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**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF ORANGE, CENTRAL JUSTICE CENTER**

**INSURANCE COMMISSIONER OF THE STATE  
OF CALIFORNIA,**

Applicant,

v.

**WESTERN GROWERS INSURANCE  
COMPANY,**

Respondent.

Case No.:

03CC01758

**ORDER APPOINTING  
LIQUIDATOR AND RELATED  
RESTRAINING ORDERS**

ASSIGNED FOR ALL PURPOSES

TO: WATSON  
JUDGE

DEPT.: C-15

The verified application for Order Appointing Liquidator and Restraining Orders of the Respondent, **WESTERN GROWERS INSURANCE COMPANY, a California corporation,** (hereinafter sometimes referred to as "Respondent") and the Stipulation consenting to the entry of Order of Liquidation and Restraining Orders came on regularly for hearing on the 17<sup>th</sup> day of January 2003, in Department C15 of the above-entitled court at 9:00 a.m. Applicant, the Insurance Commissioner of the State of California appeared by his counsel, Bill Lockyer, Attorney General of the State of California, by Scott T. Fleming, Deputy Attorney General. No other appearances were made.

1 The Court, after reading the Verified Application for Order Appointing Liquidator and  
2 Restraining Orders, the Stipulation to Order Appointing Liquidator and Restraining Orders and  
3 the pleadings on file herein finds that:

4 A. WESTERN GROWERS INSURANCE COMPANY is insolvent within the  
5 meaning of the applicable provisions of the Insurance Code and by reason of its insolvency, does  
6 not meet the requirements for issuance to it of a Certificate of Authority; such condition is a  
7 ground for conservatorship under Insurance Code section 1011(h) and/or liquidation under  
8 Insurance Code section 1016.

9 B. The Respondent is in such condition that the further transaction of business by  
10 Respondent will be and is hazardous to its policyholders.

11 C. That Liquidation of the Respondent in the State of California assures payment of  
12 covered claims by the California Insurance Guarantee Association pursuant to Section 1063 of  
13 the California Insurance Code,

14 D. That based upon the stipulated facts set forth in the stipulation of the Applicant  
15 and the Respondent, it would be futile to proceed with the conduct of the business of Respondent  
16 in a conservatorship and that the interests of the creditors, policyholders and the public would  
17 best be served by the liquidation and winding up of the business of Respondent and that pursuant  
18 to Article 14, Chapter 1, Part 2, Division 1 of the Insurance Code of the State of California,  
19 Applicant should be authorized and instructed to do so.

20 **WHEREFORE, GOOD CAUSE APPEARING THEREFOR:**

21 **IT IS HEREBY ORDERED THAT:**

22 1. The Insurance Commissioner of the State of California, Applicant herein, is  
23 hereby appointed Liquidator of WESTERN GROWERS INSURANCE COMPANY, Respondent  
24 herein, and he is directed as Liquidator to liquidate and wind up the affairs of Respondent and to  
25 act in all ways and exercise all powers necessary for the purpose of carrying out this order;

26 2. The Liquidator shall forthwith take possession of all Respondent's assets, books,  
27 records and property, both real and personal, wheresoever situated;

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1           3.       There is hereby vested in the Liquidator and his successors in office, title to all of  
2 the records, property (real and personal, whether owned, leased, rented or utilized by Respondent  
3 under any contract or assignment) and assets (including rights under any license or other  
4 arrangement for the use of computer software and/or business information systems) of  
5 Respondent wheresoever situated and all persons are hereby enjoined from interfering in any  
6 manner with the said Liquidator's possession and title thereto;

7           4.       The rights and liabilities of policyholders, creditors, shareholders  
8 and all other persons interested in the assets of Respondent, including the State of California, are  
9 fixed as of January 11, 2003;

10          5.       The Respondent, its officers, directors, agents, employees, and others acting in  
11 concert with them are hereby enjoined from transacting any of the business of Respondent, or  
12 from disposing of any of its property or assets;

13          6.       All persons are hereby enjoined from maintaining or instituting any action at law  
14 or suit in equity, including but not limited to matters in arbitration, against the Respondent or  
15 against the Liquidator, and from attaching or executing upon or taking any legal proceeding  
16 against any of the property of Respondent, and from doing any act interfering with the conduct of  
17 the liquidation and windup of said businesses by the Liquidator, except after an order from this  
18 court obtained after reasonable notice to the Liquidator;

19          7.       All officers, directors, agents and employees of Respondent deliver to the  
20 Liquidator all assets, books, records, equipment and other property of Respondent wheresoever  
21 situated;

22          8.       The Liquidator is authorized to pay all reasonable costs of operating Respondent  
23 as Liquidator out of the funds and assets of said Respondent;

