

IN THE CIRCUIT CIVIL COURT OF COOK COUNTY, ILLINOIS

PEOPLE STATE ILLINOIS

v.

PUBLIC SERVICE INSURANCE

No.

ELECTRONICALLY FILED
9/14/2017 10:22 AM
2017-CH-03790
CALENDAR: 05
PAGE 1 of 1
CIRCUIT COURT OF
COOK COUNTY, ILLINOIS
CHANCERY DIVISION
CLERK DOROTHY BROWN

NOTICE OF MOTION

To: John Kevin Baldwin (rabron@osdchi.com)
222 MERCHANDISE#960
CHICAGO, IL 60654

On September 25, 2017, at 10:00 A.M. or as soon thereafter as counsel
may be heard, I shall appear before the Honorable Cohen, Neil or any Judge sitting in that
Judge's stead, in the courtroom usually occupied by him/her, located at Richard J. Daley Center, 50 West Washington Street,
Court Room 2308, Illinois, and present

Name OFFICE SPECIAL DEPUTY REC Atty. No. 16819 Pro Se 99500
Address 222 MERCHANDISE#960 Attorney for HAMMER JENNIFER
City/State/Zip CHICAGO, IL 60654 Telephone (312) 836-9529

PROOF OF SERVICE BY DELIVERY

I, Richard C. Abron, the attorney non-attorney certify that on the 14th day of
September, 2017, I served this notice by delivering a copy personally to each person to whom it is directed.
Date September 14, 2017
Richard C. Abron
Signature/Certification

PROOF OF SERVICE BY MAIL

I, the attorney non-attorney certify that I served this notice by mailing
a copy to at (address on envelope)
and depositing the same in the U. S. Mail at (place of mailing)
at on the day of, with proper postage prepaid.
Date
Signature/Certification

PROOF OF ELECTRONIC SERVICE

I, JOHN KEVIN BALDWIN, the attorney non-attorney certify that on the 14th day of
September, 2017, I served this notice electronically via the Clerk's Office E-filing system, or by
telefax transmission (pages) with consent of the recipient where permissible under Ill. Sup Ct. R.11, at fax no.
at, from (Place)
Date September 14th, 2017
/s/ JOHN KEVIN BALDWIN
Signature/Certification

NOTE: If more than one person is served by delivery or mail, additional proof of service may be made by attaching an additional sheet to this
Notice of Motion.

SERVICE LIST

**PUBLIC SERVICE INSURANCE COMPANY
AND
PUBLIC SERVICE MUTUAL HOLDING COMPANY
(CASE NO. 17 CH 3790)**

COURTESY COPY TO:

Judith Starr, General Counsel
Pension Benefit Guaranty Corporation
1200 K Street, NW
Washington DC 20005

The Honorable Judge Neil H. Cohen
Room 2308
The Richard J. Daley Center
50 West Washington Street
Chicago, Illinois 60602

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

**IN THE MATTER OF THE REHABILITATION OF)
PUBLIC SERVICE INSURANCE COMPANY AND) NO. 17 CH 3790
PUBLIC SERVICE MUTUAL HOLDING COMPANY)**

**MOTION FOR APPROVAL OF PROCEDURES FOR NOTICE, COMMENT
AND HEARING ON THE REHABILITATOR'S PETITIONS FOR
APPROVAL OF: (1) PLAN OF REHABILITATION AND (2)
ASSUMPTION, ASSIGNMENT AND NOVATION AGREEMENT**

