

GEORGE FABE, SUPERINTENDENT  
OF INSURANCE, STATE OF OHIO

Plaintiff,

VS.

COLUMBUS INSURANCE COMPANY,

Defendant.

CASE NO 85CV-01-LTD

ORDER OF LIQUIDATION AND INJUNCTION

This Cause, came on this day to be heard on plaintiff's Motion for Order of Liquidation, without a hearing by agreement of the parties. The Court, having considered the pleadings, finds as followings:

1. Pursuant to Section 3903.16 of the Revised Code, rehabilitation would substantially increase the risk of loss to creditors, policyholders, or the public, and would be futile.

2. Columbus Insurance Company ("the Company") is insolvent.

3. The Company is an insolvent insurer as that term is defined in Ohio Revised Code Section 3955.01(c).

NOW, THEREFORE, it is ORDERED and ADJUDGED that:

1. The motion for order of liquidation is granted.
2. George Fabe, Richard Gregg, James Young and Richard R. Clayton are appointed Liquidator, Chief Deputy Liquidator, and Deputy Liquidators, respectfully.
3. The Liquidator is hereby:
  - a. directed to immediately take possession of all property, assets and all other property of every kind whatsoever and wheresoever located belonging or in the possession of the Company or its officer, directors, employees, consultants, attorneys or agents, including but not limited to offices maintained by Company, rights of action, books, papers, evidences of debt, bonds, debentures, and other securities, mortgages, furniture, fixtures, office supplies of Company.

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THOMAS J. THROCKMORTON  
CLERK OF COURTS

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b. directed to liquidate the assets of the Company, including but not limited to funds held by Company's agents, subagent's, producing agents, brokers, solicitors, service representatives, or others under agency contracts or otherwise, which are due and unpaid to Company, including premium, unearned commissions, agents' balances, and agents' reserve funds,

c. directed to reimburse employees for their actual necessary and reasonable expenses incurred in connection with the liquidation.

d. vested with the right, title and interest in all funds recoverable under treaties and agreements of reinsurance heretofore entered into by the Company as the ceding insurer, and that all reinsurance companies involved with the Company be restrained from making any settlements with any claimant or policyholder other than the Superintendent as Liquidator.

e. authorized to do the following:

i. Employ employees and agents, actuaries, accountants, appraisers, consultants, and such other personnel as he may consider necessary to assist in the liquidation;

ii. Fix the reasonable compensation of employees and agents, actuaries, accountants, appraisers, and consultants with the approval of the court;

iii. Pay reasonable compensation to persons appointed and defray from the funds or assets of the insurer all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of the insurer. [In the event that the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the superintendent of insurance may advance the costs so incurred out of any appropriation for the maintenance of the department of insurance. Any amounts so advanced for expenses of administration shall be repaid to the superintendent for the use of the department out of the first available money of the insurer.]

iv. Hold hearings, subpoena witnesses to compel

their attendance, administer oaths, examine any person under oath, and compel any person to subscribe to his testimony after it has been correctly reduced to writing, and in connection therewith require the production of any books, papers, records, or other documents which he considers relevant to the inquiry;

v. Conduct public and private sales of the property of the insurer;

vi. Acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with, any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable.

[The liquidator may execute, acknowledge, and deliver any and all deeds, assignments, releases, and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation.]

vii. Enter into such contracts as are necessary to carry out the order to liquidate, and to affirm or disavow any contracts to which the insurer is a party;

viii. Continue to prosecute and to commence in the name of the insurer or in his own name any and all suits and other legal proceedings, in this state or elsewhere, and to abandon the prosecution of claims he considers unprofitable to pursue further; if the insurer is dissolved under section 3903.20 of the Revised Code, to apply to any court in this state or elsewhere for leave to substitute himself for the insurer as plaintiff.

ix. Prosecute any action which may exist in behalf of the creditors, members, policyholders, or shareholders of the insurer against any officer of the insurer or any other person;

x. Remove any or all records and property of the insurer to the offices of the superintendent or to such other place as may be convenient for the purposes of efficient and orderly execution of the liquidation. [Guaranty associations and foreign guaranty associations shall have such reasonable access to the records of the insurer as is

necessary for them to carry out their statutory obligations].

x<sup>i</sup>. Deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions;

x<sup>ii</sup>. Invest all sums not currently needed, unless the court orders otherwise;

x<sup>iii</sup>. File any necessary documents for record in the office of any recorder of deeds or record office in this state or elsewhere where property of the insured is located;

x<sup>iv</sup>. Assert all defenses available to the insurer as against third persons, including, but not limited to, statutes of limitation, statutes of frauds, and the defense of usury. [A waiver of any defense by the insurer after a complaint in liquidation has been filed does not bind the liquidator. Whenever a guaranty association or foreign guaranty association has an obligation to defend any suit, the liquidator shall give precedence to such obligation and may defend only in the absence of a defense by such guaranty association].

