

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

PEOPLE OF THE STATE OF ILLINOIS, *ex rel.*)
NATHANIEL S. SHAPO, DIRECTOR OF)
INSURANCE OF THE STATE OF ILLINOIS,)
Plaintiffs,)

v.)

ILLINOIS HEALTHCARE)
INSURANCE COMPANY)
An Illinois domestic life, accident and)
health insurance company)
Defendant.)

NO.

00009775

**AGREED ORDER OF LIQUIDATION
WITH A FINDING OF INSOLVENCY**

THIS CAUSE COMING TO BE HEARD upon the Verified Complaint for Liquidation with a Finding of Insolvency, filed herein by, THE PEOPLE OF THE STATE OF ILLINOIS, upon the relation of NATHANIEL S. SHAPO, Director of Insurance of the State of Illinois (hereinafter "Director"), by and through their attorney, JAMES RYAN, Attorney General of the State of Illinois, for An Agreed Order of Liquidation against ILLINOIS HEALTHCARE INSURANCE COMPANY (hereinafter "ILLINOIS HEALTHCARE"), pursuant to the provisions of Article XIII of the Illinois Insurance Code (the "Code"), 215 ILCS 5/187, *et seq.*; the Court having jurisdiction over the parties hereto and the subject matter hereof; the Court having reviewed the pleadings filed herein and having considered the evidence and arguments of counsel

thereon, and the Court then being otherwise fully advised in the premises, and for good cause appearing therefore;

THE COURT FINDS:

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

IT IS ORDERED:

- A. Nathaniel S. Shapo, Director of Insurance of the State of Illinois, and his successors in office, is affirmed as the statutory Liquidator (the "Liquidator") of ILLINOIS HEALTHCARE, with all of the powers appurtenant thereto under Articles XIII and XIII1/2 of the Code; the Liquidator's statutory authority includes, without limitation, the following:
 - (i) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is vested by operation of law with the title to all property, contracts, and rights of action of ILLINOIS HEALTHCARE; and
 - (ii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is entitled to immediate possession and control of all property, contracts, and rights of action of ILLINOIS HEALTHCARE; and
 - (iii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is authorized to remove any and all records and property of ILLINOIS HEALTHCARE to his possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of ILLINOIS HEALTHCARE's liquidation; and
 - (iv) Pursuant to Section 193(1) of the Code, 215 ILCS 5/193(1), the Liquidator is authorized to deal with the property, business and affairs of ILLINOIS HEALTHCARE in his

name, as Director, and that the Liquidator is authorized to deal with the property, business and affairs of ILLINOIS HEALTHCARE in the name of ILLINOIS HEALTHCARE; and

- (v) Pursuant to Section 193(2) of the Code, 215 ILCS 5/193(2), the Liquidator, without the prior approval of the Court, is authorized to sell or otherwise dispose of any real or personal property of ILLINOIS HEALTHCARE, or any part thereof, and to sell or compromise all debts or claims owing to ILLINOIS HEALTHCARE having a value in the amount of Twenty-Five Thousand (\$25,000.00) Dollars, or less. Any such sale by the Liquidator of the real or personal property of ILLINOIS HEALTHCARE having a value in excess of Twenty-Five Thousand (\$25,000.00) Dollars, and sale or compromise of debts owing to ILLINOIS HEALTHCARE by the Liquidator where the debt owing ILLINOIS HEALTHCARE exceeds Twenty-Five Thousand (\$25,000.00) Dollars shall be made subject to the approval of the Court; and
- (vi) Pursuant to Section 193(3) of the Code, 215 ILCS 5/193(3), the Liquidator is authorized to bring any action, claim, suit or proceeding against any director or officer of ILLINOIS HEALTHCARE or against any other person or entity with respect to that person's dealings with the company including, but not limited to, prosecuting any action, claim, suit, or proceeding on behalf of the creditors or policyholders of ILLINOIS HEALTHCARE; and
- (vii) Pursuant to Section 194(b) of the Code, 215 ILCS 5/194(b), the Liquidator may, within two (2) years after the entry of the liquidation order prayed for herein, or within such further time as applicable law permits, institute an action, claim, suit, or proceeding upon any cause of action against which the period of limitation fixed by applicable law had not expired as of the filing of the complaint upon which said order was entered; and
- (viii) Subject to the provisions of Section 202 of the Code, 215 ILCS 5/202, the Liquidator is authorized to appoint and retain those persons specified in Section 202(a) of the Code, 215 ILCS 5/202(a), and to pay, without the further order of this Court, from the assets of ILLINOIS HEALTHCARE, all administrative expenses incurred

