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FILED
LOS ANGELES SUPERIOR COURT

MAR 06 2000

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

11 INSURANCE COMMISSIONER OF THE STATE
12 OF CALIFORNIA,
13 Applicant,
14 v.
15 SUPERIOR NATIONAL INSURANCE COMPANY,
16 Respondent,

Case No.: BS 061974

EX PARTE ORDER APPOINTING
CONSERVATOR AND
RESTRAINING ORDERS

Date: MARCH 6, 2000
Time: 8:30 a.m.
Place: DEPT. 86

17
18 The Verified Application of the Insurance Commissioner of the State of
19 California for an Order Appointing Conservator of Respondent Superior National Insurance
20 Company having been filed herein and it appearing to this Court from the Verified Application
21 that the Insurance Commissioner has found Superior National Insurance Company to be in such a
22 condition that its further transaction of business will be hazardous to its creditors and the public;
23 is insolvent; and, does not comply with the requirements for the issuance of a certificate of
24 authority.

25 IT IS HEREBY ORDERED:

26 (1) The Insurance Commissioner of the State of California, Applicant, is appointed
27 Conservator of Respondent, and directed as such to conduct the business of Respondent or so
28 much thereof as to said Conservator may seem appropriate; and authorizing Commissioner as

1 such Conservator, in his discretion, to pay or defer payment of all proper claims and all
2 obligations against Respondent accruing prior to or subsequent to his appointment as
3 Conservator;

4 (2) That said Commissioner forthwith take possession of all of Respondent's assets,
5 books, records, and property, both real and personal, wheresoever situated;

6 (3) That there is hereby vested in said Conservator and his successors in office title to all
7 of said property and assets of Respondent, wheresoever situated, in the Commissioner or his
8 successor in office, in his official capacity as Conservator and enjoining all persons from
9 interfering with the Commissioner's possession and title thereto;

10 (4) That said Respondent, its officers, directors, governors, agents and employees are
11 hereby enjoined from transacting any of the business of Respondent, whether in the State of
12 California or elsewhere, or from disposing of any or assisting any person in the transfer or
13 alienation of the property or assets until further order of this court;

14 (5) That all persons are hereby enjoined from instituting, prosecuting or maintaining any
15 action or proceeding in law or suit in equity, including but not limited to actions or proceedings
16 to compel discovery or production of documents or testimony, matters in arbitration against the
17 Respondent or the Commissioner as Conservator, except for matters before the Workers
18 Compensation Appeals Board, and from attaching, executing foreclosure upon, redeeming of or
19 taking any other legal proceedings against any of the property of Respondent, and from doing
20 any act interfering with the conduct of said business by the Commissioner, except after an order
21 from this Court obtained after reasonable notice to the Commissioner;

22 (6) That all officers, directors, agents and employees of Respondent deliver to the
23 Commissioner all assets, books, records, equipment and other property of Respondent,
24 wheresoever situated;

25 (7) That the Conservator is authorized to pay all reasonable costs of operating
26 Respondent as Conservator (including direct and allocated direct costs, direct and allocated
27 general and administrative costs and overhead, and other allocated costs) out of funds and assets
28 of Respondent;

1 (8) That all funds and assets including certificates of deposit and bank accounts in the
2 name of Respondent in various financial depository institutions including banks, savings and
3 loan associations, industrial loan companies, mutual funds or stock brokerages, in the State of
4 California or elsewhere, be vested in the Commissioner and subject to withdrawal upon his order
5 only;

6 (9) That all persons all persons who maintain records for Respondent, pursuant to
7 written contract or any other agreement to maintain such records, are ordered to deliver such
8 records to the Commissioner upon his request;

9 (10) That all agents of Respondent and all brokers who have done business with
10 Respondent are ordered make all remittances of funds collected by them or in their hands directly
11 to the Commissioner as Conservator;

12 (11) That all persons having possession of any lists of policyholders of Respondent are
13 ordered to deliver all such lists to the Commissioner as Conservator; that all persons are enjoined
14 from using any such lists or any information contained therein without the consent of the
15 Conservator;

16 (12) The Conservator is authorized to initiate such equitable or legal actions or
17 proceedings in this or other states as may appear to him necessary to carry out his functions as
18 Conservator;

19 (13) The Conservator is authorized to appoint and employ special deputies, estate
20 managers, other professionals, clerks and assistants and to give each of them such power and
21 authority as may by him be deemed necessary, and authorizing the Commissioner to compensate
22 these persons from the assets of Respondent as to him shall seem appropriate;

