

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

**IN THE MATTER OF THE REHABILITATION OF )  
PUBLIC SERVICE INSURANCE COMPANY, )      **CASE NO.: 17 CH 3790****

**MEMORANDUM OPINION AND ORDER APPROVING STOCK PURCHASE  
AGREEMENT AND CHANNELING OF CERTAIN ASSETS AND LIABILITIES**

THIS CAUSE CAME ON FOR HEARING upon a petition (the “**Petition**”) of Jennifer Hammer, Director of the Illinois Department of Insurance (the “**Director**”), acting in her capacities as statutory and court-affirmed Rehabilitator (the “**Rehabilitator**”<sup>1</sup>) of each of Public Service Mutual Holding Company, in Rehabilitation, an Illinois-domiciled insurance holding company in court-ordered and supervised rehabilitation (“**PSMHC**”), and its indirectly owned subsidiary, Public Service Insurance Company, in Rehabilitation (“**PSIC**”), an Illinois-domiciled property-casualty insurance company in court-ordered and supervised rehabilitation (the Rehabilitator of PSMHC is the “**PSMHC Rehabilitator**” and the Rehabilitator of PSIC is the “**PSIC Rehabilitator**”). By the Petition, the Director seeks the Court’s approval of (i) the channeling of certain policyholder-related assets and liabilities into PSIC and (ii) that certain Stock Purchase Agreement, dated as of August 26, 2018 (the “**Agreement**”), by and among the PSMHC Rehabilitator, the PSIC Rehabilitator, PSMHC’s indirect subsidiary MCC Financial Holdings, Inc. (which holds the stock of PSIC) (collectively, the “**Seller Parties**”) and Premia Holdings Inc., a Delaware holding company (“**Premia**”). Due notice has been given as the Court

---

<sup>1</sup> Where appropriate, the term “**Director**” shall mean “**Rehabilitator**” where the context requires, and *vice versa*.

directed. As otherwise expressed herein, the Court has jurisdiction over the property of the PSMHC and PSIC Estates (as defined below), the parties, creditors and other interested persons, and the subject matter. The Court has reviewed the Petition and related briefing (which the Court received and considered with the Rehabilitator's Amended Plan of Rehabilitation ("**Amended Plan**")), a joint stipulation of facts between the Rehabilitator and Premia, the objection of the Pension Benefit Guaranty Corporation "**PBGC**") and the Rehabilitator's responsive briefing. The Court has been fully advised in the premises by counsel and representatives of the parties.

**THE COURT HEREBY FINDS AND CONCLUDES THAT:**

1. To the extent any of the following findings of fact constitute conclusions of law, they are hereby adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are hereby adopted as such. Any findings of fact or conclusions of law stated by the Court on the record at the hearing on the Petition are hereby incorporated, to the extent they are not inconsistent with this Order.

2. Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

3. Entry of the Order of Rehabilitation (the "**Rehabilitation Order**") pursuant to Sections 188 and 191 of the Illinois Insurance Code (the "**Code**") 215 ILCS 5/188, 191, transferred control of the operations and vested the Director "by operation of law with title to all property, contracts, and rights of action" of PSIC and PSMHC, respectively, and created an "estate that comprises all of the liabilities and assets" of each of PSIC (the "**PSIC Estate**") and PSMHC (the "**PSMHC Estate**").

4. The rights and liabilities of PSIC and of its non-policyholder creditors, (including without limitation its stockholders or members) and all persons interested in its assets shall be fixed as of the entry of the order approving the amended rehabilitation plan.

5. The Rehabilitator is charged with the administration and enforcement of Article XIII of the Code, 215 ILCS 5/187-221 (“Article XIII”), and represents the interests of all policyholders, creditors and shareholders of PSIC. *See, e.g.* 215 ILCS 5/192(3) (“[t]he Director may bring any action . . . on behalf of the creditors, members, policyholders or shareholders of the company”); *Lawrence v. Illinois Life & Health Guar. Ass’n*, 293 Ill. App. 3d 489, 493 (1st Dist. 1997) (recognizing in Illinois action that California commissioner served as trustee for the benefits of all creditors in connection with rehabilitation plan for insolvent insurer in California receivership proceedings); *Clark v. Lehman*, 65 Ill. App. 238, 254 (3d Dist. 1895) (“the receiver thereupon became in fact a trustee for the creditors”); *see also, e.g., Relfe v. Rundle*, 103 U.S. 222, 225 (1881) (“[the receiver is] the person designated by law to take the property of any dissolved life insurance corporation of th[e] State, and hold and dispose of it in trust for the use and benefit of creditors and other persons interested”); *Stamp v. Ins. Co. of N. Am.*, 908 F.2d 1375, 1377 (7th Cir. 1990) (“Like most other states, Illinois handles the failure of insurers in state court under the supervision of the state’s chief regulator, who takes title to the firm’s assets as trustee and liquidator.”). The law of other states is in accord. *See, e.g., Minor v. Stephens*, 898 S.W.2d 71, 76-77 (Ky. 1995) (“The Commissioner is best qualified to perform the rehabilitation/liquidation process as he has no special interest in the outcome except to administer the matter for the maximum benefit of all interested parties.”); *see also id.* (the commissioner has “accountability, fiduciary duties to all interested parties”); *id.* at 80; *Carpenter v. Pacific Mut. Life Ins. Co.*, 74 P.2d 761, 774 (Cal. 1937) (“It is not a controversy between private parties but a

proceeding by the state in the interest of the public.”); *In re Liquidation of American Mut. Liab. Ins. Co.*, 632 N.E.2d 1209, 1216 (Mass. 1994) (“[A]s receiver, the commissioner is not acting strictly in a regulatory capacity, but rather in the capacity of representative of the [estate] which invokes the interests of policyholder and creditors.”) The Rehabilitator similarly represents the members of PSMHC.

6. All insurance policies and other contracts issued or executed by PSIC are deemed to include Article XIII within their provisions and to have been entered into subject to such law. *See, e.g. Lawrence*, 293 Ill. App. 3d at 493; *Lincoln Towers Ins. Agency v. Boozell*, 291 Ill. App. 3d 965, 969 684 N.E.2d 900, 904 (1st Dist. 1997) (applying Article XIII and stating, “Statutes which are in existence at the time a contract is executed are, in the absence of contrary language, deemed a part of the contract as if they were expressly incorporated therein.”); *see also Clark*, 65 Ill. App. at 250 (“The contract is to be ascertained, not upon consideration alone of the certificate, but the application for membership; the constitution and by-laws of the association form a part thereof and are to be considered together with the certificate as though all were embraced in a single instrument.”), *Relfe*, 103 U.S. at 225 (“the law which clothed [the receiver] with this trust was, in legal effect, part of the charter of the Corporation. . . . Every corporation necessarily carries its charter wherever it goes . . . [and] every person who deals with it everywhere is bound to take notice of the provisions which have been made in its charter for the management and control of its affairs both in life and after dissolution”).

