

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

MAR - 8 2013

TIM RHODES
COURT CLERK

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Case No. CJ 2013-1448

STATE OF OKLAHOMA, ex rel.)
JOHN D. DOAK, Insurance)
Commissioner,)
Plaintiff,)
v.)
PRIDE NATIONAL INSURANCE)
COMPANY)
Defendant.)

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

NOW on this 8th day of March, 2013, there came on for hearing the verified Application of John D. Doak, Insurance Commissioner, State of Oklahoma, for an Order of Receivership and Request for Injunctive Relief against defendant Pride National Insurance Company ("PNIC"). Petitioner appears by and through Susan D. Dobbins, General Counsel for the Oklahoma Insurance Department. Defendant Pride National Insurance Company ("PNIC") waives service of process and consents to the issuance of this Order. The Court, having examined such verified Application and being well advised in the premises, finds as follows:

1. John D. Doak is the duly qualified 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 Receivership for the purposes of rehabilitation should not be entered and a Receiver appointed.

2. 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.

3. Venue is proper in the District Court of Oklahoma County pursuant to 36 O.S. § 1902(F).

4. PNIC is an Oklahoma domestic insurer, with an administrative office in Brentwood, Tennessee, and is licensed to transact insurance business under the laws of Oklahoma. PNIC holds Oklahoma Certificate of Authority Number 2696 and bears NAIC Number 25704. PNIC is authorized to transact accident & health, property, casualty, marine, vehicle and surety insurance business in Oklahoma.

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

6. The Oklahoma Insurance Commissioner has determined that PNIC is financially impaired and/or insolvent in that the company's surplus as regards policyholders has fallen below the statutorily required capital and surplus of \$3.5 million dollars. According to PNIC's 2012 Annual Financial Statement, filed with the Oklahoma Insurance Department on or about March 1, 2013, the company's net capital and surplus is only \$18,207.

7. PNIC's Risk Based Capital ratio is below the "Mandatory Control Level" defined at 36 O.S. § 1522(11) and 1527, thus requiring the Insurance Commissioner to take regulatory action under Title 36, Articles 18 or 19.

8. The Oklahoma Insurance Commissioner has determined that PNIC is in a condition such that its continued operation would be hazardous to the policyholders, creditors of the insurer or the general public.

9. Pursuant to 36 O.S. § 1901(1), the capital stock of an insurer shall be deemed to be impaired and the insurer shall be deemed to be insolvent when such insurer shall not be possessed of assets at least equal to all liabilities and required reserves together with its total issued and outstanding capital stock required by the Oklahoma Insurance Code to be maintained for all the types of insurance it is authorized to issue.

10. PNIC is currently insolvent and/or impaired and in a condition such that the continued operation would be hazardous to the policyholders, the creditors of the insurer or the general public; therefore, it is appropriate to place PNIC in Receivership, to appoint John D. Doak, Insurance Commissioner, as Receiver, and for the Court to direct the Insurance Commissioner to rehabilitate the business of PNIC, and that statutory protections be afforded to policyholders, creditors and claimants of PNIC as set forth in 36 O.S. § 1901, et seq.

11. PNIC has on deposit with the State of Oklahoma through the Insurance Commissioner a security deposit in the amount of approximately \$1,100,000 that is required for authority to transact insurance business in Oklahoma. This deposit may be released to the Receiver of PNIC upon proper order of this Court pursuant to 36 O.S. § 1707(3).

IT IS THEREFORE ORDERED AND DECREED that:

1. This Order Placing Insurer Into Receivership, Appointing Receiver, Issuance of Injunction and Order for Rehabilitation is hereby entered as to and against

PNIC. This is a final order.

2. PNIC is hereby placed into receivership pursuant to the provisions of 36 O.S.. §§ 1901 et seq.

3. John D. Doak, Oklahoma Insurance Commissioner, is hereby appointed as Receiver of and for PNIC, and presently directed to take possession of and conduct the business of PNIC 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 PNIC.

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 PNIC wherever located, now or hereafter discovered, as of the date of this order.

7. The appointment of Donna Wilson as Assistant Receiver is hereby approved. The Insurance Commissioner's selection of the law firm of Riggs, Abney, Neal, Turpen, Orbison & Lewis as counsel for the Receiver is hereby approved. The compensation of assistant commissioners or receivers, counsel, clerks, or deputies, and all expenses of taking possession of PNIC, and of conducting the proceedings 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 PNIC, 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).

8. 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.

9. Until further order of the Court, no obligation, claim (other than normal insurance policy related claim payments) or debt of PNIC 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 PNIC will be made without approval of this Court.

