

MAR 15 2000

DEPT. OF INSURANCE  
BY CB

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

In the Matter of: )  
 )  
4 **SUPERIOR NATIONAL INSURANCE** )  
**COMPANY (NAIC No. 37753)** )  
5 Respondent. )  
6 \_\_\_\_\_ )

Docket Number 00A-041-INS

**ORDER SUMMARILY SUSPENDING  
CERTIFICATE OF AUTHORITY AND  
NOTICE OF HEARING**

7 The Arizona Department of Insurance (the "Department") alleges that Superior National  
8 Insurance Company ("Respondent") has violated provisions of Arizona Revised Statutes ("A.R.S."),  
9 Title 20. In light of the serious nature of these allegations, the Director of Insurance for the State of  
10 Arizona ("Director") finds that the public health, safety and welfare imperatively require emergency  
11 action, within the meaning of A.R.S. §41-1092.11(B).

12 THEREFORE, IT IS ORDERED summarily suspending the Arizona certificate of authority held  
13 by Respondent, effective immediately, pending the proceedings commenced this date.

14 EFFECTIVE this 14<sup>th</sup> day of March, 2000.

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17 CHARLES R. COHEN  
18 Director of Insurance  
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1 **NOTICE OF HEARING**

2 PLEASE TAKE NOTICE that pursuant to the provisions of A.R.S. §§ 20-165, 41-1061 through  
3 and including 41-1066 and 41-1092.01, the above-captioned matter will be heard before the Director of  
4 Insurance of the State of Arizona or his duly designated representative, on the 26th day of April, 2000, at  
5 1:30 p.m., at the Office of Administrative Hearings, 1400 West Washington Street, Suite 101, Phoenix,  
6 Arizona 85007 (the "Hearing"). The hearing is being held more than thirty days from the date of this  
7 Notice because it is the first available date on the Office of Administrative Hearings' calendar.

8 Motions to continue this matter shall be made in writing to Administrative Law Judge Eric  
9 Bryant not less than fifteen (15) days prior to the date set for the hearing. A copy of any motion to  
10 continue shall be mailed or hand-delivered to the opposing party on the same date of filing with the  
11 Office of Administrative Hearings.

12 A.R.S. §20-164(B) entitles any person affected by this hearing to appear in person and by  
13 counsel, to be present during the giving of all evidence, to have a reasonable opportunity to inspect all  
14 documentary evidence, to examine witnesses, to present supporting evidence and to have subpoenas  
15 issued by the Administrative Law Judge to compel attendance of witnesses and production of evidence.

16 If Respondent is represented by counsel, the attorney shall be licensed to practice law in the State  
17 of Arizona or, Respondent is an insurer, it may be represented by a corporate officer, pursuant to A.R.S.  
18 §20-161(B).

19 Pursuant to A.R.S. §41-1092.07(D), a clear and accurate record of the proceedings will be made  
20 by a court reporter or by electronic means. Any party that requests a transcript of the proceeding shall  
21 pay the cost of the transcript to the court reporter or other transcriber.

1 Questions concerning issues raised in this Notice of Hearing should be directed to Assistant  
2 Attorney General Shelby L. Cuevas (602) 542-7725, 1275 West Washington Street, Phoenix, Arizona  
3 85007.

4  
5 **NOTICE OF APPLICABLE RULES**

6 On January 23, 1992, the Arizona Department of Insurance adopted A.A.C. R20-6-101 through  
7 20-6-115, setting forth the rules of practice and procedure applicable in contested cases before the  
8 Director of Insurance. The hearing will be conducted pursuant to these rules.