24          9.       All funds including certificates of deposit and bank accounts in the name of  
25 Respondent in various banks in the State of California, and in other banks wheresoever situated,  
26 are hereby vested in the Liquidator and subject to withdrawal upon his order only;

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- 1           10.     All agents of Respondent and all brokers who have written business for  
2 Respondent make remittances of funds collected by them or in their hands to the Applicant as  
3 Liquidator;
- 4           11.     All persons having possession of any lists of policyholders of Respondent deliver  
5 all such lists to Applicant as Liquidator; that all persons are enjoined from using such lists or any  
6 information contained therein without the consent of said Liquidator;
- 7           12.     All persons are enjoined from wasting of the assets of the Respondent;
- 8           13.     The Liquidator is authorized to initiate such equitable or legal actions or  
9 proceedings in this or other states as may appear to him necessary to carry out his functions as  
10 Liquidator;
- 11          14.     The Liquidator is authorized pay for his costs in bringing and maintaining this  
12 action, and such other actions as are necessary to carry out his functions as Liquidator.
- 13          15.     The Liquidator is authorized to appoint and employ estate managers, special  
14 deputies, clerks and assistants and to give each of them such power and authority as he deems  
15 necessary and authorizing Applicant to compensate them from the assets of the Respondents, or  
16 from such other funds as are lawfully available, which as to him shall be determined to be  
17 appropriate.
- 18          16.     All costs, expenses, fees or any other charges of the Liquidator, including but not  
19 limited to fees and expenses of accountants, peace officers, actuaries, attorneys, special deputies,  
20 and other assistants employed by the Liquidator, and other expenses incurred in connection  
21 herewith shall be paid from the assets of the liquidation estate, and all recovery shall be remitted  
22 to the Liquidation Estate, for the payment of claims and administrative costs.
- 23          17.     The Liquidator is authorized to invest and reinvest Respondent's assets as he  
24 deems to be in the best interests of this liquidation estate, and to pay for his investment costs  
25 from the assets of the Respondents, and if there is insufficient assets, is authorized to pay for his  
26 costs out of the Insurance Fund, pursuant to Insurance Code section 1035.

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1           18.     The Liquidator is authorized to divert, take possession of and secure all mail of  
2 Respondents in order to screen such mail, and to effect a change in the rights to use any and all  
3 post office boxes and other mail collection facilities used by Respondents.

4           19.     The Liquidator is hereby authorized to assume or reject, or to modify, any  
5 executory contracts, including without limitation, any lease, rental or utilization contract or  
6 agreement (including any schedule to any such contract or agreement) and any license or other  
7 arrangement for the use of computer software or business information systems, to which  
8 Respondent is a party or as to which Respondent agrees to accept an assignment of such contract.  
9 Any such assumption or rejection or modification of any executory contract shall be effected by  
10 the Liquidator not later than within 120 days after the entry of this Order, unless such date is  
11 extended by application to and further order of the Court. All executory contracts that are not  
12 expressly assumed by the Liquidator shall be deemed rejected. Any party to a contract that is  
13 rejected by the Liquidator pursuant to this Order, shall be permitted to file a proof of claim  
14 against the liquidation estate (where there exist assets available for ultimate distribution to such  
15 claimant, if any), which claim shall be treated in accordance with Insurance Code section 1010,  
16 et. seq.

17           20.     Any and all provisions of any agreement entered into by and between any third  
18 party and Respondent, including, by way of illustration, but not limited to, the following types of  
19 agreements (as well as any amendments, assignments, or modifications thereto): financial  
20 guaranty bonds, promissory notes, loan agreements, security agreements, deeds of trust,  
21 mortgages, indemnification agreements, subrogation agreements, subordination agreements,  
22 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,  
23 leases, rental or utilization agreements, insurance policies, guaranties, escrow agreements,  
24 management agreements, real estate brokerage and rental agreements, servicing agreements,  
25 attornment agreements, consulting agreements, easement agreements, license agreements,  
26 franchise agreements, or employment contracts that provide in any manner that selection,  
27 appointment or retention of a Liquidator, or trustee by any court, or entry of an order such as  
28 hereby is made, shall be deemed to be, otherwise operate as a breach, violation, event of default,



1 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation,  
2 shall be stayed, and the assertion of any and all rights, remedies relating thereto shall also be  
3 stayed except as otherwise ordered by the Court, and the Court shall retain jurisdiction over any  
4 cause of action that has arisen or may otherwise arise under any such provision.

5 DATED: 1/17/83

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7 JOHN M. WATSON

8 Judge of the Superior Court  
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