7. The Rehabilitation is *in rem*. The Court has jurisdiction over the subject matter and the assets and liabilities of the PSIC Estate and the PSMHC Estate. *See, e.g., Morris v. Jones*, 329 U.S. 545, 548-49 (1947) (citations omitted) (“the distribution of assets of a debtor among creditors ordinarily has a ‘two-fold aspect.’ It deals ‘directly with the property’ when it

fixes the time and manner of distribution. . . . ‘deal[ing] directly with any of the property’ [is a] function, which is spoken of as the liquidation of a claim [and] is strictly a proceeding in personam. . . . The establishment of the existence and amount of a claim against the debtor in no way disturbs the possession of the liquidation court.”); *see also Penn Gen. Cas. Co. v. Commonwealth of Pennsylvania*, 294 U.S.189, 195, 55 S.Ct. 386, 389(1935) (“the principle, applicable to both federal and state courts, is established that the court first assuming jurisdiction over the property may maintain and exercise that jurisdiction to the exclusion of the other. This is the settled rule with respect to suits in equity for the control by receivership of the assets of an insolvent corporation”); *see also, e.g.*, 215 ILCS 5/189 ([t]he court shall have jurisdiction . . .”); 215 ILCS 5/205.1(h) (“The Illinois Circuit Court having jurisdiction over the liquidation proceedings shall have jurisdiction to resolve disputes arising under this [policyholder collateral] provision.”), and 215 ILCS 5/212.1 (“The court shall have jurisdiction, upon, or at any time after the filing of the complaint . . . to subpoena . . .”).

8. The Court further has, and it is fair and reasonable for the Court to assert, jurisdiction over the parties, policyholders, other creditors and interested persons of PSIC, PSMHC and the Estates in respect of all of their respective rights and interests addressed under the Amended Plan, as well as those who may have a right to claim against, or in respect of, the assets and liabilities of PSIC and the PSIC Estate. *See* the authorities cited in par. 5 above and RESTATEMENT (SECOND) OF JUDGMENTS § 41 (1982) cited in par. 10 below. *See also, e.g., Morris*, 329 U.S. at 548-549 (*citing Evans v. Illinois Surety Co.*, 319 Ill. 105, 149 N.E. 802 (Ill. 1925) for “the Illinois rule” (judgment rendered against insurer after its receiver was appointed does not bind the receiver, is not entitled to full faith and credit against the receiver or the estate, nor yield an enforceable claim against the insurer’s assets unless the receivership court permits

the receiver to be sued); *Pendleton v. Russell*, 144 U.S. 640, 645, 12 S.Ct. 743, 745 (1892) (judgment rendered in suit against insurer after it was dissolved in Illinois receivership proceeding held invalid; “the corporation having expired, the suit itself had abated”); *Lawrence*, 293 Ill. App. 3d at 494-95 (“Because the ELIC insolvency proceedings were analogous to bankruptcy proceedings, the jurisdiction of the California court was not less comprehensive than that of a bankruptcy court in similar circumstances. . . . A bankruptcy court’s judgment approving a rehabilitation plan may release a creditor’s claims against a bankrupt debtor providing the creditor is afforded an opportunity to participate in the bankruptcy, even if the creditor fails to do so.”); and *O’Connor v. Insurance Co. of N. Am.*, 622 F.Supp. 611, 616 n. 4 (“The scope of the liquidation court’s jurisdiction under the [Illinois] Insurance Code is similar to that granted the bankruptcy courts under the former Bankruptcy Act. *See People ex. rel. Gerber v. Central Casualty Co.*, 37 Ill.2d 392, 397, 226 N.E.2d 862 (1967)), *aff’d*, *Stamp*, 908 F.2d 1375, 1379 (“Illinois’s statute, enacted in 1937, is modeled after the federal Bankruptcy Act of 1898 . . .”). The Bankruptcy Act of 1898 provided, “Sec. 2. That the courts of bankruptcy . . . are hereby invested . . . with such jurisdiction at law and in equity as will enable them to exercise original jurisdiction . . . to (7) determine controversies in relation [to the estates]; . . . (13) enforce obedience by bankrupts, officers, and other persons to all lawful orders . . . ; . . . (15) make such orders, issue such process, and enter such judgments in addition to those specifically provided for as may be necessary for the enforcement of the provisions of this act; . . . Nothing in this section shall be construed to deprive a court of bankruptcy of any power it would possess were certain specific powers not herein enumerated.”

9. The Rehabilitator also represents the interests of the policyholders and creditors in developing an Amended Plan and is acting in a representative capacity in so doing. *See, e.g.*,

215 ILCS 5/192(4) (“If at any time the Director finds it is in the best interests of the policyholders, creditors and the company to effect a plan of . . . rehabilitation, the Director may submit such plan to the court for its approval. Such plan, in addition to any other terms and provisions as may by the Director be deemed *necessary or advisable . . .*”) (emphases added); 215 ILCS 5/188(15) (Attorney general shall apply to the circuit court “for an order to rehabilitate or liquidate the defendant company as provided in this Article, *and for such other relief as the nature of the case and the interests of its policyholders, creditors, member, stockholders or the public may require.*”). (Emphasis added.) *See also* the authorities cited in par. 5 above.

10. The Court has personal jurisdiction in respect of all such policyholders and creditors in respect of all matters addressed by the Amended Plan and the SPA, which is incorporated therein, and all such policyholders, creditors and interested parties will be bound by this judgment and order. *See* the authorities cited in paras. 5 and 8 above. *See also, e.g.,* RESTATEMENT (SECOND) OF JUDGMENTS § 41 (1982) (providing that “(1) A person who is not a party to an action but who is represented by a party is bound by and entitled to the benefits of a judgment as though he were a party. A person is represented by a party who is: (a) The trustee of an estate of interest of which the person is a beneficiary; . . . (c) the executor, administrator, guardian, conservator, or similar fiduciary manager of an interest of which the person is a beneficiary; or (d) An official agency invested by law with authority to represent the person’s interest; or (e) The representative of a class of persons similarly situated, designated as such with the approval of the court, of which the person is a member.”).