10. PNIC 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 PNIC 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 PNIC or any of their respective affiliates.

11. PNIC, 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 and all amounts owed to and/or property of PNIC to the Receiver.

12. Any and all authority of PNIC's officers and directors is hereby terminated.

13. 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 PNIC; and are further enjoined and prohibited from prosecuting any pending action or litigation involving PNIC (whether as a plaintiff or defendant) or against its insureds; obtaining any preferences, judgments, attachments, or other liens against PNIC or their insureds; or making any levy against PNIC or against their assets or any party thereof. Notwithstanding anything to the contrary herein, this stay order shall not apply to co-defendants of PNIC, nor to co-defendants of PNIC's insureds.

14. Any and all banks, brokerage houses, financial institutions and any and all other companies, persons, or entities having knowledge of this Order and having its possession accounts or any other assets which are, or may be the property of PNIC 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 PNIC and such banks, brokerage houses, financial institutions, companies, persons or entities having done business or doing business with PNIC or having in its possession assets which are, or may be, the property of PNIC are ordered to immediately deliver any and all such assets and/or records to the Receiver.

15. All agents, brokers, and fronting companies of PNIC 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 PNIC 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.

16. 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 PNIC's insured is a named party in a lawsuit, will serve to stay any action for a period not to exceed 60 days, against PNIC'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 PNIC insured, provided however that such new action shall be 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.

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

18. 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 the Oklahoma Receivership Office, Inc.'s common and direct expenses of this receivership. These expenses shall be itemized and presented to this Court

for approval in the Receiver's first application for approval of administrative fees and expenses.

19. 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.

20. 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 9 day of March, 2013.

BARBARA SWINTON

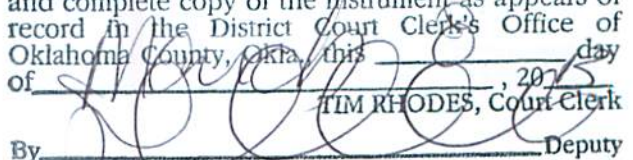
JUDGE OF THE DISTRICT COURT

APPROVED:



Susan Dobbins, OBA # 17337
General Counsel
Kelley C. Callahan, OBA # 1429
Senior Attorney
Oklahoma Insurance Department
Five Corporate Plaza
3625 N.W. 56th Street, Ste 100
Oklahoma City, OK 73112
(405) 521-2746

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, Okla. this _____ day of _____, 2013.

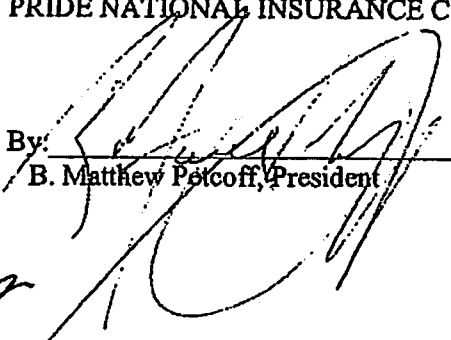

By _____, Deputy

Fax (405) 522-0125

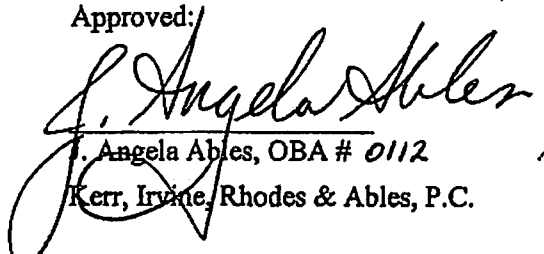
CONSENT TO ORDER

1. Defendant has reviewed the foregoing 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 Order.
4. Defendant states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent to Order was made to it to induce it to enter into this Consent to Order and that it has entered into this Consent to Order voluntarily.
5. B. Matthew Petcoff represents that a majority of the Board of Directors of Pride National Insurance Company, has approved this Consent to Order and duly authorized B. Matthew Petcoff to execute this Consent to Order.

PRIDE NATIONAL INSURANCE COMPANY

By: 
B. Matthew Petcoff, President

Approved:


J. Angela Ables, OBA # 0112
Kerr, Irvine, Rhodes & Ables, P.C.

201 Robert S. Kerr Ave., Suite 600
Oklahoma City, Oklahoma 73102
(405)272-9221

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order Directing Insurer to Show Cause and For Injunctive Relief was mailed return receipt requested on this _____ day of March 2013, to:

Matt Petkoff, President
Pride National Insurance Company
3217 Maryland Way
Brentwood, TN 37027

J. Angela Ables
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