STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OREGON

In the Matter of the Certificate of Authority of CRUSADER INSURANCE COMPANY, Calabasas, California	)))	SUSPENSION ORDER Case No. INS-FR 23-06-03

INTRODUCTION

The Insurance Commissioner of the State of Oregon (Commissioner) hereby issues a Suspension Order to CRUSADER INSURANCE COMPANY (CIC) under Oregon Revised Statutes (ORS) 731.256 and 731.418 because the Commissioner has reason to believe the following:

FINDINGS OF FACT

Since February 3, 1993, CIC, a California corporation, has been issued a certificate of authority pursuant to ORS 731.402. It is currently authorized to transact Casualty (Excluding Workers' Compensation) insurance within the state of Oregon.

On or about June 7, 2023, at the request of the Insurance Commissioner for the State of California, the Superior Court of California, County of Los Angeles issued an order, 23STCP01915, placing CIC into conservatorship.

Conservatorship is a form of delinquency proceeding. Pursuant to ORS 731.418(2), without advance notice of a hearing thereon, the Commissioner may suspend immediately the certificate of authority of any insurer as to which proceedings for receivership, conservatorship, rehabilitation, or other delinquency proceedings, have been commenced in any state by the public insurance supervisory official of such state.

ULTIMATE FINDINGS OF FACT

The insurance supervisory official of the state of California commenced a delinquency proceeding against CIC.

CONCLUSIONS OF LAW

The Commissioner may suspend CIC's Oregon certificate of authority without a hearing under 731.418 (2).

ORDER

Pursuant to ORS 731.418(2), the Oregon certificate of authority issued to CIC is suspended. The period of suspension shall be continuous from the date of this order until rescinded by further written order of the Commissioner, pursuant to ORS 731.426(1). Pursuant to ORS 731.426(2), during the period of suspension, CIC shall not solicit or issue new policies of insurance in this state or assume any Oregon risk. During the period of suspension, CIC shall also not issue renewal policies in this state. CIC shall file its annual financial statement and pay any fees and taxes required to be paid. CIC shall service any existing policies of insurance issued to persons residing in Oregon in accordance with Oregon Law.

Pursuant to ORS 731.422(2), the authority of all producers to represent CIC within the state of Oregon is also suspended. The period of suspension shall be for the same period that the certificate of authority issued to CIC is suspended. During the period of suspension, a producer may represent CIC only to the extent that CIC may service any existing policies of insurance issued to persons residing in Oregon and that CIC has authorized the producer to represent it.

CIC is hereby ordered to provide a copy of this suspension order to all appointed producers within 14 days of the date of this order. The company shall provide to the Commissioner within 21 days from the date of this order an affidavit certifying that notice to appointed producers has been provided.

Issued the 17th day of ~~June,~~ July 2023.

TK Keen
Administrator
Division of Financial Regulation

NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING

As provided by the Oregon Administrative Procedures Act, ORS Chapter 183, any person affected by the foregoing is entitled to a formal contested case hearing before an Administrative Law Judge assigned by the Office of Administrative Hearings.

In accordance with ORS 183.415, ORS 183.745 and 731.240, a party must file a written request for a contested case hearing within 21 days from the date the order was served personally, or served by registered or certified mail. An order that is served by registered or certified mail is complete and effective on the date it is mailed to the correct address, even if it is not received by the person to be notified or if that person fails or refuses to accept service of the order.

A written hearing request should be directed to:

Department of Consumer and Business Services
Division of Financial Regulation
350 Winter Street NE, Room 410
Salem, OR 97301-3881
Attn: Dorothy Bean
Dorothy.bean@oregon.gov

In accordance with OAR 137-003-0550(1), a party that is a natural person may submit a hearing request without the assistance of an attorney.

In accordance with OAR 137-003-0550(2)-(4), subject to exceptions, any hearing request that is submitted on behalf of a corporation, partnership, limited liability company, unincorporated association, trust, or governmental body by a person that is not licensed to practice law in Oregon must be ratified, in writing, by a person that is allowed to practice law in Oregon within 28 days from the day the hearing request was received by the Director. In that circumstance, the filing date will be the date the hearing request was received, not the ratification date. A hearing request that is not properly ratified is invalid.

