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CLERK DISTRICT COURT
of Lancaster County, NE
on ~~FEB 12 2004~~

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

L. TIM WAGNER, DIRECTOR OF
INSURANCE OF THE STATE OF
NEBRASKA,

Petitioner,

v.

THE PROTECTIVE NATIONAL
INSURANCE COMPANY OF OMAHA,

Respondent.

Case No. CI 04-502

PETITION FOR ORDER OF
LIQUIDATION AND REQUEST
FOR INJUNCTION

COMES NOW L. Tim Wagner, Director of Insurance for the State of Nebraska, Petitioner, and for his Petition states the following:

PETITION FOR ORDER OF LIQUIDATION

1. Petitioner is L. Tim Wagner, the duly appointed and qualified Director of the Department of Insurance, State of Nebraska ("Director"), who is acting under the authority of Neb. Rev. Stat. § 44-101 and §§ 44-4801, et seq., in petitioning this Court for an Order of Liquidation pursuant to Neb. Rev. Stat. §§ 44-4816(1) and 44-4817.

2. Respondent, The Protective National Insurance Company of Omaha ("Protective National"), is a Nebraska domestic property and casualty insurer organized under the laws of Nebraska and authorized to do the business of insurance in Nebraska. Its

principal place of business is 11128 John Galt Blvd., Suite 450, Omaha, NE 68137-6312.

3. Jurisdiction and venue for this action are vested in the District Court of Lancaster County, Nebraska, pursuant to Neb. Rev. Stat. § 44-4804.

4. Protective National is the subject of Rehabilitation Proceedings in the District Court of Lancaster County, Nebraska, at Docket 466, Page 233. The Order of Rehabilitation was entered May 24, 1991. As provided by Neb. Rev. Stat. § 44-4816, the Petitioner, as the designated Rehabilitator of Protective National, believes that further attempts to rehabilitate Protective National would substantially increase the risk of loss to insureds, creditors or the public and would be futile.

5. Under the authority of Neb. Rev. Stat. § 44-4817, the Director may petition the District Court of Lancaster County, Nebraska, for an Order directing him to liquidate Protective National on the grounds that were the basis for the Order of Rehabilitation referred to above; that Protective National is insolvent; and that Protective National is in such condition that further transaction of business would be hazardous financially to its insureds, creditors or the public.

6. Hector L. Gonzalez, through Professional Underwriters Investment, Inc. and Drum Financial Corporation, an insurance holding company system, is the ultimate controlling person of Protective National (herein "the Controlling Party"). The Controlling Party has consented to the entry of an Order of Liquidation.

7. The Director believes that grounds exist for an Order of Liquidation under Neb. Rev. Stat. §§ 44-4816(1) and 44-4817 and the Director and his successors in office should immediately be appointed Liquidator of Protective National.

8. The Liquidator should be authorized and directed to forthwith take possession of Protective National and to take all steps necessary to liquidate the business of Protective National as provided by law and as necessary to protect the interests of the insureds, creditors and the public.

9. The Liquidator should be authorized to employ such persons, including but not limited to, a Special Deputy Liquidator, legal counsel, accountants and other agents and consultants, as from time to time may be necessary or appropriate to assist him in the proper performance of his duties as Liquidator of Protective National. All reasonable costs and expenses incurred by the Liquidator or such other authorized persons as may be designated by him from time to time to assist in the proper performance of such duties should be charged to and be paid by Protective National.

10. At the discretion of and subject to the supervision of the Liquidator, the present employees and officers of Protective National should be allowed to continue to perform their duties, unless and until terminated by the Liquidator; all such persons should be ordered to cooperate with the Liquidator as required by Neb. Rev. Stat. § 44-4806.

11. It is in the best interests of its insureds, creditors and the public for Protective National to be ordered liquidated.

REQUEST FOR INJUNCTION

12. Petitioner, for its request for injunction, hereby incorporates all allegations of law and fact as set forth in the foregoing Petition for Order of Liquidation as if set forth in full.

13. The Director requests that an injunction be issued restraining and enjoining Protective National and its officers, managers, agents, and employees and all persons and other legal entities, except the Liquidator, from:

- A. The transaction of further business of Protective National except as directed by the Liquidator;
- B. The transfer of Protective National's assets and property;
- C. Interference with the Liquidator or his employees and assistants;
- D. Waste of Protective National's assets;
- E. Dissipation or transfer of bank accounts of Protective National;
- F. Institution or further prosecution of any actions or proceedings;
- G. The obtaining of preferences, judgments, attachments, garnishments, or liens against Protective National, its assets or its insureds;
- H. The levying of execution against Protective National, its assets or its insureds;
- I. The making of any sale or deed for nonpayment of taxes or assessments which would lessen the value of the assets of Protective National;
- J. The withholding from the Liquidator of books, accounts, documents or other records relating to Protective National; and
- K. Any other threatened or contemplated action that might lessen the value of Protective National's assets or prejudice the right of insureds, creditors or shareholders or the administration of any proceeding

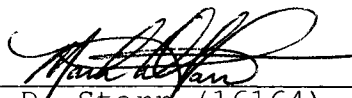
under the Nebraska Insurers Supervision, Rehabilitation
and Liquidation Act, Neb. Rev. Stat. § 44-4801, et seq.

WHEREFORE, Petitioner prays that the Court enter an Order
placing The Protective National Insurance Company of Omaha in
Liquidation, appointing L. Tim Wagner as Liquidator, that an
Injunction be issued as set forth above, and that the Court grant
such other relief as is appropriate.

Dated February 12, 2004.

L. TIM WAGNER, DIRECTOR OF INSURANCE OF
THE STATE OF NEBRASKA, Petitioner

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