

- (i) Amreco is in such condition that it could not meet the requirements for organization and authorization as required by law.
- (ii) Amreco is in such condition that the further transaction of its business may be hazardous to its policyholders, its creditors and to the public.

2. On the 22nd day of February, 1988, the Company filed its appearance and advised the Court that it consented to the entry of this Order of Rehabilitation.

3. Pursuant to the provisions of Ill. Rev. Stat., 1985, Ch. 73, Para. 802(5), this Court has received the Complaint as prima facie evidence of the facts therein recited.

4. That it is in the best interest of Amreco, its policyholders and creditors and of the public that it be placed into Rehabilitation in accordance with the provisions of Article XIII of the Illinois Insurance Code (Supra.).

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

A. That sufficient cause exists for the Rehabilitation of the Defendant, Amreco, pursuant to Article XIII of the Illinois Insurance Code and that an Order of Rehabilitation be and the same is hereby entered against the Company.

B. That John E. Washburn, Director of Insurance of the State of Illinois and his successors in office ("Director") be and they are hereby authorized and directed to immediately take possession and control of the property, assets, business and affairs of Amreco, and to have unlimited access to the premises currently occupied by the Company, or as may hereafter be occupied by the Company, for the transaction of its business, and the Director is hereby further authorized to take such steps toward the removal of the causes and conditions that have made these proceedings necessary as may be expedient and to take such actions as the nature of this cause and interests of the reinsureds, creditors and members of Amreco, and the public, may require, subject to further Order of this Court.

C. That the Director be and is hereby vested as Rehabilitator with title to all property, assets, contracts, and rights of action of the Company and he is hereby authorized to deal with the property, assets, business and affairs of the Company and to sue and defend for the Company, or for the benefit of the Company's reinsureds, members and creditors in the courts and tribunals, agencies or arbitration panels of this state and other states in his name as Director of Insurance of the State of Illinois, or in the name of American Mutual Reinsurance Company.

D. That the Director be and is hereby vested as Rehabilitator with all of the right, title and interest in and to all funds recoverable under treaties, contracts and agreements of reinsurance heretofore entered into by Amreco as the ceding insurer or as the assuming reinsurer, and all agents, brokers, reinsurance intermediaries; and, all insurance companies doing,

or having done business with Amreco as ceding insurer, assuming reinsurer, retrocessionaire, or otherwise, be and are hereby restrained and enjoined from making any settlements with any claimant, or reinsured of Amreco other than the Director as Rehabilitator, except as may be otherwise provided in such treaties, contracts, and agreements of reinsurance which are consistent with, and in compliance with the provisions of Article XI of the Illinois Insurance Code (Ill. Rev. Stat., 1985, Ch. 73, Para. 785, et. seq.) and especially Section 173.3 (Ill. Rev. Stat., 1985, Ch. 73, Para. 785.3) thereof, without the express written consent of the Director, as Rehabilitator and the further approval of this Court.

E. That Amreco, its officers, agents, servants and employees, and all other persons having notice of these proceedings or of this Order, be and the same are hereby prohibited from transacting any business of Amreco, or disposing of any property or assets of Amreco, or doing or permitting to be done any action which may waste the property or assets of Amreco, without the prior permission of the Director or until further Order of this Court.

F. That all officers, agents and employees of Amreco, and all other persons and entities having notice of these proceedings or of this Order, be and the same (except as hereinafter provided) are hereby prohibited from instituting or further prosecuting any action at law or in equity or in other proceedings against Amreco, or the Director as Rehabilitator, or from obtaining preferences, judgments, attachments or other like liens or encumbrances, or the making of any levy against Amreco,

or the property or assets of Amreco, while in the possession and control of the Director as Rehabilitator, or in any way interfering with the Director in his possession and control of the property, books, records and all other assets of Amreco.

