

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.)

No. 00 CH 11132

ILLINOIS ENVIRONMENTAL SERVICE)
WORKERS COMPENSATION TRUST,)
an Illinois Group Self-Insurer,)

Defendant.)

AGREED ORDER OF LIQUIDATION
WITH A FINDING OF INSOLVENCY AND INJUNCTIVE RELIEF

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 NATHANIEL S. SHAPO, Director of Insurance of the State of Illinois, (the "Director") by and through their attorney, JAMES E. RYAN, Attorney General of the State of Illinois, against the Defendant, ILLINOIS ENVIRONMENTAL SERVICE WORKERS COMPENSATION TRUST, ("ENVIRONMENTAL" 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 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 THAT:

A. Sufficient cause exists for the entry of an order of liquidation of the Defendant, ENVIRONMENTAL, including the fact that ENVIRONMENTAL is currently insolvent; and has consented to the entry of the order of liquidation by resolution of a majority of its remaining Trustees; and

B. Pursuant to Section 191 of the Code, 215 ILCS 5/191, the entry of the order prayed for herein creates an estate comprising of all of the liabilities and assets of ENVIRONMENTAL; and

IT IS ORDERED THAT:

A. An Order of Liquidation be entered as to and against ENVIRONMENTAL, and the pending conservation of ENVIRONMENTAL 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

C. Pursuant to Section 194 of the Code, 215 ILCS 5/194, the rights and liabilities of ENVIRONMENTAL, and of its policyholders, members, creditors and all other persons interested in ENVIRONMENTAL's assets, except for those persons entitled to file contingent claims or to have their claims estimated, are fixed as of the date of the entry of the order of liquidation prayed for herein. The rights of persons entitled to file contingent claims or to have their claims estimated shall be determined as provided in Sections 209(4)(b), (6) and (7) of the Code, 215 ILCS 5/209(4)(b), (6) and (7); and

D. Pursuant to Section 209(5) of the Code, 215 ILCS 5/209(5), ENVIRONMENTAL's obligation, if any, to defend or continue the defense of any claim or suit under a pooling agreement or any other insurance policy is terminated upon the entry of this order of liquidation; and

E. 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 ENVIRONMENTAL, 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 ENVIRONMENTAL; and
- (ii) 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 ENVIRONMENTAL; and

- (iii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is authorized to remove any and all records and property of ENVIRONMENTAL to his possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of ENVIRONMENTAL'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 ENVIRONMENTAL in his name, as Director, and that the Liquidator is authorized to deal with the property, business and affairs of ENVIRONMENTAL in the name of ENVIRONMENTAL; 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 ENVIRONMENTAL, or any part thereof, and to sell or compromise all debts or claims owing to ENVIRONMENTAL 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 ENVIRONMENTAL having a value in excess of Twenty-Five Thousand (\$25,000.00) Dollars, and sale or compromise of debts owing to ENVIRONMENTAL by the Liquidator where the debt owing ENVIRONMENTAL exceeds Twenty-Five Thousand (\$25,000.00) Dollars 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 ENVIRONMENTAL 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 the creditors or policyholders of ENVIRONMENTAL; and
- (vii) Pursuant to Section 193(6), all direct policies, pooling agreements and/or certificates of insurance issued by ENVIRONMENTAL are hereby canceled effective upon the date on which the order of liquidation is entered; and
- (viii) 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

- (ix) 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 ENVIRONMENTAL all administrative expenses incurred during the course of the liquidation of ENVIRONMENTAL; and
- (x) 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
- (xi) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Liquidator may seek to avoid preferential transfers of ENVIRONMENTAL's property and to recover such property or its value, if it has been converted; and

F. Subject to the further orders of the Court, the Liquidator is authorized to take such actions as the nature of the cause and the interests of ENVIRONMENTAL, its policyholders, members, 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 ENVIRONMENTAL, and of the premises occupied by ENVIRONMENTAL for the transaction of its business, and shall take such action as the nature of this cause and the interests of ENVIRONMENTAL's policyholders, members, creditors or the public may require, subject to further orders of this Court, pursuant to the provisions of Article XIII of the Code, *supra*, and the Liquidator is further directed and authorized to liquidate, wind down, or terminate ENVIRONMENTAL'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 the liquidation of ENVIRONMENTAL; and