Any party that validly requests a hearing will be notified of the time and place of the hearing. If a party does request a hearing, additional information regarding rights of the party will be provided prior to the hearing. A legal aid organization may be able to assist a party with limited financial resources.

The Director may enter a final order by default against any party that: 1) does not file a request a hearing within 21 days from the date the order was served; 2) files a hearing request, but does not timely ratify it (if required); 3) withdraws the request for a hearing; or, 4) notifies the Director of the Department of Consumer and Business Services or the Administrative Law Judge that they will not appear, or fails to appear, at the scheduled hearing.

Under ORS 183.415, in the absence of a timely demand for a hearing, no person shall be entitled to judicial review of the order.

STATEMENT OF REASONABLE ACCOMMODATION

All proceedings will be conducted in a wheelchair accessible location. Written materials may be provided and/or graphic displays may be presented during the proceeding. For any other accommodation needed by individuals due to a disability, please contact the agency staff member noted below.

AGENCY CONTACT INFORMATION

Questions concerning the issues raised in this Order or Notice may be directed to Dorothy Bean, Oregon Department of Consumer and Business Services, Division of Financial Regulation, telephone 503-947-7485, email dorothy.bean@oregon.gov

NOTICE TO ACTIVE DUTY SERVICEMEMBERS

Active duty Servicemembers have a right to stay these proceedings under the federal Servicemembers Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 503-584-3571 or the nearest United States Armed Forces Legal Assistance Office through http://legalassistance.law.af.mil. The Oregon Military Department does not have a toll free telephone number.

27. All persons are enjoined from the waste of the assets of Crusader.

Dated: JUN 07 2023

DANIEL S. MURPHY
Hon. ~~Anne Richardson~~
Judge of the Superior Court

agreements (as well as any amendments, assignments, or modifications thereto)—financial guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust, mortgages, indemnification agreements, subrogation agreements, subordination agreements, pledge agreements, assignments of rents or other collateral, financial statements, letters of credit, leases, insurance policies, guaranties, escrow agreements, management agreements, real estate brokerage and rental agreements, servicing agreements, attorney agreements, consulting agreements, easement agreements, license agreements, tax sharing agreements, franchise agreements, or employment contracts that provide in any manner that selection, appointment or retention of a conservator, receiver or trustee by any court, or entry of any order such as hereby made, shall be deemed to be, or otherwise operate as, a breach, violation, event of default, termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation—shall be stayed, and the assertion of any and all rights and remedies relating thereto shall also be stayed and barred, except as otherwise ordered by this Court, and this Court shall retain jurisdiction over any cause of action that has arisen or may otherwise arise under any such provision;

25. The Conservator to invest and reinvest Crusader assets and funds in such a manner as he deems suitable for the best interest of Crusader creditors. However, no investment or reinvestment shall be made exceeding the sum of $100,000 without first obtaining permission of this Court, except the Conservator may make investments or reinvestments in excess of $100,000, but not exceeding $5,000,000 per investment or reinvestment, without prior approval if such investments or reinvestments are made pursuant to any provisions of the existing investment guidelines and investment programs of Crusader that the Conservator determines are prudent and appropriate to continue. Such investment guidelines shall be applicable only to non-pledged and or unencumbered assets in the estate;

26. The Conservator is authorized to pay such priority liabilities during conservation as the Commissioner, as statutory conservator, shall determine appropriate and to immediately reserve against the full payment of such expenses; and

office boxes and other mail collection facilities used by Crusader;

21. Crusader and its officers, directors, agents, servants, employees, successors, assigns, affiliates, and other persons or entities under their control and all persons or entities in concert or participation with Crusader, and each of them, shall turn over to Conservator all records, documentation, charts and/or descriptive materials of all funds, assets, property (owned beneficially or otherwise), and all other assets of Crusader wheresoever situated, and all books and records of accounts, title documents and other documents in their possession or under their control, which relate, directly or indirectly to assets or property owned or held by Crusader or to the business or operations of Crusader;

22. Except upon further order of the Court issued after a hearing in which the Conservator has received reasonable notice, all persons are enjoined from obtaining preferences, judgments, attachments or other liens, or making any levy against Crusader or its assets or property, and from executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking possession of or interfering with or creating or enforcing a lien upon any property or assets owned or in the possession of Crusader or the Conservator, wheresoever situated, and from doing any act interfering with the conduct of said business by the Conservator;

