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6 **IN THE SECOND JUDICIAL DISTRICT COURT OF**
7 **THE STATE OF NEVADA IN AND FOR THE**
8 **COUNTY OF WASHOE**

9 STATE OF NEVADA, EX REL. COMMISSIONER
10 OF INSURANCE, in her official capacity as
11 statutory Receiver for delinquent domestic insurer,

Case No.: CV20-00496

12 Petitioner,

Dept. No.: 1

13 vs.

14 PHYSICIANS INDEMNITY RISK RETENTION
15 GROUP, INC., a Nevada Domiciled Association
16 Captive Insurance Company,

17 Respondent.

18 _____ /
19 **ORDER GRANTING PERMANENT INJUNCTION OF**
20 **PHYSICIANS INDEMNITY RISK RETENTION, GROUP, INC.**

21 Following a Show Cause Hearing held on December 6, 2021 and January 14, 2022, this Court
22 granted Petitioner's Motion for Order of Liquidation and Other Injunctive Relief. In so doing, this Court
23 entered an order placing Physicians Indemnity Risk Retention Group, Inc. ("PIRRG" or the "Company")
24 in permanent receivership, ordered liquidation, and appointed the Commissioner as Temporary
25 Receiver, to be the Permanent Receiver of PIRRG ("Receiver"). Accordingly, and for good cause
26 appearing,

27 **IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:**

28 (1) The Receiver is authorized to employ and to fix the compensation of a Special Deputy
Receiver ("SDR") and such other deputies, counsel, employees, accountants, actuaries, investment
counselors, asset managers, consultants, assistants, and other personnel as she considers necessary, and

1 to enter the business and immediately oversee the operation and conservation, rehabilitation, or
2 liquidation of the business. All compensation and expenses of such persons and of taking possession of
3 PIRRG and conducting this proceeding shall be paid out of the funds and assets of PIRRG in accordance
4 with NRS 696B.290. The SDR shall have all the responsibilities, rights, powers, and authority of the
5 Receiver subject to supervision and removal by the Receiver and further Orders of this Court. Whenever
6 this Order refers to the Receiver, it will equally apply to the SDR.

7 (2) The Receiver is hereby directed to conserve and preserve the affairs of PIRRG and is
8 vested, in addition to the powers set forth therein, with all the powers and authority expressed or implied
9 under the provisions of Chapter 696B of the Nevada Revised Statutes, and any other applicable law.

10 (3) Pursuant to NRS 696B.290, the Receiver is hereby vested with exclusive title both legal
11 and equitable to all of PIRRG's property wherever located, to administer under the general supervisions
12 of the Court, and whether in the possession of PIRRG or its officers, directors, employees, consultants,
13 attorneys, agents, subsidiaries, affiliated corporations, or those acting in concert with any of these
14 persons, and any other persons (referenced to hereafter as the "Property"), including but not limited to:

15 a. Assets, books, records, property, real and personal, including all property
16 or ownership rights, choate or inchoate, whether legal or equitable of any kind or nature;

17 b. Offices maintained or utilized by PIRRG, furniture, fixtures, office
18 supplies, safe deposit boxes, legal litigation files, accounts, books, paper and electronic
19 documents and records of every kind, computers, internal and external computer memory
20 devices, and software;

21 c. Causes of action, defenses, and rights to participate in legal proceedings,
22 and the Receiver's rights will include the right to initiate or maintain suit in the name of
23 PIRRG or in the Receiver's name, in any state or federal court in any state in which the
24 Receiver deems such action necessary or appropriate to protect the interests of the
25 receivership estate, and any such filings outside of this court by the Receiver without
26 prejudice to the exclusive jurisdiction of this Court over PIRRG's affairs;

27 d. Letters of credit, contingent rights, stocks, debt, bonds, debentures, cash,
28 cash equivalents, contract rights, reinsurance contracts and reinsurance recoverables, in

