

IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION

PEOPLE OF THE STATE OF ILLINOIS, *ex rel.*)
NATHANIEL S. SHAPO, DIRECTOR OF)
INSURANCE OF THE STATE OF ILLINOIS,)
Plaintiffs,)

v.)

AMERICAN HEALTH CARE PROVIDERS, INC.)
A Health Maintenance Organization,)

Defendant.)

NO. 00 CH 01689

ORDER OF LIQUIDATION WITH
FINDING OF INSOLVENCY AND HAZARDOUS CONDITION

THIS CAUSE COMING TO BE HEARD upon the Verified Complaint for Liquidation with a Finding of Insolvency and Hazardous Condition, filed herein by, THE PEOPLE OF THE STATE OF ILLINOIS, upon the relation of NATHANIEL S. SHAPO, Director of Insurance of the State of Illinois (hereinafter "Director"), by and through their attorney, JAMES RYAN, Attorney General of the State of Illinois, for An Order of Liquidation against American Health Care Providers, Inc. (hereinafter "AHCP"), pursuant to the provisions of Article XIII of the Illinois Insurance Code (the "Code"), 215 ILCS 5/187, *et seq.*; the Court having jurisdiction over the parties hereto and the subject matter hereof; the Court having reviewed the pleadings filed herein and having considered the evidence and arguments of counsel thereon, and the Court then being otherwise advised in the premises, and for good cause appearing therefore;

THE COURT FINDS:**A. That:**

- (i) AHCP has withdrawn its opposition to the entry of an Order of Liquidation With A Finding of Insolvency and AHCP has agreed that it waives its right to appeal or request rehearing or reconsideration of this Order;
- (ii) Sufficient cause exists for the entry of an Order of Liquidation of the Defendant AHCP based upon the grounds that AHCP is insolvent;
- (iii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the entry of the Order of Liquidation prayed for herein creates an estate comprising all of the liabilities and assets for Defendant AHCP;
- (iv) Upon the entry of the Order prayed for herein, the Liquidator's statutory authority includes, without limitation, the following:
 - (a) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is vested by operation of law with the title to all property, contracts, and rights of action of AHCP; and
 - (b) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is entitled to immediate possession and control of all property, contracts, and rights of action of AHCP; and
 - (c) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is authorized to remove any and all records and property of AHCP to his possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of AHCP's liquidation; and
 - (d) Pursuant to Section 193(1) of the Code, 215 ILCS 5/193(1), the Liquidator is authorized to deal with the property, business and affairs of AHCP in his name, as Director, and that the Liquidator is authorized to deal with the property, business and affairs of AHCP in the name of AHCP; and
 - (e) Pursuant to Section 193(2) of the Code, 215 ILCS 5/193(2), the Liquidator, without the prior approval of the Court, is authorized to sell or otherwise dispose of any real or personal property of AHCP, or any part thereof, and to sell

or compromise all debts or claims owing to AHCP having a value in the amount of Twenty-Five Thousand (\$25,000.00) Dollars, or less. Any such sale by the Liquidator of the real or personal property of AHCP having a value in excess of Twenty-Five Thousand (\$25,000.00) Dollars, and sale or compromise of debts owing to AHCP by the Liquidator where the debt owing AHCP exceeds Twenty-Five Thousand (\$25,000.00) Dollars shall be made subject to the approval of the Court; and

- (f) Pursuant to Section 193(3) of the Code, 215 ILCS 5/193(3), the Liquidator is authorized to bring any action, claim, suit or proceeding against any director or officer of AHCP or against any other person or entity with respect to that person's dealings with the company including, but not limited to, prosecuting any action, claim, suit, or proceeding on behalf of the creditors or policyholders/enrollees of AHCP; and
- (g) Pursuant to Section 194(b) of the Code, 215 ILCS 5/194(b), the Liquidator may, within two (2) years after the entry of the liquidation order prayed for herein, or within such further time as applicable law permits, institute an action, claim, suit, or proceeding upon any cause of action against which the period of limitation fixed by applicable law had not expired as of the filing of the complaint upon which said order was entered; and
- (h) Subject to the provisions of Section 202 of the Code, 215 ILCS 5/202, the Liquidator is authorized to appoint and retain those persons specified in Section 202(a) of the Code, 215 ILCS 5/202(a), and to pay, without the further order of this Court, from the assets of AHCP all administrative expenses incurred during the course of the liquidation of AHCP; and
- (i) Pursuant to Section 203 of the Code, 215 ILCS 5/203, the Liquidator shall not be required to pay any fee to any public officer for filing, recording or in any manner authenticating any paper or instrument relating to any proceeding under Article XIII of the Illinois Insurance Code, 215 ILCS 5/187 *et seq.*, nor for services rendered by any public officer for serving any process; and
- (j) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Liquidator may seek to avoid preferential

transfers of AHCP's property and to recover such property or its value, if it has been converted; and

