

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

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

Petitioner,

v.

FAR WEST INSURANCE COMPANY,

Respondent.

2001 NOV 9 PM 2 57

CLERK OF THE
DISTRICT COURT

CASE CI 01-4133

**ORDER OF LIQUIDATION,
DECLARATION OF INSOLVENCY,
AND INJUNCTION**

This matter came on for consideration on this 9th day of November, 2001, on the petition of the Director of Insurance for the State of Nebraska, L. Tim Wagner ("Director"), pursuant to the Insurers Supervision, Rehabilitation and Liquidation Act ("Act"), Neb. Rev. Stat. §44-4801 *et seq.* (1998), for an Order of Liquidation and for such other further relief as appropriate with respect to Far West Insurance Company ("Far West"). Far West waived notice and hearing on the Director's Petition and has consented to the entry of an order of liquidation. The court, upon reviewing the evidence adduced at hearing and the applicable law, finds as follows:

1. Far West is a Nebraska domiciled property and casualty insurance company with its principal place of business located at 5230 Las Virgenes Road, Calabasas, California.
2. The court has jurisdiction over the subject matter and the parties.
3. As of September 30, 2001, according to its third quarter financial statements recently submitted to the Director, Far West's liabilities exceed its admitted assets by over \$5 million. As such, Far West is insolvent as defined by the Act.

4. Grounds exist under Neb. Rev. Stat. §44-4817 (Reissue 1998) authorizing the director to request an order to liquidate Far West and for the court to enter an Order of Liquidation pursuant to Neb. Rev. Stat. §44-4818.

5. The immediate appointment of a liquidator is necessary to protect the creditors, claimants and policyholders of Far West and it is in their best interest and in the best interests of the public that an Order of Liquidation be entered appointing the Director as Liquidator of Far West pursuant to Neb. Rev. Stat. §44-4818.

6. Under Neb. Rev. Stat. §44-4805 (1), the court is authorized to grant injunctions and other orders which are necessary and proper to prevent any actions that might lessen the value of Far West's assets, prejudice the rights of its policyholders, creditors and shareholders or prejudice the administration of any proceeding involving Far West under the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act of 1989 ("Liquidation Act"), Neb. Rev. Stat. §44-4801 *et seq.*

7. In order that Far West's assets not lessen in value, that the rights of Far West's policyholders, creditors and shareholders are not prejudiced and that the administration of proceedings involving Far West under the Liquidation Act are not prejudiced, it is necessary and proper for the court to grant injunctive relief and other orders as provided for under Neb. Rev. Stat. §44-4805.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that;

1. Far West is insolvent, which is a criteria for liquidation under Neb. Rev. Stat. §44-4817.

2. An Order of Liquidation is entered under Neb. Rev. Stat. §44-4818 authorizing the liquidation of Far West.

3. L. Tim Wagner, Director of Insurance for the State of Nebraska, and any successor in office, is appointed Liquidator of Far West pursuant to Neb. Rev. Stat. §44-4818.

4. The Liquidator is authorized and directed to forthwith take possession and control of the assets of Far West and administer them under the general supervision of this court. The Liquidator is directed to exercise any and all rights of Far West in connection with any collateral or other assets being held for the benefit of Far West by any person or entity. Pursuant to Neb. Rev. Stat. §44-4818, the Liquidator shall be vested by operation of law with title to all of the property, contracts, and rights of action and all of the books and records of Far West, wherever located, as of the entry of this Order of Liquidation.

5. The Liquidator shall have, exercise and be subject to all of the rights, powers and duties of a Liquidator under Neb. Rev. Stat. §44-4801 *et seq.*

6. All officers, managers, directors, trustees, owners, employees, or agents of Far West shall cooperate with the Liquidator as required by Neb. Rev. Stat. §44-4806.

7. The Liquidator shall file financial reports and accounting with this court pursuant to Neb. Rev. Stat. §44-4818 (5) for the period ending December 31, 2001, and at least annually thereafter. Such reports shall include at a minimum the assets and liabilities of Far West and all funds received or disbursed by the Liquidator during the current period, and shall be submitted to this court for approval without necessity of a hearing.


8. Far West, its directors, officers, managers, agents, employees, and all other persons and legal entities, except the Liquidator of Far West, are hereby enjoined from:

- A. Engaging in further transactions of Far West business;
- B. Transferring Far West's property;
- C. Interfering with the Liquidator, his employees and assistants or with proceedings involving Far West under the Liquidation Act;
- D. Wasting of Far West's assets;
- E. Dissipating or transferring bank accounts of Far West;
- F. The institution or further prosecution of any actions or proceedings;
- G. Obtaining preferences, judgments, attachments, garnishments, or liens against Far West, its assets or its policyholders;
- H. Levying execution against Far West, its assets or its policyholders;
- I. Making any sale or deed for nonpayment of taxes or assessments which would lessen the value of the assets of Far West;
- J. Withholding from the Liquidator any books, accounts, documents or other records relating to the business of Far West; and
- K. Any other threatened or contemplated action that might lessen the value of Far West assets or that might prejudice the rights of policyholders, creditors or shareholders or the administration of any proceeding involving Far West under the Nebraska Insurers Supervision, Rehabilitation and Liquidation Act of 1989.

9. This court shall retain jurisdiction of this matter for the purpose of granting such other and further relief as shall be just and equitable and the Liquidator shall apply to this court for further instructions as necessary.

Dated this 9th day of November, 2001.

26-639-10.9



District Judge
JOHN A. COLBORN

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA

--CERTIFICATE--

I, Kelly Moore Guenzel Handlos , Clerk of the District Court of Lancaster County, Nebraska, do hereby certify that the foregoing is a full and correct copy/copies of the original instrument(s) duly filed and of record in this Court. This Certificate, which bears the seal of the District Court of Lancaster County, Nebraska, was signed,

on NOV 09 2001 ----- 20 -----



Kelly Moore Guenzel Handlos
Clerk of the District Court

By Karen Kampbas
Deputy