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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
17 corporation,

18 Respondent.

Case No. BS123005

Assigned to Hon. David P. Yaffe, Dept. 86

**DECLARATION OF SHERALIN
CARVER RE PROOF OF SERVICE OF
NOTICE OF ORDER TO SHOW CAUSE
AND CONSERVATOR'S MOVING
PAPERS AND APPLICATION FOR
ORDERS APPROVING
REHABILITATION PLAN OF GOLDEN
STATE MUTUAL LIFE INSURANCE
COMPANY AND AUTHORIZING
CONSERVATOR TO ENTER INTO
RELATED AGREEMENTS WITH IA
AMERICAN LIFE INSURANCE
COMPANY**

Date: June 24, 2010

Time: 9:30 a.m.

Dept: Dept 86

Judge: Honorable David P. Yaffe

1 I, Sheralin Carver, declare as follows:

2 1. I am over 18 years of age, not a party to this action, have personal knowledge of
3 the facts and circumstances set forth in this declaration, and if called upon to do so, I could and
4 would competently testify thereto.

5 2. I am employed with MMi Direct Mail Communications ("MMi"), located at 6259
6 Bandini Blvd., Los Angeles, California 90040-3113.

7 3. On or about May 4, 2010, MMi received from Golden State Mutual Life Insurance
8 Company a spreadsheet containing 105,653 names and addresses of persons and entities. After
9 reviewing the spreadsheet, we concluded and advised Golden State that a few of the addresses
10 were erroneous and that the spreadsheet contained 105,256 valid names and addresses.

11 4. Thereafter, MMi received from Golden State Mutual Life Insurance Company and
12 IA American Life Insurance Company the following documents: (1) Order Granting Application
13 For Order To Show Cause And Orders Concerning The Hearing And Notice For The Approval
14 Of The Conservator's Rehabilitation Plan And Related Agreements; (2) Letter to Interested
15 Persons from California Insurance Commissioner; and (3) Letter from IA American Life
16 Insurance Company (collectively, the "Notice Documents"). MMi created a proof of the three
17 Notice Documents for mailing to the persons and entities identified in the spreadsheet. A true and
18 correct copy of the Notice Documents is attached hereto and incorporated herein by this reference
19 as Exhibit 8. MMi then inserted the three Notice Documents in envelopes addressed to the
20 105,256 persons and entities identified in the spreadsheet.

21 5. On May 19, 2010, MMi deposited with the United States Post Office 105,256
22 addressed envelopes containing the three Notice Documents, with postage, for mailing by first
23 class mail to the 105,256 persons and entities identified in the database.

24 I declare under penalty of perjury under the laws of the State of California that the
25 foregoing is true and correct.

26 Executed on this 20th day of May, 2010, at Los Angeles, California.

27
28



SHERALIN CARVER

EXHIBIT 8

GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY, IN CONSERVATION

P.O. Box 512332, Los Angeles, CA 90051-0332 TEL: (800) CALL-GSM, Ext. 4 www.gsmlife.com

May 17, 2010

To: All Interested Persons

I am pleased to announce that the Insurance Commissioner of the State of California as Conservator ("Conservator") of Golden State Mutual Life Insurance Company ("Golden State Mutual") has entered into a comprehensive rehabilitation plan and agreements with IA American Life Insurance Company ("IA American"), subject to court approval, which will **preserve and maintain the value, continuous coverage and contractual benefits** for the holders of in-force life, health and disability insurance policies and annuity contracts issued by Golden State Mutual.

The rehabilitation plan and the agreements forming the plan are collectively referred to as "Rehabilitation Plan and Agreements." The Rehabilitation Plan and Agreements provide that holders of Golden State Mutual's in-force life, health and disability policies and annuity contracts will become policy and annuity contract holders of IA American under an express assumption of their policies and annuity contracts as modified by an Assumption Endorsement. As a result of this assumption, all claims for contractual life, health and disability insurance policy and annuity contract benefits will be deemed satisfied by the assumption and IA American will be solely responsible to pay all claims on the policies and contracts.

IA American is a financially strong insurance company rated "A-" by A.M. Best Company. I am confident that Golden State Mutual's policyholders and annuity contract holders will be satisfied with IA American, its service, financial stability and quality based investment strategies. A letter from IA American detailing its financial strength and commitment to its policyholders and annuity holders is included with this letter.