G. That all banks, brokerage houses, brokers, agents, reinsurance intermediaries, reinsurers, or other companies or persons having in their possession assets, property or records that are or may be the property of Amreco be and the same are hereby enjoined from disposing of, transferring or destroying any such assets, property or records. This prohibition includes, but is not limited to, assets, property, books or records pertaining to any business transaction between Amreco and any of said parties or others. No actions concerning, involving, or relating to such assets, property or records may be taken by any of the aforesaid persons or entities enumerated herein without the express consent of the Director, or until further Order of this Court. All such persons and entities having in their possession assets that are, or may be, the property of Amreco be and are hereby directed to deliver the same to the Director upon his demand.

H. That all agents, brokers, reinsurance intermediaries, reinsureds of, and reinsurers of Amreco are hereby enjoined and restrained from returning to, or delivering to reinsureds of, or reinsurers of Amreco, or others, any earned or unearned premiums, loss payments, salvage and/or subrogation upon agreements, contracts, treaties or certificates of reinsurance issued by, or entered into by Amreco without the express consent of the

Director as Rehabilitator, and each of said persons are directed to immediately turn over all such funds in their possession or under their control, or which they may hereafter acquire, to the Director upon his demand therefore.

I. That all persons be and are hereby enjoined and restrained from asserting any claim against the Director as Rehabilitator or The Company which arise out of or in connection with or as a result of these Rehabilitation proceedings of Amreco, except insofar as such claims are brought in the Rehabilitation proceedings of Amreco.

J. That all treaties, contracts and agreements of reinsurance wherein Amreco is the assuming or retrocessional reinsurer be and the same are hereby cancelled upon a "cut-off" basis. That all treaties, contracts and agreements of reinsurance wherein Amreco is the ceding company be and shall remain in full force and effect pending further Order of this Court.

K. That leave be and is hereby granted to the Director to file a Plan of Rehabilitation of Amreco on or before March, 1988, such Plan to be subject to further Order of this Court.

L. That a Moratorium be and is hereby entered upon the payment by the Rehabilitator of claims and obligations incurred by Amreco as the result of Amreco's assumption of various liabilities pursuant to its entering into, or issuing, contracts, agreements, certificates or treaties of reinsurance until further Order of this Court.

M. That the Director be and is hereby authorized to enter into agreements and endorsements commuting the liabilities of Amreco owed to certain of its ceding Canadian insurance companies, and others, and to commute any obligations owed by such companies to Amreco, as he may deem advisable, upon such terms as he may deem appropriate in the circumstances, subject to the further approval of this Court.

N. That hereafter the caption of this cause and all pleadings in this matter shall read as:

IN THE MATTER OF THE REHABILITATION
OF AMERICAN MUTUAL REINSURANCE COMPANY

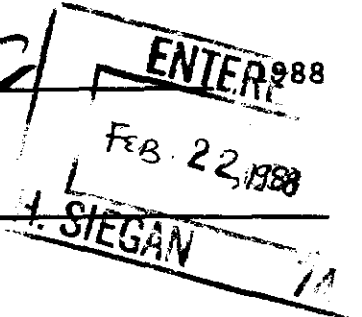
O. The Director is hereby authorized to pay from the assets of Amreco, the administrative expenses incurred during the course of the Rehabilitation of Amreco, including but not limited to attorneys' fees, accounting fees, and consulting fees as administrative expenses under Section 202 of the Illinois Insurance Code (Ill. Rev. Stat., 1985, Ch. 73. Para. 814), and all such administrative expenses of the amount of less than Five Thousand (\$5,000.00) Dollars are to be paid by the Rehabilitator and each such payment is to be reported by the Rehabilitator in his Reports to this Court of the Receipts and Disbursements of Amreco, and the payment of all such administrative expenses of the amount of Five Thousand (\$5,000.00) Dollars, or more, are subject to the further approval of this Court.

P. The Director be and is hereby authorized to enter into agreements with duly authorized Ancillary Receivers of Amreco relating to the marshalling of the assets of Amreco as the Director may see fit, and the Director shall report each such agreement to this Court.

Q. This Court shall retain jurisdiction in this cause for the purpose of granting such other and further relief as this cause, the interests of the policyholders, reinsureds, creditors, and members of Amreco and the public may require.

ENTER: _____

Judge _____



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