23. Except upon further order of the Court issued after a hearing in which the Conservator has received reasonable notice, all persons are enjoined from accelerating the due date of any obligation or claimed obligation; exercising any right of set-off; taking, retaining, retaking or attempting to retake possession of any real or personal property; withholding or diverting any rent or other obligation; doing any act or other thing whatsoever to interfere with the possession of or management by the Conservator of the property and assets, owned or controlled by Crusader or in the possession of Crusader or in any way interfering with the Conservator or interfering in any manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over Crusader and its assets;

24. Any and all provisions of any agreement entered into by and between any third party and Crusader, including by way of illustration, but not limited to, the following types of

may include reimbursements for third party advisory and consulting services incurred by a member of the Regulatory Services Group in preparation for conservation of Crusader;

13. The Conservator is authorized to pay all reasonable costs of taking possession of and conserving Crusader out of the funds and assets of Crusader;

14. The Conservator is authorized to pay all reasonable costs of operating Crusader as Conservator (including direct and allocated direct costs, direct and allocated general and administrative costs and overhead, and all other allocated costs) out of any and all funds and assets of Crusader; and if there are insufficient funds, to pay for the costs out of the Insurance Fund pursuant to section 1035;

15. All funds and assets, including certificates of deposit, bank accounts, and mutual fund shares of Crusader, in various financial depositary institutions, including but not limited to banks, savings and loan associations, industrial loan companies, mutual funds or stock brokerages, wheresoever situated, are vested in the Conservator and subject to withdrawal upon his order only;

16. All persons who maintain records for Crusader, pursuant to written contract or any other agreement, shall maintain such records and shall deliver to the Conservator such records upon his request;

17. All agents of Crusader, and all brokers who have done business with Crusader, shall make all remittances of all funds collected by them or in their hands that are payable to Crusader directly to the Conservator;

18. All persons having possession of any lists of policyholders or escrow holders of Crusader shall deliver such lists to the Conservator; and all persons are enjoined from using any such lists or any information contained therein without the consent of the Conservator;

19. The Conservator is authorized to initiate such equitable or legal actions or proceedings in this or other states as may appear necessary to him to carry out his functions as Conservator;

20. The Conservator is authorized to divert, take possession of and secure all mail of Crusader, in order to screen such mail, and to effect a change in the rights to use any and all post

order of this Court and further, such persons from are enjoined from obstructing or interfering with the Conservator's conduct of his or her duties as Conservator;

9. All persons are enjoined from instituting, prosecuting, or maintaining any action at law or suit in equity, and matters in arbitration, including but not limited to actions or proceedings to compel discovery or production of documents or testimony and matters in arbitration, and from attaching, executing upon, redeeming of or taking any other legal proceedings against any of the property of Crusader, and from doing any act interfering with the conduct of said business by the Conservator, except after an order from this Court obtained after reasonable notice to the Conservator;

10. Crusader and all officers, directors, agents and employees of Crusader shall deliver to, and immediately make available to, the Conservator all assets, books, records, accounts, records, tax returns, information, computers, tapes, discs, writings, other recordings of information, equipment and other property of Crusader, wheresoever situated, in said persons custody or control and further, shall disclose verbally, or in writing if requested by the Conservator, the exact whereabouts of the foregoing items if such items are not in the possession custody or control of said persons;

11. All officers, directors, trustees, employees or agents of Crusader, or any other person, firm, association, partnership, corporate parent, holding company, affiliate or other entity in charge of any aspect of Crusader's affairs, either in whole or in part, and including but not limited to banks, savings and loan associations, financial or lending institutions, brokers, stock or mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any other representative acting in concert with Crusader, shall cooperate with the Conservator in the performance of his or her duties;

12. The Conservator is authorized to pay out of the funds and assets of Crusader all costs and fees incurred in preparing for, bringing and maintaining this action, including the reasonable expenses incurred by the California Department of Insurance, the Special Examiner, and or the Regulatory Services Group prior to the filing of this application, and for such other actions and activities as are necessary to carry out his functions as Conservator. Such payments

