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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 FOR THE COUNTY OF LOS ANGELES

10 INSURANCE COMMISSIONER OF THE )  
11 STATE OF CALIFORNIA, )

12 Petitioner, )

13 v. )

14 MISSION INSURANCE COMPANY, )  
15 a California corporation, )

16 Respondent. )

17 INSURANCE COMMISSIONER OF THE )  
18 STATE OF CALIFORNIA, )

19 Applicant, )

20 v. )

21 MISSION NATIONAL INSURANCE )  
22 COMPANY, a California corporation, )

23 Respondent. )

24 INSURANCE COMMISSIONER OF THE )  
25 STATE OF CALIFORNIA, )

26 Applicant, )

27 v. )

28 MISSION REINSURANCE CORPORATION, )  
a Missouri corporation, )

Respondent. )

Case No. C 572724

FINAL ORDER OF  
REHABILITATION

Case No. C 576324

Case No. C 576416

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1	INSURANCE COMMISSIONER OF THE	)	Case No. C 576323
2	STATE OF CALIFORNIA,	)	
		)	
3	Applicant,	)	
		)	
4	v.	)	
		)	
5	HOLLAND-AMERICA INSURANCE COMPANY,	)	
	a Missouri corporation,	)	
6		)	
	Respondent.	)	
7	_____	)	Case No. C 576325
8	INSURANCE COMMISSIONER OF THE	)	
	STATE OF CALIFORNIA,	)	
9		)	
	Applicant,	)	
10		)	
	v.	)	
11	ENTERPRISE INSURANCE COMPANY,	)	
	a California corporation,	)	
12		)	
	Respondent.	)	
13	_____	)	Case No. C 634774
14	INSURANCE COMMISSIONER OF THE	)	
	STATE OF CALIFORNIA,	)	
15		)	
	Applicant,	)	
16		)	
	v.	)	
17	MISSION AMERICAN INSURANCE	)	
	COMPANY, a California	)	
18	corporation,	)	
19		)	
	Respondent.	)	
20	_____	)	Case No. C 682377
21	INSURANCE COMMISSIONER OF THE	)	
	STATE OF CALIFORNIA,	)	
22		)	
	Applicant,	)	
23		)	
	v.	)	
24	COMPAC INSURANCE COMPANY,	)	
	a California corporation,	)	
25		)	
	Respondent.	)	
26	_____	)	
27		)	
28	///	)	

1 ROXANI GILLESPIE, INSURANCE ) Case No. C 683233  
 2 COMMISSIONER OF THE STATE OF )  
 3 CALIFORNIA, IN HER CAPACITY AS )  
 LIQUIDATOR OF MISSION INSURANCE )  
 COMPANY, )  
 4 )  
 Plaintiff, )  
 5 )  
 v. )  
 6 )  
 ABEILLE-PAIX REASSURANCES, )  
 7 et al., )  
 8 )  
 Defendants. )

9 ) Case No. C 629709  
 10 ROXANI GILLESPIE, INSURANCE )  
 COMMISSIONER OF THE STATE OF )  
 11 CALIFORNIA, IN HER CAPACITY AS )  
 LIQUIDATOR OF MISSION INSURANCE )  
 COMPANY, MISSION NATIONAL )  
 12 INSURANCE COMPANY, ENTERPRISE )  
 INSURANCE COMPANY, MISSION )  
 13 REINSURANCE CORPORATION, HOLLAND- )  
 AMERICA INSURANCE COMPANY, )  
 14 )  
 Plaintiffs, )  
 15 )  
 v. )  
 16 )  
 ABEILLE-PAIX (L'), et al., )  
 17 )  
 Defendants. )

19  
 20 IT IS HEREBY FOUND AND ORDERED AS FOLLOWS:

21 1. Roxani Gillespie, Insurance Commissioner of the State of  
 22 California, in her capacity as domiciliary Liquidator of Mission  
 23 Insurance Company, Mission National Insurance Company and  
 24 Enterprise Insurance Company, as ancillary liquidator of Holland-  
 25 America Insurance Company and Mission Reinsurance Corporation,  
 26 and as conservator of Mission American Insurance Company and  
 27 Compac Insurance Company (hereinafter "the Receiver") has  
 28 complied with the provisions of that certain Order Of

1 Rehabilitation, Establishment of Hearing Date and Notice  
2 Procedures entered in these proceedings (the "Preliminary Order")  
3 to which reference is hereby made for further detail. The  
4 provisions of the said Preliminary Order are hereby reaffirmed  
5 and continued except to the extent directly inconsistent with the  
6 provisions of this Order. All terms used herein, unless  
7 otherwise stated, shall have the same meaning as they have in the  
8 Agreement of Reorganization, Rehabilitation and Restructuring  
9 (the "Rehabilitation Agreement").