The Rehabilitation Plan and Agreements also provide that the Conservator will retain substantial assets of Golden State Mutual for the administration of the conservation of Golden State Mutual. All claims of any kind or nature, other than the Policy Liabilities defined in the Rehabilitation Plan and Agreements, including, without limitation, all claims under California Insurance Code § 1033, priorities 3 through 9, shall be made and administered against Golden State Mutual through and in accordance with the Insurance Code § 1011 *et seq.* Following the closing of the transactions contemplated by the Rehabilitation Plan and Agreements with IA American and the protection of the in-force policyholders and annuity contract holders through the assumption by IA American, it is likely that further orders of conservation or liquidation will be requested for Golden State Mutual and that a proof of claims process will be established in accordance with California Insurance Code § 1011 *et seq.* There is no requirement at this time for persons or entities to assert creditor claims against the estate of Golden State Mutual.

The Rehabilitation Plan and Agreements require the approval of the Los Angeles Superior Court overseeing the conservation of Golden State Mutual. A hearing on an Order to Show Cause why Golden State Mutual's life, health and disability insurance policies and annuity contracts should not be assumed by IA American in accordance with the Rehabilitation Plan and Agreements and why the Rehabilitation Plan and Agreements should not be approved by the Court, is scheduled for June 24, 2010, at 9:30 a.m., in Department 86 of the Los Angeles Superior Court, located at 111 N. Hill Street, Los Angeles, California 90012.

No action is required by policyholders or annuity contract holders who do not oppose the Order to Show Cause, the Conservator's Application supporting the Order to Show Cause and approval of the Rehabilitation Plan and Agreements, the Rehabilitation Plan and Agreements, or the assumption of Golden State Mutual's policies and annuity contracts by IA American. Any response or opposition, with supporting evidence, to the Application shall be filed with the Los Angeles Superior Court and a copy of such response or opposition, with supporting evidence, shall be served by mail or email to Golden State Mutual on or before June 10, 2010. Golden State Mutual's mailing and email addresses for any response or opposition is:

Golden State Mutual Life Insurance Company, In Conservation
P.O. Box 512332
Los Angeles, California 90051-0332
www.gsmlife.com

The Conservator shall file any replies, with supporting evidence, on or before June 17, 2010, and a copy of such reply shall be served on the responding or objecting persons or entities and posted on the above noted website.

To review the Rehabilitation Plan and Agreements, please go to www.caclo.org/GoldenStateMutual/RehabilitationPlan. You may also call 1-800-CALL-GSM, Extension 4, for information or assistance. While you should carefully review the Rehabilitation Plan and Agreements, I believe that Golden State Mutual's policyholders and annuity contract holders will receive significant benefits from the assumption of their policies and annuity contracts by IA American. IA American is committed to providing unsurpassed service and commitment to its policy and annuity contract holders. Additionally, IA American's financial strength and quality based investment strategies will help ensure the prudent management of policyholders' and annuity contract holders' funds and satisfaction for many years to come.

Your patience and cooperation during the conservation period have contributed to the success of our efforts to negotiate and implement a successful plan of rehabilitation for Golden State Mutual and is greatly appreciated.

Sincerely,

David E. Wilson
Special Deputy Insurance Commissioner

1 EDMUND G. BROWN JR.
Attorney General of California
2 FELIX LEATHERWOOD
W. DEAN FREEMAN
3 Supervising Deputy Attorneys General
MARTA L. SMITH
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7 E-mail: Marta.Smith@doj.ca.gov
8 Attorneys for Applicant
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10 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
11 **FOR THE COUNTY OF LOS ANGELES**

12 INSURANCE COMMISSIONER OF THE
13 STATE OF CALIFORNIA,

14 Applicant,

15 v.

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

18 Respondent.

Case No. BS123005

Assigned to Hon. David P. Yaffe, Dept. 86

**NOTICE OF ENTRY OF ORDER TO
SHOW CAUSE RE WHY:**

**(A) THE INSURANCE POLICIES AND
ANNUITY CONTRACTS ISSUED BY
GOLDEN STATE MUTUAL LIFE
INSURANCE COMPANY SHOULD NOT
BE ASSUMED BY IA AMERICAN LIFE
INSURANCE COMPANY, AND**

**(B) THE CONSERVATOR SHOULD
NOT BE AUTHORIZED TO ENTER
INTO HIS REHABILITATION PLAN
AND AGREEMENTS WITH IA
AMERICAN LIFE INSURANCE
COMPANY INCLUDING:**

- (1) AGREEMENT AND PLAN OF
REHABILITATION;**
- (2) ASSUMPTION REINSURANCE
AGREEMENT;**
- (3) SERVICE AGREEMENT; AND**
- (4) NOVATION AGREEMENT**

Date: June 24, 2010

Time: 9:30 a.m.