120 days after the date of this Order Appointing Conservator, unless such date is extended by application to and further order of this Court; and all executory contracts that are not expressly assumed by the Conservator shall be deemed rejected;

4. The Conservator is authorized to take possession of all of the assets of Crusader, including books, records and property, both real and personal, accounts, safe deposit boxes, rights of action, and all such assets as may be in the name of Crusader, wheresoever situated;

5. Title to all property and assets of Crusader, including deposits, securities, contracts, rights of actions, books, records and other assets of every type and nature, and including both those presently in Crusader's possession and those which may be discovered hereafter, wheresoever situated, is vested in the Commissioner in his official capacity as Conservator of Crusader and/or his successor in office, in his or her official capacity as Conservator; and the Conservator is authorized to deal with the same in his own name as Conservator or in the name of Crusader, and all persons are enjoined from interfering with the Conservator's possession and title thereto;

6. The Conservator shall have all the powers of the directors, officers, and managers of Crusader, whose authorities are suspended except as such powers may be redelegated by the Conservator;

7. The Conservator is authorized to terminate compensation arrangements with employees, to enter into new compensation arrangements with employees, including arrangements containing retention incentives, and authorizing the Conservator to hire employees on such terms and conditions as he deems reasonable;

8. Except upon the express authorization of the Conservator, Crusader, its officers, directors, agents and employees are enjoined from transacting any of the business of Crusader, whether in the State of California or elsewhere, or from disposing of, using, transferring, selling, assigning, canceling, alienating, hypothecating, diminishing, impairing, waiving, limiting or concealing in any manner or any way, or assisting any person in any of the foregoing, of the property or assets of Crusader or property or assets in the possession of Crusader, of any nature or kind, including intangible assets, tax assets and attributes, claims or causes of action, until further

The Court, having reviewed the ex parte application and supporting papers of Petitioner Ricardo Lara, in his capacity as Insurance Commissioner of the State of California (Commissioner), for an order appointing him Conservator of Crusader Insurance Company (Crusader) pursuant to Insurance Code section 1011, and good cause appearing, the Court finds that the Commissioner has found, determined and adequately shown that Crusader is in such condition that its further transaction of business will be hazardous to its policyholders, creditors, and the public;

WHEREFORE IT IS HEREBY ORDERED that:

1. The Commissioner is appointed as Conservator (Conservator) of Crusader and directed to conduct the business of Crusader or so much thereof as he deems appropriate; and he is authorized, in his discretion, to pay or defer payment of some or all proper claims, expenses, liabilities and obligations of Crusader, in whole or in part, accruing prior or subsequent to his appointment as Conservator;

2. The Conservator is authorized to appoint and employ special deputies, estate managers, other professionals, clerks and assistants and to give each of them such power and authority as he may deem necessary and authorizing the Commissioner as Conservator to compensate these persons from the assets of Crusader as he may deem appropriate. Joseph Holloway is hereby appointed as Deputy Conservator empowered to carry out any and all duties and exercise the authority of the Conservator granted herein and the Insurance Code. Scott Pearce is hereby appointed as Conservation Manager empowered to carry out any and all duties and exercise the authority of the Conservator and Deputy Conservator, and as may be delegated by the Conservator and Deputy Conservator;

3. The Conservator is authorized to assume or reject, or to modify, any executory contract, including without limitation, any lease, rental or utilization contract or agreement (including any schedule to any such contract or agreement), and any license or other arrangement for the use of computer software or business information systems, to which Crusader is a party or as to which it agrees to accept an assignment of such contract; the Conservator is directed to effect any such assumption or rejection or modification of any executory contract not later than

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Superior Court of California
County of Los Angeles

JUN 07 2023

David W. Slayton, Executive Officer/Clerk of Court

Exempt from fees pursuant to Govt. Code § 6103

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

CENTRAL DISTRICT

INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA,

Applicant,

v.

CRUSADER INSURANCE COMPANY,

Respondent.

Case No. 23STCP01915

~~[PROPOSED]~~EX PARTE ORDER APPOINTING INSURANCE COMMISSIONER AS CONSERVATOR

Date: June 7, 2023
Time: 8:30 a.m.
Dept.: 40

Trial Date: None
Action Filed: May 31, 2023