Jennifer Hammer, Director of the Illinois Department of Insurance (the "Director"), acting solely in her capacity as the statutory and court-affirmed Rehabilitator (the "Rehabilitator") of Public Service Insurance Company ("PSIC") and Public Service Mutual Holding Company ("PSMHC") (collectively, the "Companies"), moves this Court to enter an order approving procedures for notice, comment and hearing, as follows: (1) approving the proposed notice to be given of the Rehabilitator's Petition for Approval of a Plan of Rehabilitation for PSIC and PSMHC and Petition for Approval of an Assumption, Assignment and Novation Agreement (the "Petitions") and the respective memoranda in support thereof (the "Memoranda"); (2) establishing procedures and deadlines for objecting to the Rehabilitator's Petitions and for the Rehabilitator's reply/ies thereto; and (3) establishing procedures for hearings on any fully briefed objections. In support of this motion, the Rehabilitator states as follows:

**PROPOSED PROCEDURES FOR
NOTICE, COMMENT AND HEARING**

1. For purposes of protecting the due process rights of persons who may be potentially affected by either, or both, of the Petitions, and who are therefore potential stakeholders in these

proceedings, the Rehabilitator requests that this Court consider the procedures for notice, comment and hearing set forth below and enter an order approving said procedures, as this Court finds appropriate.

NOTICE

2. The Rehabilitator proposes providing actual notice of: (i) the Petitions and Memoranda, (ii) the deadline and procedures for objecting or responding to the Petitions, and (iii) the hearing(s) thereon, to those persons whose interests may be affected by the Plan of Rehabilitation or by the Assumption, Assignment and Novation Agreement (the "Notice") by serving the following groups of persons by United States mail at the address¹ currently listed on the Companies' electronic books and records:

- a. all policyholders identified in PSIC's electronic books and records, which cover the years 1992 to the present², and all similarly identified mortgagees, producers, brokers and agents associated therewith;
- b. all persons with claims currently pending against such policyholders (if represented by counsel, each such person shall be noticed through their attorney of record), as disclosed on PSIC's electronic books and records;
- c. all counsel of record for PSIC's insureds on all open claims, as disclosed on PSIC's electronic books and records;
- c. all known general creditors of the Companies, including the Pension Benefit Guaranty Corporation, reinsurers, cedents, and other general creditors, as disclosed on PSIC's electronic books and records;
- d. all holders of surplus notes, through their agents for notice to the trustees under the following indentures:

1. Prior to mailing the Notice, the Rehabilitator will employ the services of a vendor in an effort to verify and/or update the mailing addresses to be used.

2. The Companies' electronic records cover the period of 1992 to present. Notice to those persons whose interests may be affected but whose names and addresses in the Companies' records pre-date said electronic records will be limited to constructive notice as provided for in Paragraph 3 of this motion.

- i. 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;
 - ii. 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
 - iii. Indenture, dated as of December 27, 2006, with Wilmington Trust Company, as trustee, Floating Rate Surplus Notes, Due 2037, and any supplements thereto;
 - e. the United States Department of Justice;
 - f. to the extent not already described in subparagraphs a-e of this Paragraph 2, each of the approximately 460,030 individuals and entities identified in the Companies' mailing lists; and
 - g. the chief deputy for all state insurance departments where the Companies were licensed.
3. The Rehabilitator proposes sending, by first class mail with the United States Postal Service, an oversized postcard for purposes of providing actual notice to those persons described above in Paragraph 2. The proposed Notice shall include information as to the procedures for notice, comment and hearing prayed for herein and will refer those persons to the Public Service Insurance Company, in Rehabilitation web page as maintained on the Office of the Special Deputy's website (www.osdchi.com/open/psic.htm), where they can review, download and print copies of the Plan of Rehabilitation, the Assumption, Assignment and Novation Agreement, the Memoranda, and other documents related to the rehabilitation proceedings. The proposed Notice will be substantially in the form attached hereto as Exhibit A.

