

REC'D APR 20 2011

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12 Attorneys for Applicant  
Dave Jones, Insurance Commissioner of the State of  
13 California

14  
15 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
16 CITY AND COUNTY OF SAN FRANCISCO

17  
18 DAVE JONES, INSURANCE  
COMMISSIONER OF THE STATE OF  
19 CALIFORNIA,

20 Applicant,

21 v.

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

23 Respondents.  
24

Case No. CPF-11-511261

**[PROPOSED] ORDER (1) SETTING  
HEARING DATE AND BRIEFING  
SCHEDULE FOR CONSERVATOR'S  
MOTION FOR ORDER APPROVING  
PLAN OF REHABILITATION FOR  
MAJESTIC INSURANCE COMPANY  
IN CONSERVATION;  
(2) ESTABLISHING PROCEDURES  
FOR THE HEARING; (3) APPROVING  
FORM OF NOTICE BY MAIL; AND  
(4) APPROVING FORM OF  
PUBLICATION NOTICE**

**Date: April 21, 2011  
Time: 11:00 A.M.  
Dept: 301  
Judge: Hon. Peter J. Busch**

**EXEMPT from filing fees per Govt. Code  
§ 6103**

1 The Conservator's Ex Parte Application For An Order (1) setting a hearing date and  
2 briefing schedule for Motion of California Insurance Commissioner Dave Jones ("Conservator")  
3 for an Order Approving a Plan of Rehabilitation for Majestic Insurance Company ("Majestic") in  
4 conservation ("Rehabilitation Plan"); (2) establishing procedures for that hearing; (3) approving  
5 the form of notice by mail proposed by Conservator, and (4) approving the form of notice by  
6 publication proposed by Conservator ("Application") came on for hearing at 11:00 am on April  
7 21, 2011. The Court has reviewed and considered the papers and pleadings filed in connection  
8 with the Motion, including the exhibits attached thereto, as well as the other papers and pleadings  
9 on file herein. The matter having been fully argued, briefed and submitted, and this Court having  
10 considered the evidence, applicable law and arguments of counsel, the Court hereby grants the  
11 Application.

12 Based on the foregoing, and good cause appearing therefore,

13 **IT IS FOUND, DETERMINED AND ORDERED THAT:**

14 (i) A hearing on Conservator's Motion for Order Approving Rehabilitation Plan for  
15 Majestic Insurance Company ("Rehabilitation Plan Motion") is hereby set for June 2, 2011 at  
16 9:30 am (the "Hearing") in Department 301 of the San Francisco Superior Court, or such  
17 Department to which this proceeding may be subsequently assigned, to hear the Rehabilitation  
18 Plan Motion, any objections, suggestions, support or comments related thereto.

19 (ii) Any person or other entity wishing to file papers in connection with the Hearing or  
20 to appear at the Hearing shall, no later than May 16, 2011, file with the Court written notification  
21 and a summary of the matters to be presented as well as copies of any documents to be presented  
22 ("Opposition Papers") and shall serve such Opposition Papers by email and overnight mail upon  
23 the Conservator and his counsel, at the following addresses:

24  
25 Thomas J. Welsh, Esq.  
26 Orrick, Herrington & Sutcliffe LLP  
27 400 Capitol Mall, Suite 3000  
28 Sacramento, CA 95814  
tomwelsh@orrick.com

and

1  
2 Kristian D. Whitten, Esq.  
3 Deputy Attorney General  
4 455 Golden Gate, Suite 11000  
5 San Francisco, CA 94102  
6 Kris.Whitten@doj.ca.gov

7 and

8 Joe Holloway  
9 Conservation Manager  
10 Majestic Insurance Company in Conservation  
11 101 California Street, 22<sup>nd</sup> Floor  
12 San Francisco, CA 94111  
13 hollowayj@caclo.org

