

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

PEOPLE OF THE STATE OF ILLINOIS, *ex rel.* )  
DEIRDRE K. MANNA, ACTING DIRECTOR OF )  
INSURANCE OF THE STATE OF ILLINOIS, )

Plaintiffs, )

v. )

ASSOCIATION OF TRIAL LAWYERS ASSURANCE,) )  
an Illinois Risk Retention Group, )

Defendant. )

NO 04CH16949

AGREED ORDER OF LIQUIDATION  
WITH A FINDING OF INSOLVENCY

THIS CAUSE COMING TO BE HEARD upon the Verified Complaint for Liquidation With a Finding of Insolvency, filed herein by THE PEOPLE OF THE STATE OF ILLINOIS, upon the relation of DEIRDRE K. MANNA, Acting Director of Insurance of the State of Illinois (the "Acting Director"), by and through their attorney, LISA MADIGAN, Attorney General of the State of Illinois, against the Defendant, ASSOCIATION OF TRIAL LAWYERS ASSURANCE ("ATLA MUTUAL" or the "Company"), 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 and the subject matter; the Court having reviewed the pleadings filed and having considered the evidence and arguments of counsel; and the Court then being otherwise advised in the premises;

**THE COURT FINDS THAT:**

A. Sufficient cause exists for the entry of an Agreed Order of Liquidation With a Finding of Insolvency against the Defendant, ATLA MUTUAL, including but not limited to the fact that ATLA MUTUAL is insolvent and that its board of directors has unanimously consented to the liquidation of ATLA MUTUAL with a finding of insolvency; and

B. Pursuant to Section 191 of the Code, 215 ILCS 5/191, the entry of the Agreed Order of Liquidation With a Finding of Insolvency creates a separate estate comprising all of the liabilities and assets of ATLA MUTUAL; and

**IT IS ORDERED THAT:**

A. An Agreed Order of Liquidation With a Finding of Insolvency (“Agreed Order of Liquidation”) is hereby entered as to and against ATLA MUTUAL; and

B. There being no just reason for delaying enforcement or appeal of the Agreed Order, the Agreed Order of Liquidation is a final order; and

C. Pursuant to Section 194 of the Code, 215 ILCS 5/194, the rights and liabilities of ATLA MUTUAL, and of its policyholders, creditors, and members, and all other persons interested in ATLA MUTUAL’s assets are fixed as of the effective date of the Agreed Order of Liquidation. The value of contingent claims or estimated claims shall be determined as provided in Sections 209(4), (6) and (7) of the Code, 215 ILCS 5/209(4), (6) and (7); and

D. Pursuant to Section 209(5) of the Code, 215 ILCS 5/209(5), ATLA MUTUAL’s obligation, if any, to defend or continue the defense of any claim or suit against an insured under a liability insurance policy is terminated upon the date of the entry of the Agreed Order of Liquidation; and

E. Deirdre K. Manna, Acting Director of Insurance of State of Illinois and her successors in office are affirmed as the statutory liquidator (the "Liquidator") of ATLA MUTUAL, with all of the powers appurtenant thereto, including but not limited to:

- (i) 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 ATLA MUTUAL; and
- (ii) Pursuant to Section 191 of the Code, *id.*, the Liquidator is entitled to immediate possession and control of all property, contracts, and rights of action of ATLA MUTUAL; and
- (iii) Pursuant to Section 191 of the Code, *id.*, the Liquidator is authorized to remove any and all records and property of ATLA MUTUAL to her possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of ATLA MUTUAL's liquidation; and
- (iv) 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 ATLA MUTUAL in her name, as Liquidator, and the Liquidator is authorized to deal with the property, business and affairs of ATLA MUTUAL in the name of ATLA MUTUAL; and
- (v) 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 ATLA MUTUAL, or any part thereof, and to sell or compromise all debts or claims owing to ATLA MUTUAL having a value in the amount of Twenty-Five Thousand Dollars (\$25,000) or less. Any such sale by the Liquidator of ATLA MUTUAL's real or personal property having a value in excess of Twenty-Five Thousand Dollars (\$25,000), and sale or compromise of debts owing to ATLA MUTUAL by the Liquidator where the debt owing ATLA MUTUAL exceeds Twenty-Five Thousand Dollars (\$25,000) shall be made subject to the approval of the Court; and
- (vi) 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, officer, or trustee of ATLA MUTUAL, or its subsidiaries, or against any other person 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 ATLA MUTUAL and/or ATLA MUTUAL's creditors, members, or policyholders; and