9 PURSUANT TO A.A.C. R20-6-106, RESPONDENT SHALL FILE A WRITTEN ANSWER  
10 WITHIN 20 DAYS AFTER ISSUANCE OF THIS NOTICE OF HEARING AND SHALL MAIL OR  
11 DELIVER A COPY OF THE ANSWER TO THE ASSISTANT ATTORNEY GENERAL  
12 DESIGNATED ABOVE. THE ANSWER SHALL STATE RESPONDENT'S POSITION OR  
13 DEFENSE AND SHALL SPECIFICALLY ADMIT OR DENY EACH ASSERTION IN THE NOTICE  
14 OF HEARING. ANY ASSERTION NOT DENIED SHALL BE DEEMED TO BE ADMITTED. ANY  
15 DEFENSE NOT RAISED IN THE ANSWER SHALL BE DEEMED WAIVED. IF AN ANSWER IS  
16 NOT TIMELY FILED, RESPONDENT SHALL BE DEEMED IN DEFAULT AND THE DIRECTOR  
17 MAY DEEM THE ALLEGATIONS ARE TRUE, AND TAKE WHATEVER ACTION IS  
18 APPROPRIATE, INCLUDING SUSPENSION OR REVOCATION OF A CERTIFICATE OF  
19 AUTHORITY, IMPOSITION OF A CIVIL PENALTY AND/OR RESTITUTION TO ANY PARTY  
20 INJURED.

21 PERSONS WITH DISABILITIES MAY REQUEST REASONABLE ACCOMMODATIONS  
22 SUCH AS INTERPRETERS, ALTERNATIVE FORMATS, OR ASSISTANCE WITH PHYSICAL  
23 ACCESSIBILITY. REQUESTS FOR ACCOMMODATIONS SHOULD BE MADE AS EARLY AS

1 POSSIBLE TO ALLOW TIME TO ARRANGE THE ACCOMMODATIONS. IF YOU REQUIRE  
2 ACCOMMODATIONS, PLEASE CONTACT THE OFFICE OF ADMINISTRATIVE HEARINGS AT  
3 (602) 542-9826.

4 The Department alleges:

5 1. Superior National Insurance Company (“Respondent”) is domiciled in California and  
6 presently holds a certificate of authority issued by the Arizona Department of Insurance (“Department”)  
7 to transact property casualty insurance and is authorized to write workers’ compensation insurance.

8 2. On or about March 2, 2000, the Insurance Commissioner of the State of California  
9 (“California Commissioner”) issued a Seizure Order against Respondent for the summary seizure of all  
10 property, business, books, records and accounts, offices and premises pursuant to California Insurance  
11 Code Section 1013. The Commissioner determined the following: that Respondent is in such condition  
12 that the further transaction of business will be, and is, hazardous to its policyholders, creditors and the  
13 public; that Respondent is insolvent within the meaning of the California Insurance Code; that  
14 Respondent does not meet the requirements of issuance to it of a certificate of authority; and that  
15 irreparable loss or injury to the property and business of Respondent has or may occur unless the  
16 Commissioner acts immediately to take possession. A copy of the Seizure Order is attached hereto as  
17 Exhibit A.

18 3. On or about March 6, 2000, the Superior Court of the State of California, County of Los  
19 Angeles issued an Ex Parte Order appointing Conservator and Restraining Orders appointing the  
20 California Commissioner as the Conservator for Respondent. A copy of the Order Appointing  
21 Conservator is attached hereto as Exhibit B.

22 4. Respondent is in an unsound condition or in such as to render its further transaction of  
23

1 insurance in this state hazardous to the policyholders or to the people of this state, within the meaning of  
2 A.R.S. §20-220(A)(3) and A.A.C. R20-6-308.

3 5. Respondent no longer meets the requirements for the authority originally granted, on account  
4 of deficiency in assets or otherwise within the meaning of A.R.S. §20-219(2)

5 WHEREFORE, if after hearing the Director makes a finding of one or more of the above-  
6 described allegations, the Director may suspend or revoke Respondent's certificate of authority pursuant  
7 to A.R.S. §§20-219 and 20-220(A)(3)

8 Pursuant to A.R.S. §20-150, the Director of Insurance delegates the authority vested in the  
9 Director of Insurance of the State of Arizona, whether implied or expressed, to the Director of the Office  
10 of Administrative Hearings or his designee to preside over the hearing of this matter as the  
11 Administrative Law Judge, to make written recommendations to the Director of Insurance consisting of  
12 proposed findings of fact, proposed conclusions of law and a proposed order. This delegation does not  
13 include delegation of the authority of the Director of Insurance to make the order on hearing or other  
14 final decision in this matter.

