

C-97-2782-63

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IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

CJ

97-2782

STATE OF OKLAHOMA, ex rel.  
JOHN P. CRAWFORD, Insurance  
Commissioner,

Petitioner,

vs.

CEMARA SECURITY,  
a licensed domestic insurer in the State  
of Oklahoma,

Respondent.

Case No.

FILED IN THE DISTRICT COURT  
OKLAHOMA COUNTY, OKLA.

APR 23 1997

PATRICIA BRISLEY, COURT CLERK  
By *[Signature]*

APPLICATION FOR ORDER DIRECTING  
INSURER TO SHOW CAUSE AND FOR INJUNCTIVE RELIEF

COMES NOW the State of Oklahoma, ex rel. John P. Crawford, Insurance Commissioner,  
Petitioner, and alleges and states the following:

I.

John P. Crawford is duly, qualified and acting Insurance Commissioner of the State of  
Oklahoma and as such is charged with the duty of administering and regulating the state's insurance  
industry. That pursuant to 36 O.S. §§1903, the Insurance Commissioner may appear in the District  
Court to make application for an order directing the insurer to show cause why an Order of  
Liquidation should not be entered and a Receiver appointed.

II.

The Court has jurisdiction over this matter pursuant to the provisions of 36 O.S. §1902(A),  
which gives the District Court exclusive original jurisdiction of such proceedings against any  
insurer.

III.

Venue is properly had in the District Court within Oklahoma County pursuant to the provisions of 36 O.S. §1902(B).

IV.

Cemara Security is an Oklahoma domestic insurer organized, incorporated and currently licensed to transact insurance under the laws of the State of Oklahoma, holding certificate of authority number 4510. Cemara Security is authorized to transact life, accident and health insurance, and has its home at 2424 E. 21st Street, Suite 410, Tulsa, Oklahoma 74114.

V.

Cemara Security's surplus in regard to policyholders is currently below the required \$375,000.00 minimum, consisting only of Cemara Security's \$100,000.00 deposit with the Insurance Department.

VI.

Pursuant to 36 O.S. §§1905, 1906, the Insurance Commissioner may apply to the District Court for an Order appointing the Insurance Commissioner as receiver of, and directing the Insurance Commissioner to liquidate Cemara Security or any other domestic insurer upon specified grounds.

VII.

Cemara Security is currently insolvent or impaired.

VIII.

Cemara Security has transferred or attempted to transfer substantially its entire property or business.

IX.

Cemara Security has ceased transacting business for a period of one (1) year.

X.

Cemara Security has filed false financial statements.

XI.

Cemara Security has willfully violated its charter or the laws of the State of Oklahoma.

**WHEREFORE**, premises considered, the State of Oklahoma prays the Court to enter an order directing Cemara Security to show cause why an Order of Liquidation should not be entered, why John P. Crawford should not be appointed as Receiver of and for Cemara Security, why an Assistant Receiver should not be appointed with the granting of all the powers of the Receiver, and why the Commissioner should not release Cemara Security's deposit to the Receiver, pursuant to 36 O.S. §§1707. Furthermore, the State of Oklahoma prays the Court to enter an immediate injunctive order as follows:



- A. The issuance of an injunction and order, pursuant to Okla. Stat. tit. 36 §1904(A), which prohibits Cemara Security, its officers, directors, stockholders, members, subscribers, agents and all other persons: from transacting any further business of Cemara Security (except such business conducted with the express written consent or directive of the Insurance Commissioner or his designees or appointees); paying any claim or obligation of Cemara Security, of any nature (except with the express written consent or directive of the Insurance Commissioner or his designees or appointees); issuing any draft or check of Cemara Security or paying any draft of check which may be presented to Cemara Security or its banks (except with the express written consent or directive of the Insurance Commissioner or his designees or appointees); or wasting, transferring, selling, concealing, destroying, disbursing, disposing of, or assigning any assets, contracts, causes of action, funds, records, correspondence, memorandums, or any other property of Cemara Security or any of its affiliates which may have any conceivable relevance to the matters set forth above, until further order of the Court.
- B. The issuance of an injunction and order, pursuant to Okla. Stat. tit. 36 §1904(B), which prohibits any person and entity (including secured and unsecured creditors) from doing any of the following, until further order of the Court: interfering in any manner with the Insurance Commissioner and his designees or appointees with respect to these proceedings; wasting the assets of Cemara Security; commencing or prosecuting any form of legal or administrative action or proceeding against Cemara Security without notifying the Insurance Commissioner and obtaining written

permission of this Court; obtaining any preferences, judgments, attachments, or other liens against Cemara Security, without first notifying the Insurance Commissioner and obtaining written permission of this Court; making any levy against Cemara Security or its assets or any part thereof, without first notifying the Insurance Commissioner and obtaining written permission of this Court; or exercising any claimed right of set off against Cemara Security, without first notifying the Insurance Commissioner and obtaining written permission of this Court.

- C. The issuance of an injunction and order, pursuant to Okla. Stat. tit. 36 §1904(B), which allows the Insurance Commissioner and his appointed representatives to: take immediate control of the assets, records, and business of Cemara Security; immediately suspend officers, directors or other personnel of Cemara Security, in the sole discretion of the Insurance Commissioner; marshal the assets of Cemara Security; change to the Insurance Commissioner's name the ownership of any accounts, funds or other property or assets of Cemara Security, wherever located; and transfer or withdraw such accounts, funds and other assets from any institution or take any other action necessary or appropriate for the proper conduct of this delinquency proceeding, until such time as this Court decides whether or not to order Cemara Security into liquidation.
- D. The issuance of an order which allows the Insurance Commissioner to immediately appoint one or more assistant commissioners to act for him and to immediately employ such counsel, clerks, deputies and assistants as the Insurance Commissioner deems necessary, with the compensation for such assistant commissioners, counsel,

clerks, assistants, and deputies to be fixed by the Insurance Commissioner, subject to court approval, and paid out of the funds or assets of the Insurer, and with immunity granted to the Insurance Commissioner and such appointed or designated assistant commissioners, counsel, clerks, deputies and assistants to the full extent provided by law, including Okla. Stat. tit. 36 §1937.

- E. Within the injunction and order contemplated above, the inclusion of a provision which clearly denotes that any amounts recoverable by the Insurance Commissioner from any reinsurer of Cemara Security shall not be reduced as a result of this delinquency proceeding.

Respectfully Submitted,

ORVAL EDWIN JONES  
GENERAL COUNSEL  
Okla. Bar No. 10868



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