

**Notice to Policyholders, Claimants, Creditors, Shareholders,
and All Other Persons or Entities Interested in California Insurance Company in Conservation**

You are hereby notified by the California Insurance Commissioner, as statutory Conservator of California Insurance Company (“CIC”), that on November 4, 2019, the Superior Court for the County of San Mateo entered an Order Appointing Insurance Commissioner as Conservator and Restraining Orders (the “Conservation Order”), in the case entitled *Insurance Commissioner of the State of California v. California Insurance Company*, Case No. 19-CIV-06531. Pursuant to the Conservation Order, the California Insurance Commissioner was appointed as the statutory Conservator of CIC (“Conservator”). The Conservation Order authorizes and empowers the Conservator, through his Conservation & Liquidation Office (“CLO”), to conduct the business of CIC or so much thereof as he may deem appropriate, to pay or defer payment of all proper claims and obligations against CIC accruing prior to or subsequent to his appointment as Conservator, and to act in all ways and exercise all powers necessary or appropriate for the purpose of carrying out the Conservation Order.

You are further notified that the Conservator has filed an Application for Order Approving Rehabilitation Plan for CIC (the “Application”) and the Superior Court has set a hearing on the Conservator’s Application on **March 4, 2021, at 2:00 p.m.**, at the Southern Branch of the San Mateo Superior Court, 400 County Center, Redwood City, CA 94063.

Summary of the Rehabilitation Plan for CIC

By the Application, the Conservator seeks the Court’s authorization to implement, close, and effect all of the actions described in the Rehabilitation Plan (the “Plan”) and the Assumption Reinsurance and Administration Agreement (the “Reinsurance Agreement”) and each of the documents appended thereto (the “Transaction Documents”); to consummate, on behalf of CIC, the transactions described in the Plan and the other Transaction Documents, as well as any ancillary agreements necessary to the implementation of such transactions; and to take other such actions as the Conservator deems necessary to implement the Plan, the Transaction Documents, and the Reinsurance Agreement, upon approval of the Plan by the Court.

The Plan specifies the following steps, among others, for the efficient and orderly Rehabilitation of CIC:

1. The selection by the Conservator of an insurer authorized to transact workers’ compensation insurance in California (the “Reinsurer”) to reinsure and assume all of CIC’s liabilities, duties, and obligations under CIC’s California policies, as described in Section 2.2 of the Plan;
2. Entry by CIC and the Reinsurer into the Reinsurance Agreement, under which the Reinsurer will reinsure and assume all of CIC’s liabilities, duties, and obligations under CIC’s California policies, as detailed in Section 2.2 of the Plan, with the Reinsurer granting California policyholders the right to recover directly from the Reinsurer any of CIC’s obligations under the policies;
3. The transfer by the Conservator to Reinsurer of certain assets of CIC as consideration for Reinsurer assuming all of CIC’s liabilities, duties, and obligations under CIC’s California policies pursuant to the Reinsurance Agreement;
4. The retention of an unaffiliated third-party administrator selected by the Conservator to administer claims, if an affiliate of CIC is selected as the Reinsurer;
5. An opportunity for policyholders to settle pending and subsequent litigation against CIC and its affiliates, as detailed in Section 2.6 of the Plan and Schedule 2.6 attached thereto;
6. The effectuation of the merger of CIC into and with CIC II, thereby completing the redomestication of CIC from California to New Mexico, such that CIC shall cease to be a California domestic insurer; and
7. Upon the closing of the transactions contemplated by the Plan and the Transaction Documents, the cancellation of CIC’s California Certificate of Authority to transact insurance business in the State of California.

A copy of the Conservation Order, the Application, and other documents in support of the Rehabilitation Plan can be found on the CLO website at: www.caclo.org/CIC. Recipients of this notice may request paper copies of the Plan by contacting the CLO at CIC@caclo.org or Conservator of California Insurance Company, P.O. Box 26894, San Francisco, CA 94126-6894. Please indicate in the subject line of the email or on the envelope “CIC Rehabilitation Plan.”

**ALL INTERESTED PARTIES ARE URGED TO ACCESS THE CLO WEBSITE
TO CAREFULLY REVIEW ALL PROVISIONS OF THE PLAN.**

Submission of Papers Regarding the Conservator’s Application and Appearance at the March 4, 2021 Hearing

You are further notified that, pursuant to the instructions provided by the Court, any and all policyholders, claimants, creditors, shareholders, or other persons having any interest in CIC and wishing to submit any written support for, opposition to, or comment on the Conservator’s Application and/or the Plan must file and serve all such papers in support or opposition in the San Mateo Superior Court **not later than January 4, 2021**. Such papers must be served by email and via First Class mail upon the Conservator and his counsel, and CIC and its counsel, at the addresses set out below, and all persons and entities that have made an appearance in the case and their respective counsel of records. Such papers may also consist of a memorandum of points and authorities, not exceeding 20 pages (exclusive of caption pages, tables of contents, tables of authorities, and proofs of service), containing arguments in support or opposition and may be accompanied by relevant declarations. Policyholders, claimants, creditors, shareholders, or other persons having any interest in CIC, but who are not represented by an attorney, may send their papers to the CLO at CIC@caclo.org or Conservator of California Insurance Company, P.O. Box 26894, San Francisco, CA 94126-6894, with copy to counsel for the Conservator, Cynthia J. Larsen, using the email or mailing address listed below, **not later than December 14, 2020**, in lieu of filing with the court, and the CLO will arrange to have such papers filed with the San Mateo Superior Court and appropriately served on persons and entities that have made an appearance in the case and their respective counsel of records.

Any person or entity which has filed papers supporting or opposing or otherwise commenting upon the Plan may appear at the **March 4, 2021** hearing to argue (i) why the proposed Plan and any agreement ancillary thereto should or should not be approved or ratified, or (ii) why the Court should modify the Plan. **However, any person or entity who fails to file such papers shall be deemed to have forever waived any and all objections, comments, suggestions, or any other matter they may have raised with respect to the Application, the proposed Plan, and any document or agreement incorporated in or ancillary thereto, and shall not be heard at the March 4, 2021 hearing, and any such objection, comment, suggestion, or other matter shall be forever barred.**

ALL DATES ARE SUBJECT TO CHANGE WITHOUT NOTICE BY COURT ORDER.

GO TO <https://odyportal-ext.sanmateocourt.org/portal-external>
AND SEARCH FOR CASE NUMBER 19-CIV-06531 TO CONFIRM DATES

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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 FAILURE TO SUBMIT PAPERS IN SUPPORT OR OPPOSITION TO THE PLAN SHALL RESULT IN ANY ARGUMENT BEING DEEMED WAIVED AND THUS MAY NOT BE CONSIDERED BY THE COURT.**