11. All non-policyholder creditors as to whom it appears from PSIC’s books and records there are amounts claimed and/or owing as of the date on which the Amended Plan becomes effective shall be deemed to have filed a timely proof of claim with respect to said

claims, and such non-policyholder creditors have thereby invoked the benefits and protections of Illinois law. *See, e.g., In re American Mut. Reins. Co.*, 238 Ill. App. 3d 1, 6-7, 606 N.E.2d 32, 36 (1st Dist. 1992) (each Article XIII section “should be considered in the context of all of Article XIII of the Insurance Code and that each provision should be construed in connection with every other provision and in light of the general purposes of the Article. (citations omitted) The general purpose of Article XIII of the Insurance Code (citation omitted) is to provide for the rehabilitation as well as the liquidation and conservation of insurance companies. Viewing section 206 in this context, we do not find any language to prohibit the regulation of set-off rights provided for in the Amended Plan. In fact, while the section indicates when set-off is not allowed, there is no reference in the provision regarding how it should be applied in instances where it is allowed. . . . Under section 192 the Rehabilitator also has the authority to include in the [rehabilitation] plan any terms or conditions deemed necessary or advisable.”); *cf.*, 215 ILCS 5/209(3) (deeming as filed claims amounts owed to policyholders that appear from a life insurer’s books).

12. Pursuant to Section 192(2) and (6) of the Code, 215 ILCS 5/192(2), (6), the Director acting solely in her capacity as Rehabilitator is authorized, subject to the approval of this Court as required under Section 193(4) of the Code, 215 ILCS 5/193(4), to enter into and perform (or cause the performance of) all obligations arising under the Agreement, and this Court has jurisdiction to hear and make a determination on the Petition and to enter this Order. Section 192(2) provides,

(2) The Director is authorized to deal with the property and business of the company in his name as Director, or, if the Court shall so order, in the name of the company. The Director may, subject to the approval of the Court, sell or otherwise dispose of the real and personal property, or any part thereof, and sell or compromise all doubtful or uncollectible debts or claims owing to the company in any rehabilitation proceeding now



pending or hereafter instituted, except that whenever the value of any real or personal property or the amount of any such debt owing to the company does not exceed \$25,000, the Director may sell, dispose of, compromise, or compound the same upon such terms as the Director deems to be in the best interest of the company without obtaining approval of the court unless otherwise directed by the court. **The Director may solicit contracts whereby a solvent company agrees to assume, *in whole or in part, or upon a modified basis, the liabilities of a company in rehabilitation* in a manner consistent with subsection (4) of Section 193 of this Code.**

215 ILCS 5/192(2) (emphasis added). Section 192(6) provides:

**(6) If at any time the Director finds that the causes and conditions which made such proceeding necessary have been removed he may petition the court for an order terminating the conduct of the business by the Director and permitting such company to resume possession of its property and the conduct of its business and for a full discharge of all liability and responsibility of the Director. No order for the return to such company of its property and business shall be granted unless the court after a full hearing determines that the purposes of the proceeding have been fully accomplished.**

215 ILCS 5/192(6) (emphasis added). And Section 193(4), 215 ILCS 5/193(4), provides:

**(4) In order to preserve so far as possible the rights and interests of the policyholders of the company whose contracts were cancelled by the liquidation order and of such other creditors as may be possible, the Director may solicit a contract or contracts whereby a solvent company or companies will agree to assume *in whole, or in part, or upon a modified basis, the liabilities owing to said former policyholders or creditors*...If, after a full hearing upon a petition filed by the Director, the court shall find that the Director endeavored to obtain the best contract for the benefit of said parties in interest, and if the said Director shall report to the court that he is ready and willing to enter into a contract and submit a copy thereof to the court, the court shall examine the procedure and acts of the Director, and if the court shall find that the best possible contract in the interests of said parties has been obtained and that it is best for the interests of said parties that said contract be entered into, the court shall by written order approve the acts of the Director and authorize him to execute said contract.**

215 ILCS 5/193 (emphasis added).

13. The Rehabilitator has asserted in her Petition and supporting memoranda that section 192(4) authorizes the use of reinsurance contracts for purposes of protecting the interests

of policyholders in a receivership proceeding in tandem with, and as part of a plan of rehabilitation, an acquisition of operations via an agreement accompanied by a channeling order directing both policyholder liabilities and a limited defined portion of estate assets to cover the associated reserves. *See, e.g., In re American Mut. Reins. Co.*, 238 Ill. App. 3d at 6-7, 606 N.E.2d at 36 (see par. 11 above). The inherent power of a court of equity, as well as the statutory supplement of same and the historical antecedent in bankruptcy for such supplement under Article XIII, to effect a limited channeling are explained in the Rehabilitator's Combined Response to the Objections of the Pension Benefit Guaranty (*sic*) Corporation to the Amended Plan and Stock Purchase Agreement at 6-11. Further, the General Assembly in section 193(4) imbued the Rehabilitator with power and authority to reach agreement with another insurer to assume the insolvent's "liabilities owing to [its] former policyholders or creditors," whether "in whole, or in part, or on a modified basis," and "using assets of the [ ] company to pay therefor in preference to satisfying other obligations or creditors." 215 ILCS 5/193(4). The Rehabilitator has acknowledged that some might say that the statute is "silent" on the resumption by an insurer in receivership of the policyholder portion but not the whole of the insurer's business liabilities, conduct, property and assets. As *American Mutual Reinsurance Company* makes clear, such "silence" is not preclusive of the Rehabilitator's exercise of her discretion. The law of other states is in accord. *See Foster v. Mutual Fire, Marine & Inland Ins. Co.*, 614 A.2d 1086, 1092 (Pa. 1992) ("This Court has concluded that this great deference in favor of the Commissioner and the resulting narrow scope of review for the courts are in recognition of the expertise of the administrative agency or individual officer assigned the task of regulating a given industry."); accord *In re Executive Life Ins. Co.*, 38 Cal. Rptr. 2d 453 (Cal Ct. App. 1995) (applying abuse of discretion standard and according great deference to receiver's recommendations). Accordingly,

the Court accepts the Director's reliance upon the cited provisions of Article XIII. *See Abrahamson v. Illinois Dept. of Prof'l Regulation*, 153 Ill. 2d 76, 97–98 (1992) (“courts will give substantial weight and deference to an interpretation of an ambiguous statute by the agency charged with the administration and enforcement of the statute. Such an interpretation expresses an informed source for ascertaining the legislative intent. A significant reason for this deference is that agencies can make informed judgments upon the issues, based on their experience and expertise.”).