4. The Rehabilitator also proposes providing constructive notice, substantially in the form of the proposed Notice attached hereto as Exhibit A, of: (i) the Petitions and Memoranda, (ii) the deadline and procedures for objecting or responding to the Petitions, and (iii) the hearings thereon, to potentially affected persons including those not receiving actual notice as set forth

above, as follows:

- a. Publication in the first available issues of the periodicals *Business Insurance* and *National Underwriter*. Publication of the proposed Notice in these periodicals is calculated to reach insurance and risk management professionals whose clients either may have been insured by, or had other relationships with, one of the Companies.
- b. Posting notice, substantially in the form of the proposed Notice attached hereto as Exhibit A, on the Companies' website (www.mcarta.com) and on the Public Service Insurance Company, in Rehabilitation web page as maintained on the Office of the Special Deputy's website (www.osdchi.com/open/psic.htm).

OBJECTION

5. The Rehabilitator proposes "comment" procedures and deadlines applicable to potentially affected persons, if any, wishing to assert objections to the Petitions (the "Objections").

Based upon the Rehabilitator's anticipated filing of the Petitions and Memoranda on or before October 2, 2017, the Rehabilitator proposes the following procedures and deadlines with respect to any Objections:

- a. **Notice.** The Notice shall be (i) mailed on October 2, 2017 (*i.e.*, seven days following the entry of an order approving procedures for notice, comment and hearing), (ii) published in the first available issues of the periodicals *Business Insurance* and *National Underwriter* subsequent to the entry of the approval order, and (iii) posted on the web sites identified above in Paragraph 4(b) no later than one business day following the entry of the approval order.
- b. **Objections and the Objection Cut-Off Date.** That November 6, 2017, thirty-five days from the final Notice mailing date of October 2, 2017, be set as the final date (the "Cut-Off Date") by which a potentially affected person must: (i) file with this Court their appearance in these proceedings, as well as their response to either or both of the Petitions which response shall consist of both their written Objections to either or both of the Petitions and a memorandum/a of law in support of their Objections (the "Response"), and (ii) actually serve (*i.e.*, constructive service shall not comply) copies of their Response(s) on the Rehabilitator's counsel, J. Kevin Baldwin, either personally (Office of the Special Deputy, 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois), by email (kbaldwin@osdchi.com), or by facsimile ((312)836-1944). Responses not filed with this Court and actually served on the Rehabilitator's counsel by the Cut-Off Date shall be deemed untimely, and any person failing to comply with each of the enumerated requirements set forth in

this Sub-Paragraph (b) shall have waived their right to object and shall have no further right to object to the Petitions.

- c. **The Reply Date.** On or before November 17, 2017, the Rehabilitator shall file a reply brief, as she deems necessary, for purposes of responding to any timely filed and served Responses.

HEARING

6. The rehabilitation estate of PSIC (the "Estate") possesses limited *liquid* assets with which to continue the timely payment of administrative expenses and policyholder claims (including the claims of third parties asserting claims against policyholders). As of the filing of this motion, the Rehabilitator estimates that there are sufficient liquid assets in the Estate for purposes of maintaining the *status quo* through approximately December 31, 2017. As a corollary to this projection, in the absence of there being a final non-appealable order approving the petition for approval of the Assumption, Assignment and Novation Agreement that would allow for the closing of the proposed transaction prior to year-end, the Rehabilitator projects that the Director will have few options available to her other than the filing of a Verified Complaint for Liquidation of PSIC, With a Finding of Insolvency.

7. Given the stark financial circumstances of the Estate arising from its limited liquidity, the Rehabilitator respectfully requests that a prospective hearing date and time be set for the week of November 27, 2017, or as soon thereafter as is practicable, for oral argument on any Objections/Responses that may be filed in compliance with Paragraph 5(b) of this motion or, in the event no Objections/Responses are so-filed, for a hearing on the Rehabilitator's uncontested Petitions at which time the Rehabilitator will seek this Court's entry of an order approving both the Plan of Rehabilitation and the Assumption, Assignment and Novation Agreement (a proposed order will be presented to the Court at or prior to the uncontested hearing).