15 Pursuant to A.R.S. §41-1092.01, your hearing will be conducted through the Office of  
16 Administrative Hearings, an independent agency. Enclosed is a copy of the procedures to be followed

17 DATED this 14<sup>th</sup> day of March, 2000.

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20 CHARLES R. COHEN  
21 Director of Insurance  
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COPY of the foregoing mailed/hand-delivered  
this 15<sup>th</sup> day of March, 2000, to:

Sara M. Begley, Deputy Director  
Gerrie M. Marks, Executive Assistant  
Gary A. Torticill, Assistant Director/Chief Examiner  
Deloris Williamson, Assistant Director  
Arizona Department of Insurance  
2910 N. 44<sup>th</sup> Street, Suite 210  
Phoenix, Arizona 85018

California Department of Insurance  
300 Capitol Mall, Suite 1500  
Sacramento, California 95814

California Department of Insurance  
Ronald Reagan Building  
300 South Spring Street  
Los Angeles, California

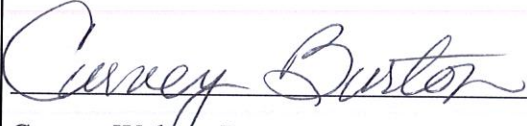
Bill Lockyer, Attorney General  
Richard W. Bakke  
Mark P. Richelson  
W. Dean Freeman  
Office of the California Attorney General  
300 South Spring Street, Room 5212  
Los Angeles, California 90013

Shelby L. Cuevas, Assistant Attorney General  
Consumer Protection & Advocacy Section  
Office of the Arizona Attorney General  
1275 West Washington Street  
Phoenix, Arizona 85007

Superior National Insurance Company  
P.O. Box 9850  
Calabasas, California 91372-9850

Eric Bryant, Administrative Law Judge  
Office of Administrative Hearings  
1400 West Washington, Suite 101  
Phoenix, Arizona 85007

1 S. David Childers  
Low & Childers  
2 2999 North 44<sup>th</sup> Street, Suite 250  
Phoenix, Arizona 85018

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5 Curvey Walters Burton

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STATE OF CALIFORNIA  
DEPARTMENT OF INSURANCE  
300 CAPITOL MALL, 15TH FLOOR  
SACRAMENTO, CALIFORNIA

In the Matter of  
SUPERIOR NATIONAL INSURANCE  
COMPANY,  
  
Respondent.

SUMMARY SEIZURE OF ALL  
PROPERTY, BUSINESS, BOOKS  
RECORDS AND ACCOUNTS,  
OFFICES AND PREMISES  
PURSUANT TO CALIFORNIA  
INSURANCE CODE  
SECTION 1013

TO: RESPONDENT SUPERIOR NATIONAL INSURANCE COMPANY:

WHEREAS, it appears to the Insurance Commissioner of the State of California ("Commissioner") that the conditions set forth in California Insurance Code Section 1011, subsections (d), (h) and (i) exist as set forth below and that irreparable loss and injury to the property and business of a person specified in Section 1010, to wit Respondent Superior National Insurance Company, has occurred and may occur unless the Commissioner acts immediately, the Commissioner forthwith takes possession of all the property, business, books, records and accounts of Respondent and of the offices and premises occupied by Respondent for the transaction of business and retains such possession subject to the order of the Superior Court.