Dept: Dept 86

Judge: Honorable David P. Yaffe

- 1 **TO: (1) THE LOS ANGELES SUPERIOR COURT;**
2 **(2) GOLDEN STATE MUTUAL LIFE INSURANCE COMPANY;**
3 **(3) ALL PERSONS AND ENTITIES HAVING LIFE, HEALTH OR DISABILITY**
4 **INSURANCE POLICIES OR ANNUITY CONTRACTS WITH GOLDEN**
5 **STATE MUTUAL LIFE INSURANCE COMPANY;**
6 **(4) ALL CERTIFICATE OF CONTRIBUTION HOLDERS WITH GOLDEN**
7 **STATE MUTUAL LIFE INSURANCE COMPANY;**
8 **(5) ALL EMPLOYEES OF GOLDEN STATE MUTUAL LIFE INSURANCE**
9 **COMPANY;**
10 **(6) ALL PERSONS AND ENTITIES KNOWN TO THE CONSERVATOR TO**
11 **HAVE A SUBSTANTIAL UNSATISFIED CLAIM THAT MAY BE AFFECTED**
12 **BY THE REQUESTED COURT ORDER; AND**
13 **(7) ALL INTERESTED PARTIES**

14 **PLEASE TAKE NOTICE** that on **June 24, 2010, at 9:30 a.m.**, or as soon thereafter as
15 the parties may be heard, a hearing will be held in Department 86 of the Los Angeles Superior
16 Court for the State of California, County of Los Angeles, located at 111 N. Hill Street, Los
17 Angeles, California 90012 (“Court”), on an Order to Show Cause why (1) the life, health and
18 disability insurance policies and annuity contracts issued by Golden State Mutual Life Insurance
19 Company (“Golden State”) should not be assumed by IA American Life Insurance Company (“IA
20 American”) and (2) Applicant Steve Poizner, Insurance Commissioner of the State of California,
21 in his capacity as Conservator (“Conservator”) of Golden State, should not be authorized to enter
22 into a plan of rehabilitation for Golden State and related agreements with IA American, and for
23 the additional Orders below.

24 Any response or opposition, with supporting evidence, to the Order to Show Cause shall
25 be filed with the Court and served by mail or e-mail to Golden State on or before **June 10, 2010**.
26 The Conservator shall file any replies, with supporting evidence, on or before **June 17, 2010**, and
27 a copy of such reply shall be served on the responding or objecting persons or entities and posted
28 on the below noted website. Golden State’s address for service is:

1 Golden State Mutual Life Insurance Company, In Conservation
2 P.O. Box 512332
3 Los Angeles, California 90051-0332
4 www.gsmlife.com

5 The Conservator's plan of rehabilitation for Golden State and related agreements include:

- 6 (1) Agreement and Plan of Rehabilitation;
- 7 (2) Assumption Reinsurance Agreement;
- 8 (3) Service Agreement; and
- 9 (4) Novation Agreement.

10 These agreements are collectively referred to herein as the "Rehabilitation Plan and Agreements."
11 Copies of the Rehabilitation Plan and Agreements, the Conservator's submission with supporting
12 evidence in support of the Order to Show Cause and approvals requested therein, can be reviewed
13 and downloaded at www.caclo.org/GoldenStateMutual/RehabilitationPlan. You may also call 1-
14 800-CALL-GSM, Extension 4, for information about the Rehabilitation Plan and Agreements or
15 policy assistance.

16 The Rehabilitation Plan and Agreements require the Court's approval. No action is
17 required on your part if you do not oppose the assumption of Golden State's policies or annuity
18 contracts by IA American or the Rehabilitation Plan and Agreements.

19 **Overview of the Rehabilitation Plan and Agreements**

20 Pursuant to the Rehabilitation Plan and Agreements, effective January 1, 2010, persons
21 and entities having life, health or disability insurance policies or annuity contracts with Golden
22 State will become policyholders of IA American under an express assumption of their insurance
23 policies and annuity contracts. As a result of this assumption, all claims for contractual life,
24 health and disability insurance policy and annuity contract benefits will be deemed satisfied by
25 the assumption and IA American will be solely responsible to pay all claims on the policies and
26 contracts.

