

IN THE DISTRICT COURT OF OKLAHOMA COUNTY FEB 21 2013
STATE OF OKLAHOMA

TIM RHODES
COURT CLERK

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STATE OF OKLAHOMA, ex rel.)
JOHN D. DOAK, Insurance Commissioner,)
)
Petitioner,)
)
v.)
)
DRIVER'S INSURANCE COMPANY,)
A licensed domestic insurer in the)
State of Oklahoma,)
)
Respondent.)

Case No.: CJ-2013-694

**AMENDED ORDER PLACING INSURER INTO RECEIVERSHIP,
APPOINTING RECEIVER, INJUNCTION AND ORDER FOR REHABILITATION
AND CONSENT THERETO**

NOW on this 21st day of February, 2013, there came on for hearing the Application of John D. Doak, Insurance Commissioner, for an Amended Order Placing Insurer into Receivership, Appointing Receiver, Injunction and Order for Rehabilitation against Driver's Insurance Company ("Driver's"), an Oklahoma domestic insurance company. On January 31, 2013, the Court issued an Order Placing Insurer into Receivership, Appointing Receiver, Permanent Injunction and Order for Rehabilitation and Consent Thereto against Driver's. The Amended Order is intended to clarify and replace the original order.

Petitioner, John D. Doak, Insurance Commissioner, Receiver for Driver's Insurance Company, appears by and through Stephen Jones, Counsel for the Receiver, and Susan D. Dobbins, General Counsel for the Oklahoma Insurance Department. Defendant Driver's waives service of process.

The Court, having previously examined Petitioner's Verified Application for Order Directing Insurer to Show Cause and for Injunctive Relief filed January 31, 2013; having reviewed the Amended Order presented with the consent of the parties; having heard the arguments, representations and statement of the parties; and being well advised in the premises, finds as follows:

1. John D. Doak is the 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. 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 Rehabilitation should not be entered and a Receiver appointed.

2. This Court has jurisdiction of this action pursuant to 36 O.S. § 1902(A).

3. Venue in this Court is appropriate pursuant to 36 O.S. § 1902(F).

4. Driver's is an Oklahoma domestic insurance company, whose business practices qualify it as an "insurer" pursuant to Oklahoma law, and subject it to the insurance supervisory authority of, or to liquidation, rehabilitation, reorganization or conservation by the Oklahoma Insurance Commissioner. 36 O.S. § 1901(A).

5. Pursuant to 36 O.S. § 1901(13), a Receiver includes the function of rehabilitator.

6. Pursuant to 36 O.S. § 1910(A) an order to rehabilitate shall direct the Receiver to take possession of the property of the insurer and to conduct the business thereof, and to take such steps toward removal of the causes and conditions which have made rehabilitation necessary as the Court may direct.

7. Pursuant to 36 O.S. § 1910(B), the Receiver may apply to the Court for an order of liquidation if at any time he deems that further efforts to rehabilitate the insurer would be useless.

8. On April 25, 2012, John D. Doak, Insurance Commissioner, entered an Agreed Order of Supervision, placing Driver's under supervision pursuant to Article 18 of the Oklahoma Insurance Code, 36 O.S. § 1801, *et seq.*

9. On July 25, 2012 John D. Doak, Insurance Commissioner, entered an Order of Suspension Instantaner Due to Hazardous Financial Condition.

10. Driver's has consented to this Order through a majority of its directors, stockholders, members, or subscribers, in accordance with 36 O.S. § 1905.

11. Sufficient cause and evidence exists for the entry of this Order Placing Insurer Into Receivership and Appointing Receiver, Injunction and Order for Rehabilitation against Defendant Driver's.

IT IS THEREFORE ORDERED AND DECREED THAT:

1. This Order Placing Insurer Into Receivership and Appointing Receiver, Injunction and Order for Rehabilitation is hereby entered as to and against Driver's. This is a final order.

2. Driver's is hereby placed into receivership pursuant to the provisions of 36 O.S. §§ 1901 *et seq.*

3. John D. Doak, Insurance Commissioner of the State of Oklahoma, is hereby appointed Receiver of Driver's, and presently directed to take possession and conduct the business of Driver's pursuant to the laws of the State of Oklahoma.

4. The Receiver is vested with all powers and authority, express or implied, under the provisions of 36 O.S. §§ 1901 *et seq.*

5. The Receiver shall forthwith take possession of the property of Driver's.

6. The Receiver is hereby vested by operation of law with the title to all of the property, accounts, assets, contracts, rights of action and all of the books and records of Driver's wherever located, now or hereafter discovered, as of the date of this Order.