10 2. The Court finds that the Receiver has complied with the  
11 notice provisions of paragraph 4 of the Preliminary Order and  
12 that due, fair, sufficient and proper notice of the Hearing of  
13 the Receiver's Motion for Instructions and Motion for Approval of  
14 Agreement of Reorganization, Rehabilitation and Restructuring  
15 (the "Receiver's Motion") was provided to all persons and  
16 entities entitled thereto.

17 3. Full and fair opportunity was afforded to all persons  
18 and entities appearing either in person or by counsel and to all  
19 other persons and entities interested in these proceedings to  
20 present such comments, suggestions, arguments and objections as  
21 they might desire and to present such relevant evidence as they  
22 may desire with regard to the Receiver's Motion, to the  
23 Preliminary Order, to the commencement or conduct of these  
24 proceedings, to the Rehabilitation Agreement, the Partial  
25 Settlement Agreement (as defined below) or to the transactions  
26 contemplated and described therein.

27 4. The Rehabilitation Plans, the Partial Settlement  
28 Agreement and the transactions contemplated therein are a

1 reasonable exercise of the state's police power, through the  
2 Receiver, and are not arbitrary, capricious or improperly  
3 discriminatory.

4 5. The Court has fully considered all comments,  
5 suggestions, arguments and objections that were presented at the  
6 Hearing and all objections to the Rehabilitation Plans which were  
7 made or which could have been made at the Hearing and all such  
8 objections are hereby, in every respect and in all things,  
9 overruled. The Receiver's Motion, the Rehabilitation Plans  
10 described therein, and the transactions contemplated in the  
11 Rehabilitation Agreement described therein are hereby granted and  
12 approved.

13 6. The Receiver is hereby authorized to proceed to close  
14 the transactions set out in the Rehabilitation Agreement and,  
15 without further order of this Court, to perform all of the  
16 obligations, terms, conditions, provisions thereof, and to take  
17 all such actions and execute all such other and further  
18 documents, including but not limited to assignments, documents of  
19 title and any other document of any kind or nature as may be  
20 necessary or convenient to close the said transactions and to  
21 effectuate the purpose and intent of the Rehabilitation Plans.

22 7. This Court continues and reaffirms its assumption of  
23 exclusive and continuing jurisdiction over all of the Transferred  
24 Assets of Mission Insurance Company, Mission National Insurance  
25 Company, Enterprise Insurance Company, Holland-America Insurance  
26 Company and Mission Reinsurance Corporation (hereinafter,  
27 collectively, the "Mission Insurance Subsidiaries") Mission  
28 American Insurance Company and Compac Insurance Company

(hereinafter, collectively, "Mission American") and hereby continues such assertion and assumption of jurisdiction to the exclusion of all others and, further, asserts and continues to ~~assume sole and exclusive jurisdiction to administer the~~ Transferred Assets and to determine the validity or invalidity of any and all claims to or affecting such assets. Further, without limitation of this Court's jurisdiction as a matter of law, the Court also retains jurisdiction with respect to the Rehabilitation Agreement, the Partial Settlement Agreement and with respect to any and all transactions contemplated therein, including, but not limited to the adjudication of any and all disputes arising out of or in connection with the terms thereof or the transactions contemplated therein.

8. The Trusts of Mission Insurance Company, Mission National Insurance Company, Enterprise Insurance Company and the Mission American Trust shall be administered by the Insurance Commissioner of the State of California and her successors in office, ex officio, as Trustee. The Trustee may appoint one or more Deputy Trustees and Counsel for the Trusts. The Trusts of Holland-America Insurance Company and Mission Reinsurance Corporation shall be administered, in accordance with the Agreement Between Liquidators dated July 1, 1988 and in accordance with the terms of the Trusts, and the Missouri Director of Insurance in his capacity as domiciliary Receiver (the "Director") shall be Trustee. All current work in progress regarding the Mission Insurance Companies and Mission American and the benefits of all past work shall be transferred to and preserved for the benefit of the Trusts.

1           9. With respect to the Transferred Assets of the Mission  
2 Insurance Companies and Mission American, this Court specifically  
3 finds that all rights, remedies or causes of action possessed by  
4 the Receiver or the Director, whether currently existing or  
5 arising in the future, are preserved and transferred to the  
6 Trusts, including, but not limited to, the causes of action for  
7 reinsurance recoverables and bad faith asserted in the Abeille-  
8 Paix Litigation and the claims asserted in the Collection  
9 Litigation, and that such rights, remedies and causes of action  
10 and all other claims shall continue without any change in form or  
11 substance as before this Court's approval of the Rehabilitation  
12 Agreement.