14. The resumption by PSIC (as a wholly owned subsidiary of Premia) of the conduct of some of its business and of a portion of its property is consistent with the text of Section 192(6), *supra*, the nature of rehabilitation and the purpose of Article XIII. The Rehabilitator has determined that Section 192(6) is permissive and not preclusive of her exercise of discretion in fashioning a rehabilitation plan that includes a resumption by the insurer of the conduct of a portion of its business and property for the protection of policyholders. For the reasons the Rehabilitator has articulated in her Petition and briefs, and in light of the authorities cited in par. 13 above (including, *e.g.*, *In re American Mut. Reins. Co.*, 238 Ill. App. 3d at 6-7, 606 N.E.2d at 36, 215 ILCS 5/193(4), *Foster*, 614 A.2d at 1092, *In re Executive Life Ins. Co.*, 38 Cal. Rptr. 2d 453, and *Abrahamson*, 153 Ill. 2d at 97–98), the Court accepts the Rehabilitator's interpretation of Section 192(6) as fair, reasonable and consistent with existing law.

15. The Director has cited Section 192(6), *id.*, as authorizing a partial resumption of PSIC as a means of protecting the interests of policyholder level claimants, while the Director retains all other obligations as defined Residual Estate Liabilities (as defined in the Agreement). For the reasons the Rehabilitator has articulated in her Petition and briefs, and in light of the

authorities cited in par. 13 above, the Court accepts the Rehabilitator's interpretation of Section 192(6) as fair, reasonable and consistent with existing law.

16. The Director has further represented that the partial resumption of PSIC is authorized and appropriate under subsection (6) where (i) the Agreement will fully resolve and protect the interests of policyholder level claimants, and (ii) the related Amended Plan (which incorporates the Agreement) will provide the template for resolving the claims of lower priority claimants, to the extent of available assets in the Estate. For the reasons the Rehabilitator has articulated in her Petition and briefs, and in light of the authorities cited in par. 13 above, the Court accepts the Rehabilitator's interpretation of Section 192(6) as fair, reasonable and consistent with existing law.

17. The partial resumption of PSIC is fully authorized pursuant to the provisions of Section 192. For the reasons the Rehabilitator has articulated in her Petition and briefs, and in light of the authorities cited in par. 13 above, the Court accepts the Rehabilitator's interpretation of Section 192 as fair, reasonable and consistent with existing law.

18. Pursuant to Section 192 of the Code, 215 ILCS 5/192, and in order to preserve so far as possible the rights of PSIC policyholders and other creditors, the PSIC Rehabilitator has demonstrated that, among other things, she has endeavored to contract for their continued protection.

19. The PSIC Rehabilitator has also demonstrated that she utilized a fair, transparent, comprehensive and exhaustive bid process to obtain a contract that would provide such protection.

20. The PSMHC Rehabilitator and PSIC Rehabilitator has submitted the Agreement to the Court. The PSMHC Rehabilitator and PSIC Rehabilitator has reported to this Court that

she: (a) has negotiated, drafted and reviewed the final version of the Agreement, (b) has submitted it to the staff of the Illinois Department of Insurance for further review, (c) is prepared in her capacity as Director and regulator to approve the Agreement, subject to certain applicable statutory and regulatory requirements, (d) has determined in the exercise of her discretion that consummation of the Agreement is in the best interests of PSIC's policyholders and other creditors of the PSIC Estate, (e) is ready and willing to perform or cause the performance of the obligations imposed on the Seller Parties and the PSIC Estate arising under the Agreement, and (f) recommends that the Court approve the Agreement and the channeling (as explained below) of certain PSIC Estate assets and liabilities that are conditions of the closing (the "Closing") of the transaction contemplated by the Agreement and embodied in this Order (the "Transaction").

21. The Agreement and its recitals, terms, conditions (including closing conditions) and exhibits and schedules are incorporated into and are an integral part of the proposed Amended Plan by their express terms, respectively.

22. Pursuant to an Order entered on September 12, 2018 (the "Noticing Order"), this Court approved a procedure for notice, comment, and hearing with respect to the Petition.

23. Pursuant to an Order entered September 25, 2017, the PSIC Rehabilitator provided actual notice to all policyholders and creditors of the PSIC Estate of certain petitions and motions related to a proposed transaction and a proposed amended plan of rehabilitation. The notice included procedures for notice, comment, and hearing, and referred such policyholders and creditors to the Rehabilitation web page as maintained by the Office of the Special Deputy Receiver's website, and required the PSIC Rehabilitator to provide constructive notice "of all subsequent filing relating to the Petitions exclusively by publication" on the

webpage. All policyholders and creditors also were given the opportunity to file an appearance. The current Petition and the Amended Plan are related to the prior petitions.

24. Pursuant to the Noticing Order, the PSIC Rehabilitator provided notice of the procedures for notice, comment, and hearing: (a) by US First Class mail to (i) all creditors of the PSIC Estate whose claims fall within the levels of priority at set forth in Section 205(f)(federal government) – (h)(guaranty fund certificate holders, capital note holders, surplus note holders) of the Code, 215 ILCS 5/205(f) – (h), as reflected on PSIC's books and records, (ii) the reinsurance intermediaries known as AON Benfield, Guy Carpenter, Willis Re and JLT Re, and (iii) the insurance regulators in each of the fifty (50) states and the District of Columbia; (b) electronic constructive notice through the Rehabilitator's website to all other potentially affected parties, and claimants against PSIC policyholders identified in open claim files; and (c) constructive notice by publication in the nationally distributed print and electronic editions of The Wall Street Journal and The New York Times. Such notice was, and is, timely, good, sufficient and appropriate under Article XIII under the circumstances of this rehabilitation proceeding, provided an opportunity for PSIC policyholders and other parties-in-interest to object and to be heard with respect to the Petition and all matters raised therein, and otherwise complied with the requirements of applicable law. *See, e.g., In re American Mut. Reins. Co.*, 238 Ill. App. 3d at 6-7, 606 N.E.2d at 36 (where notice of hearing on rehabilitation plan was given and creditors had opportunity to object, no one objected and receivership court approved the plan, "Rehabilitator complied with the provisions of Article XIII . . .").

25. The Rehabilitator has represented, and the Court has determined, that the rights of policyholders to coverage under the policy/ies issued to them by PSIC, as well as the rights and

interests of third parties asserting claims against such policyholders, shall be fully protected under the Agreement.

