

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

PEOPLE OF THE STATE OF ILLINOIS, ex rel.,
JOHN E. WASHBURN, DIRECTOR OF THE ILLINOIS
DEPARTMENT OF INSURANCE,

Plaintiffs,

v.

PINE TOP INSURANCE COMPANY, a Domestic
Stock, Property, Casualty and Fire Company,

Defendant.

NO. 86 CH 5898

FINAL ORDER FOR LIQUIDATION
WITH A FINDING OF INSOLVENCY

This cause having come to be heard on the motion of the Director of Insurance, John E. Washburn (the "Director"), for the entry of an order for liquidation with a finding of insolvency against defendant Pine Top Insurance Company ("Pine Top"), on the Director's verified Complaint for such an order (the "Complaint"), pursuant to Article XIII of the Illinois Insurance Code (the "Code"); the Court having jurisdiction of the subject matter of this action; due service of the summons and Complaint having been made upon Pine Top; and the Court having jurisdiction of the parties hereto and of the subject matter hereof; and the Court being fully advised in the premises; THE COURT HEREBY FINDS:

1. On December 17, 1986, the Director filed a Verified Complaint for Liquidation with a Finding of Insolvency against Pine Top.

2. Pine Top was duly served with the Complaint and summons on December 18, 1986. Pine Top has appeared through counsel, and by order of this Court dated December 29, 1986, Pine Top obtained an extension of time to January 8, 1987 to answer or otherwise plead to the Verified Complaint. Pine Top has not filed an answer or other responsive pleading.

3. Pine Top, through its board of directors, has duly adopted and executed a resolution not to contest the entry of an order of liquidation with a finding of insolvency. Pine Top has also consented to personal and subject matter jurisdiction and venue in this Court. The foregoing resolution is binding upon Pine Top.

4. Pursuant to section 190 of the Code, (Ill. Rev. Stat. (1985) ch. 73, para. 802), the facts stated in the Complaint and the exhibits thereto are taken as prima facie evidence of the facts recited therein and, no evidence to the contrary having been offered, the Court finds therefrom as follows.

5. Plaintiff, John E. Washburn, is the Director of the Illinois Department of Insurance and, in such capacity, is charged under the Code, (Ill. Rev. Stat. (1985) ch. 73, para. 613, et seq., and under Ill. Rev. Stat. (1985) ch. 127, para. 56) with all of the rights, powers, and duties appertaining to the enforcement and execution of insurance laws in this state.

6. Pine Top is a stock property, casualty, and fire insurance company organized and existing under the laws of the State of Illinois, having its principal place of business in Phoenix, Arizona.

7. On June 16, 1986, Pine Top duly executed a valid and binding corporate resolution consenting to rehabilitation by the Director pursuant to Article XIII of the Code. On June 23, 1986, an Agreed Order of Rehabilitation against Pine Top was entered.

8. Pursuant to the Court's Order of Rehabilitation, the Director took such actions as the nature of the cause and the interests of the policyholders, creditors, stockholders, and the public required, subject to further order of Court. The Director took possession of the property, business, and affairs of Pine Top upon the Court's authorization, and in accordance with section 192 of the Code, (Ill. Rev. Stat. (1985) ch. 73, para. 804), immediately proceeded to oversee the business of Pine Top and conducted an investigation into the financial condition of Pine Top. The Director has explored the possibility of rehabilitating Pine Top, but its rehabilitation is not possible.

9. Sufficient grounds exist for the entry of an order for liquidation including, without limitation, the fact that Pine Top is insolvent, that Pine Top has consented to liquidation, and that Pine Top is in such condition that the further transaction of business would be hazardous to its policyholders, creditors, and the public. The assets of Pine Top are exceeded by the liabilities of Pine Top by an amount in excess of \$1,000,000.00.

10. The minimum capital and surplus required of Pine Top pursuant to the provisions of section 13 of the Code, (Ill. Rev. Stat. (1985) ch. 73 para. 625), is \$1,300,000.00. Adding this minimum capital and surplus requirement to the minimum amount of insolvency, Pine Top is impaired in the amount in excess of \$2,300,000.00. Any further transaction of business by Pine Top will be hazardous to its policyholders, its creditors, and to the public.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED, AND DECREED AS FOLLOWS:

A. Sufficient cause exists for liquidation, and this Final Order For Liquidation With A Finding Of Insolvency is entered against Pine Top.

B. John E. Washburn, Director of Insurance is, and his successors in office are, hereby appointed Liquidator of Pine Top and directed to immediately take possession of the property, business, and affairs of Pine Top as Liquidator and to liquidate the business and affairs of Pine Top pursuant to the provisions of Article XIII of the Code, (Ill. Rev. Stat. (1985) ch. 73, para. 799-833), and to take such action as the nature of this cause and the interests of the policyholders, creditors, stockholders, or the public may require, subject to the orders of this Court. The Director is vested as Liquidator with title to all property, contracts, and rights of action of Pine Top and is authorized to deal with the property, business, and affairs of Pine Top and to sue and defend for Pine Top, or for the benefit of Pine Top's policyholders, shareholders, and creditors, in the courts, tribunals, agencies, and 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 Pine Top.