27 At the closing of the transactions contemplated by the Rehabilitation Plan and
28 Agreements, projected to occur by approximately September 2010, IA American will pay an \$11
million ceding commission to Golden State for the assumption of the policy and annuity contract
liabilities, which will be paid in the form of a credit to Golden State against transferred liabilities;

1 the Conservator will transfer approximately \$60 million of Golden State's assets to IA American;
2 and IA American will assume approximately \$71 million of Golden State's liabilities. The actual
3 amount of transferred assets will be equal to the difference between the policy liabilities and the
4 \$11 million ceding commission. The assets to be transferred are detailed in the Closing Schedule
5 of Transferred Assets attached to the Rehabilitation Plan and Agreements.

6 During the time period between January 1, 2010, and the closing of the transactions
7 contemplated by the Rehabilitation Plan and Agreements, and the time period between the closing
8 of the transactions and the administrative transfer of the insurance policies and annuity contracts
9 to IA American, IA American will pay certain expense allowances to Golden State for the
10 maintenance and servicing of the insurance policies and annuity contracts to be assumed by IA
11 American. The expense allowances and terms of the servicing and maintenance are set forth in
12 the Assumption Reinsurance Agreement and Service Agreement.

13 Assets not transferred by the Conservator to IA American shall remain with the
14 conservation estate of Golden State. All claims of any kind or nature, other than policyholder and
15 annuity contract holder claims for policy and annuity contract benefits, will be made and
16 administered against Golden State in accordance with Insurance Code § 1011 *et seq.* Following
17 the closing of the Rehabilitation Plan and Agreements, it is likely that further orders of
18 conservation and/or liquidation will be requested for Golden State, and a proof of claims process
19 will be established in accordance with California Insurance Code § 1011 *et seq.*

20 **Conservator Recommends the Rehabilitation Plan and Agreements**

21 The Conservator recommends the approval of the transactions and agreements set forth in
22 the Rehabilitation Plan and Agreements with IA American because the transactions and
23 agreements are fair, rational and in the best interests of Golden State's policyholders, annuity
24 contract holders and creditors. The Conservator's recommendation is based on the following:

25 1. IA American's proposal satisfied all of the key components of the Conservator's
26 Request for Proposal selection criteria. Specifically, IA American is rated "A-" by insurance
27 rating firm A.M. Best Company; IA American is owned by Industrial Alliance Insurance and
28 Financial Services which is the fourth largest Canadian life insurer; IA American's bid is to

1 assume all of the in-force policies and annuity contracts of Golden State and two co-insurance
2 policies; IA American is willing to accept Golden State's assets including its bonds, stocks and
3 mortgage loan portfolios; and IA American's bid and \$11 million ceding commission are greater
4 than the bids submitted by the other bidders.

5 2. By the assumption and transfer to IA American of Golden State's life, health and
6 disability insurance policies and annuity contracts, Golden State's policyholders and annuity
7 contract holders are assured that their existing policies and annuity contracts will be maintained,
8 thereby allowing Golden State's policyholders and annuity contract holders to enjoy continuous
9 coverage and benefits.

10 3. Due to IA American's financial strength, Golden State's policyholders and annuity
11 contract holders are assured that 100% of their policy and annuity contract benefits including
12 death benefits, annuity payments and health and disability payments will be paid.

13 4. With the \$11 million ceding commission, Golden State's creditors, certificate of
14 contribution holders and owners under mutual life insurance policies will benefit in that Golden
15 State will retain significant assets, thereby enabling them to have a much greater potential to be
16 repaid; and

17 5. An immediate liquidation of Golden State is not a better alternative to the
18 Rehabilitation Plan and Agreements because without the \$11 million ceding commission, it is
19 unlikely 100% of Golden State's policy and annuity contract liabilities payable under Golden
20 State's policies and annuity contracts would be paid, which in turn means that Golden State
21 would not have any remaining money to satisfy its obligations to pay creditors and repay its
22 certificate of contribution holders.

23 **Requested Orders**

24 As part of the Order to Show Cause, the Conservator will request that the Court's Order
25 approving the Rehabilitation Plan and Agreements also provide the following relief:

26 1. This Court has subject matter jurisdiction over this matter pursuant to California
27 Insurance Code § 1011 *et seq*;

28 2. Notice of the Order to Show Cause, the Conservator's application for approval of

1 the Rehabilitation Plan and Agreements, and the Rehabilitation Plan and Agreements therein was
2 properly provided to Golden State, its former board of directors, its 120,000 policyholders and
3 annuity contract holders, its certificate of contribution holders, its employees and all other persons
4 and entities having a substantial, unsatisfied interest in Golden State known to the Conservator;
5 that the mailing to policyholders was properly provided; and that the notices and mailings comply
6 with due process and with the requirements of California law;

