



THE SURPLUS LINE ASSOCIATION  
OF CALIFORNIA

388 MARKET STREET  
SAN FRANCISCO, CA 94111

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July 30, 1991

Bulletin #495

BULLETIN TO ALL MEMBERS:

Re: United States & Continental Reinsurance Company (Belgium) --  
Supplement to Bulletin #488

By letter dated July 26, 1991, the Department of Insurance has notified the Association that a court order has been issued temporarily restraining and enjoining the Department from enforcement of the Section 1765.1 objection to the above insurer, of which you were advised by our Bulletin #488, dated July 10, 1991.

Copies of the July 26th letter and the Order to Show Cause Re Preliminary Injunction and Temporary Restraining Order issued by the Superior Court of Los Angeles County in Case No. BC033466 are attached hereto for your reference.

A. D. Freeman, Jr.  
Manager

## DEPARTMENT OF INSURANCE

100 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102



July 26, 1991

Mr. Art Freeman  
Surplus Line Association  
388 Market Street  
San Francisco, California 94111

Subject: United States and Continental Reinsurance Company (Belgium)  
Bulletin No. 488

Dear Mr. Freeman:

United States and Continental Reinsurance Company ("US&C") has a filed suit in the Superior Court of Los Angeles County against the State of California (Case No. BC033466). Pursuant to a hearing held on July 24, 1991, the court has issued a temporary restraining order prohibiting the Department from enforcing our letter to you dated July 9, 1991 and your bulletin No. 488 based on that letter dated July 10, 1991. Furthermore pursuant to the order the Department is temporarily restrained and enjoined from the following:

1. from issuing and/or enforcing existing orders or directives to surplus line brokers or the California Surplus Line Association ("SLA") prohibiting the further use of or placement of insurance coverage with US&C;
2. from issuing and/or enforcing orders or directives to the SLA requiring it to notify its membership that they are prohibited from using or placing insurance coverage with US&C;
3. from revoking, suspending or instituting any action to revoke or suspend any surplus line license based on the placement or insurance coverage with US&C; and
4. from issuing and/or enforcing further orders or directives prohibiting, or from taking any action whatsoever the effect of which is to prohibit further use of or placement of insurance coverage with US&C.

Attached hereto is a copy of the order. Please inform your membership of this action, the order issued by the court and its effect on Bulletin No. 488.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Carol Fittle".

Carol Fittle

1 SONNENSCHN NATH & ROSENTHAL  
2 Ronald D. Kent, Bar No. 100717  
3 Nancy S. Coan, Bar No. 124882  
4 Karin Dawn Mason, Bar No. 142535  
5 601 S. Figueroa Street, Suite 1500  
6 Los Angeles, California 90017  
7 (213) 623-9300

8 Attorneys for Plaintiff  
9 UNITED STATES & CONTINENTAL  
10 REINSURANCE COMPANY

ORIGINAL FILED  
JUL 25 1991  
COUNTY CLERK

SUPERIOR COURT  
ASSOCIATION  
1991 JUL 26 PM 1:00

RECEIVED

11 SUPERIOR COURT FOR THE STATE OF CALIFORNIA  
12 FOR THE COUNTY OF LOS ANGELES

11 UNITED STATES & CONTINENTAL )  
12 REINSURANCE COMPANY, )  
13 )  
14 Plaintiff, )  
15 vs. )  
16 THE STATE OF CALIFORNIA; THE )  
17 CALIFORNIA DEPARTMENT OF )  
18 INSURANCE; JOHN GARAMENDI, )  
19 Insurance Commissioner of )  
20 the State of California; and )  
21 Does 1 Through 100, Inclusive )  
22 )  
23 Defendants. )

No. BC033466  
ORDER TO SHOW CAUSE  
RE PRELIMINARY INJUNCTION  
AND TEMPORARY RESTRAINING  
ORDER

24 Upon consideration of the Ex Parte Application of  
25 Plaintiff, and the Declarations, Memorandum of Points and  
26 Authorities and exhibits submitted in support thereof, and it  
27 appearing to the Court that this is a proper case for granting  
28 an Order to Show Cause and a Temporary Restraining Order, in  
that unless the Temporary Restraining Order prayed for is  
granted, great and irreparable injury will result to plaintiff  
and to the public generally before the matter can be heard on

1 notice. Upon representation of plaintiff's counsel that all  
2 defendants have been notified that the Ex Parte Application and  
3 this Order to Show Cause would be brought before this Court in  
4 Department 86 on the 24th day of July 1991, at 1:30 p.m., and  
5 good cause appearing:

6 IT IS HEREBY ORDERED that defendants appear in  
7 Department 86 of this Court, located at 111 North Hill Street,  
8 Los Angeles, California 90017, on August 12, 1991, at 8:30  
9 a.m., or as soon thereafter as the matter may be heard, then  
10 and there to show cause, if any exists, why they and their  
11 agents, officers, directors and employees, and all those acting  
12 in concert or participating with them, should not be enjoined  
13 and restrained during the pendency of this action:

- 14 1. from issuing and/or enforcing existing orders or  
15 directives to surplus line brokers or the  
16 California Surplus Line Association ("SLA")  
prohibiting the further use of or placement of  
insurance coverage with US&C;
- 17 2. from issuing and/or enforcing orders or  
18 directives to the SLA requiring it to notify its  
19 membership that they are prohibited from using or  
20 placing insurance coverage with US&C;
- 21 3. from revoking, suspending or instituting any  
22 action to revoke or suspend any surplus line  
23 license based on the placement of insurance  
24 coverage with US&C; and
- 25 4. from issuing and/or enforcing further orders or  
26 directives prohibiting, or from taking any action  
27 whatsoever the effect of which is to prohibit  
28 further use of or placement of insurance coverage  
with US&C.