- (v) Pursuant to Section 194 of the Code, 215 ILCS 5/194, the rights and liabilities of AHCP, and of its policyholders/enrollees, creditors, stockholders and all other persons interested in AHCP's assets are fixed as of the date of the entry of the order of liquidation prayed for herein, except as provided in paragraph H herein; and

IT IS ORDERED:

A. This Order of Liquidation is hereby entered as to and against AHCP, and the Conservation of AHCP is hereby terminated; and

B. There being no just reason for delaying enforcement or appeal of this Order, this Order of Liquidation With a Finding of Insolvency is a final order within the meaning of Illinois Supreme Court Rule 307(a)(5), and AHCP has agreed that it waives its right to appeal or request rehearing or reconsideration of this Order; and

C. Nathaniel S. Shapo, Director of Insurance of the State of Illinois, and his successors in office, is affirmed as the statutory Liquidator (the "Liquidator") of AHCP, with all of the powers appurtenant thereto; and

D. Subject to the further orders of the Court, the Liquidator is authorized to take such action as the nature of the cause and the interests of AHCP, its policyholders/enrollees, creditors, or the public may require including, but not limited to, the following:

- (i) The Liquidator shall proceed to take immediate possession and control of the property, books, records, accounts, business and affairs, and all other assets of AHCP, and of the premises occupied by AHCP for the transaction of its business, and to marshal and liquidate the assets business and affairs of AHCP pursuant to the provisions of Article XIII of the Code, *supra.*, and the Liquidator is further directed and authorized to wind down and terminate AHCP's business and affairs, and to make the continued expenditure of such wages, rents and expenses as he may deem necessary and proper for the administration of AHCP; and
- (ii) The Liquidator may both sue and defend on behalf of AHCP, or for the benefit of AHCP's policyholders/enrollees and creditors, in the courts either in his name as the Liquidator of AHCP, or in the name of AHCP; and

- E. All treaties, contracts and agreements of reinsurance, wherein AHCP is the ceding company, shall remain in full force and effect pending a determination and recommendation by the Director as to when, and upon what terms, cancellation is appropriate; and
- F. That such Order require that hereafter the caption in this cause and all pleadings in this matter shall read:

**IN THE MATTER OF THE LIQUIDATION OF
AMERICAN HEALTH CARE PROVIDERS, INC.**

- G. All costs of these proceedings are taxed and assessed against the Defendants AHCP; and
- H. That all direct policies and/or certificates of insurance heretofore issued by AHCP are hereby cancelled upon the entry of this Order, except those policies and/or certificates of insurance which are covered policies or certificates of insurance within the meaning of the Illinois Health Maintenance Guaranty Association Law, 215 ILCS 125/6-1 *et seq.*, or any similar law of any other state, or the obligations, or any part thereof, of which the Illinois Health Maintenance Guaranty Association, or any similar organization in any other state, is obligated to assure payment of, which shall remain in full force and effect until cancelled, or until they expire in accordance with their terms.
- I. That pursuant to Section 189 of the Code, 215 ILCS 5/189, the following mandatory and prohibitive injunctions are hereby ordered:
- (i) All present and former accountants, auditors, attorneys and consultants of AHCP are ordered to deliver to the Liquidator, at his request, copies of all documents in their possession or under their control concerning or related to AHCP, and to provide the Liquidator with such information as he may require concerning any and all business and/or professional relationships between them and AHCP, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of AHCP, or its respective agents, servants, officers, directors and /or employees, or which AHCP may be, or is, entitled to as the result of its relationship with such accountants, auditors and attorneys; and,
 - (ii) AHCP, and its respective directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities, shall give immediate possession and control to the Liquidator of all property, business, books, records and

accounts of AHCP, and all premises occupied by AHCP for the transaction of its business; and,

