

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

PEOPLE OF THE STATE OF ILLINOIS, <u>ex rel.</u>)	This Order is
MICHAEL T. McRAITH, DIRECTOR OF)	<u>confidential under</u>
INSURANCE OF THE STATE OF ILLINOIS,)	<u>215 ILCS 5/188.1</u>
)	
Plaintiffs,)	
v.)	NO. 10 CH 10518
)	
PROFESSIONAL LIABILITY INSURANCE COMPANY)	
OF AMERICA,)	
)	
Defendant.)	

AMENDED ORDER OF CONSERVATION OF ASSETS

THIS CAUSE COMING ON TO BE HEARD upon the Verified Complaint for Conservation of Assets and Injunctive Relief, filed herein by the PEOPLE OF THE STATE OF ILLINOIS, on the relation of MICHAEL T. McRAITH, Director of Insurance of the State of Illinois, for an order authorizing and directing the Director to take immediate possession and control of the property, accounts, assets, books, records, business and affairs of PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA (hereinafter "PLICA") and to conserve the same pursuant to the provisions of Article XIII of the Illinois Insurance Code (hereinafter "Code"), 215 ILCS 5/187, *et seq.*; and, further, to protect the interests of PLICA's policyholders, members and creditors, and of the general public; the Court having jurisdiction over the parties hereto and the subject matter hereof; the Court having reviewed the pleading filed herein and having considered the arguments of counsel thereon; and the Court then being otherwise advised in the premises, and for good cause appearing therefore;

THE COURT FINDS:

1. That, by his Verified Complaint, the Director of Insurance of the State of Illinois seeks an Order of Conservation of Assets against the Defendant, PLICA, pursuant to Section 188.1 of the Code, 215 ILCS 5/188.1. By his Verified Complaint, the Director of Insurance of the State of Illinois alleges conditions exist with respect to PLICA that would justify proceedings under Section 188 of the Code, 215 ILCS 5/188, including, without limitation, the following facts and circumstances:

- (i) That the Defendant, PLICA, has attempted to transfer control of its entire property or business not in conformity with the provisions of the Illinois Insurance Code; and
- (ii) That the Defendant, PLICA, is in such condition that its further transaction of business would be hazardous to its policyholders, its creditors and to the public; and

2. That, in light of the foregoing facts and circumstances, sufficient cause exists for the entry of an order of conservation against the Defendant, PLICA, and that it is in the best interests of PLICA's policyholders, members and creditors, and of the general public, that an *ex parte* Order of Conservation be entered against the Defendant, PLICA, in accordance with the provisions of Article XIII of the Code, 215 ILCS 5/187, *et seq.*

IT IS, THEREFORE, HEREBY ORDERED:

A. That this Order of Conservation of Assets be and the same is hereby entered as to and against PROFESSIONAL LIABILITY INSURANCE COMPANY OF AMERICA;

B. That Michael T. McRaith, Director of Insurance of the State of Illinois, and his successors in office, (the "Director") is hereby affirmed as statutory conservator (the "Conservator") of the Defendant PLICA and the Director is hereby authorized and directed, as Conservator, to immediately take possession and control of the property, books, records, accounts, business and affairs, and all other assets of the Defendant PLICA and of the premises currently occupied, or hereafter occupied, by PLICA for the transaction of its business, pursuant to the provisions of Article XIII of the Code, 215 ILCS 5/187, *et seq.*, and to conserve the same for the benefit of the policyholders and creditors of PLICA, and of the public; and, that the Director, as Conservator, is further authorized to take such actions as the nature of the cause and the interests of PLICA its policyholders, creditors, or the public, may require, subject to the further orders of the Court; and,

C. The Defendant PLICA and its present and former, officers, directors, agents, managing general agents, third-party administrators, servants, representatives, employees and their parent, subsidiary and affiliated companies and persons, and all other persons and entities having knowledge this order, are hereby ordered and directed to give immediate possession and control to the Director, as Conservator, of all property,

business, books, records, accounts, funds, and all other assets of the Defendants PLICA and of any and all premises occupied by PLICA; and,

D. That all directors, officers, trustees, agents, managing general agents, third-party administrators, insurers, reinsurers, retrocessionaires, accountants, auditors, actuaries and attorneys of the Defendant, PLICA are hereby ordered and directed to deliver to the Director, as Conservator, upon request, copies of all documents in their possession or under their control concerning or relating to the Defendant PLICA that may reasonably relate to or arise from insurance coverage issued in the name of PLICA and to provide the Director, as Conservator, with such information as he may require concerning any and all business and/or professional relationships between them and the Defendant PLICA, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of PLICA, and their officers, directors, agents, servants, representatives and/or employees, or which PLICA is, or may be, entitled to as the result of its relationship with such agents, managing general agents, third-party administrators, insurers, reinsurers, retrocessionaires, accountants, auditors, actuaries and/or attorneys; and,