25 Further, defendants will be asked to show cause, if  
26 any exist, when they and their agents, officers, directors and  
27 employees, and all those acting in concert or participating  
28 with them, should not be required to:

1. immediately withdraw, in writing, the July 9, 1991 letter written by Carol Fistler of the Department of Insurance ("Department") to Art Freeman of the SLA.
2. immediately advise the SLA in writing that the July 9, 1991 letter written by Carol Fistler of the Department has been withdrawn.
3. direct the SLA to advise its membership in writing that the Department has withdrawn any objection it may have had to the further use of US&C.

The Motion for Preliminary Injunction will be based on the Plaintiff's Ex Parte Application for Temporary Restraining Order and Order to Show Cause Re Preliminary Injunction, the Memorandum of Points and Authorities in support thereof and the Declarations of Matthew Bonar, Raymond S. Cowan, Douglas B. Davis, Ronald D. Kent and Karin Dawn Mason and the Supplementary Memorandum of Points and Authorities and any exhibits thereto which plaintiff may file.

IT IS HEREBY FURTHER ORDERED that pending the hearing and determination of the Order to Show Cause, defendants and their agents, officers, employees and directors and all those acting in concert or participating with them, shall be and are hereby restrained and enjoined:

1. from issuing and/or enforcing existing orders or directives to surplus line brokers or the California Surplus Line Association ("SLA") prohibiting the further use of or placement of insurance coverage with US&C;
2. from issuing and/or enforcing orders or directives to the SLA requiring it to notify its membership that they are prohibited from using or placing insurance coverage with US&C;
3. from revoking, suspending or instituting any action to revoke or suspend any surplus line license based on the placement of insurance coverage with US&C; and

1 4. from issuing and/or enforcing further orders or  
2 directives prohibiting, or from taking any action  
3 whatsoever the effect of which is to prohibit  
4 further use of or placement of insurance coverage  
5 with US&C.

6 IT IS FURTHER ORDERED that plaintiff shall serve a  
7 copy of this Temporary Restraining Order on the California  
8 Surplus Line Association.

9 Copies of the Order to Show Cause and supporting  
10 papers were served by hand on counsel for defendants on  
11 July 24, 1991.

12 IT IS FURTHER ORDERED that any supplemental affidavit,  
13 declaration, memorandum or other paper in support of the motion  
14 shall be served by plaintiff by hand and filed with the Court  
15 in Department 86 by no later than July 26, 1991 at 4 p.m. Any  
16 affidavit, declaration, memorandum or other paper in opposition  
17 shall be served by defendants by hand and filed in Department  
18 86 no later than August 5, 1991 at 4 p.m. Any reply by  
19 plaintiff must be served by hand and filed in Department 86 no  
20 later than August 8, 1991, at 4 p.m. All declarations  
21 regarding service are to be filed in Department 86 no later  
22 than August 8, 1991.

23 The above Temporary Restraining Order is effective  
24 upon plaintiff filing a declaration by Jacqueline C. Tiempo,  
25 Assistant Trust Officer, City National Bank, 120 South Spalding  
26 Drive, Beverly Hills, California, 90213 verifying the balance  
27 of plaintiff's account (account title: City National Bank,  
28 Trustee for Compagnie De Reassurance Des Etats Unis, No.  
36388000) on July 25, 1991. This declaration shall verify that  
the balance of Account No. 36388000 is equal to or exceeds \$1.5

1 million as of July 25, 1991. Such declaration shall satisfy  
2 the required bond for issuance of this Temporary Restraining  
3 Order and any requirement for filing of a bond which may exist  
4 under Insurance Code Section 1616.

5 IT IS FURTHER ORDERED that no funds are to be  
6 withdrawn by anyone from City National Bank Account No.  
7 36388000 until further order of this Court, and that a copy of  
8 this order shall be served by counsel for plaintiff upon City  
9 National Bank by no later than 10:30 a.m. on July 26, 1991.

10 IT IS FURTHER ORDERED that if either plaintiff or  
11 defendant desires to conduct discovery prior to the Order to  
12 Show Cause Re Preliminary Injunction hearing, they may do so  
13 only if the dates for filing opposition and reply papers and  
14 preliminary injunction hearing date are extended pursuant to a  
15 stipulated order. Further, the stipulated order would provide  
16 that the Temporary Restraining Order would remain in effect  
17 pending the new preliminary injunction hearing date.

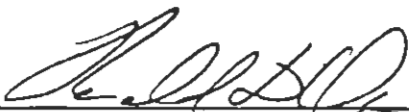
18 The Court reserves jurisdiction to modify this  
19 injunction as justice requires.

20 Date: July 25, 1991

By WILLIAM HUSS  
JUDGE OF THE SUPERIOR COURT

21 Submitted by:

22 SONNENSCHN NATH & ROSENTHAL  
23 Ronald D. Kent  
24 Nancy S. Coan  
25 Karin Dawn Mason

26 By   
27 Ronald D. Kent  
28 Attorneys for Plaintiff  
United States & Continental  
Reinsurance Company

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