26. No other form or further notice with respect to the Petition or any related matter was necessary or required.

27. The PBGC is the only interested person who objected to the Petition.

28. The Court scheduled a hearing on the Petition, and all interested persons were afforded a reasonable opportunity to be heard or object with respect to the Petition and the relief requested therein.

29. Due process of law has been accorded to all. *See Neblett v. Carpenter*, 305 U.S. 297, 304-305, 59 S.Ct. 170, 173-174 (1938) (policyholders who objected to rehabilitation plan after notice failed to show that the plan took their property without due process or impaired their contracts; they “have no constitutional right to a particular form of remedy.”).

30. As provided in the Agreement and summarized herein subject to the express terms of the Agreement, Premia will provide for the continued protection of PSIC’s policyholders by means of: (a) acquiring all of PSIC’s issued and outstanding stock (the “Shares”) in return for a payment to the PSIC Estate of two million five hundred thousand dollars (\$2,500,000); and (b) the channeling to, and resumption by, PSIC of (i) all policyholder liabilities, (ii) assumed reinsurance liabilities (including unearned premium reserve liabilities) limited to those arising under a reinsurance agreement between PSIC and its wholly owned subsidiary, Western Select Insurance Company (“WSIC”)) (the items described in clauses (i) and (ii) is each a “Post-Closing Liability” and are collectively, the “Post-Closing Liabilities”), and (iii) assets that have a carrying value of one hundred seventy-six million, seventy-five thousand, three hundred seventy-six dollars (\$176,075,376), to which Premia has ascribed a current market value (which

Premia is willing to accept for purposes of the Transaction only) of approximately one hundred sixty-seven million two hundred twenty-five thousand three hundred seventy-five dollars (\$167,225,375) as of December 31, 2017 (the “**Post-Closing Assets**”). In addition, Premia will provide reinsurance and capital support to raise the risk-based capital of PSIC to three hundred percent (300%), within the meaning of the Code, as of the Closing. From and after the Closing, PSIC will pay to the PSIC Estate fifty percent (50%) of any Net Collections in excess of seven million one hundred fifty-five thousand dollars (\$7,155,000) in Net Collections with respect to the “**Reinsurance Recoverables Asset**” listed in Schedule 5.16 of the Agreement. “**Net Collections**” means any such amounts actually collected by PSIC with respect to the Reinsurance Recoverable Asset net of any additional premium payments, fees and related collection costs. This provision grants the PSIC Estate an opportunity to recover additional value, but in no event shall the amount paid to the PSIC Estate for Net Collections hereunder exceed four million four hundred twenty-five thousand dollars (\$4,425,000). With respect to any and all bank accounts channeled to the resumptive PSIC, the resumptive PSIC shall be solely responsible for outstanding checks that the Rehabilitator has identified to Premia, and for which funds have been designated on the books of PSIC as of the Closing date, and any obligations related thereto or arising therefrom for the escheatment, from time to time, of unclaimed property.

31. The PSIC Estate’s assets and liabilities will have been adjusted by means of channeling in order to separate policyholder-related obligations and assets from all other obligations and assets of the PSIC Estate. Such channeling of assets and liabilities are express and integral conditions of, and will facilitate, the Transaction. The assets remaining in the PSIC Estate are the “**Residual Estate Assets**” and the liabilities remaining in the PSIC Estate are the **Residual Estate Liabilities**, as defined in the Agreement and repeated below.



32. Additional conditions of, and consideration for, the Transaction include the entry of this Order and indemnification, by the PSIC Estate, of PSIC and its respective parents, owners, equityholders, subsidiaries, affiliates (including, but not limited to WSIC and Premia; collectively, "Affiliates"), or any of each of their respective officers, directors, employees, agents, owners and other representatives (collectively, "Representatives") for any Residual Estate Liabilities. Said right of indemnification is expressly limited and shall not exceed \$2,500,000, and this right of indemnification shall not constitute a bar of any kind to the Rehabilitator's ability to make distributions on lower priority level claims. Premia has declared that it would not enter into the Transaction, and the Closing would not occur, without the channeling provisions, releases and injunctive relief set forth in this Order. These channeling provisions, releases and injunctions are appropriately and narrowly tailored to effectuate the Transaction and implement the Amended Plan, and are fair, equitable and just. *See, e.g., Phipps v. Chicago, R.I. & Ry. Co.*, 284 F. 945, 954 (8th Cir. 1922) ("And the conclusion of the whole matter is that the decree of the United States District Court of the Northern District of Illinois, whereby that court adjudged that the property of the insolvent railway company should be delivered back to that corporation so reorganized as to be solvent without a sale, and that the unsecured creditors and stockholders of the insolvent company were enjoined and forever barred from interfering with or maintaining claims, actions, or suits against the property so delivered, or against the reorganized company, on account of such claims against or stock in the old insolvent corporation, in any other way than that specified in that decree, was far within the jurisdiction and power of that court, and was fair, equitable, and just."); *Clark v. Standard Life & Acc. Ins. Co.*, 68 Ill. App. 3d 977, 987, 386 N.E.2d 890, 899 (1st Dist. 1979) ("Under the Oklahoma rehabilitation plan for the Company all tort claims against the Company are the responsibility of

Old Standard and have to be asserted in the Oklahoma liquidation proceeding, not in Illinois . . . .  
If, as in this case, no such ancillary proceeding is pending in Illinois, the claim has to be ‘proved in the domiciliary state as provided by the law of such state.’”).

33. The \$2.5 Million and other substantial consideration provided by Premia to the PSIC Estate under the Agreement is good, valid and valuable consideration for the injunctions in favor of Premia and the release of Premia from any and all Residual Estate Liabilities. These injunctions and releases are and shall be deemed to have been given in favor of Premia by any and all holders of such claims.

34. For the reasons stated above: (i) the proposed channeling of assets and liabilities of an insurer in rehabilitation comports with Section 192(6) of the Code, 215 ILCS 5/192(6), which provides that a company may resume ownership and possession of its property and the conduct of its business; and (ii) Section 192 authorizes the Director to solicit contracts whereby a solvent insurer agrees to assume in whole or in part, or upon a modified basis, the liabilities of a company in rehabilitation in a manner consistent with Section 193(4) of the Code, 215 ILCS 5/193(4). The Director has determined and the Court finds, that: (i) Section 192 authorizes the Director to enter into a contract (like the Agreement here) that provides for an insurer in rehabilitation to resume ownership and possession of a portion of its property and the conduct of a portion of its business, on a modified basis, with a concomitant discharge of her liability and responsibility for such portion in full; and (ii) the Agreement fully accomplishes the purpose of this rehabilitation to protect policyholders, and resolves the cause and removes the condition which made rehabilitation necessary for such protection. Section 193(4) calls for the Court to examine the procedure and acts of the Director in respect of such a contract and to find whether

the best possible contract in the interests of the parties has been obtained and that it is best for the interests of the parties that the contract be entered into.