23 (14) The Conservator is authorized to divert, take possession of and secure all mail of
24 Respondent in order to screen such mail, and to effect a change in the rights to use any and all
25 post office boxes and other mail collection facilities used by Respondent;

26 (15) That the Respondent and its respective officers, directors, agents, servants,
27 employees, successors, assigns, affiliates, and other persons or entities under their control and all
28 persons or entities in active concert or participation with them, and each of them, are ordered to

1 turn over to the Conservator records, documentation, charts and/or descriptive material of all
2 funds, assets, property owned beneficially or otherwise, and all other assets of Respondent
3 wherever situated, and all books and records of accounts, title documents and other documents in
4 their possession or under their control, which relate, directly or indirectly, to assets or property of
5 Respondent belonging to or now held by Respondent or any of them or to the business or
6 operations of Respondent;

7 (16) That except with leave of court issued after a hearing in which the Conservator has
8 received reasonable notice all persons are enjoined from executing or issuing or causing the
9 execution or issuance of any court attachment, subpoena, replevin, execution or other process for
10 the purpose of impounding or taking possession of or interfering with or creating or enforcing a
11 lien upon any property owned or in the possession of Respondent or its affiliates, or the
12 conservator appointed herein, wheresoever situated;

13 (17) That except by leave of court, obtained after reasonable notice to the conservator
14 that all persons are enjoined from accelerating the due date of any obligation or claimed
15 obligation; exercising any right of set-off; taking, retaining, retaking or attempting to retake
16 possession of any real or personal property; withholding or diverting any rent or other obligation;
17 doing any act or other thing whatsoever to interfere with the possession of or management by the
18 conservator herein and of the property and assets, owned or controlled by Respondent or in the
19 possession of Respondent or to in any way interfere with said Conservator or to interfere in any
20 manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over
21 Respondent;

22 (18) That any and all provisions of any agreement entered into by and between any third
23 party and Respondent including, by way of illustration, but not limited to, the following types of
24 agreements (as well as any amendments, assignments, or modifications thereto): financial
25 guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust,
26 mortgages, indemnification agreements, subrogation agreements, subordination agreements,
27 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,
28 leases, insurance policies, guaranties, escrow agreements, management agreements, real estate

1 brokerage and rental agreements, servicing agreements, attornment agreements, consulting
2 agreements, easement agreements, license agreements, franchise agreements, or employment
3 contracts that provide in any manner that selection, appointment or retention of a conservator, or
4 trustee by any court, or entry of an order such as hereby made, shall be deemed to be, otherwise
5 operate as a breach, violation, event of default, termination, event of dissolution, event of
6 acceleration, insolvency, bankruptcy, or liquidation, shall be stayed, and the assertion of any and
7 all rights, remedies relating thereto shall also be stayed and barred, except as otherwise ordered
8 by the Court, and the Court shall retain jurisdiction over any cause of action that has arisen or
9 may otherwise arise under any such provision;

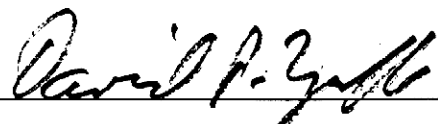
10 (19) The Commissioner is authorized to invest Respondent's assets in such a manner as
11 to him may seem suitable for the best interest of Respondent's creditors which funds are not
12 immediately distributable to Respondent's creditors. However no investment or reinvestment
13 shall be made which exceeds the sum of \$100,000 without first obtaining permission of the
14 court;

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

18 (21) That pursuant to Insurance Code section 1037(g), the Commissioner as Conservator
19 is authorized to invest and reinvest all assets in a manner he deems to be in the best interest of the
20 creditors of the estate, including investing and reinvesting assets through an investment pool
21 consisting exclusively of assets from conserved estates. To the extent that the Commissioner
22 invests and reinvents through such an investment pool, such investments and reinvestments may
23 exceed \$100,000;

24 (22) For such other or further orders as may be proper.

25 DATED: March 6, 2000

26 
27 JUDGE OF THE SUPERIOR COURT
28



THE DOCUMENT TO WHICH THIS CERTIFICATE IS
ATTACHED IS A FULL, TRUE, AND CORRECT COPY
OF THE ORIGINAL ON FILE AND OF RECORD IN
MY OFFICE.

MAR 06 2000

ATTEST _____

JOHN A. CLARKE

Executive Officer / Clerk of the Superior
Court of California, County of Los Angeles.

By _____, Deputy

M. CORONA