14 (iii) The Conservator shall provide notice of the Hearing by mailing the form of Notice  
15 attached hereto as Exhibit "A" and a copy of this Order, together with such other information as  
16 the Conservator deems necessary and appropriate to describe the Rehabilitation Plan and the  
17 procedures for the Hearing, to all policyholders, the shareholder, known creditors, and other  
18 interested parties, at their addresses as shown in Majestic's records. The Court finds that such  
19 notice, including the Notice attached hereto as Exhibit "A", is reasonably calculated to and does  
20 provide fair, reasonable and adequate notice of these proceedings, this Order, the Rehabilitation  
21 Plan Motion, and the Hearing.

22 (iv) The Conservator also shall provide notice of the Hearing by publication of the  
23 form of Notice attached hereto as Exhibit "B" in the San Francisco Chronicle, the Los Angeles  
24 Times, and Poughkeepsie Journal, and such other publications as the Conservator determines may  
25 aid in giving reasonable notice to interested parties. The Court finds that the form of Notice  
26 attached hereto as Exhibit "B" and incorporated herein by this reference, is reasonably calculated  
27 to and does provide fair, reasonable and adequate notice of these proceedings, this Order, the  
28 Rehabilitation Plan Motion, and the Hearing.

(v) The Conservator shall file and serve upon the person or entity filing such  
Opposition Papers any Reply thereto no later than May 26, 2011.

(vi) This Court shall continue to assert and to maintain sole and exclusive jurisdiction,

1 to the exclusion of all other courts or tribunals, over and to all assets of Majestic of whatsoever  
2 kind or nature and wherever or however owned or held. No liens, judgments, awards or claims of  
3 any kind not entered by this Court in accordance with this and the previous orders of this Court,  
4 all of which orders are hereby reaffirmed, shall be valid as against Majestic or any of its said  
5 assets. All prior injunctions and other orders of this Court in the Conservation Order entered  
6 April 21, 2011, are reaffirmed and remain in full force and effect. All powers or authority  
7 granted to the Conservator herein are in addition to, and not in limitation of, the powers of the  
8 Conservator under the Insurance Code, the Conservation Order and applicable case law.

9  
10 Dated: \_\_\_\_\_

\_\_\_\_\_  
11 HONORABLE PETER J. BUSCH  
12 JUDGE OF THE SUPERIOR COURT  
13

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# **Exhibit A**

### Our Mission

On behalf of the Insurance Commissioner, the CLO acts to rehabilitate and/or liquidate, under Court supervision, troubled insurance enterprises. The CLO operates as a fiduciary for the benefit of claimants, handling the property of the failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.



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## CONSERVATION & LIQUIDATION OFFICE

DATE

[Notice Recipient: Address]

### *RE Majestic Insurance Company Conservation and Rehabilitation Notice*

To Whom It May Concern:

Please take notice that on April, -- 2011 the Insurance Commissioner of the State of California (the "Commissioner") was appointed by the Superior Court of San Francisco as Conservator of Majestic Insurance Company (the "Company") pursuant to Section 1011 of the California Insurance Code. The Commissioner has the responsibility to take these actions whenever a company is deemed to be statutorily impaired. The Conservation will not cause any disruption or delay in the delivery of workers' compensation benefits to injured workers covered under Majestic policies.

The Commissioner has simultaneously filed a Plan of Rehabilitation for the Company. As part of the Plan of Rehabilitation, the Company and AmTrust North America, Inc. ("AmTrust") have entered into an agreement to transfer all insurance liabilities and certain assets from the Company to AmTrust. The components will include a Loss Portfolio Transfer, Sales of Renewal Rights, and an Asset Purchase Transaction.

The Superior Court has set a hearing on the Commissioner's motion to approve the Plan of Rehabilitation for \_\_\_\_\_, 2011, at \_\_\_\_\_.m., in Department \_\_\_\_\_. Any opposition to or comment on the motion or the Plan of Rehabilitation must be filed in the Superior Court and served on the Commissioner no later than May \_\_, 2011.