13           10. Actual notice was provided to the guaranty association,  
14 guaranty fund or other similar entity of each state of the  
15 Hearing, the Receiver's Motion, the Rehabilitation Agreement and  
16 the Rehabilitation Plans contained therein. All obligations,  
17 liabilities and other rights and duties of those guaranty  
18 associations, guaranty funds or similar entities of the several  
19 United States to the policyholders and claimants of the Mission  
20 Insurance Companies shall continue unabated in conjunction with  
21 this Court's approval of the Rehabilitation Agreement and the  
22 Rehabilitation Plans contained therein and there shall be no  
23 change, abrogation, alteration or other modification of the  
24 obligations and rights of these guaranty associations as a result  
25 of this Court's order or the transactions contemplated in the  
26 Rehabilitation Agreement or the Rehabilitation Plans.

27           11. All persons and entities are hereby enjoined from  
28 instituting or maintaining any action at law or suit in equity of

any kind or nature, including, but not limited to matters in arbitration, against the Trusts of the Mission Insurance Subsidiaries, or the Mission American Trust, the Receiver, the Director, the Trustees, their Deputy Trustee(s), their Counsel or any of their agents, employees, consultants or anyone acting under their direction, and from attaching or executing upon or taking any legal proceedings against any of the Transferred Assets of the Mission Insurance Subsidiaries or Mission American and from doing any act interfering with the conduct of the business of the Trusts by the Trustees or with the dominion and control of the Trustees over these Transferred Assets and from interfering with any provision of this Order or the Rehabilitation Agreement or the transactions contemplated in connection therewith, except after an order of this Court, obtained after reasonable notice to the Trustees.

12. At such time as the Commissioner notifies this Court that all conditions precedent to closing the contemplated transactions have occurred, and that she has been satisfied as to all related tax issues, then: (a) Mission Insurance Company, Mission National Insurance Company, Enterprise Insurance Company, Holland-America Insurance Company and Mission Reinsurance Corporation shall be released, discharged, and dismissed from the current liquidation proceedings pending before this Court free of any claims and liabilities of any kind whatsoever and such liquidation proceedings then will be terminated as to these companies. These proceedings shall continue as to the Trust estates of these companies which trust estates shall function as liquidating insurance entities subject to the Commissioner's



1 powers under the Insurance Code; (b) Mission American Insurance  
2 Company and Compac Insurance Company shall be released,  
3 discharged, and dismissed from the current conservatorship  
4 proceedings pending before this Court free of any claims and  
5 liabilities of any kind whatsoever and such conservatorship  
6 proceedings then will be terminated as to these companies. These  
7 proceedings shall continue as to the Trust estates of these  
8 companies which trust estates shall function as liquidating  
9 insurance entities subject to the Commissioner's powers under the  
10 Insurance Code; and (c) the names of the Mission Insurance  
11 Subsidiaries and Mission American shall be changed as follows:  
12 (i) the name of Mission Insurance Company shall be changed to  
13 Danielson Insurance Company, (ii) the name of Mission National  
14 Insurance Company shall be changed to Danielson National  
15 Insurance Company; (iii) the name of Enterprise Insurance Company  
16 shall be changed to Danielson-Heffernan Insurance Company; (iv)  
17 the name of Holland-America Insurance Company shall be changed to  
18 Danielson-Rhein Insurance Company; (v) the name of Mission  
19 Reinsurance Corporation shall be changed to Danielson Reinsurance  
20 Corporation; (vi) the name of Mission American Insurance Company  
21 shall be changed to Danielson American Insurance Company; and  
22 (vii) the name of Compac Insurance Company shall be changed to  
23 Danielson-Whitman Insurance Company.

24 13. The Partial Settlement Agreement dated as of December  
25 13, 1989 between, among others, the Receiver, Director and the  
26 Settling Cross-Defendants (the "Partial Settlement Agreement") is  
27 approved and, in such connection, at such time as the Receiver  
28 notifies this Court that all conditions precedent to closing the

(10) (11)

1 contemplated transactions have occurred, and that she has been  
2 satisfied as to the tax issues, then the claims to be released by  
3 the Receiver and the Director in Paragraph 3 thereof will be  
4 dismissed with prejudice and the Receiver's indemnity claims as  
5 provided in Paragraph 4 thereof will be dismissed without  
6 prejudice.

7  
8 DATED: APR 25 1990

*Kurt Lewin*

KURT J. LEWIN

Hon. Kurt J. Lewin  
Judge of the Superior Court

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