7. All direct policies and/or certificates of insurance heretofore issued by Driver's are hereby non-renewed upon the following terms. The termination of policies set forth herein supercedes any contractual or statutory provisions pertaining to the renewal or cancellation of policies. All direct policies and/or certificates of insurance in force as of the date of entry of this Order may be continued in force only until the end of the policy or certificate's current term subject to reasonable notice.

8. As Receiver, the Insurance Commissioner may appoint one or more assistant commissioners or receivers to act for him and may employ such counsel, clerks, and assistants as he deems necessary. The Insurance Commissioner's appointment of Terry K. Smith as Assistant Receiver is hereby approved. The Insurance Commissioner's selection of Jones, Otjen, and Davis, as counsel for the Receiver is hereby approved. The compensation of the assistant commissioners or receivers, counsel, clerks, or deputies, and all expenses of taking possession of Driver's, and of conducting the proceedings, including the compensation from January 31, 2013 forward, shall be fixed by the Insurance Commissioner, as Receiver, subject to approval of this Court, and shall be paid out of the funds or assets of Driver's, as appropriate and approved by the Court. Within the limits of duties imposed upon them, any assistant commissioner or assistant receiver shall possess all of the powers given to the Receiver and, in the exercise of those powers, shall be subject to all of the duties, powers and limitations imposed upon the receiver with respect to these proceedings. 36 O.S. § 1914(F).

9. If any legal action is commenced against the Insurance Commissioner, Receiver, assistant commissioners or receivers, retained counsel, deputies, and/or any of their employees or personnel, whether personally or in an official capacity, they shall be immune from liability and indemnified as defined and set forth under 36 O.S. § 1937.

10. Until further order of the Court, no obligation, claim (other than normal insurance policy related claim payments) or debt of Driver's shall be paid except those which the Receiver deems to be necessary or appropriate to facilitate the taking of possession or furtherance of rehabilitation. Except as provided for herein, no distribution of the property of Driver's, will be made without approval of the Court.

11. Driver's and each of their respective officers, employees, directors, trustees, stockholders, members, subscribers, agents, representatives, and all other persons, are hereby permanently enjoined and prohibited from transacting any further business of Driver's except as authorized by the Receiver, and are further permanently enjoined and prohibited from wasting, transferring, selling, concealing, destroying, disbursing, disposing of, or assigning any assets, contracts, causes of action, funds, records, correspondence, memoranda, or any other documents or other property of Driver's, or any of their respective affiliates.

12. Driver's, their respective officers, employees, directors, affiliates, trustees, stockholders, shareholders, insurers, agents, representatives, contractors, subcontractors and all other persons, are hereby directed to assign, transfer and deliver any/all amounts owed to and/or property of Driver's to the Receiver.

13. Any and all authority of Driver's officers and directors is hereby terminated.

14. Until further order from this Court, all persons and entities (including secured creditors, unsecured creditors, claimants and/or litigants) are hereby enjoined and prohibited from

wasting, transferring, selling, concealing, destroying, disbursing, disposing and assigning, in any manner, the assets and/or property of Driver's; and are further enjoined and prohibited from prosecuting any pending action or litigation involving Driver's (whether as a plaintiff or defendant) or against its insureds; obtaining any preferences, judgments, attachments, or other liens against Driver's or their insureds; or making any levy against Driver's or against their assets or any part thereof. Notwithstanding anything to the contrary herein, this stay order shall not apply to co-Defendants of Driver's, nor to co-Defendants of Driver's insureds.

15. Any and all banks, brokerage houses, financial institutions and any and all other companies, persons or entities having knowledge of this Order and having in its possession accounts or any other assets which are, or may be, the property of Driver's are restrained from disbursing or disposing of said accounts or assets, and are further restrained from disposing of or destroying any records, pertaining to any business transaction between Driver's; and such banks, brokerage houses, financial institutions, companies, persons or entities having done business or doing business with Driver's or having in its possession assets which are, or may be, the property of Driver's are ordered to immediately deliver any and all such assets and/or records to the Receiver.

16. All agents, brokers and fronting companies of Driver's and their respective agents, servants, representatives and employees, and all other persons having knowledge of this Order are restrained from returning any unearned premiums or any money in their possession, or under their control, collected from premiums upon policies, contracts or certificates of insurance or reinsurance previously issued by Driver's to policyholders or others; and all such agents, servants, representatives and employees are directed to turn over all such funds in their possession or under their control, including any premium or money to which they may hereafter acquire possession or control, to the Receiver in gross and not net of any commissions which may be due thereon.