The conditions which constitute grounds for action under California Insurance Code Section 1013, and subsection (d), (h) and (i) of Section 1011 are as follows:

- 1. Respondent is authorized to transact the business of fire, marine, surety, disability, plate glass, liability, workers' compensation, common carriers liability, boiler and machinery, burglary, credit, sprinkler, team and vehicle, automobile, aircraft, and miscellaneous insurance in California under the authority of a Certificate of Authority issued by the Commissioner. By



MAR. 3. 2000 11:07AM

NO. 2929 P. 11

1 virtue of Insurance Code sections 700.01, 700.02, 700.025 and 700.05, Respondent is required to  
2 have unimpaired paid-in capital of \$2,600,000 and surplus of not less than \$2,800,000, for a total  
3 capital and surplus of \$5,400,000. By virtue of Insurance Code section 985, Respondent is  
4 insolvent whenever provision for its liabilities and for reinsurance of all outstanding risks would  
5 impair its capital paid-in of \$2,600,000.

6 2. Respondent requires a Certificate of Authority from the Commissioner for the  
7 transaction of its insurance business and is subject to examination by the Commissioner under the  
8 provisions of Article 4, Chapter 1, Part 2, Division 1, of the Insurance Code (sections 730-738),  
9 and for these reasons is one of the "persons" subject to Article 14, Chapter 1, Part 2, Division 1 of  
10 the Insurance Code (sections 1010-1062).

11 3. Applicant has conducted a limited scope financial examination of Respondent, with  
12 its permission, to determine its financial condition as of December 31, 1999. As a result of the  
13 examination, the Commissioner has determined that as of December 31, 1999, Respondent had  
14 total assets of \$240,276,000 and total liabilities of \$280,596,000, creating a negative surplus of  
15 \$40,320,000. A negative surplus is less than the minimum amount of capital and surplus  
16 required by Insurance Code section 700.01 for an insurer transacting the classes of insurance  
17 authorized by the Certificate of Authority issued by the Commissioner to Respondent. Pursuant  
18 to Insurance Code section 985, Respondent is statutorily insolvent and such condition is ground  
19 for conservation under Insurance Code section 1011(i).

20 4. Respondent is wholly owned by a holding company entitled Business Insurance Group,  
21 Inc., which in turn is wholly owned by a holding company entitled Superior National Insurance  
22 Group, Inc. ("Superior Group.") On February 28, 2000, the Commissioner received a letter from  
23 the President and Chief Executive Officer of Superior Group which stated, "Please be advised  
24 that pursuant to California Insurance Code Section 988, I am advising you that ... [Respondent  
25 and related insurers] are impaired in that a financial situation exists in which the Companies  
26 [Respondent and others] assets are less than the sum of its minimum required capital, minimum  
27 required surplus and all liabilities as determined in accordance with the requirements for the  
28 preparation and filing of its annual statement." By virtue of having assets less than its minimum

MAR. 3. 2000 11:07AM

NO. 2929 P. 12

1 required capital and minimum required surplus, Respondent is insolvent within the meaning of  
2 Insurance Code Section 985.

3 5. In accordance with Insurance Code section 1013, the Commissioner determines as  
4 follows:

5 (a) Respondent is in such condition that the further transaction of business by Respondent  
6 will be, and is, hazardous to its policyholders, creditors, and the public, and such condition is a  
7 ground for conservatorship under Insurance Code section 1011(d);

8 (b) Respondent is insolvent within the meaning of Insurance Code section 985 and such  
9 insolvency is ground for conservatorship under Insurance Code section 1011(i);

10 (c) By reason of its insolvency, Respondent does not meet the requirements for issuance  
11 to it of a Certificate of Authority and such condition is a ground for conservatorship under  
12 Insurance Code section 1011(h); and

13 (d) Irreparable loss and injury to the property and business of Respondent has or may  
14 occur unless the Commissioner acts immediately to take possession.

