

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

PEOPLE OF THE STATE OF ILLINOIS, *ex rel.* )  
MICHAEL T. McRAITH, DIRECTOR OF )  
INSURANCE OF THE STATE OF ILLINOIS, )  
Plaintiffs, )  
v. )  
MUNICIPAL INSURANCE COMPANY )  
OF AMERICA )  
An Illinois domestic life, accident and )  
health insurance company )  
Defendant. )

NO. 07 CH 30405

**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 MICHAEL T McRAITH, Director of Insurance of the State of Illinois (hereinafter "Director"), by and through their attorney, LISA MADIGAN, Attorney General of the State of Illinois, for An Agreed Order of Liquidation against MUNICIPAL INSURANCE COMPANY OF AMERICA (hereinafter "MICA"), 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 Defendant MICA, by unanimous consent of its board of directors, having agreed and consented to the waiver of service of process and its right to appear and respond to the Verified Complaint; the Court

having reviewed the pleadings filed herein and having considered the evidence and arguments of counsel thereon, and the Court being otherwise fully advised in the premises, and for good cause appearing therefore;

**THE COURT FINDS:**

- A. That sufficient cause exists for the entry of an Order of Liquidation with a Finding of Insolvency of the Defendant MICA based upon the grounds that MICA is insolvent, and that by a unanimous resolution of its board of directors, MICA has agreed and consented to the entry of an Order of Liquidation;
- B. Pursuant to Section 191 of the Code, 215 ILCS 5/191, the entry of the Order of Liquidation with a Finding of Insolvency prayed for herein creates an estate comprising all of the liabilities and assets for Defendant MICA;

**IT IS ORDERED:**

- A. Michael T. McRaith, Director of Insurance of the State of Illinois, and his successors in office, is affirmed as the statutory Liquidator (the "Liquidator") of MICA, with all of the powers appurtenant thereto under Articles XIII and XIII1/2 of the Code; the Liquidator's statutory authority includes, without limitation, the following:
  - (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 MICA; 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 MICA; 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 MICA to his possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of MICA'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 MICA in his name, as Director, and that the Liquidator is authorized to deal with the property, business and affairs of MICA in the name of MICA; 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 MICA, or any part thereof, and to sell or compromise all debts or claims owing to MICA 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 MICA having a value in excess of Twenty-Five Thousand (\$25,000.00) Dollars, and any sale or compromise of debts owing to MICA by the Liquidator where the debt owing MICA 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 or officer of MICA 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 of MICA; 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 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
- (viii) 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 MICA, all administrative expenses incurred during the course of the liquidation of MICA; 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 Illinois Insurance Code, 215 ILCS 5/187 *et seq.*, nor for services rendered by any public officer for serving any process; and

- (x) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Liquidator may seek to avoid preferential transfers of MICA's property and to recover such property or its value, if it has been converted; and
- B. Pursuant to Section 194 of the Code, 215 ILCS 5/194, the rights and liabilities of MICA, and of its policyholders, persons asserting claims against such policyholders, creditors, stockholders and all other persons interested in MICA'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
- C. MICA has, by unanimous consent of its board, waived its right to appeal this Order and 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
- D. The Liquidator is authorized to take such action as the nature of the cause and the interests of MICA, its policyholders, creditors, or the public may require including, but not limited to, the following:
  - (i) Pursuant to 215 5/193(1), the Liquidator shall proceed to take immediate possession and control of the property, books, records, accounts, business and affairs, and all other assets of MICA, and of the premises occupied by MICA for the transaction of its business, and to marshal and liquidate the assets business and affairs of MICA pursuant to the provisions of Article XIII of the Code, *supra.*, and the Liquidator is further directed and authorized to wind down and terminate MICA'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 MICA; and
  - (ii) Pursuant to 215 ILCS 5/193(3) the Liquidator may both sue and defend on behalf of MICA, or for the benefit of MICA's policyholders and creditors, in the courts either in his name as the Liquidator of MICA, or in the name of MICA; and

- E. All treaties, contracts and agreements of reinsurance, wherein MICA is the ceding company, shall remain in full force and effect pending a determination and recommendation by the Liquidator 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  
MUNICIPAL INSURANCE COMPANY OF AMERICA**

- G. All costs of these proceedings are taxed and assessed against the Defendant MICA; and
- H. That all direct policies and/or certificates of insurance, assumed reinsurance contracts and annuity contracts heretofore issued by MICA are hereby cancelled upon the entry of this Order, except those policies and/or certificates of insurance and annuity contracts which are covered under the Illinois Life and Health Insurance Guaranty Association Law, 215 ILCS 5/531.01 *et seq.*, or any similar law of any other state, or the obligations, or any part thereof, of which the Illinois Life and Health Insurance 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 MICA 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 MICA, and to provide the Liquidator with such information as he may require concerning any and all business and/or professional relationships between them and MICA, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of MICA, or its respective agents, servants, officers, directors and /or employees, or which MICA may be, or is, entitled to as the result of its relationship with such accountants, auditors attorneys and consultants; and,
  - (ii) MICA, and its respective directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities having knowledge of this Order, shall give immediate possession and control to the Liquidator of all property,

business, books, records and accounts of MICA, and all premises occupied by MICA for the transaction of its business; and,

- (iii) MICA'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 MICA, 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 MICA, until the further order of this Court; and,
- (iv) The directors, officers, employees, agents, policyholders, persons asserting claims against such policyholders, service providers, and representatives of MICA, 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 MICA 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 MICA, 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 MICA, 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 MICA, are restrained from disbursing or disposing of said accounts and assets and are further restrained from disposing of or destroying any records pertaining to said accounts and assets or any business transaction between MICA, and such banks, brokerage houses, financial institutions, companies, persons or entities having done business, or doing business, with MICA, having in their possession assets which are, or may be, the property of MICA are ordered to immediately deliver any and all such assets and/or records to the Liquidator; and,
- (vi) All agents, and brokers of MICA, and its respective agents, servants, representatives and employees, and all other persons

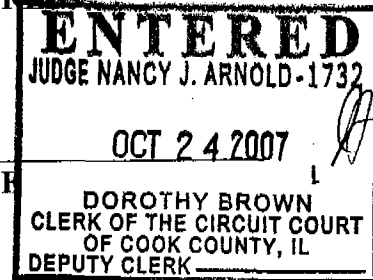
having knowledge of this Order, are restrained from returning any unearned premiums, assessments or any money in their possession, or under their control, collected from premiums or assessments upon policies, contracts or certificates of insurance or reinsurance previously issued by MICA, to policyholders, or others, and all said agents and brokers, and MICA'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 or certificates of insurance issued by MICA, persons asserting claims against such policyholders, and creditors of MICA, and all other persons, companies and entities having knowledge of this Order, are restrained from instituting or pursuing any action or proceeding, other than the prayed for herein liquidation 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 MICA.

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ENTERED

JUDGE



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