x<sup>v</sup>. Exercise and enforce all the rights, remedies, and powers of any creditor, shareholder, policyholder, or member, including any power to avoid any transfer or lien that may be given by the general law and that is not included under sections 3903.26 to 3903.28 of the Revised Code;

x<sup>vi</sup>. Intervene in any proceeding wherever instituted that might lead to the appointment of a receiver, conservator, rehabilitator liquidator, or trustee, and to act as the receiver, conservator, rehabilitator, or trustee whenever the appointment is offered;

x<sup>vii</sup>. Enter into agreements with any receiver, conservator, rehabilitator, liquidator, or superintendent of any other state relating to the rehabilitation, liquidation, conservation, or dissolution of an insurer doing business in both states;

x<sup>viii</sup>. Exercise all powers now held or hereafter conferred upon receivers, conservators, rehabilitators, or

liquidators by the laws of this state not inconsistent with the provisions of sections 3903.01 to 3903.59 of the Revised Code.

xix. Take possession of all of the Company's securities and deposits filed with the plaintiff.

xx. Collect all debts and money due and claims belonging to the insurer, whenever located, which are economically feasible to collect,

f. all banks, brokerage houses or other companies or persons having in their possession or on deposits, assets which are or may be the property of the Company are enjoined from disposing of said assets or destroying any records pertaining to any business transaction between the Company and banks, brokerage houses or other persons or companies having done business with the Company or having in their possession assets which are or were the property of the Company and requiring said companies to transfer the funds or assets to the Superintendent as Liquidator.

g. The Liquidator is authorized to take possession of all of Company's securities on deposit with the Superintendent.

h. All agents and brokers of the Company are enjoined from returning any unearned premiums, or any money in their possession collected for premiums or enrollment contributions to policyholders (subscribers) and all premium finance companies which have entered into a contract to finance a premium for a policy which has been issued by Company and that said agents, brokers, and premium finance companies turn over all such funds in their possession to the Superintendent as Liquidator.

i. All persons, firms, corporations and associations within the jurisdiction of this Court, including but not limited to the Company, and its officers, directors, stockholders, agents and employees are enjoined from the further transaction of the business of insurance or dealing with or permitting to be done any action which might waste or dispose of the property or assets of the Company.

j. The Company, and their respective officers, directors, agents and employees and all other persons are enjoined from bringing or further prosecuting any action by claim for relief, counterclaim, set-off, cross-claim, third party complaint, or otherwise, at law or in equity or other proceeding against the Company or the Superintendent, or from in any way interfering with the Superintendent's conduct of the business of the Company, or from obtaining preferences, judgments, attachments, or other like liens or the making of any levy against the Company or its property and assets while in possession and control of the Superintendent, or from in any way interfering with the Superintendent in his possession or control of or in his right, title and interest to the property, books, records and all other assets of the Company.

k. All persons are enjoined from commencing, maintaining or further prosecuting any action at law or equity or other proceeding against company or Liquidator in any state or federal court, unless permitted by the Court.

l. All persons, including policyholders of the Company and all persons asserting claims against such policyholders, are enjoined from instituting or pursuing any action or proceeding in any court or before any administrative agency, including boards and commissions administering workmen's compensation or occupational diseases or similar laws of the State of Ohio or of any other states, or of the United States, which seeks in any way, directly or indirectly, to contest or interfere with the Superintendent's exclusive right, title and interest to funds recoverable under treaties and agreements of reinsurance heretofore entered into by the Company as the ceding insurer.

m. All insurance policies or other similar contracts of coverage issued in Ohio and now-in force are cancelled as of the 30th day from the date of the entry of the Order of Liquidation, except that policies or contracts of coverage with normal expiration dates prior thereto and policies terminated by insureds or lawfully cancelled by Company before such date shall stand cancelled as of such

earlier date.

n. The Liquidator is authorized to cancel all executory contracts, except contracts of insurance and similar contracts of coverage, and that such impending cancellations not be treated as anticipatory or other breach of contracts.

o. The Liquidator is authorized to do all other things permitted by law to effectuate the liquidation of Company.

p. This Court shall retain jurisdiction in this case for the purpose of granting such other and further relief as the nature of this case and the interests of the policyholders, creditors, stockholders or the members of the public may require.

Judge

THE STATE OF OHIO Franklin County, ss	} I, THOMAS J. ENRIGHT, Clerk OF THE COURT OF COMMON PLEAS, WITHIN AND FOR SAID COUNTY.
HEREBY CERTIFY THAT THE ABOVE AND FORE- GOING IS TRULY TAKEN AND COPIED FROM THE ORIGINAL <i>Order of Liquidation</i> NOW ON FILE IN MY OFFICE <i>and Injunction</i>	
WITNESS MY HAND AND SEAL OF SAID COURT THIS <i>25</i> DAY OF <i>Jan</i> A.D. 19 <i>35</i>	
THOMAS J. ENRIGHT, Clerk	
By <i>L. Clifton</i>	Deputy