- (vii) 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 Agreed Order of Liquidation 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 the Agreed Order of Liquidation was entered; and
- (viii) Pursuant to 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 ATLA MUTUAL's assets all administrative expenses incurred during the course of ATLA MUTUAL's liquidation; and
- (ix) 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 Code, 215 ILCS 5/187 *et seq.*, nor for services rendered by any public officer for serving any process; and
- (x) Pursuant to Section 204 of the Code, 215 ILCS 5/204, the Liquidator may seek to avoid preferential transfers of ATLA MUTUAL's property and to recover such property or its value, if it has been converted; and

F. The Liquidator is authorized to take such actions as the nature of the cause and the interests of ATLA MUTUAL, its policyholders, creditors, members, the public, and the provisions of Article XIII of the Code, 215 ILCS 5/187 *et seq.*, 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 ATLA MUTUAL, and of the premises occupied by ATLA MUTUAL for the transaction of its business, and shall take such action as the nature of this cause and the interests of ATLA MUTUAL's policyholders, creditors, members, or the public may require, pursuant to the provisions of Article XIII of the Code, 215 ILCS 5/187 *et seq.*, and the Liquidator is further directed and authorized to liquidate, wind down, or terminate ATLA MUTUAL's business and affairs, and to make the continued expenditure of such wages, rents and expenses as she may deem necessary and proper for the administration of ATLA MUTUAL's liquidation; and
- (ii) The Liquidator may both sue and defend on behalf of ATLA MUTUAL, either in her name as Liquidator or in the name of ATLA MUTUAL; and

G. The Liquidator is vested with the right, title and interest in all funds recoverable under any policies, and any treaties of reinsurance heretofore entered into by or on behalf of ATLA MUTUAL, and all companies involved with ATLA MUTUAL are restrained and enjoined from making any settlements with any claimant or policyholder of ATLA MUTUAL, or any other person, other than the Liquidator, except with the written consent of the Liquidator; and

H. The caption in this cause and all pleadings filed in this matter shall read:

**“IN THE MATTER OF THE LIQUIDATION OF  
ASSOCIATION OF TRIAL LAWYERS ASSURANCE”**

I. All costs of these proceedings shall be taxed and assessed against the Defendant, ATLA MUTUAL; and

J. All direct policies and/or certificates of insurance heretofore issued by ATLA MUTUAL are hereby canceled effective at 12:01 a.m. local time of the policyholder upon the date of entry of the Agreed Order of Liquidation; and

K. Pursuant to its authority under Section 189 of the Code, 215 ILCS 5/189, the Court hereby issues the following mandatory and prohibitive injunctions:

- (i) To enable the Liquidator to fulfill her statutory obligation to marshal the assets of the estate, including the investigation of potential claims of improper conduct against any person with respect to their dealings with ATLA MUTUAL as provided under Section 193(3) of the Code, 215 ILCS 5/193(3), all officers, directors, trustees, members, agents, managing general agents, third party administrators, servants, representatives, fronting carriers, reinsurers, retrocessionaires, accountants, auditors, actuaries, consultants, attorneys and employees of ATLA MUTUAL and its subsidiaries, and all other persons or entities having knowledge of this Agreed Order of Liquidation, are ordered to deliver to the Liquidator, at her request, copies of all documents in their possession or under their control concerning or relating to ATLA MUTUAL, and to provide the Liquidator with such information as she may require concerning any and all business and/or professional relationships or dealings with ATLA MUTUAL, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of ATLA MUTUAL or its officers, directors, trustees, members,

agents, servants, representatives and/or employees, or which ATLA MUTUAL is, or may be, entitled to as the result of its relationship with such agents, managing general agents, third party administrators, fronting carriers, reinsurers, retrocessionaires, accountants, auditors, actuaries, consultants and attorneys; and