1 force insurance contracts, loss portfolio transfers, and business, deeds, mortgages,
2 leases, book entry deposits, bank deposits, certificates of deposit, evidences of
3 indebtedness, bank accounts, securities of any kind or nature, both tangible and
4 intangible, including but without being limited to any special, statutory or other
5 deposits or accounts made by or for PIRRG with any officer or agency of any state
6 government or the federal government or with any banks, savings and loan
7 associations, or other depositories;

8 e. All such rights and property of PIRRG described herein now known
9 or which may be discovered hereafter, wherever the same may be located and in
10 whatever name or capacity they may be held; and

11 f. Pursuant to NRS 696B.290 and 696B.270, the Receiver is hereby
12 directed to take immediate and exclusive possession and control of the Property
13 except as she may deem in the best interest of the receivership estate. In addition
14 to vesting title to all of the Property in the Receiver or her successors, the said
15 Property is hereby placed in the *custodia legis* of this Court and the Receiver, and
16 the Court hereby assumes and exercises jurisdiction as set forth NRS Chapter 696B.

17 (4) Pursuant to NRS 696B.270, PIRRG, its officers, directors, stockholders,
18 members, subscribers, agents, employees, and all other persons, corporations, partnerships,
19 associations and all other entities wherever located, are hereby permanently enjoined and
20 restrained from interfering in any manner with the Receiver's possession of the Property or her
21 title to or right therein and from interfering in any manner with the conduct of the receivership
22 of PIRRG. Said officers, directors, stockholders, members, subscribers, agents, employees, and
23 all other persons, corporations, partnerships, associations and all other entities are hereby permanently
24 enjoined and restrained from wasting, transferring, selling, disbursing, disposing of, withdrawing,
25 removing or assigning the Property or any portion thereof, and from attempting to do so except as
26 provided herein.

27 (5) All landlords, vendors and parties to executory contracts with PIRRG are hereby enjoined
28 and restrained from discontinuing services to, or disturbing the possession of premises and leaseholds,

1 including of equipment and other personal property, by PIRRG or the Receiver on account of amounts
2 owed or as a result of the institution of this proceeding and the causes therefor, provided that PIRRG or
3 the Receiver pays within a reasonable time for premises, goods, or services delivered or provided by
4 such persons on and after March 19, 2020 , at the request of the Receiver and provided further that all
5 such persons shall have claims against the estate of PIRRG for all amounts owed by PIRRG prior to
6 March 19, 2020.

7 (6) Pursuant to NRS 696B.340, during the pendency of delinquency proceedings in this or
8 any reciprocal state, no action or proceeding in the nature of an attachment, garnishment or execution
9 shall be commenced or maintained in the courts of this state against or the Property, and any lien
10 obtained by any such action or proceeding within four (4) months prior to the commencement of any
11 such delinquency proceedings or at any time thereafter is void as against any rights arising in such
12 delinquency proceedings.

13 (7) Pursuant to this Court’s exclusive jurisdiction over the Property as the first court to assert
14 in rem jurisdiction over the Property, all claims against the Property must be submitted to the Receiver
15 as specified herein to the exclusion of any other method of submitting or adjudicating such claims in
16 any forum, court, arbitration proceeding, or tribunal subject to the further Order of this Court. The
17 Receiver is hereby authorized to establish receivership claims and appeal procedure, for all receivership
18 claims. The receivership claims and appeal procedures shall be used to facilitate the orderly disposition
19 or resolution of claims or controversies involving the receivership or the receivership estate.

20 (8) The Receiver may change to her own name the name of any of PIRRG’s accounts, funds
21 or other property or assets, held with any bank, savings and loan association, other financial institution,
22 or any other person, wherever located, and may withdraw such funds, accounts and other assets from
23 such institutions or take any lesser action necessary for the proper conduct of the receivership.

24 (9) All secured creditors or parties, pledge holders, lien holders, collateral holders or other
25 persons claiming secured, priority or preferred interest in any property or assets of PIRRG, including
26 any governmental entity, are hereby enjoined from taking any steps whatsoever to transfer, sell,
27 encumber, attach, dispose of or exercise purported rights in or against the Property.