35. The Court has examined the procedure and acts of the Director, including the bid process. The process was conducted in a non-collusive manner, and the Director afforded a full, fair and reasonable opportunity for any person or entity to make a higher or otherwise better offer to purchase the PSIC Estate assets.

36. The Director has endeavored to obtain (and in her capacity as regulator and receiver has found and determined in the exercise of her discretion that) the Agreement which is the best possible contract in the interests of the policyholders and other creditors of PSIC.

37. The Director, acting solely in her capacity as the Rehabilitator of each of PSMHC and PSIC, has demonstrated that the Agreement (which is a fundamental part of the Amended Plan) is the result of substantial negotiation and consideration of the best interests of the policyholders, creditors, and the public. The Seller Parties have negotiated the Agreement at arm's length, in good faith and without collusion.

38. The Court has reviewed the terms and conditions of the Agreement, and has allowed all policyholders, creditors, and interested persons the opportunity to interpose objections or comments as provided for in the Noticing Order. The Agreement is the best possible contract in the interests of the policyholders and other creditors of PSIC, is fair and reasonable, and should be approved by this Court and performed according to its terms.

39. The Court's approval of the Agreement and the Amended Plan constitute the adjudication of the rights of all policyholders, creditors and other interested persons in accordance with Article XIII.

40. The one hundred fifty-two million, three hundred thousand dollars (\$152,300,000) of channeled loss reserves, comprising the Post-Closing Assets, are channeled to resumptive PSIC specifically for concomitant policyholder liabilities that otherwise would have been paid by way of a distribution of PSIC Estate assets at level (d) of the statutory schedule of priorities, 215 ILCS 5/205(1)(d).

41. The one million, five hundred thousand dollars (\$1,500,000) of channeled reserves arising under the ninety percent (90%) quota share reinsurance agreement (the “90% QSA”) entered into by and between PSIC and WSIC is a distribution of PSIC Estate assets at level (a) of the statutory schedule of priorities, 215 ILCS 5/205(1)(a).

42. As a result of the Transaction, Premia will become the owner of legal and beneficial title to the Shares free and clear of any liens, claims, interests, charges and any other encumbrances.

43. PSIC’s resumption of the Post-Closing Assets pursuant to the Agreement and Section: (a) are not payments on account of an antecedent debt and are not voidable under or within the meaning of Section 204 of the Code, 215 ILCS 5/204; (b) will not be made with the intent to hinder, defraud, or delay any past, present, or future creditors of PSIC or the PSIC Estate; (c) will be made in return for reasonably equivalent value, fair consideration, and fair value; and (d) will not violate any applicable federal (including the Bankruptcy Code) or state fraudulent transfer, voidable preference, voidable transaction or other avoidance statute or law.

44. The reversal or modification on appeal of the authorization provided herein to consummate the Transaction shall not affect the validity of the Transaction unless such authorization and such Sale are duly stayed pending such appeal.

45. The PBGC's objections having been resolved, any other objection that could have been raised has been waived.

46. The parties, all creditors, other interested persons and the public have been afforded a full and fair opportunity to be heard before and during the hearing held on the Petition. The Court has carefully considered the Petition, related briefing, the Stipulation and the arguments of counsel following a full hearing.

**THE COURT HEREBY ORDERS THAT:**

A. The acts of the Rehabilitator described above and the relief requested in the Petition are hereby GRANTED and APPROVED, and the Transaction contemplated thereby is APPROVED as set forth in this Order.

B. The Agreement, attached to the Petition as Exhibit A, including the schedules and exhibits thereto and the terms thereof, are hereby approved in their entirety (with the exception of Exhibit A to the Agreement which is superseded by this Order Approving Stock Purchase Agreement And Channeling Of Certain Assets And Liabilities) and the Rehabilitator is hereby authorized to close the transaction.

C. Upon Closing, the terms of the Agreement are and shall be binding upon and enforceable against the PSIC Estate, its policyholders, all creditors, any assigns, the Seller Parties, Premia and other interested persons in accordance with its terms.

D. Upon Closing, and pursuant to Section 192(6) of the Code, 215 ILCS 5/192(6), the PSIC Rehabilitator's conduct of that portion of PSIC's business as provided for in this Order shall terminate, and PSIC shall resume ownership and possession of the portion of its property and the conduct of the portion of its business as is provided in this Order and the Agreement. The PSIC Estate, and the responsibility of the PSIC Rehabilitator, shall continue in receivership

in respect of the balance of PSIC's property and business until further order of this Court. The details of the balance of PSIC's property and business are addressed in the Amended Plan, which is contemporaneously pending before this Court for approval.

E. For purposes of Closing and effective prior thereto, and with this Court's express approval pursuant to authority granted by applicable law, PSIC's liabilities and assets shall be channeled within the PSIC Estate for resumption by PSIC, such that, upon Closing:

i. PSIC's Post-Closing Liabilities shall be as listed in the schedule of Post-Closing Liabilities that is attached to the Agreement as Exhibit B-2, and shall be limited to all liabilities, risks, obligations and rights associated with insurance policies that PSIC or any predecessor issued prior to Closing (each a "Covered Policy" and collectively the "Covered Policies"), plus loss and allocated loss adjustment reserves and unearned premium reserves related to the certain 90% QSA with WSIC). With the exception of the 90% QSA with WSIC, Covered Policies do not include any of PSIC's assumed reinsurance business obligations, or its participation in pools or associations. PSIC's Post-Closing Liabilities shall not include, and hereby specifically exclude in all respects, without limitation, any and all Residual Estate Liabilities.