#### 15 SUMMARY SEIZURE

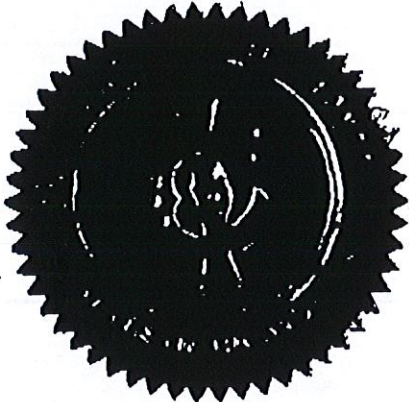
16 1. Pursuant to the authority provided in California Insurance Code Section 1013, the  
17 Commissioner hereby summarily seizes and takes possession of the property, business, books,  
18 records and accounts of Respondent, and of the offices and premises occupied by Respondent for  
19 the transaction of business, the Commissioner shall retain such possession subject to order of the  
20 Superior Court.

21 2. The Commissioner hereby orders, pursuant to the authority provided in California  
22 Insurance Code Section 1014, that the sheriffs of Sacramento, Santa Clara, Sonoma, Alameda,  
23 Contra Costa, Fresno, Los Angeles, Orange, Ventura, San Diego Counties, and the police  
24 departments of such municipal corporations therein, furnish such deputies, officers or patrolmen  
25 as may be necessary to assist the Commissioner in making and enforcing this summary seizure of  
26 Respondent.

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3. Pursuant to California Insurance Code Section 1013, any person having possession of and refusing to deliver any of the books, records or assets of Respondent shall be guilty of a misdemeanor and punishable by a fine not exceeding \$1,000.00 or imprisonment not exceeding one year, or both such fine and imprisonment.

IN WITNESS WHEREOF, I have hereunto set my hand and have affixed my official seal this and day of March, 2000.



CHUCK QUACKENBUSH

By Mark A. Lowder  
MARK A. LOWDER  
Deputy Insurance Commissioner

**ORIGINAL**

1 **BILL LOCKYER**  
 Attorney General  
 2 **RICHARD W. BAKKE**  
 Supervising Deputy Attorney General  
 3 **MARK P. RICHELSON, SBN 58121**  
**W. DEAN FREEMAN, SBN 73869**  
 4 Deputy Attorney General  
 State Bar No. 58121  
 5 300 South Spring Street, Room 5212  
 Los Angeles, California 90013  
 6 Telephone: (213) 897-2482  
 Fax: (213) 897-5775  
 7 Attorneys for Applicant Insurance Commissioner of testate of California

**FILED**  
 LOS ANGELES SUPERIOR COURT  
 MAR 06 2000  
 JOHN A. CLARKE, CLERK  
*C. L. Hudson*  
 BY C.L. HUDSON, DEPUTY

8 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA  
 9 FOR THE COUNTY OF LOS ANGELES

11 INSURANCE COMMISSIONER OF THE STATE  
 12 OF CALIFORNIA,  
 13 Applicant,  
 14 v.  
 15 SUPERIOR NATIONAL INSURANCE COMPANY,  
 16 Respondent,

Case No.: BS 061974  
 EX PARTE ORDER APPOINTING  
 CONSERVATOR AND  
 RESTRAINING ORDERS  
 Date: MARCH 6, 2000  
 Time: 8:30 a.m.  
 Place: DEPT. 86

18 The Verified Application of the Insurance Commissioner of the State of  
 19 California for an Order Appointing Conservator of Respondent Superior National Insurance  
 20 Company having been filed herein and it appearing to this Court from the Verified Application  
 21 that the Insurance Commissioner has found Superior National Insurance Company to be in such a  
 22 condition that its further transaction of business will be hazardous to its creditors and the public;  
 23 is insolvent; and, does not comply with the requirements for the issuance of a certificate of  
 24 authority.

25 IT IS HEREBY ORDERED:

26 (1) The Insurance Commissioner of the State of California, Applicant, is appointed  
 27 Conservator of Respondent, and directed as such to conduct the business of Respondent or so  
 28 much thereof as to said Conservator may seem appropriate; and authorizing Commissioner as

1.