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1 (10) The officers, directors, trustees, partners, affiliates, brokers, agents, creditors, insureds,
2 employees, members, and enrollees of PIRRG, and all other persons or entities of any nature including,
3 but not limited to, claimants, plaintiffs, petitioners, and any governmental agencies who have claims of
4 any nature against PIRRG, including crossclaims, counterclaims and third party claims, are hereby
5 permanently enjoined and restrained from doing or attempting to do any of the following, except in
6 accordance with the express instructions of the Receiver or by Order of this Court:

7 a. Conducting any portion or phase of the business of PIRRG;

8 b. Commencing, bringing, maintaining or further prosecuting any action at
9 law, suit in equity, arbitration, or special or other proceeding against PIRRG or its estate,
10 or the Receiver and her successors in office, or any person appointed pursuant to
11 Paragraph (1) hereinabove; claims and appeal procedures shall be used to facilitate the
12 orderly disposition or resolution of claims or controversies involving the receivership or
13 the receivership estate.

14 c. Making or executing any levy upon, selling, hypothecating, mortgaging,
15 wasting, conveying, dissipating, or asserting control or dominion over the Property or the
16 estate of PIRRG;

17 d. Seeking or obtaining any preferences, judgments, foreclosures,
18 attachments, levies, or liens of any kind against the Property;

19 e. Interfering in any way with these proceedings or with the Receiver, any
20 successor office, or any person appointed pursuant to Paragraph (1) hereinabove in
21 acquisition of possession of, the exercise of dominion or control over, or their title to the
22 Property, or in the discharge of their duties as Receiver thereof; or

23 f. Commencing, maintaining or further prosecuting any direct or indirect
24 actions, arbitrations, or other proceedings against any insurer of PIRRG for proceeds of
25 any policy issued to PIRRG.

26 (11) No bank, savings and loan association or other financial institution shall, without first
27 obtaining permission of the Receiver, exercise any form of set-off, alleged set-off, lien, or other form of
28 self-help whatsoever or refuse to transfer the Property to the Receiver's control.

1 (12) The Receiver shall have the power and is hereby authorized to:

2 a. Collect all debts and monies due and claims belonging to PIRRG, located,
3 and for this purpose: (i) to institute and maintain actions in other jurisdictions, in order
4 to forestall garnishment and attachment proceedings against such debts; (ii) to do such
5 other acts as are necessary or expedient to marshal, collect, conserve or protect its assets
6 or property, including the ability to sell, compound, compromise or assign debts for
7 purposes of collection upon such terms and conditions as she deems appropriate, and the
8 power to initiate and maintain actions at law or equity, in this and other jurisdictions;
9 (iii) to pursue any creditor's remedies available to enforce her claims;

10 b. Conduct public and private sales of the assets and property of PIRRG,
11 including any real property;

12 c. Acquire, invest, deposit, hypothecate, encumber, lease, improve, sell,
13 transfer, abandon, or otherwise dispose of or deal with any asset or property of PIRRG,
14 and to sell, reinvest, trade or otherwise dispose of any securities or bonds presently held
15 by, or belonging to, PIRRG upon such terms and conditions as she deems to be fair and
16 reasonable, irrespective of the value at which such property was last carried on the books
17 of PIRRG. She shall also have the power to execute, acknowledge and deliver any and
18 all deeds, assignments, releases and other instruments necessary or proper to effectuate
19 any sale of property or other transaction in connection with the receivership;

20 d. Borrow money on the security of PIRRG's assets, with or without security,
21 and to execute and deliver all documents necessary to that transaction for the purpose of
22 facilitating the receivership;

23 e. Enter into such contracts as are necessary to carry out this Order, and to
24 affirm or disavow as more fully provided in Subparagraph p., below, any contracts to
25 which PIRRG is a party;

26 f. Designate, from time to time, individuals to act as her representatives with
27 respect to affairs of PIRRG for all purposes, including, but not limited to, signing checks
28 and other documents required to effectuate the performance of the powers of the Receiver;

1 g. Establish employment policies for PIRRG employees, including retention,
2 severance and termination policies as she deems necessary to effectuate the provisions of
3 this Order;