ii. The Residual Estate Liabilities means and includes in any respect and all respects, without limitation, any and all other manner or type of claims, counterclaims, potential claims, demands, rights, obligations liabilities, judgments, settlements, controversies, suits, causes of action, debts, obligations, losses, promises, covenants, agreements, contracts, bonds, costs, charges, interest, attorney's fees, and expenses of every and whatever kind or nature that were or could have been made, directly or indirectly, whether known, unknown, contingent, liquidated or mature, whether in law or

in equity, whether for direct damages (whether compensatory, punitive or exemplary), contribution, indemnification or otherwise seeking monetary or other (including any equitable) relief that is not strictly a Post-Closing Liability (each a “Claim” and collectively “Claims”), including without limitation any Claim arising before, during or after PSIC’s receivership, arising out of or related to pre-Closing acts, omissions or conduct of PSIC, PSMHC or WSIC, any Claims related to previously merged entities of PSIC, and any acts, omissions or conduct of the PSIC Rehabilitator and any subsequent receiver of the PSIC Estate designated, appointed or confirmed, regardless of whether any such Claim could have been timely or late filed, presented, allowed or adjudicated under or within the scope and meaning of Article XIII or Code Section 205(1)(a) (administrative expense), (b) (secured claims), (c) (certain wage claims), (f) (federal government, including, without limitation, the Pension Benefit Guaranty Corporation), (g) (general creditors), (h) (certificate, capital and surplus note holders) or (i) (shareholders, members and owners), 215 ILCS 5/205(1)(a), (b), (c), (f), (g), (h) or (i), including, by way of illustration and not limitation, PSIC’s executive severance obligations, defined benefit pension plan and any other employment-related plans and obligations, and assumed reinsurance (except for reinsurance obligations assumed from WSIC under the 90% QSA), pool or association liability or obligation, (collectively the “Residual Estate Liabilities”).

iii. Nothing in this Order or the Agreement shall in any way be construed to discharge, release, limit, or relieve any party for controlled group liability or fiduciary breach related to the Public Service Mutual Pension Plan (the “Pension Plan”). PBGC and the Pension Plan shall not be enjoined or precluded from enforcing such liability or

responsibility by any of the provisions of this Order or the Agreement. The foregoing notwithstanding, if the PBGC and the Rehabilitator enter into a settlement requiring, *inter alia*, the establishment of an escrow for purposes of funding the Pension Plan, and (i) the escrow is fully funded, and (ii) the Transaction closes, then the first two sentences of this Paragraph shall be of no force or effect against PSIC and WSIC and the PBGC shall have no reserved rights against PSIC and WSIC for any pension liabilities, and PSIC and WSIC shall be released and discharged from controlled group liability or fiduciary breach related to the Pension Plan. PBGC retains its rights against the Residual Estate Assets for obligations due to PBGC until the Pension Plan terminates, including outstanding premiums owed.

iv. Upon Closing, and subject to the “Settlement Statements; Asset Channeling; Post-Closing True-Up” section provided for in the Agreement, PSIC’s Post-Closing Assets are as listed in the schedule of Post-Closing Assets that is attached to the Agreement as Exhibit B-1. PSIC’s Post-Closing Assets also include, without limitation:

a. All licenses; certain intangible and tangible assets, including personal property, of PSIC and WSIC, including, without limitation, the PSIC computer system, software and applications for the operation of the business, furniture and office equipment; and all rights of PSIC and WSIC to potential claims not carried on their respective books and records or previously written off, in whole or in part, including but not limited to any deductibles, additional premium, contribution or subrogation claims, and reinsurance not carried as an asset or previously written off; and



b. All ceded reinsurance that inures to the benefit of PSIC and WSIC with respect to the Post-Closing Liabilities, including all corresponding rights and obligations of such reinsurance (e.g., any additional premium obligations and fees) (“**Inuring Reinsurance Agreement(s)**”).

v. Effective upon Closing, (a) the rights, title, interest, duties and obligations in, to and arising under each Inuring Reinsurance Agreement issued for the benefit of PSIC, which previously vested in the PSIC Rehabilitator, shall be resumed by PSIC in respect of Post-Closing Liabilities; and (b) all duties, and obligations owed by any provider of such reinsurance shall continue to be owed to PSIC with respect to Post-Closing Liabilities. Neither the Agreement nor this Order shall be deemed to affect any retention or limit of such reinsurance in any way. Claims allowed and adjudicated as provided for in the Amended Plan and any subsequent orders relating to the PSIC Estate shall continue to be applicable post-Closing in respect of reinsurance retentions applicable to PSIC.

vi. Effective upon Closing, PSIC and all of its Affiliates and Representatives shall be fully and unconditionally released and discharged from, and have absolutely no responsibility or liability whatsoever for, and the Post-Closing Assets shall not be chargeable for, any Residual Estate Liabilities.

vii. Effective upon Closing, the Residual Estate Liabilities shall continue to be deemed solely the responsibility and liability of the PSIC Rehabilitator and the PSIC Estate. No person or entity shall have a valid claim or cause of action against the Post-Closing Assets, PSIC, or its Affiliates or Representatives for any claim related to, or arising in connection with, directly or indirectly, any of the Residual Estate Liabilities,

and neither PSIC, its Affiliates or Representatives shall have any future responsibility or liability whatsoever, and are hereby fully released and discharged therefrom.

F. Effective upon Closing, in furtherance of protecting the Transaction and effecting the Rehabilitator's Amended Plan, a crucial component of which is the enforceability of this Order, the Court issues the following injunctions in addition to the injunctions previously entered in these proceedings:

i. All persons and entities, including, but not limited to, PSIC Estate creditors, contract counterparties and other interested persons, and without limitation their respective owner members, directors, officers, affiliates, representatives, agents, employees, parents, subsidiaries, successors and assigns, and all persons in active concert or participation with any of them, whether in the State of Illinois or elsewhere, are permanently restrained and enjoined from (i) pursuing in any manner any claim or commencing or continuing in any manner or in any place any suit, action or other proceeding, whether legal, equitable, administrative or otherwise, whatsoever relating directly or indirectly to the Residual Estate Liabilities, against the Shares, the Post-Closing Assets, PSIC or its Affiliates or Representatives, or Premia or its Affiliates or Representatives; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order against the Shares, the Post-Closing Assets, PSIC or its Affiliates or Representatives, or Premia or its Affiliates or Representatives relating directly or indirectly to the Residual Estate Liabilities; (iii) creating, perfecting, or enforcing any lien or encumbrance with respect to the Shares or the Post-Closing Assets relating directly or indirectly to the Residual Estate Liabilities.

ii. All persons and entities are hereby forever prohibited and enjoined from taking any action or omitting to act that would adversely affect or interfere with the ability of the Director to sell or transfer the Shares, Post-Closing Assets or Post-Closing Liabilities in accordance with the terms of the Agreement or otherwise perform under the Agreement.

iii. To the extent any person or entity pursues a claim or commences or continues any action or proceeding, whether legal, equitable, administrative or otherwise whatsoever, relating directly or indirectly to the Residual Estate Liabilities, any such matter may only be submitted to or made against the PSIC Estate in this Court and not against the Shares, the Post-Closing Assets, PSIC or any of its Affiliates or Representatives, or Premia or its Affiliates or Representatives. Any person or entity attempting to pursue a claim or commence or continue any action or proceeding in violation of this section shall cause such persons and/or entities to be subject to contempt proceedings before this Court and expose any such actors to applicable fines and sanctions.