- (ii) The Liquidator may both sue and defend on behalf of ENVIRONMENTAL, or for the benefit of ENVIRONMENTAL's policyholders, members and creditors, in the courts either in his name as the Liquidator of ENVIRONMENTAL, or in the name of ENVIRONMENTAL; and

G. The Liquidator is vested with the right, title and interest in all funds recoverable under any insurance policies and agreements of excess insurance or reinsurance heretofore entered into by or on behalf of ENVIRONMENTAL, and that all insurance, excess insurance or reinsurance companies involved with ENVIRONMENTAL be restrained and enjoined from making any settlements with any claimant or policyholder of ENVIRONMENTAL, 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 ILLINOIS ENVIRONMENTAL SERVICE
WORKERS COMPENSATION TRUST"**

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

J. 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 his 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 the company as provided under Section 193(3) of the Code, 215 ILCS 5/193(3), all accountants, auditors, actuaries, and attorneys of the ENVIRONMENTAL 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 ENVIRONMENTAL, and to provide the Liquidator with such information as he may require concerning any and all business and/or professional relationships or dealings with ENVIRONMENTAL, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of ENVIRONMENTAL, or its respective agents, servants, officers, directors and/or employees, or which ENVIRONMENTAL may be, or is, entitled to as the result of its relationship with such accountants, auditors and attorneys; and
- (ii) ENVIRONMENTAL and its respective trustees, officers, agents, third party administrators, servants, representatives, employees, and 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 ENVIRONMENTAL, and all premises occupied by ENVIRONMENTAL for the transaction of its business; and
- (iii) ENVIRONMENTAL and its respective trustees, officers, agents, servants, representatives and employees, and all other persons and entities having knowledge of this Order, are restrained from transacting any business of ENVIRONMENTAL, 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 ENVIRONMENTAL, until the further order of this Court; and
- (iv) The officers, trustees, agents, third party administrator, servants, representatives and employees of ENVIRONMENTAL, 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 ENVIRONMENTAL, 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

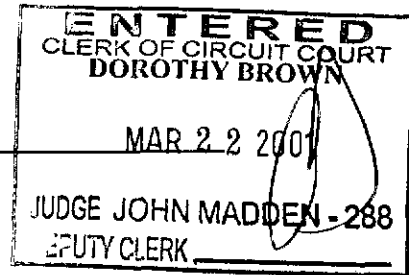
other like liens, including common law retaining liens, or encumbrances or the making of any levy against ENVIRONMENTAL, or its property or assets while in the possession and control of the Liquidator, or from interfering in any way with the Liquidator in his possession or control of the property, business, books, records, accounts, premises and all other assets of ENVIRONMENTAL, 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 this Order, having in their possession accounts and any other assets which are, or may be, the property of ENVIRONMENTAL, 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 ENVIRONMENTAL, and such banks, brokerage houses, financial institutions, companies, persons or entities having done business, or doing business, with ENVIRONMENTAL, or having in their possession assets which are, or may be, the property of ENVIRONMENTAL, 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 ENVIRONMENTAL, and their respective agents, servants, representatives and employees, and all other persons, are restrained from returning any unearned premiums or any money in their possession, or under their control, collected from premiums upon policies, contracts or certificates of insurance or reinsurance previously issued by ENVIRONMENTAL, to policyholders or others, and all said agents and brokers, and ENVIRONMENTAL'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 under policies of insurance issued by ENVIRONMENTAL, persons asserting claims against such policyholders, and creditors of ENVIRONMENTAL, 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 ENVIRONMENTAL; and

- (viii) All insurance and reinsurance companies and entities that assumed liabilities from ENVIRONMENTAL arising under either contracts, policies of insurance, certificates of insurance, or contracts of reinsurance issued by ENVIRONMENTAL, are restrained from making any settlements with any claimant or policyholder of ENVIRONMENTAL, 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 the behalf of ENVIRONMENTAL's insured by the reinsurer.

ENTERED:



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