EX PARTE ORDER APPOINTING CONSERVATOR AND RESTRAINING ORDERS

1 such Conservator, in his discretion, to pay or defer payment of all proper claims and all  
2 obligations against Respondent accruing prior to or subsequent to his appointment as  
3 Conservator;

4 (2) That said Commissioner forthwith take possession of all of Respondent's assets,  
5 books, records, and property, both real and personal, wheresoever situated;

6 (3) That there is hereby vested in said Conservator and his successors in office title to all  
7 of said property and assets of Respondent, wheresoever situated, in the Commissioner or his  
8 successor in office, in his official capacity as Conservator and enjoining all persons from  
9 interfering with the Commissioner's possession and title thereto;

10 (4) That said Respondent, its officers, directors, governors, agents and employees are  
11 hereby enjoined from transacting any of the business of Respondent, whether in the State of  
12 California or elsewhere, or from disposing of any or assisting any person in the transfer or  
13 alienation of the property or assets until further order of this court;

14 (5) That all persons are hereby enjoined from instituting, prosecuting or maintaining any  
15 action or proceeding in law or suit in equity, including but not limited to actions or proceedings  
16 to compel discovery or production of documents or testimony, matters in arbitration against the  
17 Respondent or the Commissioner as Conservator, except for matters before the Workers  
18 Compensation Appeals Board, and from attaching, executing foreclosure upon, redeeming of or  
19 taking any other legal proceedings against any of the property of Respondent, and from doing  
20 any act interfering with the conduct of said business by the Commissioner, except after an order  
21 from this Court obtained after reasonable notice to the Commissioner;

22 (6) That all officers, directors, agents and employees of Respondent deliver to the  
23 Commissioner all assets, books, records, equipment and other property of Respondent,  
24 wheresoever situated;

25 (7) That the Conservator is authorized to pay all reasonable costs of operating  
26 Respondent as Conservator (including direct and allocated direct costs, direct and allocated  
27 general and administrative costs and overhead, and other allocated costs) out of funds and assets  
28 of Respondent;

1 (8) That all funds and assets including certificates of deposit and bank accounts in the  
2 name of Respondent in various financial depository institutions including banks, savings and  
3 loan associations, industrial loan companies, mutual funds or stock brokerages, in the State of  
4 California or elsewhere, be vested in the Commissioner and subject to withdrawal upon his order  
5 only;

6 (9) That all persons all persons who maintain records for Respondent, pursuant to  
7 written contract or any other agreement to maintain such records, are ordered to deliver such  
8 records to the Commissioner upon his request;

9 (10) That all agents of Respondent and all brokers who have done business with  
10 Respondent are ordered make all remittances of funds collected by them or in their hands directly  
11 to the Commissioner as Conservator;

12 (11) That all persons having possession of any lists of policyholders of Respondent are  
13 ordered to deliver all such lists to the Commissioner as Conservator; that all persons are enjoined  
14 from using any such lists or any information contained therein without the consent of the  
15 Conservator;

16 (12) The Conservator is authorized to initiate such equitable or legal actions or  
17 proceedings in this or other states as may appear to him necessary to carry out his functions as  
18 Conservator;

19 (13) The Conservator is authorized to appoint and employ special deputies, estate  
20 managers, other professionals, clerks and assistants and to give each of them such power and  
21 authority as may by him be deemed necessary, and authorizing the Commissioner to compensate  
22 these persons from the assets of Respondent as to him shall seem appropriate;

23 (14) The Conservator is authorized to divert, take possession of and secure all mail of  
24 Respondent in order to screen such mail, and to effect a change in the rights to use any and all  
25 post office boxes and other mail collection facilities used by Respondent;

26 (15) That the Respondent and its respective officers, directors, agents, servants,  
27 employees, successors, assigns, affiliates, and other persons or entities under their control and all  
28 persons or entities in active concert or participation with them, and each of them, are ordered to

1 turn over to the Conservator records, documentation, charts and/or descriptive material of all  
2 funds, assets, property owned beneficially or otherwise, and all other assets of Respondent  
3 wherever situated, and all books and records of accounts, title documents and other documents in  
4 their possession or under their control, which relate, directly or indirectly, to assets or property of  
5 Respondent belonging to or now held by Respondent or any of them or to the business or  
6 operations of Respondent;

