conservator shall file with the Court a Notice of
25 Closing of Rehabilitation Plan within thirty days of such closing. If, for any reason, the
26 Conservator determines that a closing should not occur, then the Conservator shall file a Status
27 Report advising the Court of same no later than thirty-days after making such a determination;
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18. The Conservator is authorized to take any and all action necessary to accomplish the purposes of this Order and the orders requested herein.

DATED: JUN 24 2010

David P. Yaffe

THE HONORABLE DAVID P. YAFFE
Los Angeles Superior Court Judge