- (ii) ATLA MUTUAL and its officers, directors, trustees, members, agents, managing general agents, third party administrators, servants, representatives, employees, and subsidiary and affiliated companies, and all other persons and entities having knowledge of this Agreed Order of Liquidation, shall give immediate possession and control to the Liquidator of all property, business, books, records and accounts of ATLA MUTUAL, and all premises occupied by ATLA MUTUAL for the transaction of its business; and
- (iii) ATLA MUTUAL and its officers, directors, trustees, members, agents, third party administrators, managing general agents, servants, representatives, employees, and subsidiary and affiliated companies, and all other persons and entities having knowledge of this Agreed Order of Liquidation, are restrained from transacting any business of ATLA MUTUAL, or dealing with or disposing of, any of ATLA MUTUAL's property or assets, whether real, personal or mixed, without the express written consent of the Liquidator, or doing or permitting to be done any action which might waste or conceal ATLA MUTUAL's property or assets; and
- (iv) The officers, directors, trustees, members, agents, third party administrators, managing general agents, servants, representatives, policyholders, creditors, employees, and subsidiary and affiliated companies of ATLA MUTUAL, and all other persons and entities having knowledge of this Agreed Order of Liquidation, are restrained from: (i) bringing, asserting or further prosecuting any claim, action or proceeding, at law or in equity or otherwise, whether in this State or elsewhere, against ATLA MUTUAL, or its property or assets, or against the Liquidator, except insofar as those claims, actions or proceedings arise in or are brought in the liquidation proceedings prayed for herein; (ii) obtaining, asserting or enforcing preferences, judgments, attachments, garnishments, or other like liens or encumbrances, including common law retaining liens, or the making of any levy against ATLA MUTUAL, or its property or assets, while in the possession and control of the Liquidator; (iii) interfering, in any way, with the Liquidator's conduct of the liquidation of ATLA MUTUAL; and (iv) interfering, in any way, with the Liquidator in her possession or control of the property, business, books, records, accounts, premises and all other assets of ATLA MUTUAL; and
- (v) Any and all banks, brokerage houses, financial institutions, investment advisors, and any and all other companies, persons or entities having knowledge of this Agreed Order of Liquidation, having in their possession

accounts and any other assets which are, or may be, the property of ATLA MUTUAL, are restrained from disbursing or disposing of said accounts and assets without the express written consent of the Liquidator; and are further restrained from disposing of or destroying any records pertaining to any business transaction between ATLA MUTUAL and such banks, brokerage houses, financial institutions, investment advisors, companies, persons or entities having done business, or doing business, with ATLA MUTUAL; and further, each such company, person or entity is ordered to immediately turn over and deliver any and all such accounts, assets and/or records to the Liquidator; and

- (vi) All agents, managing general agents, third party administrators, and brokers of ATLA MUTUAL, and its respective members, agents, servants, representatives, employees, and subsidiary and affiliated companies, and all other persons having knowledge of this Agreed Order of Liquidation, are restrained from returning any premium, earned or unearned, or any other money in their possession or under their control, collected in connection with policies, contracts, bonds, certificates or treaties of insurance or reinsurance, previously issued, or to be issued, by ATLA MUTUAL, to policyholders or others; and all said agents, managing general agents, third party administrators and brokers, and ATLA MUTUAL's members, agents, servants, representatives, employees, and subsidiary and affiliated companies, and all other persons and entities having knowledge of this Agreed Order of Liquidation, 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, subject to the provisions of 215 ILCS 5/206; and
- (vii) All policyholders and any other persons asserting claims against such policyholders, and creditors of ATLA MUTUAL, and all other persons, companies and entities having knowledge of this Agreed Order of Liquidation, are restrained from instituting or pursuing any action or proceeding in any court or before any administrative agency, including boards and commissions administering workers' compensation or occupational diseases or similar laws of the State of Illinois, or any other state, or of the United States, which seeks 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 ATLA MUTUAL; and
- (viii) All insurance and reinsurance companies and entities that assumed liabilities from ATLA MUTUAL, arising under contracts, bonds, policies of insurance, certificates or treaties of insurance or reinsurance issued by ATLA MUTUAL, are restrained from making any settlements with any claimant or policyholder of ATLA MUTUAL, or any other person other than the

Liquidator, except with the written consent of the Liquidator, except when the reinsurance agreement, certificate, contract or treaty lawfully provides for payment to or on behalf of ATLA MUTUAL's insured by the reinsurer; and

- (ix) All contracts, treaties and agreements of reinsurance wherein ATLA MUTUAL was, or is, the assuming or retrocessional reinsurer are hereby canceled on a "cut off" basis, effective upon the entry of this Order of Liquidation; and

L. This Honorable Court shall make such further orders as it may deem necessary.

Respectfully submitted, **JUDGE DAVID R. DONNERSBERGER**

*DCT* 14 2004

**Circuit Court - 1541**

Presiding Judge

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