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

11 4. The Rehabilitation Plan and Agreements are authorized and consistent with
12 California Insurance Code § 1011 *et seq.*, including without limitation §§ 1037, 1043 and 1057,
13 the Conservator's discretion thereunder, and substantive and procedural due process;

14 5. The Rehabilitation Plan and Agreements, when contemplated, are enforceable;

15 6. The Rehabilitation Plan and Agreements are fair to Golden State's policyholders,
16 annuity contract holders, creditors, and all other persons and entities having a substantial,
17 unsatisfied interest in Golden State known to the Conservator;

18 7. The form of the Rehabilitation Plan and Agreements are approved;

19 8. The policyholder and annuity contract liabilities shall be assumed and transferred
20 to IA American upon closing of the Rehabilitation Plan and Agreements, such that, upon closing
21 of the agreements, Golden State's policies and annuity contracts shall be assumed by IA
22 American and the policyholders and annuity contract holders of such policies and contracts shall
23 have no further contractual claims against Golden State, other than any equity ownership rights, if
24 any, as mutual life insurance policyholders;

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

28 10. The Conservator is hereby authorized, in his discretion, to consummate and close

1 the transactions and agreements contemplated by the Rehabilitation Plan and Agreements; in his
2 discretion, to make the asset and liability transfers contemplated by the Rehabilitation Plan and
3 Agreements; and, in his discretion, to enter into such further agreements, modifications and
4 documents regarding the transfer and assumption of Golden State's policies and annuity
5 contracts, the closing of the Rehabilitation Plan and Agreements, and the transfers of assets
6 contemplated therein, as he deems appropriate;

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

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

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

15 14. All assets and liabilities of Golden State not transferred to IA American will
16 remain with and be monetized by the Conservator, and will be subject to the claim priority and
17 asset distribution procedures set forth in Insurance Code § 1011 *et seq.*

18 15. Following the closing of the Rehabilitation Plan and Agreements with IA
19 American, the Conservator shall maintain all rights to apply for further orders of conservation
20 and/or liquidation concerning Golden State and to apply for a proof of claims process to be
21 established in accordance with California Insurance Code § 1011 *et seq.*, including a claims bar
22 date and other procedures to distribute Golden State's retained assets in an orderly manner;

23 16. Nothing in the requested Order shall diminish the rights of the Conservator in this
24 matter;

25 17. Upon the closing of the Rehabilitation Plan and Agreements and transactions
26 contemplated therein with IA American, the Conservator will file with the Court a Notice of
27 Closing of Rehabilitation Plan within thirty days of such closing. If, for any reason, the
28 Conservator determines that a closing should not occur, then the Conservator will file a Status

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Report advising the Court of same no later than thirty-days after making such a determination;
and

18. The Conservator is authorized to take any and all action necessary to accomplish
the purposes of the orders requested herein.

Dated: May 17, 2010

EDMUND G. BROWN JR.
Attorney General of California
FELIX LEATHERWOOD
W. DEAN FREEMAN
Supervising Deputy Attorneys General
MARTA L. SMITH
Deputy Attorney General



MARTA L. SMITH
Deputy Attorney General

Attorneys for Applicant
Insurance Commissioner of the State of California



17550 N. Perimeter Dr., Suite 210
P.O. Box 26900
Scottsdale, AZ 85255-0131

Dear Golden State Mutual Life Insurance Company (GSM) policyholders and annuity contract holders,

In recent months, we have been working with the California Insurance Commissioner's Conservation and Liquidation Office towards assuming GSM's responsibilities for your policy or annuity contract. We value the importance of GSM's obligations and benefits to you and your peace of mind. For questions, please contact GSM directly at 1-800-225-5476.

IA American is a subsidiary of Industrial Alliance Insurance and Financial Services Inc. (IA), a Canadian life and health insurance company serving over 3 million customers since 1892. IA employs more than 3,400 people and manages and administers over \$58 billion in assets. IA American benefits from the strength, diversity and experience of IA.

IA's history of growth is built upon conservative and diversified financial decisions, ensuring long-term strength and stability. Independent rating agencies evaluate the financial strength and capability of life and health insurance companies. IA consistently rates at the upper end of the scale, with a rating of A (Excellent), the third highest rating, from A.M. Best and A+ (Strong) from Standard & Poors. You can learn more at www.inalco.com.

As we work towards the future, the foundation of IA's success remains unchanged. IA American is committed to continuing the level of service and coverage you have become accustomed to and we look forward to working with you to meet your insurance needs.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mike Stickney', with a long horizontal flourish extending to the right.

Mike Stickney
President, IA American