NOTICE OF SUBSEQUENT FILINGS

8. In the interest of preserving the assets of the Companies' respective estates, the Rehabilitator requests that the Court authorize her to serve constructive notice of all subsequent filings in this matter exclusively by publication on the Public Service Insurance Company, in Rehabilitation web page as maintained by the Office of the Special Deputy (www.osdchi.com/open/psic.htm). In addition to providing such constructive notice to non-parties to these proceedings, the Rehabilitator will serve actual notice of all future filings through the United States Postal Service (first class mail), or by electronic mail if agreeable, to all counsel, or persons appearing *pro se*, having an appearance on file in these proceedings.

CONCLUSION

9. The Rehabilitator represents that the procedures for notice, comment and hearing proposed above are reasonably designed to: (i) inform interested stakeholders of the Rehabilitator's Plan of Rehabilitation for PSIC and PSMHC and of the Assumption, Assignment and Novation Agreement, and (ii) provide each such stakeholder an opportunity to object and have any such Objections heard and resolved by this Court.

WHEREFORE, the Rehabilitator respectfully requests that this Court enter an order approving and establishing the proposed procedures for notice, comment and hearing, and finding

that such notice is sufficient and that no further or additional notice of this motion or the Petitions and the Memoranda in support thereof is required.

Respectfully submitted,

Jennifer Hammer, Director of the Illinois Department of Insurance, acting solely in her capacity as statutory and court-affirmed Rehabilitator of Public Service Insurance Company and Public Service Mutual Holding Company

By: 
One of her attorneys

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EXHIBIT A

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Notice of Procedures for Notice, Comment and Hearing

www.osdchi.com

www.osdchi.com/open/psic.htm

On March 16, 2017, Public Service Insurance Company ("PSIC") and Public Service Mutual Holding Company ("PSMHC") (collectively, the "Companies") were placed in rehabilitation by order of the Circuit Court of Cook County, Illinois, in Case No. 17 CH 3790 (the "Supervising Court"). PSIC is insolvent and the Rehabilitator has filed two petitions (the "Petitions") along with supporting memoranda (the "Memoranda") with the Supervising Court either of which, if approved by the court, may affect your rights and interests: (1) a Petition for Approval of a Plan of Rehabilitation for PSIC and PSMHC, and (2) a Petition for Approval of an Assumption, Assignment and Novation Agreement entered into by and between PSIC and Sparta Insurance Company.

You may view and download for printing from the PSIC web page as maintained on the Office of the Special Deputy's website, www.osdchi.com/open/psic.htm, copies of the Petitions, the Memoranda, and the Order approving the procedures for notice, comment and hearing applicable to the Petitions, as well as other documents related to the rehabilitation proceedings. If you do not have internet access, you may request copies of the Petitions and Memoranda by writing to the Rehabilitator at Public Service Insurance Company, In Rehabilitation, c/o Office of the Special Deputy Receiver, 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654.

If you intend to object to either or both of the Petitions, then on or before November [*], 2017 you must both: (1) file with the Clerk of the Circuit Court of Cook County, Illinois, Chancery Division, Room 802 of the Richard J. Daley Center, 50 West Washington Street, Chicago, Illinois 60602 your: (a) appearance in the rehabilitation proceedings, and (b) your responsive pleading(s) to the Petition(s) consisting of your written objection(s) and supporting memorandum/a of law (the "Response" or "Objection"), and (2) actually serve (*i.e.*, constructive service shall not comply) a copy of your Response(s) on the Rehabilitator's counsel, J. Kevin Baldwin, either personally (222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654), by email (kbaldwin@osdchi.com), or by facsimile ((312) 836-1944). Responses not filed with the Supervising Court and actually served on the Rehabilitator's counsel on or before November [*], 2017 shall be deemed untimely, and any person failing to comply with these two requirements shall have waived their right to object and shall have no further right to object to the Petitions.

A hearing on the Petitions and any Objections thereto will be held on November [*], 2017 at _____, in Courtroom 2043 of the Richard J. Daley Center, 50 West Washington Street, Chicago, Illinois.

EXHIBIT A

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