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ENDORSED
FILED
Superior Court of California
County of San Francisco

APR 21 2011

CLERK OF THE COURT
BY: RODOLFO DELAVEGA
Deputy Clerk

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12 Attorneys for Applicant Dave Jones,
Insurance Commissioner of the State of California
13 in his Capacity as Conservator of Majestic Insurance
Company

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

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

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

21 Applicant,

22 v.

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

24 Respondents.

Case No. CPF-11-511261

**INSURANCE COMMISSIONER DAVE
JONES' NOTICE OF MOTION AND
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**

1 PLEASE TAKE NOTICE that on June 2, 2011 at 9:30 a.m., or as soon thereafter as the
2 matter may be heard in the above-entitled Court, located at 400 McAllister Street, Room 103, San
3 Francisco, CA 94103, Dave Jones Insurance Commissioner ("Commissioner") of the State of
4 California, as the statutory Conservator ("Conservator") of Majestic Insurance Company
5 ("Majestic") pursuant to the Court's April 21, 2011 Order Appointing Conservator and
6 Restraining Orders ("Conservation Order"), will and hereby does move the Court for an Order
7 Approving Rehabilitation Plan for Majestic Insurance Company ("Motion") and permitting and
8 authorizing the Conservator, on behalf of Majestic, to close and consummate the transactions
9 described in the Majestic Insurance Company Rehabilitation Agreement and each of the
10 appended agreements thereto, including the Renewal Rights and Asset Purchase Agreement, Loss
11 Portfolio Transfer and Quota Share Reinsurance Agreement, and Reinsurance Administrative
12 Services Agreement (the "Rehabilitation Transaction Agreements") and any ancillary agreements
13 necessary to the implementation of such transactions, all of which will be and are components of
14 the Rehabilitation Plan for Majestic ("Rehabilitation Plan"), and to take such other actions as the
15 Conservator determines are necessary to implement the Rehabilitation Plan. The foregoing
16 hearing on the Motion (Hearing) was specially set by Court's April 21, 2011, Order (1) Setting
17 Hearing Date and Briefing Schedule for the Conservator's Motion for Order Approving Plan of
18 Rehabilitation for Majestic Insurance Company in Conservation; (2) Establishing Procedures for
19 the Hearing; (3) Approving Form of Notice by Mail; and (4) Approving Form of Publication
20 Notice ("Scheduling Order"). A true and correct copy of the Scheduling Order is attached hereto
21 as Exhibit 1. All parties are instructed to carefully examine the provisions of the Scheduling
22 Order as a failure to comply with the Scheduling Order may result in the waiver of important
23 legal rights.

24 The Scheduling Order provides that any person or other entity wishing to file papers in
25 connection with the Hearing or to appear at the Hearing on the Motion shall, no later than
26 May 16, 2011, file with the Court written notification and a summary of the matters to be
27 presented as well as copies of any documents to be presented ("Opposition Papers"), and serve
28 such Opposition Papers by email and overnight mail upon the Conservator and his counsel at the

1 addresses set forth in the Scheduling Order. The Scheduling Order also specifies the manner and
2 forms of notice that the Conservator shall provide for the Hearing.

3 This Motion is made pursuant to the provisions and authority of the Conservation Order,
4 the Scheduling Order under the authority of California Insurance Code sections 1011, 1012, 1033,
5 1037, 1043, and other relevant and applicable sections thereof, on the grounds that:

6 1. Majestic has been found, after an examination, to be in such a condition that its
7 further transaction of business would be hazardous to its policyholders, creditors, or to the public
8 and thus has been placed in conservation by the Court with the Commissioner having been
9 appointed as its Conservator; and

10 2. The Rehabilitation Plan is lawful, reasonable, appropriate and necessary to protect
11 the interests of Majestic's policyholders, creditors and other stakeholders, and the public and it
12 should therefore be approved.

13 Dated: April 21, 2011

KAMALA D. HARRIS
Attorney General of California
JOYCE E. HEE
Supervising Deputy Attorney General
KRISTIAN D. WHITTEN
Deputy Attorney General

THOMAS J. WELSH
CYNTHIA J. LARSEN
ORRICK, HERRINGTON & SUTCLIFFE LLP

19
20 By: 

21 THOMAS J. WELSH
22 Attorneys for Applicant Dave Jones,
Insurance Commissioner of the State of
23 California
24 in his Capacity as Conservator of Majestic
Insurance Company

25
26 OHS WEST:261128735.1

EXHIBIT

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Exhibit 1

1 KAMALA D. HARRIS
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2 JOYCE E. HEE (State Bar No. 88610)
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3 KRISTIAN D. WHITTEN (State Bar No. 58626)
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11 clarsen@orrick.com

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.
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ENDORSED
FILED
San Francisco County Superior Court

APR 21 2011

CLERK OF THE COURT
BY: GINA GONZALES
Deputy Clerk

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, 22nd 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: APR 21 2011

PETER J. BUSCH
HONORABLE PETER J. BUSCH
JUDGE OF THE SUPERIOR COURT

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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.



P.O. Box 26894
San Francisco, California
94126-0894
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Fax: 415.676.5002
www.caclo.org

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. Additional information can be found on the Company's website at: 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. Additional information about Majestic can be found on the Company's website at: 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