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*Attorneys for Petitioner*  
*Insurance Commissioner of the State of California,*  
*in his capacity as Liquidator of Pacific National*  
*Insurance Company*

**FILED**  
SUPERIOR COURT OF CALIFORNIA  
COUNTY OF ORANGE  
CENTRAL JUSTICE CENTER

DEC 17 2014

ALAN CARLSON, Clerk of the Court  
*Alan Carlson*  
BY M. MARQUEZ

SUPERIOR COURT OF THE STATE OF CALIFORNIA  
COUNTY OF ORANGE

**INSURANCE COMMISSIONER OF THE  
STATE OF CALIFORNIA,**  
  
Petitioner,  
  
v.  
  
**PACIFIC NATIONAL INSURANCE  
COMPANY, a California corporation,**  
  
Respondent.

Case No. 03CC01065

**ORDER:**

- (1) SETTling AND APPROVING FINAL REPORT AND ACCOUNT OF LIQUIDATOR OF PACIFIC NATIONAL INSURANCE COMPANY;**
- (2) AUTHORIZING DISBURSEMENT OF FUNDS;**
- (3) APPROVING PAYMENT OF EXPENSES; AND**
- (4) TERMINATING LIQUIDATION PROCEEDING AND DISCHARGING INSURANCE COMMISSIONER AS LIQUIDATOR**

Date: December 17, 2014  
Time: 1:30 p.m.  
Dept: C31  
Judge: The Honorable Frederick P. Horn

1 The Insurance Commissioner of the State of California's Application for Orders: (1)  
2 Settling and Approving Final Report and Account of Liquidator of Pacific National Insurance  
3 Company; (2) Authorizing Disbursement of Funds; (3) Approving Payment of Expenses; and (4)  
4 Terminating Proceeding and Discharging Liquidator ("Application") came on for hearing on  
5 December 17, 2014, at 1:30 p.m. in Department C31 of the above entitled court, the Honorable  
6 Frederick P. Horn, presiding.

7 The Court, after reviewing the Application, the Memorandum of Points and Authorities,  
8 the exhibits and declarations submitted in support thereof, and argument having been heard and  
9 good cause appearing,

10 IT IS HEREBY ORDERED that:

11 1. The Report and Account of Liquidator for the period from May 14, 2003, through  
12 September 30, 2014, is settled and approved.

13 2. The Commissioner is authorized to distribute \$3,835,458 to CIGA as the approved  
14 Class 2 claimant. The amount available for distribution is subject to adjustment for investment  
15 income and changes in market value of investments that have been posted as of the date the  
16 investments are withdrawn from the investment pool. The distributions shall be made within two  
17 weeks of receipt of the signed order from the Court.

18 3. The Commissioner will retain the sum of \$2,000,000 for payment of  
19 administrative expenses incurred by the Commissioner from and after September 30, 2014, for  
20 administrative closing costs including a material provision for a potential federal tax liability.  
21 The Commissioner is further authorized to distribute any surplus amount, reserved for payment of  
22 post-closing administrative expenses and federal income taxes, to the approved Class 2 claimant.  
23 A report to the Court of the expenditure of these funds shall not be required.

24 4. The Commissioner is authorized to destroy all records of Pacific National in his  
25 custody and control, except for those records necessary for examination by the Department of  
26 Finance or other auditor of the Commissioner's books and records pursuant to Insurance Code  
27 section 1061.

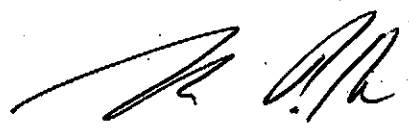
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5. The Commissioner is authorized to take any action necessary to accomplish the purpose of this Order.

6. The estate of Pacific National is closed and the Commissioner shall be discharged as liquidator upon the filing of a declaration that the Commissioner has distributed the assets in accordance with this Court's order.

Dated: 12/17/14



The Honorable Frederick P. Horn  
Judge of the Superior Court

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**DECLARATION OF SERVICE BY U.S. MAIL**

Case Name: **Insurance Commissioner v. Pacific National Insurance Co.**  
No.: **03CC01065**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On November 7, 2014, I served the attached **PROPOSED ORDER (COVERSHEET) ORDER: (1) SETTLING AND APPROVING FINAL REPORT AND ACCOUNT OF LIQUIDATOR OF PACIFIC NATIONAL INSURANCE COMPANY; (2) AUTHORIZING DISBURSEMENT OF FUNDS; (3) APPROVING PAYMENT OF EXPENSES; AND (4) TERMINATING LIQUIDATION PROCEEDING AND DISCHARGING INSURANCE COMMISSIONER AS LIQUIDATOR** by placing a true copy thereof enclosed in a sealed envelope in the internal mail collection system at the Office of the Attorney General at 300 South Spring Street, Suite 1702, Los Angeles, CA 90013, addressed as follows:

C. Guerry Collins, Esq.  
Locke Lord Bissell & Liddell LLP  
300 S. Grand Avenue, Suite 2600  
Los Angeles, CA 90071

Brian E. Riewe  
P.O. Box 776  
Smithville, TX 78957

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on November 7, 2014, at Los Angeles, California.

Linda Richardson  
Declarant

Linda Richards  
Signature