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18 SUPERIOR COURT OF THE STATE OF CALIFORNIA
19 CITY AND COUNTY OF SAN FRANCISCO

20 INSURANCE COMMISSIONER OF THE
21 STATE OF CALIFORNIA,
22
23 Applicant,
24
25 vs.
26 MAJESTIC INSURANCE COMPANY,
27
28 Respondent.

Case No. CPF-11-511261
**NEW YORK STATE WORKERS'
COMPENSATION BOARD'S
OBJECTIONS TO THE PROPOSED
REHABILITATION PLAN FOR
MAJESTIC INSURANCE COMPANY**
Date: June 2, 2011
Time: 9:30 a.m.
Dept: 301
Judge: Hon. Peter J. Busch

1 The New York State Workers' Compensation Board ("NYWCB"), in its capacity
2 as successor in interest to certain group self-insured trusts¹ that are the holders of excess
3 insurance policies issued by Majestic Insurance Company, hereby objects to the proposed Plan of
4 Rehabilitation for Majestic Insurance Company ("Plan") on the following grounds:

- 5 1. The Plan is discriminatory in that it specifically excludes the claims of the
6 NYWCB prior to the NYWCB even submitting its claims for
7 consideration.
- 8 2. The Plan is an abuse of discretion because the Conservator did not put the
9 definitive agreements with AmTrust out for competitive bid.
- 10 3. The Plan is an abuse of discretion because the Conservator approved
11 AmTrust as purchaser based upon AmTrust's commitment to keep jobs and
12 resources in the State of California, instead of what is in the best interests
13 of policyholders and other claimants.
- 14 4. The Plan is an abuse of discretion because the Conservator in his role as
15 trustee has failed to pursue less drastic remedies that were available to him,
16 and remain available to him, in order to rehabilitate Majestic Insurance
17 Company for the protection of its policyholders and creditors.
- 18 5. The Plan is an unconstitutional taking because the Conservator has not
19 shown that the Plan provides the NYWCB with at least the liquidation
20 value of its claims.

21 These objections are asserted in opposition to the Conservator's Motion for Order Approving
22 Rehabilitation Plan for Majestic Insurance Company (the "Conservator's Motion"), and are
23 supported by the accompanying Memorandum of Points and Authorities and the accompanying
24 Declaration of Michael Papa.

25 In view of these objections, the NYWCB respectfully requests that this Court enter
26

27 ¹ The Healthcare Industry Trust of New York, The Wholesale and Retail Workers' Compensation Trust of New
28 York, Transportation Industry Workers' Compensation Trust, Trade Industry Workers' Compensation Trust for
 Manufacturers, The Real Estate Management Trust of New York, The Public Entity Trust of New York, and Elite
 Contractors Trust of New York (collectively, the "Trusts").

1 an order **denying** the Conservator's Motion. In the alternative, the NYWCB respectfully requests
2 that this Court (a) permit limited discovery and set an evidentiary hearing with respect to the
3 issues raised in the NYWCB's Objections, (b) defer ruling on the Conservator's Motion
4 pending that hearing and the Conservator's both putting the definitive agreements with AmTrust
5 out for competitive bid, and demonstrating that policyholders will receive at least the liquidation
6 value of their claims under the Plan, and (c) strike Section 7.1(c) of the Plan and order that
7 New York's statutory deposit (rather than being turned over to a subsidiary of AmTrust) be
8 increased by that portion of the claimed \$46.4 million reserve deficiency that is attributable to the
9 New York claims.

10 The NYWCB reserves its right to join in objections to the Plan that may be filed
11 by other parties, and to present additional objections, argument and evidence at the hearing on the
12 Conservator's Motion, including in response to any reply papers that may be submitted by the
13 Conservator in support of the Motion.

14
15 Dated: May 18, 2011

MANATT, PHELPS & PHILLIPS, LLP

16
17 By: 
18 Craig S. Bloomgarden

19 RUPP, BAASE, PFALZGRAF, CUNNINGHAM &
20 COPPOLA LLC

David R. Pfalzgraf, Jr., *pro hac vice pending*

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22 Attorneys for
23 NEW YORK STATE WORKERS' COMPENSATION
24 BOARD

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PROOF OF SERVICE

I, Luana R. Washington, declare as follows:

I am employed in Los Angeles County, Los Angeles, California. I am over the age of eighteen years and not a party to this action. My business address is MANATT, PHELPS & PHILLIPS, LLP, 11355 West Olympic Boulevard, Los Angeles, California 90064-1614. On May 20, 2011, I served the within:

NEW YORK STATE WORKERS' COMPENSATION BOARD'S OBJECTIONS TO THE PROPOSED REHABILITATION PLAN FOR MAJESTIC INSURANCE COMPANY

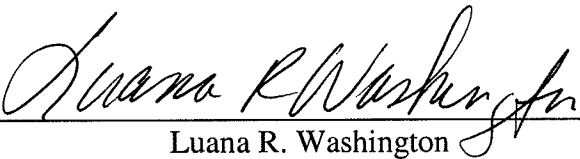
on the interested parties in this action addressed as follows:

SEE ATTACHED SERVICE LIST

(BY OVERNIGHT MAIL) By placing such document(s) in a sealed envelope, for collection and overnight mailing at Manatt, Phelps & Phillips, LLP, Los Angeles, California following ordinary business practice. I am readily familiar with the practice at Manatt, Phelps & Phillips, LLP for collection and processing of overnight service mailing, said practice being that in the ordinary course of business, correspondence is deposited with the overnight messenger service, Federal Express, for delivery as addressed.

(BY ELECTRONIC MAIL) By transmitting such document(s) electronically from my e-mail address, LWashington@manatt.com at Manatt, Phelps & Phillips, LLP, Los Angeles, California, to the person(s) at the electronic mail addresses listed above. The transmission was reported as complete and without error.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct and that this declaration was executed on May 20, 2011, at Los Angeles, California.


Luana R. Washington

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