G. Subject only to any third-party approvals or consents expressly contemplated by the Agreement, but not yet obtained as of the date and time of entry of this Order, the Director solely in her capacity as Rehabilitator is fully authorized to enter into and perform, to take all actions contemplated by, and to otherwise consummate, on behalf of herself and the PSMHC and PSIC Estates, the Transactions contemplated by or in connection with the Agreement and this Order. Nothing in this Order is intended to obviate the need for any Illinois Department of Insurance regulatory review and approval of the Agreement that is otherwise required by applicable law.

H. Effective upon Closing, the resumption by PSIC of the Post-Closing Assets, and sale of the Shares to Premia, shall be free and clear of all liens, encumbrances, claims, charges and other interests of any nature, type, or kind whatsoever, whether arising under any contract, common law, statute, law, or otherwise, that could have been asserted against the Post-Closing Assets or the Shares of PSIC or the shares of WSIC at any time before or during the Rehabilitation or when such Assets or Shares were within the title, possession or control of the PSIC Rehabilitator or were part of the PSIC Estate.

I. Without limiting the generality of any other provisions of this Order, and without the need for any further action, the contractual rights of surplus note holders under the following indentures:

Indenture, dated as of October 29, 2003, with U.S. Bank National Association, as trustee, Floating Rate Surplus Notes, Due 2033, and any supplements thereto;

Indenture, dated as of December 16, 2003, with Wilmington Trust Company, as trustee, Fully Subordinated Surplus Debentures, Due January 8, 2034, and any supplements thereto; and

Indenture, dated as of December 27, 2006, with Wilmington Trust Company, as trustee, Floating Rate Surplus Notes, Due 2037, and any supplements thereto, (collectively, the "Indentures"),

are hereby modified to exclude, for the purposes of the Agreement, Article XI of each such Indenture, and the provisions of Article XI of each such Indenture shall convey no rights to, or obligations upon, any party, person, or entity as a result of the Agreement, including, without limitation, the Post-Closing Assets, PSIC or its Affiliates or Representatives, or Premia or its Affiliates or Representatives. For the avoidance of doubt, the indentures are and shall continue to be Residual Estate Liabilities only, and the surplus note holders remain creditors of the PSIC Estate only and may not pursue any claim whatsoever against the Post-Closing Assets, PSIC, its Affiliates or Representatives, or Premia or its Affiliates or Representatives.

J. Nothing in this Order shall modify or waive any Closing condition or termination right set forth in the Agreement, and all such conditions and rights shall remain in full force and effect in accordance with their terms, it being the intent of the Court that the Agreement is approved and authorized in its entirety.

K. The failure specifically to include or reference in this Order any particular provision of the Agreement shall not diminish or impair the effectiveness of any such provision.

L. The Agreement (and each of the instruments or agreements contemplated thereby and delivered pursuant thereto) may be modified, amended or supplemented in a writing signed by the parties thereto and in accordance with the terms thereof, without further notice to or order of this Court; provided, however, that any such modification, amendment, or supplement shall not have a material adverse effect on the PSIC Estate unless such modification, amendment or supplement shall have been approved by order of this Court.

M. This is a final order for purposes of Illinois Supreme Court Rule 304(b)(1), and the Court recommends that any appeal from this order be placed on any reviewing court's accelerated docket pursuant to Illinois Supreme Court Rule 311(b). The Court intends that this Order be given full faith and credit in all courts in the United States of America. *Underwriters Nat'l Ass. Co. v. North Carolina Life & Acc. & Health Ins. Guar. Ass'n*, 455 U.S. 691, 706-07 (1982) ("This Court has long recognized that '[t]he principles of *res judicata* apply to questions of jurisdiction as well as to other issues.' *American Surety Co. v. Baldwin*, 287 U.S. 156, 166, 53 S.Ct. 98, 101, 77 L.Ed. 231 (1932). *See also Treinies v. Sunshine Mining Co.*, 308 U.S. 66, 78, 60 S.Ct. 44, 50, 84 L.Ed. 85 (1939); *Davis v. Davis*, 305 U.S. 32, 59 S.Ct. 3, 83 L.Ed. 26 (1938). Any doubt about this proposition was definitively laid to rest in *Durfee v. Duke*, *supra*, 375 U.S. at 111, 84 S.Ct. at 245, where this Court held that 'a judgment is entitled to full faith and

credit—even as to questions of jurisdiction—when the second court’s inquiry discloses that those questions have been fully and fairly litigated and finally decided in the court which rendered the original judgment.’ The North Carolina courts, therefore, should have determined in the first instance whether the Rehabilitation Court fully and fairly considered the question of subject matter jurisdiction over the North Carolina deposit, with respect to pre-rehabilitation claims of the parties before it. If the matter was fully considered and finally determined in the rehabilitation proceedings, the judgment was entitled to full faith and credit in the North Carolina courts.”); 43 Am. Jur. 2d Ins. § 90 (Nov. 2018 Update) (“The full faith and credit clause of the United States Constitution requires that other states honor a prior judgment of a court having jurisdiction over the rehabilitation of an insurance company, which adjudicated the rights of various parties in the insolvent insurer’s assets, where the rehabilitation court had fully and fairly considered whether it had subject matter jurisdiction to rule on the matter and has personal jurisdiction over all parties necessary to its determination.”)

N. The provisions of this Order are supported by, comport with, and do not violate, Illinois state law in general and the Code in particular, including, but not limited to, Article XIII.

O. The Court shall retain exclusive jurisdiction over this matter for all purposes necessary to effectuate and enforce this Order. Without limiting the generality of the foregoing, the Court’s jurisdiction shall specifically include:

i. The right to hear and determine all claims, controversies, disputes and demands arising out of or relating to Residual Estate Assets, Residual Estate Liabilities, and the Agreement;

ii. The taking of any action necessary to ensure the continued vitality and legality of the Agreement, the Transaction and this Order;

iii. Granting such other and further relief as the nature of this cause and the interests of PSIC or its Affiliates and Representatives, PSMHC, the PSIC Estate, the policyholders, claimants, beneficiaries and creditors of the Estates, Premia or its Affiliates or Representatives, or the public, may require and/or as this Court may deem proper in the premises.

ENTERED:

JUDGE PRESIDING