17. Except as noted herein, in the interest of judicial economy and until further order from this Court, entry of this Order, by filing with the clerk of any court in this state with competent jurisdiction along with an affidavit of counsel of record that a Driver's insured is a named party in a lawsuit, will serve to stay any action for a period not to exceed 60 days, against Driver's insureds only, either commenced or in the process of being prosecuted without further notice or the necessity of a separate motion to stay a pending or commenced action. Notwithstanding anything contrary contained herein, this stay order shall not prevent the commencement of any new action against any Driver's insured, provided however that such new action shall become subject to the provisions of this order including the 60-day stay provisions herein. This injunction shall be afforded full faith and credit by sister states. U.S. CONST. art. IV, § 1.

18. The Court, being duly informed, authorizes the Receiver to pay any and all remaining supervision expenses, including examiners fees, which were incurred during the supervision of Driver's, but which may not have been fully invoiced and paid during the supervision of Driver's prior to the inception of the Driver's receivership.

19. The Court, being duly informed, requires the Receiver to present a Plan of Rehabilitation as soon as practicable.

20. Pending the Receiver's first application to the Court for approval of administrative fees and expenses, the Receiver is authorized to advance \$125,000.00 to cover the initial expenses of Oklahoma Receivership Office, Inc.'s common and direct expenses of this receivership. These expenses shall be itemized and presented to the Court for approval in the Receiver's first application for approval of administrative fees and expenses.

21. Pursuant to 36 O.S. § 1923, the Insurance Commissioner shall not be required to pay any fee to any public officer in this state for filing, recording, issuing a transcript or certificate or


authenticating any paper or instrument pertaining to the exercise by the Insurance Commissioner, as Receiver, of any of the powers or duties conferred upon him, whether or not such paper or instrument be executed by the Insurance Commissioner or his assistants, deputies, employees or attorneys of record and whether or not it is connected with the commencement of any action or proceeding by or against the Insurance Commissioner, or with the subsequent conduct of such action or proceeding.

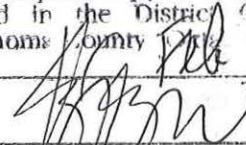
22. Unless otherwise ordered by this Court, any violation of this Order or the injunctive relief set forth herein shall be deemed a contempt of Court and shall subject the violating party to such penalties as allowed by law.

Signed and entered this 21st day of February, 2013.

BRYAN C. DIXON

HONORABLE BRYAN C. DIXON
JUDGE OF THE DISTRICT COURT


Stephen Jones, OBA #4805
JONES, OTJEN & DAVIS
114 E. Broadway, Suite 1100
Post Office Box 472
Enid, OK 73702-0472
ATTORNEY FOR PLAINTIFF
STATE OF OKLAHOMA, EX REL.
JOHN D. DOAK, INSURANCE COMMISSIONER, AS
RECEIVER FOR DRIVER'S INSURANCE COMPANY

I, TIM RHODES, Court Clerk for Oklahoma County, Okla., certify that the foregoing is a true, correct and complete copy of the instrument as appears of record in the District Court Clerk's Office of Oklahoma County, Oklahoma, this 21 day of Feb 2013.
By:  TIM RHODES, Court Clerk
Deputy

CONSENT TO AMENDED ORDER

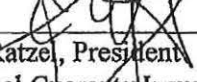
1. Defendant has reviewed the foregoing Amended Order Placing Insurer Into Receivership, Appointing Receiver, Injunction and Order for Rehabilitation and Consent Thereto.
2. Defendant admits the jurisdiction of the Insurance Commissioner, State of Oklahoma, and consents to the entry of the foregoing Order.

3. Defendant is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and examine witnesses. Defendant irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent to Amended Order.

4. Defendant states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent to Amended Order, was made to it to induce it to enter into this Consent to Amended Order and that it has entered into this Consent to Amended Order voluntarily.

5. John Ratzel represents that a majority of the Board of Directors of National Guaranty Insurance Company, sole shareholder of Driver's Insurance Company. A majority of the Board of Directors has approved this Consent to Amended Order and duly authorized John Ratzel to execute this Consent to Amend Order.

DRIVER'S INSURANCE COMPANY

By 
John Ratzel, President
National Guaranty Insurance Company
(Sole Shareholder of Drivers Insurance Company)