C. The Director is vested with the right, title, and interest in all funds recoverable under treaties and agreements of reinsurance heretofore entered into by or on behalf of Pine Top as ceding insurer, and that all reinsurance companies involved with Pine Top be and are restrained from making any settlements with any claimant or policyholder of Pine Top other than the Director as Liquidator.

D. All banks, brokerage houses, or other companies or persons having in their possession assets which are or may be the property of Pine Top are enjoined from disposing of or destroying any records pertaining to any business transactions between Pine Top and banks, brokerage houses, or other persons or companies having done business with Pine Top or having in their possession assets which are or were the property of Pine Top.

E. All agents and brokers of Pine Top are enjoined from returning any unearned premiums, or any money in their possession collected for premiums, to policyholders, and said agents and brokers are directed to turn over all such funds in their possession to the Director as Liquidator.

F. Pine Top, its officers, directors, agents, and employees, and all other persons having notice of this order are enjoined from further transaction of business or dealing with or disposing of the property or assets of Pine Top or doing or permitting to be done any action which might waste or conceal the property or assets of Pine Top.

G. Pine Top and its officers, directors, agents, and employees, and all other persons having notice of this order are enjoined from bringing or further prosecuting any action or claim for relief, counterclaim, set-off, cross-claim, third-party complaint, or otherwise, at law or in equity, or other proceeding against Pine Top or its property or assets, or the Director, or from in any way interfering with the Director's conduct of the business of Pine Top, or from obtaining preferences, judgments, or other like liens, or the making of any levy against Pine Top or Pine Top's property and assets, or from in any way interfering with the Director in his possession or control of or in his right, title, and interest to the property, books, records, and all other assets of Pine Top.

H. All persons having knowledge of this order are enjoined from asserting any claim against the Director or Pine Top, or its property or assets, except insofar as such claims arise in, or are brought in, this liquidation proceeding of Pine Top.

I. All persons, including policyholders of Pine Top, and all persons asserting claims against such policyholders, are hereby enjoined 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 of any other state or of the United States, which seek in any way, directly or indirectly, to contest or interfere with the director's exclusive right, title, and interest to funds recoverable under treaties and agreements of reinsurance heretofore entered into by or on behalf of Pine Top as the ceding insurer.

J. Hereafter the caption in this cause and all pleadings in this matter shall read:

"In the Matter of the Liquidation of
Pine Top Insurance Company"

K. This Order of Liquidation with a Finding of Insolvency shall be a final order within the meaning of section 534.4 of the Code, (Ill. Rev. Stat. (1985) ch. 73, para. 1065.04-4).

L. The acts of the Director during the rehabilitation of Pine Top and all acts taken by the Director and his deputies, agents, employees, attorneys, assistants, and clerks during the course of such rehabilitation, are hereby further approved and authorized and the Director is authorized and directed to pay administrative expenses, upon such subsequent approval of this Court, as is necessary pursuant to section 205(1)(a) of the Code, (Ill. Rev. Stat. (1985) ch. 73, para. 817), including all attorneys' fees, accounting fees, consulting fees, and other administrative expenses incurred during the course of rehabilitation.

M. The Director is hereby authorized to pay from the assets of Pine Top the administrative expenses incurred during the course of the liquidation of Pine Top, including but not limited to attorneys' fees, accounting fees, and consulting fees as administrative expenses under section 202 of the Code, (Ill. Rev. Stat., 1983, ch. 73, para. 814), and all such administrative expenses of the amount of less than One Thousand (\$1,000.00) Dollars are to be paid by the Liquidator and each such payment is to be reported by the Liquidator in his quarterly report to this Court of the receipts and disbursements of Pine Top, and the payment of all such administrative expenses of the amount of One Thousand (\$1,000.00) Dollars, or more, are subject to the further approval of this Court.

N. The Director be and is hereby authorized to enter into agreements with duly authorized Ancillary Receivers of Pine Top relating to the marshalling of the assets of Pine Top as the Director may see fit, which such agreements

may establish administrative accounts of the amount of Twenty Five Thousand (\$25,000.00) Dollars in favor of each such Ancillary Receiver, and the Director shall report each such agreement and the establishment of each such administrative account to this Court in the Liquidator's quarterly report of the receipts and disbursements of Pine Top.

O. The Director is hereby authorized and directed to wind-down and terminate Pine Top's business and the continued expenditure of such wages, rents, and other expenses as are necessary.

P. This Court retains jurisdiction in this cause for the purpose of granting such other and further relief as the nature of this cause in the interest of the policyholders, creditors, stockholders, or the members of the public may require.

DATED: January 16, 1987

ENTERED:

Judge Presiding

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| ENTERED CLERK OF THE CIRCUIT COURT MORGAN M. TORRY |
| JAN 16 1987 |
| JUDGE |
| GEORGE M. MAROVICH |