- (iii) AHCP's respective directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities, having knowledge of this Order are restrained from transacting any business of AHCP, or disposing of any company property or assets, without the express written consent of the Liquidator, or doing or permitting to be done any action which might waste the property or assets of AHCP, until the further order of this Court; and,
- (iv) The directors, officers, employees, agents, policyholders/enrollees, service providers, and representatives of AHCP, and all other persons and entities having knowledge of this Order, are restrained from bringing or further prosecuting any claim, action or proceeding at law or in equity or otherwise, whether in this State or elsewhere, against AHCP or its property or assets, or the Director or Liquidator, except insofar as those claims, actions or proceedings arise in or are brought in the liquidation proceedings prayed for herein; or from obtaining, asserting or enforcing preferences, judgments, attachments or other like liens, including common law retaining liens, or encumbrances or the making of any levy against AHCP, or its property or assets while in the possession or control of the Liquidator, or from interfering in any way with the Liquidator in his possession or control of the property, business, books, records, accounts, premises and all other assets of AHCP, until the further order of this Court; and,
- (v) Any and all banks, brokerage houses, financial institutions and any and all other companies, persons or entities having knowledge of the Order, having in their possession accounts and any other assets which are, or may be, the property of AHCP, are restrained from disbursing or disposing of said accounts and assets and are further restrained from disposing of or destroying any records pertaining to any business transaction between AHCP, and such banks, brokerage houses, financial institutions, companies, persons or entities having done business, or doing business, with AHCP, having in its possession assets which are, or may be, the property and further, that each such person or entity is ordered to immediately deliver any and all such assets and/or records to the Liquidator; and,
- (vi) All agents, and brokers of AHCP, and its respective agents, servants, representatives and employees, and all other persons, are restrained from returning any unearned premiums, assessments or

any money in their possession, or under their control, collected from premiums or assessments upon policies, contracts or certificates of insurance or reinsurance previously issued by AHCP, to policyholders, enrollees or others, and all said agents and brokers, and AHCP's agents, representatives, employees and servants are directed to turn over all such funds in their possession or under their control, or to which they may hereafter acquire possession or control, to the Liquidator in gross and not net of any commissions which may be due thereon; and,

- (vii) All policyholders/enrollees under policies or certificates of insurance issued by AHCP, persons asserting claims against such policyholders/enrollees, and creditors of AHCP, and all other persons, companies and entities are restrained from instituting or pursuing any action or proceeding in any court or before any administrative agency, including boards and commissions administering worker's compensation or occupational diseases or similar laws of the State of Illinois, or any other state, or of the United States, which seek in any way, directly or indirectly, to contest or interfere with the Liquidator's exclusive right, title and interest to funds recoverable under treaties and agreements of reinsurance or excess insurance heretofore entered into by or on behalf of AHCP; and
- (viii) That all persons, firms, corporations and entities who have heretofore provided services, materials and/or equipment (whether or not such provider is obligated by statute or agreement to hold enrollees harmless from liability), to the enrollees of the Defendant, AHCP, its agents, representatives and employees are hereby restrained and enjoined from bringing, or further prosecuting, any action at law, or in equity, or otherwise seeking to recover any amount owed by the Defendant, AHCP to such provider as the result of service, materials and/or equipment rendered by such provider, from any enrollee of the Defendant, AHCP, (excluding applicable co-payments or deductibles for covered services or fees for service not covered by AHCP) until the Illinois Health Maintenance Organization Guaranty Association has made a final determination of its liability to such provider for such service, materials and/or equipment (or the completion of any litigation resulting therefrom), or until further Order of this Court. No Provider, whether or not the provider is obligated by statute or agreement to hold enrollees harmless from liability, shall seek to recover any such amount from any enrollee until the Illinois Health Maintenance Organization Guaranty Association has made a final determination of its liability (or the

resolution of any dispute or litigation resulting therefrom) with respect to the matters specified in such provisions.

ENTERED:

JUDGE PRESIDING

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ENTERED
CLERK OF THE CIRCUIT COURT
AURELIA PUCINSKI
MAY 11 2005
JUDGE AARON JAFFE #100
DEPUTY-CLERK

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