7 (16) That except with leave of court issued after a hearing in which the Conservator has  
8 received reasonable notice all persons are enjoined from executing or issuing or causing the  
9 execution or issuance of any court attachment, subpoena, replevin, execution or other process for  
10 the purpose of impounding or taking possession of or interfering with or creating or enforcing a  
11 lien upon any property owned or in the possession of Respondent or its affiliates, or the  
12 conservator appointed herein, wheresoever situated;

13 (17) That except by leave of court, obtained after reasonable notice to the conservator  
14 that all persons are enjoined from accelerating the due date of any obligation or claimed  
15 obligation; exercising any right of set-off; taking, retaining, retaking or attempting to retake  
16 possession of any real or personal property; withholding or diverting any rent or other obligation;  
17 doing any act or other thing whatsoever to interfere with the possession of or management by the  
18 conservator herein and of the property and assets, owned or controlled by Respondent or in the  
19 possession of Respondent or to in any way interfere with said Conservator or to interfere in any  
20 manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over  
21 Respondent;

22 (18) That any and all provisions of any agreement entered into by and between any third  
23 party and Respondent including, by way of illustration, but not limited to, the following types of  
24 agreements (as well as any amendments, assignments, or modifications thereto): financial  
25 guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust,  
26 mortgages, indemnification agreements, subrogation agreements, subordination agreements,  
27 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,  
28 leases, insurance policies, guaranties, escrow agreements, management agreements, real estate

1 brokerage and rental agreements, servicing agreements, attornment agreements, consulting  
2 agreements, easement agreements, license agreements, franchise agreements, or employment  
3 contracts that provide in any manner that selection, appointment or retention of a conservator, or  
4 trustee by any court, or entry of an order such as hereby made, shall be deemed to be, otherwise  
5 operate as a breach, violation, event of default, termination, event of dissolution, event of  
6 acceleration, insolvency, bankruptcy, or liquidation, shall be stayed, and the assertion of any and  
7 all rights, remedies relating thereto shall also be stayed and barred, except as otherwise ordered  
8 by the Court, and the Court shall retain jurisdiction over any cause of action that has arisen or  
9 may otherwise arise under any such provision;

10 (19) The Commissioner is authorized to invest Respondent's assets in such a manner as  
11 to him may seem suitable for the best interest of Respondent's creditors which funds are not  
12 immediately distributable to Respondent's creditors. However no investment or reinvestment  
13 shall be made which exceeds the sum of \$100,000 without first obtaining permission of the  
14 court;

15 (20) The Commissioner is authorized to pay for his costs in bringing and maintaining  
16 this action, and such other actions as are necessary to carry out his functions as Conservator, out  
17 of the funds and assets of Respondent;

18 (21) That pursuant to Insurance Code section 1037(g), the Commissioner as Conservator  
19 is authorized to invest and reinvest all assets in a manner he deems to be in the best interest of the  
20 creditors of the estate, including investing and reinvesting assets through an investment pool  
21 consisting exclusively of assets from conserved estates. To the extent that the Commissioner  
22 invests and reinvests through such an investment pool, such investments and reinvestments may  
23 exceed \$100,000;

24 (22) For such other or further orders as may be proper.

25 DATED: March 6, 2000

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27 \_\_\_\_\_  
28 JUDGE OF THE SUPERIOR COURT





THE DOCUMENT TO WHICH THIS CERTIFICATE IS  
ATTACHED IS A FULL, TRUE, AND CORRECT COPY  
OF THE ORIGINAL ON FILE AND OF RECORD IN  
MY OFFICE.

MAR 08 2000

ATTEST

JOHN A. CLARKE

Executive Officer / Clerk of the Superior  
Court of California, County of Los Angeles.

By \_\_\_\_\_, Deputy

M. CORONA