

COPY

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(ENDORSED)
FILED
JUL 21 1995

STEPHEN V. LOVE
County Clerk
Santa Clara County
BY _____ DEPUTY

5 Attorneys for Chuck Quackenbush,
6 Insurance Commissioner of the
State of California/Applicant
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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SANTA CLARA

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11 INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA,
12
Applicant,
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vs.
14
15 CITATION GENERAL INSURANCE
COMPANY, a California corporation; DOES 1
to 1,000,
16
Respondents.
17

No. CV751183
ORDER APPOINTING
CONSERVATOR; RESTRAINING
ORDER

18 The verified Application for Order Appointing Conservator and Points and
19 Authorities having been filed herein and it appearing to this Court from said
20 Application that the Insurance Commissioner of the State of California (the
21 "Commissioner") has found Respondent Citation General Insurance Company to be in
22 such a condition that its further transaction of business will be hazardous to its
23 policyholders, creditors and the public and that Respondent is insolvent and does not
24 meet the requirements for issuance to it of a certificate of authority:

25 IT IS HEREBY ORDERED that:
26 (1) The Commissioner is appointed as Conservator of Respondent, and is
27 directed as such to conduct the business of Respondent or so much thereof as to said

1 Conservator may seem appropriate; and the Conservator is authorized as such
2 Conservator, in his discretion: to suspend the processing of any policy cancellations,
3 the return of any premiums or any other voluntary payments; to pay or defer payment
4 of all proper claims; and to pay or defer all other obligations against Respondent
5 accruing prior to or subsequent to his appointment as Conservator;

6 (2) The Conservator is authorized to take possession of all of Respondent's
7 assets, books, records, and property, both real and personal, wheresoever situated;

8 (3) The Conservator is authorized to appoint and employ special deputies,
9 estate managers, other professionals, clerks and assistants and to give each of them
10 such power and authority as may by him be deemed necessary to assist him in carrying
11 out his duties as Conservator. The Conservator may fix and pay the reasonable
12 compensation in accordance with the Conservator's Conservation and Liquidation
13 Office's organizational chart and employee positions and respective salary ranges. The
14 Conservator may pay all reasonable expenses of taking possession of Respondent and
15 conducting these proceedings out of the funds or assets of Respondent, subject to an
16 accounting to and approval of the Court;

17 (4) There is hereby vested in the Commissioner, and his successor in offices the
18 title to all of Respondent's property and assets, wheresoever situated, and all persons
19 are enjoined from interfering with the Conservator's possession and title thereto;

20 (5) Respondent, its officers, directors, its agents and employees are hereby
21 enjoined from transacting any of the business of Respondent and from disposing of or
22 assisting any person in the transfer or alienation of any of Respondent's property or
23 assets in California, or wherever situated, until such further order of this Court;

24 (6) All persons are enjoined from instituting, prosecuting or maintaining any
25 action at law or suit in equity, including but not limited to matters in arbitration,
26 against Respondent or against Applicant as Conservator, and from attaching, executing
27 foreclosure upon, redeeming of or taking any other legal proceedings against any of the

1 property of Respondent, and from doing any act interfering with the conduct of said
2 business by Applicant, except after an order from this Court obtained after reasonable
3 notice to the Conservator;

4 (7) Respondent and all officers, directors, agents and employees of Respondent
5 must deliver to the Conservator all assets, books, records, equipment and other
6 property of Respondent, wheresoever situated;

7 (8) The Conservator is authorized to pay all reasonable costs of operating
8 Respondent as Conservator out of funds and assets of Respondent;

9 (9) All funds including certificates of deposit and bank accounts of Respondent
10 in various banks in the State of California and in other banks wheresoever situated, be
11 vested in the Conservator and subject to withdrawal upon his order only;

12 (10) All funds of Respondent deposited with or held by insurance agents,
13 brokers or other persons, in a fiduciary capacity, including premium, be accounted for
14 by said persons to the Conservator, and that they are vested in the Conservator; and
15 said funds are to be immediately forwarded by said insurance agents, brokers and other
16 persons to the Conservator;

17 (11) All agents of Respondent and all brokers deliver to the Conservator all
18 property of Respondent, now held or hereafter received; and such agents and brokers
19 deliver to the Conservator any and all such property subject to their control, regardless
20 whether such property be situated in California, or elsewhere; and Respondent and its
21 present and prior agents and brokers are enjoined from making any other disposition
22 of any such property without first receiving written authorization from the Conservator;

23 (12) All persons having possession of any list of policyholders of Respondent
24 deliver all such lists to the Conservator; and all persons are enjoined from using such
25 lists or any information contained therein without the consent of said Conservator;

26 (13) The Conservator is authorized to initiate such equitable or legal actions or
27 proceedings in this or other states as may appear to him necessary to carry out his

1 functions as Conservator;

2 (14) The Conservator is authorized to invest Respondent's assets in a manner
3 as to him may seem suitable for the best interest of Respondent's creditors which funds
4 are not immediately distributable to Respondent's creditors;

5 (15) The Conservator is authorized to pay for his costs in bringing and
6 maintaining this action, and such other actions as are necessary to carry out his
7 functions as Conservator, out of the funds and assets of Respondent;

8 (16) The Conservator pursuant to Insurance Code Section 1037(g) is authorized
9 to invest and reinvest the liquid assets of the estate of Respondent in the Conservation
10 and Liquidation Office's pooled investment fund in any amount including investments in
11 excess of \$100,000;

12 (17) For such other or further orders as may be proper.

13 DATED: _____

PETER G. STONE

JUDGE OF THE SUPERIOR COURT

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The foregoing instrument is a correct copy of
the original on file in this office

ATTEST:

JUL 21 1995

STEPHEN V. LOVE
COUNTY CLERK - Santa Clara County
County Clerk and ex-officio Clerk of the Superior Court of the
State of California in and for the County of Santa Clara
Stephen V. Love DEPUTY

