

NO. GV203880

THE STATE OF TEXAS,  
Plaintiff

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IN THE DISTRICT COURT OF

VS.

TRAVIS COUNTY, TEXAS

LEGION INSURANCE COMPANY and  
VILLANOVA INSURANCE COMPANY,  
Defendants

200th JUDICIAL DISTRICT

**TEMPORARY RESTRAINING ORDER  
AND ORDER APPOINTING TEMPORARY ANCILLARY RECEIVER**

On this day came to be heard the Application for a Temporary Restraining Order and Order Appointing Ancillary Receiver filed by the State of Texas. The Application requests that a Temporary Restraining Order be issued against Legion Insurance Company and Villanova Insurance Company (hereinafter referred to as the "Defendants"), and that the Commissioner of Insurance for the State of Texas (hereinafter referred to as the "Commissioner of Insurance") be appointed as Ancillary Receiver of Defendants in the State of Texas (hereinafter referred to as the "Ancillary Receiver"). The State of Texas appeared by and through its Attorney General, John Cornyn.

I. FINDINGS

1. The Court finds that it has jurisdiction of the parties and of the subject matter herein, and the Court, after considering the Plaintiff's verified claim, is of the opinion and finds that this Court has jurisdiction over Defendants, that the law and the facts are what the Plaintiff has alleged in its duly verified claim and that Plaintiff is entitled to a Temporary Restraining Order and Order Appointing an Ancillary Receiver as granted herein.

2. The Court further finds that without the issuance of this order, the State of Texas will probably suffer irreparable injury as set forth herein. There is no adequate remedy at law.

**FILED**  
02 OCT 23 PM 5:04  
*[Signature]*  
DISTRICT CLERK  
TRAVIS COUNTY, TEXAS

**POSTED**

3. The Court further finds that Defendants are currently in receivership in Pennsylvania in *M. Diane Koken, Insurance Commissioner, Commonwealth of Pennsylvania, Plaintiff vs. Legion Insurance Company, Defendant*, Docket No. 183 M.D. 2002, in the Commonwealth Court of Pennsylvania; and *M. Diane Koken, Insurance Commissioner, Commonwealth of Pennsylvania, Plaintiff vs. Villanova Insurance Company, Defendant*, Docket No. 182 M.D. 2002, in the Commonwealth Court of Pennsylvania (hereinafter referred to as the "Pennsylvania Receivership Proceedings").

4. The Court further finds that Defendants are insolvent as defined in TEX. INS. CODE ANN. art. 21.28-A, § 2(b), and the continued operation of Defendant will be hazardous to its claimants and creditors.

5. The Court further finds that there exists an imperative and immediate necessity to appoint the Commissioner of Insurance as Temporary Ancillary Receiver for Defendant.

## II. TEMPORARY RESTRAINING ORDER

It is ORDERED that the Clerk of this Court shall issue a Temporary Restraining Order against the Defendants, and those acting in concert with them, or on their behalf:

**EACH OF YOU** are hereby RESTRAINED and ENJOINED from:

- (a) Doing, operating, and conducting the insurance business of Defendants in the State of Texas under any charter, certificate of authority, license, permit, power or privilege, belonging to or heretofore issued to Defendants in the State of Texas, except through the authority of the Ancillary Receiver or his designees;
- (b) Doing anything, directly or indirectly, to prevent the Temporary Ancillary Receiver or his designees from investigating, gaining access to, examining or acquiring any of the property, records or other materials concerning Defendants located in the State of Texas;

- (c) Interfering, in any way, or with these proceedings, or with the lawful acts of the Temporary Ancillary Receiver or his designees, or with the lawful acts of the Texas Property and Casualty Insurance Guaranty Association in fulfilling its statutory duties under TEX. INS. CODE ANN. art. 21.28-C; and
- (d) Making any claim or commencing or prosecuting any action against the Temporary Ancillary Receiver, except in this receivership proceeding as permitted by TEX. INS. CODE ANN. art. 21.28.

### III. APPOINTMENT OF TEMPORARY ANCILLARY RECEIVER

It is ORDERED, ADJUDGED, and DECREED that the Commissioner of Insurance, P.O. Box 149104, Austin, Texas 78714-9104 is hereby appointed as Temporary Ancillary Receiver of Legion Insurance Company and Villanova Insurance Company and granted the following duties and powers:

1. The Temporary Ancillary Receiver is hereby granted and given all powers and authority under any and all statutes and under the common law of this State authorizing the appointment of a receiver, and particularly all of the powers and authority granted in TEX. INS. CODE ANN. arts. 21.28 and 21.28-C and TEX. CIV. PRAC. & REM. CODE ANN. § 64.001 *et seq*;
2. The Temporary Ancillary Receiver is authorized to enter into any contracts necessary to perform his duties, and to employ and pay or compensate any legal counsel, accountants, clerks, and such assistants as he deems necessary; and
3. The Temporary Ancillary Receiver is authorized to retain any or all necessary employees and agents and compensate them as he deems necessary.

### IV. OTHER ORDERS

IT IS FURTHER ORDERED that the Commissioner of Insurance is not required to file a bond as permitted by TEX. INS. CODE ANN. art. 21.28 § 2(d).

IT IS FURTHER ORDERED that anyone over the age of 18 whom is not a party to nor interested in the outcome of this suit may serve all citations, writs and notices in this cause.

No bond being required by the State of Texas, this Order shall become effective immediately, and the Commissioner of Insurance, as Ancillary Receiver, shall carry out his duties in accordance with the terms of this Order.

IT IS FURTHER ORDERED that this Temporary Restraining Order and Order Appointing Ancillary Receiver shall continue in effect by Order of this Court for 14 days or until the hearing on the Temporary Injunction. The Temporary Injunction is hereby set for hearing before this Court on October 31, 2002, at 9:00 o'clock A.m.

All of the foregoing is subject to further orders of this Court.

SIGNED at Austin, Travis County, Texas, on this the 23<sup>rd</sup> day of Oct., 2002, at 4:55 o'clock P.m.

  
DISTRICT JUDGE PRESIDING