

1 **KAMALA D. HARRIS**
 Attorney General of the State of California
 2 **JOYCE E. HEE** (State Bar No. 88610)
 Supervising Deputy Attorney General
 3 **KRISTIAN D. WHITTEN** (State Bar No. 58626)
 Deputy Attorney General
 4 455 Golden Gate, Suite 11000
 San Francisco, California 94102-7004
 5 Telephone: (415) 703-5589
 Facsimile: (415) 703-5480
 6 Email: kris.whitten@doj.ca.gov

7 **THOMAS J. WELSH** (State Bar No. 142890)
CYNTHIA J. LARSEN (State Bar No. 123994)
 8 **ORRICK, HERRINGTON & SUTCLIFFE LLP**
 400 Capitol Mall, Suite 3000
 9 Sacramento, California 95814-4497
 Telephone: (916) 447-9200
 10 Facsimile: (916) 329-4900
 Email: tomwelsh@orrick.com
 11 clarsen@orrick.com

12 Attorneys for Applicant Dave Jones,
 Insurance Commissioner of the State of California
 13 in his Capacity as Conservator of
 Majestic Insurance Company
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15 **SUPERIOR COURT FOR THE STATE OF CALIFORNIA**
 16 **CITY AND COUNTY OF SAN FRANCISCO**

FILED BY FAX

18 **DAVE JONES, INSURANCE**
COMMISSIONER OF THE STATE OF
 19 **CALIFORNIA,**

Applicant,

v.

22 **MAJESTIC INSURANCE COMPANY, and**
DOES 1-50, inclusive,

Respondents.

Case No. CPF-11-511261

DECLARATION OF WAYNE WILSON IN
SUPPORT OF INSURANCE
COMMISSIONER DAVE JONES' MOTION
FOR ORDER APPROVING
REHABILITATION PLAN FOR MAJESTIC
INSURANCE COMPANY

Date: June 2, 2011
Time: 9:30 a.m.
Dept.: 301
Judge: Hon. Peter J. Busch

EXEMPT from filing fees per Govt. Code § 6103

1 I, WAYNE WILSON, hereby declare and state as follows:

2 1. I am the Executive Director of the California Insurance Guarantee Association
3 (“CIGA”). I make this declaration in support of the Insurance Commissioner Dave Jones’ Motion
4 For Order Approving Rehabilitation Plan For Majestic Insurance Company (“Rehabilitation
5 Plan”). The following facts are known by me to be true and correct and of my own personal
6 knowledge, except to those which I have expressed as being based upon my information and
7 belief, and if called upon to testify thereto I would and could competently do so.

8 2. I have been the Executive Director of CIGA since August 15, 2006. Previously, I
9 served on the CIGA Board of Governors for several years.

10 3. CIGA was established by insurers pursuant to California Insurance Code section
11 1063 to provide insolvency insurance for each member insurer. CIGA has successfully taken
12 over the covered claim responsibilities of over one hundred insolvent member insurers. Between
13 the years 1969 and 2000, CIGA averaged payments of approximately \$51 million per year. By
14 the year 2004, a number of insolvencies from large workers’ compensation member insurers
15 greatly increased CIGA’s payments. For the 2004 fiscal year, CIGA paid in excess of \$1 billion
16 in claims arising from insolvent member insurers. From 2003 through 2007, CIGA paid out in
17 excess of \$3.5 billion, an average of approximately \$711 million per year.

18 4. CIGA stands ready to fulfill any future statutory obligations that it may have to
19 Majestic Insurance Company (“Majestic”) policyholders in the event of a liquidation under the
20 California statutes governing CIGA. At this juncture, CIGA supports the Rehabilitation Plan that
21 has been submitted by the California Insurance Commissioner for Court approval. The
22 Rehabilitation Plan would provide benefits to Majestic claimants and policyholders that they
23 would not be able to obtain under California’s statutory scheme in the event of a liquidation. For
24 example, claims under insurance policies issued by Majestic covering longshoremen and harbor
25 workers would not be covered by CIGA. Cal. Ins. Code § 1063.1(c)(3)(F). Ocean marine
26 insurance or ocean marine coverage under an insurance policy including claims arising from the
27 Jones Act, 46 U.S.C. §§ 30104 and 30105, the Longshore and Harbor Workers’ Compensation
28

1 Act, 33 U.S.C. § 901 *et. seq.*, or any other similar federal statutory enactment, or an endorsement
2 or policy affording protection and indemnity coverage is excluded from the claims covered by
3 CIGA. Cal. Ins. Code § 1063.1(c)(3)(F). Additionally, in liquidation, excess claims are not
4 considered workers' compensation claims under the CIGA statutes and are subject to a \$500,000
5 per claim limit. Cal. Ins. Code § 1063.1(c)(13). AmTrust North America, Inc., the party
6 reinsuring Majestic's policies under the Rehabilitation Plan, will not impose such a limitation.
7 Furthermore, claim transition to CIGA results in potential delays in payments to medical
8 providers and others. As a result, CIGA is exempt from workers' compensation penalties for 45
9 days post-liquidation and granted a litigation stay of 60 days. Cal. Ins. Code §§ 1063.15, 1063.6.
10 Thus, the legislature has recognized that a transition from one claims handler to another will
11 inherently slow down the process and slow down payments. The Rehabilitation Plan would avoid
12 such delays in claims handling.

13 Executed this 26th day of May, 2011, at Glendale, California.

14 I declare under penalty of perjury under the laws of the State of California that the
15 foregoing is true and correct.

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18 _____
Wayne Wilson

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