4 h. Institute and prosecute, in the name of PIRRG or in her own name, any and
5 all suits, to defend suits in which PIRRG or the Receiver is a party in this state or
6 elsewhere, whether or not such suits are pending as of the date of this Order, to abandon
7 the prosecution or defense of such suits, legal proceedings and claims which she deems
8 inappropriate, to pursue further and to compromise suits, legal proceedings or claims on
9 such terms and conditions as she deems appropriate;

10 i. Prosecute any action for common (i.e., not personal) claims that may exist
11 on behalf of the members, enrollees, insureds or creditors, of PIRRG as a group against
12 any officer or director of PIRRG, or any other person, for such common claims as are
13 derivative of injury or damages to PIRRG;

14 j. Remove any or all records and other property of PIRRG to the offices of
15 the Receiver or to such other place as may be convenient for the purposes of the efficient
16 and orderly execution of the receivership, and to dispose of or destroy, in the usual and
17 ordinary course, such of those records and property as the Receiver may deem or
18 determine to be unnecessary for the receivership;

19 k. File any necessary documents for recording in the office of any recorder of
20 deeds or record office in this County or wherever the Property of PIRRG is located;

21 l. Intervene in any proceeding wherever instituted that might lead to the
22 appointment of a conservator, receiver or trustee of PIRRG or its subsidiaries, and to act
23 as the receiver or trustee whenever the appointment is offered;

24 m. Enter into agreements with any ancillary receiver of any other state as she
25 may deem to be necessary or appropriate, if such ancillary receivership is proper;

26 n. Perform such further and additional acts as she may deem necessary or
27 appropriate for the accomplishment of or in aid of the purpose of the receivership, it being
28 the intention of this Order that this enumeration of powers shall not be construed as a

1 limitation upon the Receiver;

2 o. Terminate and disavow the authority previously granted PIRRG's agents,
3 brokers, or marketing representatives to represent PIRRG in any respect, including the
4 underlying agreements, and any continuing payment obligations created therein, as of the
5 receivership date, with reasonable notice to be provided and agent compensation accrued
6 prior to any such termination or disavowal to be deemed a general creditor expense of the
7 receivership; and

8 p. Affirm, reject, or disavow part or all of any leases or executory contracts
9 to which PIRRG is a party. The Receiver is authorized to reject, or disavow any leases or
10 executory contracts at such times as she deems appropriate under the circumstances,
11 provided that payment due for any goods or services received after appointment of the
12 Receiver, with her consent, will be deemed to be an administrative expense of the
13 receivership, and provided further that other unsecured amounts properly due under the
14 disavowed contract, and unpaid solely because of such disavowal, will give rise to a
15 general unsecured creditor claim in the Receivership proceeding.

16 (13) PIRRG, its officers, directors, partners, agents, brokers and employees, any person acting
17 in concert with them, and all other persons, having any property or records belonging to PIRRG,
18 including data processing information and records of any kind such as, by way of example only, source
19 documents and electronically stored information, are hereby ordered and directed to surrender custody
20 and to assign, transfer and deliver to the Receiver all of such property in whatever name the same may
21 be held, and any persons, firms or corporations having any books, papers or records relating to the
22 business of PIRRG shall preserve the same and submit these to the Receiver for transfer and/or
23 examination at all reasonable times. Any property, books, or records asserted to be simultaneously the
24 property of PIRRG and other parties, or alleged to be necessary to the conduct of the business of other
25 parties though belonging in part or entirely to PIRRG, shall nonetheless be delivered immediately to the
26 Receiver who shall make reasonable arrangements for copies or access for such other parties without
27 compromising the interests of the Receiver or PIRRG.

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1 (14) In addition to that provided by statute or by PIRRG’s policies or contracts of insurance,
2 and to the extent not in conflict with the other provisions of this Paragraph, the Receiver may, at such
3 time she deems appropriate, without prior notice, subject to the following provisions, impose such full
4 or partial moratoria or suspension upon disbursements owed by PIRRG, provided that

5 a. Any such suspension or moratorium shall apply in the same manner or to
6 the same extent to all persons similarly situated. However, the Receiver may, in her sole
7 discretion, impose the same upon only certain types, but not all, of the payments due under
8 any particular type of contract;

9 b. Under no circumstances shall the Receiver be liable to any person or entity
10 for her good faith decision to impose, or to refrain from imposing, such moratorium or
11 suspension; and

12 c. Notice of such moratorium or suspension, which may be by publication,
13 shall be provided to the holders of all policies or contracts affected thereby.