E. The Defendant PLICA and its officers, directors, principals, trustees, shareholders, partners, members, agents, servants, administrators, representatives and employees, and its parent, subsidiary and affiliated companies and persons, and all other persons and entities having knowledge of this order, are hereby restrained and enjoined

from transacting any business of PLICA without the prior written approval of the Director, as Conservator, or until further order of the Court; and,

F. That any and all directors, officers, trustees, third-party administrators, banks, brokerage houses, financial institutions, investment advisors and any and all other companies, persons or entities having knowledge this order, having in their possession accounts and any other assets which are, or may be, the property of PLICA, are hereby restrained and enjoined from disbursing or disposing of said accounts and assets, without the express written consent of the Director, as Conservator, and, the aforesaid directors, officers, trustees, third-party administrators, banks, brokerage houses, financial institutions, investment advisors, companies, persons and entities are further restrained and enjoined from disposing of, or destroying, any records pertaining to any business transaction between PLICA and such directors, officers, trustees, banks, brokerage houses, financial institutions, investment advisors, companies, persons or entities having done business, or doing business, with PLICA; and that each such director, officer, trustee, third-party administrator, bank, brokerage house, financial institution, investment advisor, company, person or entity is hereby ordered and directed to immediately turn over and deliver possession and control of any and all such accounts, assets and/or records to the Director, as Conservator; and,

G. That any and all directors, officers, trustees, beneficiaries, agents, managing general agents, third-party administrators and brokers of PLICA and its respective agents, servants, representatives and employees, and all other persons and

entities having knowledge of this order are hereby restrained and enjoined from returning any premium, earned or unearned, or any other money in their possession, or under their control, to claimants, creditors, insureds, beneficiaries, insurers or any others; and said directors, officers, trustees, agents, managing general agents, third-party administrators and brokers, and their respective agents, servants, representatives and employees, and all other persons and entities having knowledge of this order, are ordered and directed to immediately turn over all such funds in their possession or under their control, or to which they may hereafter acquire possession or control, to the Director, as Conservator, in gross and not net of any commissions which may be due thereon.

H. That the directors, officers, trustees, third-party administrators, principals, shareholders, partners, members, agents, servants, representatives, employees, parents, subsidiaries and affiliates of the Defendant PLICA and all other persons, companies and entities having knowledge of this order are hereby restrained and enjoined 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 PLICA, or its property or assets, or against the Director as its Conservator, except insofar as those claims, actions or proceedings arise in or are brought in these conservation proceedings; (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 PLICA or its property or assets while in the possession and control of the Director, as Conservator; (iii) interfering, in any way, with the Director's conduct of the conservation of PLICA; and (iv) interfering, in any way, with the Director, as

Conservator, in his possession and control of the property, business, books, records, accounts, premises and all other assets of PLICA, until further order of the Court; and,

I. That any and all persons, companies and entities are hereby restrained and enjoined from construing this order as an anticipatory breach of any contract, including, but not limited to, agreements, treaties, certificates or contracts of insurance or reinsurance, heretofore entered into with the Defendant PLICA; and,

J. That the Director, as Conservator, is hereby directed to ascertain the condition of the Defendant PLICA, while he is in possession and control of the property, books, records, accounts, assets, premises, business and affairs of PLICA, and to make periodic reports to the Court as to the nature and condition of the Defendant, PLICA, while in conservation; and the Director, as Conservator, is further directed to file with this Court, for its consideration, reports relating to the administration of the conservation of PLICA in accordance with Section 202 of the Code, 215 ILCS 5/202, and,

K. That the Director, as Conservator, is hereby authorized to pay from the assets of the Defendant PLICA, those expenses incurred during the course of its conservation, including but not limited to, attorneys' fees, accounting fees and consulting fees as administrative expenses, pursuant to and in a manner consistent with the provisions of Section 202 of the Code, *Id.*; and,

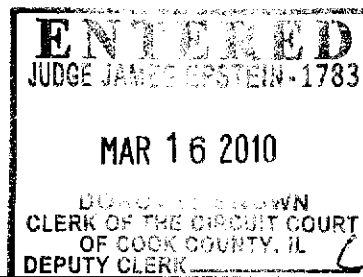
L. That all costs of these proceedings shall be taxed and assessed against the Defendant PLICA; and,

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

**"IN THE MATTER OF THE CONSERVATION OF
PROFESSIONAL LIABILITY INSURANCE COMPANY
OF AMERICA"**

N. That this Court retains jurisdiction in this cause for the purpose of granting such further relief as the nature of the cause, and the interests of the Defendant PLICA, its policyholders, creditors or of the public, may require; and/or as this Court may deem proper in the premises.

ENTERED:



Judge Presiding

LISA MADIGAN
Attorney General of the
State of Illinois
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THE STATE OF ILLINOIS

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Claypool, Marybeth

From: Claypool, Marybeth
Sent: Tuesday, March 16, 2010 1:52 PM
To: OSD Sr. Mgmt; OSD Managers
Cc: Coonrod, Dale; Abron, Richard
Subject: Professional Liability Ins. Co. Petition Control #3
Attachments: Amended Order of Conservation.TIF

Attached please find the Amended Order of Conservation – still under sequestration.

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