A copy of the Conservation Order and Plan of Rehabilitation Order can be found on the Conservation & Liquidation Office website at: [www.caclo.org](http://www.caclo.org). Additional information can be found on the Company's website at: [www.majesticinsurance.com](http://www.majesticinsurance.com) or contact your broker or Majestic at (800) 216-7770.

Sincerely,

David E. Wilson  
Chief Executive Officer &  
Special Deputy Insurance Commissioner

Serving the California Insurance Commissioner

# Exhibit B

NOTICE TO ALL POLICYHOLDERS, INSUREDS, CREDITORS, SHAREHOLDERS, AND ALL OTHER PERSONS OR ENTITIES INTERESTED IN THE ASSETS OF MAJESTIC INSURANCE COMPANY

NOTICE IS HEREBY GIVEN that on \_\_\_\_\_ DATE \_\_\_\_\_, the Superior Court of the City and County of San Francisco entered an Order Appointing Conservator, in the case entitled *Insurance Commissioner of the State of California v. Majestic Insurance Company*, Case No. \_\_\_\_\_ (the "Conservation Order"). Pursuant to the Conservation Order, the Insurance Commissioner has been appointed as the statutory Conservator of Majestic Insurance Company ("Majestic"). The Conservation Order authorizes and empowers the Commissioner, through his Conservation & Liquidation Office, to conserve Majestic and its assets for the benefit of Majestic's policyholders, claimants, creditors and shareholder, as provided in Sections 1010 through 1062 of the Insurance Code of the State of California. The Conservation will not cause any disruption or delay in the delivery of workers' compensation benefits to injured workers covered under Majestic policies.

The Commissioner has simultaneously filed a motion for approval of a proposed Plan of Rehabilitation for Majestic. As part of the Plan of Rehabilitation, Majestic and AmTrust North America, Inc. ("AmTrust") have entered into an agreement in principle to transfer all insurance liabilities and certain operating assets from Majestic to AmTrust and its insurance company affiliates. The components will include a Loss Portfolio Transfer, Sales of Renewal Rights, an Asset Purchase Transaction, and several Administrative Services Agreements. The Superior Court has set a hearing on the Commissioner's motion to approve the proposed Plan of Rehabilitation for \_\_\_\_\_, 2011, at \_\_\_\_ .m., in Department \_\_\_\_, at 400 McAllister Street, San Francisco, California, 94012. A copy of the Conservation Order and the motion and other documents in support of the Plan of Rehabilitation can be found on the Conservation & Liquidation Office website at: [www.caclo.org](http://www.caclo.org). Additional information about Majestic can be found on the Company's website at: [www.majesticinsurance.com](http://www.majesticinsurance.com) or contact your broker or Majestic at (800) 216-7770.

NOTICE IS FURTHER GIVEN that any and all policyholders, insureds, creditors, shareholders, or other persons having any interest in Majestic or any support for, opposition to or comment on the conservation of Majestic, the Commissioner Rehabilitation Plan motion or the Plan of Rehabilitation must file all such papers in support or opposition in the Superior Court and served on the Commissioner no later than May \_\_, 2011.

This notice is given and published pursuant to the provisions of Sections 1010 through 1062 of the California Insurance Code for the purpose of conservation and ALL PERSONS ARE HEREBY WARNED THAT UNLESS THEIR COMMENT OR OPPOSITION IS FILED IN THE MANNER AND WITHIN THE TIME PERIOD HEREIN SPECIFIED, IT SHALL BE DEEMED WAIVED AND MAY NOT BE CONSIDERED BY THE COURT.

Date: \_\_\_\_\_

DAVE JONES

Insurance Commissioner of the  
State of California as Conservator of  
Majestic Insurance Company

By:

\_\_\_\_\_  
David E. Wilson  
Special Deputy Insurance Commissioner