14 (15) No judgment, order, attachment, garnishment sale, assignment, transfer, hypothecation,
15 lien, security interest or other legal process of any kind with respect to or affecting PIRRG or the
16 Property shall be effective or enforceable or form the basis for a claim against PIRRG or the Property
17 unless entered by the Court, or unless the Court has issued its specific order, upon good cause shown
18 and after due notice and hearing, permitting same.

19 (16) All reasonable costs, expenses, fees or any other charges of the Receivership, including,
20 but not limited to reasonable fees and expenses of accountants, peace officers, actuaries, investment
21 counselors, asset managers, attorneys, special deputies, and other assistants, employed by the Receiver,
22 the giving of the Notice required herein, and other expenses incurred in connection herewith shall be
23 paid from the assets of PIRRG.

24 (17) The Commissioner is part of the government of the State of Nevada, acting in her official
25 capacity, and as such, should be exempt from any bond requirements that might otherwise be required
26 when seeking the relief sought in this proceeding. Accordingly, it is Ordered that no bond shall be
27 required from the Commissioner as Receiver.

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1 (18) If any provision of this Order or the application thereof is for any reason held to be
2 invalid, the remainder of this Order and the application thereof to other persons or circumstances
3 shall not be affected thereby.

4 (19) The Receiver may at any time make further application for such further and different
5 relief as she sees fit.

6 (20) The Court shall retain jurisdiction for all purposes necessary to effectuate and enforce
7 this Order.

8 (21) The Receiver is authorized to deliver to any person or entity a copy or certified copy of
9 this Order, or of any subsequent order of the Court, such copy, when so delivered, being deemed
10 sufficient notice to such person or entity of the terms of such Order. But nothing herein shall relieve
11 from liability, nor exempt from punishment by contempt, any person or entity that, having actual notice
12 of the terms of any such Order, shall be found to have violated the same.

13 **IT IS SO ORDERED.**

14 DATED this 29th day of March, 2022

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17 KATHLEEN M. DRAKULICH
18 DISTRICT COURT JUDGE
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1 **CERTIFICATE OF SERVICE**

2 CASE NO. CV20-00496

3 I certify that I am an employee of the SECOND JUDICIAL DISTRICT COURT of the STATE
4 OF NEVADA, COUNTY OF WASHOE; that on the 29th day of March, 2022, I electronically filed the
5 **ORDER GRANTING PERMANENT INJUNCTION OF PHYSICIANS INDEMNITY RISK**
6 **RETENTION, GROUP, INC.** with the Clerk of the Court by using the ECF system.

7 I further certify that I transmitted a true and correct copy of the foregoing document by the
8 method(s) noted below:

9 **Electronically filed with the Clerk of the Court by using the ECF system which will send a notice**
10 **of electronic filing to the following:**

11 KARA HENDRICKS, ESQ. for STATE OF NEVADA

12 VERNON LEVERTY, ESQ. for PHYSICIANS INDEMNITY RISK
13 RETENTION GROUP INC

14 RICHARD YIEN, ESQ. for COMMISSIONER OF INSURANCE, BARBARA D.
15 RICHARDSON, STATE OF NEVADA

16 JESS RINEHART, ESQ. for PHYSICIANS INDEMNITY RISK RETENTION GROUP INC

17 PATRICK LEVERTY, ESQ. for PHYSICIANS INDEMNITY RISK
18 RETENTION GROUP INC

19 WILLIAM GINN, ESQ. for PHYSICIANS INDEMNITY RISK RETENTION GROUP INC

20 **Deposited to the Second Judicial District Court mailing system in a sealed envelope for postage**
21 **and mailing by Washoe County using the United States Postal Service in Reno, Nevada: [NONE]**

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23 
24 Department 1 Judicial Assistant