during the course of the liquidation of ILLINOIS HEALTHCARE; and

- (ix) Pursuant to Section 203 of the Code, 215 ILCS 5/203, the Liquidator shall not be required to pay any fee to any public officer for filing, recording or in any manner authenticating any paper or instrument relating to any proceeding under Article XIII of the Illinois Insurance Code, 215 ILCS 5/187 *et seq.*, nor for services rendered by any public officer for serving any process; and
 - (x) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Liquidator may seek to avoid preferential transfers of ILLINOIS HEALTHCARE's property and to recover such property or its value, if it has been converted; and
- B. Pursuant to Section 194 of the Code, 215 ILCS 5/194, the rights and liabilities of ILLINOIS HEALTHCARE, and of its policyholders, creditors, stockholders and all other persons interested in ILLINOIS HEALTHCARE's assets are fixed as of the date of the entry of the order of liquidation prayed for herein, except as provided in paragraph H herein; and
- C. There being no just reason for delaying enforcement or appeal of this Order, this Order of Liquidation With a Finding of Insolvency is a final order within the meaning of Illinois Supreme Court Rule 307(a)(5), and ILLINOIS HEALTHCARE has resolved that it waives its right to appeal or request rehearing or reconsideration of this Order; and
- D. Subject to the further orders of the Court, the Liquidator is authorized to take such action as the nature of the cause and the interests of ILLINOIS HEALTHCARE, its policyholders, creditors, or the public may require including, but not limited to, the following:
- (i) Pursuant to 215 5/193(1), the Liquidator shall proceed to take immediate possession and control of the property, books, records, accounts, business and affairs, and all other assets of ILLINOIS HEALTHCARE, and of the premises occupied by ILLINOIS HEALTHCARE for the transaction of its business, and to marshal and liquidate the assets business and affairs of ILLINOIS HEALTHCARE pursuant to the provisions of Article XIII of the Code, *supra.*, and the Liquidator is further directed and authorized to wind down and terminate ILLINOIS HEALTHCARE's business and affairs, and to make the continued expenditure of such wages,

rents and expenses as he may deem necessary and proper for the administration of ILLINOIS HEALTHCARE; and

(ii) Pursuant to 215 ILCS 5/193(3) the Liquidator may both sue and defend on behalf of ILLINOIS HEALTHCARE, or for the benefit of ILLINOIS HEALTHCARE's policyholders and creditors, in the courts either in his name as the Liquidator of ILLINOIS HEALTHCARE, or in the name of ILLINOIS HEALTHCARE; and

E. All treaties, contracts and agreements of reinsurance, wherein ILLINOIS HEALTHCARE is the ceding company, shall remain in full force and effect pending a determination and recommendation by the Director as to when, and upon what terms, cancellation is appropriate; and

F. That such Order require that hereafter the caption in this cause and all pleadings in this matter shall read:

**IN THE MATTER OF THE LIQUIDATION OF
ILLINOIS HEALTH CARE INSURANCE COMPANY**

G. All costs of these proceedings are taxed and assessed against the Defendant ILLINOIS HEALTHCARE; and

H. That all direct policies and/or certificates of insurance heretofore issued by ILLINOIS HEALTHCARE are hereby cancelled upon the entry of this Order, except those policies and/or certificates of insurance which are covered policies or certificates of insurance within the meaning of the Illinois Life and Health Insurance Guaranty Association Law, 215 ILCS 5/531.01 *et seq.*, or any similar law of any other state, or the obligations, or any part thereof, of which the Illinois Life and Health Insurance Guaranty Association, or any similar organization in any other state, is obligated to assure payment of, which shall remain in full force and effect until cancelled, or until they expire in accordance with their terms.

I. That pursuant to Section 189 of the Code, 215 ILCS 5/189, the following mandatory and prohibitive injunctions are hereby ordered:

(i) All present and former accountants, auditors, attorneys and consultants of ILLINOIS HEALTHCARE are ordered to deliver to the Liquidator, at his request, copies of all documents in their possession or under their control concerning or related to ILLINOIS HEALTHCARE, and to provide the Liquidator with such information as he may require concerning any and all business and/or professional relationships between them and

ILLINOIS HEALTHCARE, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of ILLINOIS HEALTHCARE, or its respective agents, servants, officers, directors and /or employees, or which ILLINOIS HEALTHCARE may be, or is, entitled to as the result of its relationship with such accountants, auditors attorneys and consultants; and,

- (ii) ILLINOIS HEALTHCARE, and its respective directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities, shall give immediate possession and control to the Liquidator of all property, business, books, records and accounts of ILLINOIS HEALTHCARE, and all premises occupied by ILLINOIS HEALTHCARE for the transaction of its business; and,
- (iii) ILLINOIS HEALTHCARE's respective directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities, having knowledge of this Order are restrained from transacting any business of ILLINOIS HEALTHCARE, or disposing of any company property or assets, without the express written consent of the Liquidator, or doing or permitting to be done any action which might waste the property or assets of ILLINOIS HEALTHCARE, until the further order of this Court; and,
- (iv) The directors, officers, employees, agents, policyholders, service providers, and representatives of ILLINOIS HEALTHCARE, and all other persons and entities having knowledge of this Order, are restrained from bringing or further prosecuting any claim, action or proceeding at law or in equity or otherwise, whether in this State or elsewhere, against ILLINOIS HEALTHCARE or its property or assets, or the Director or Liquidator, except insofar as those claims, actions or proceedings arise in or are brought in the liquidation proceedings prayed for herein; or from obtaining, asserting or enforcing preferences, judgments, attachments or other like liens, including common law retaining liens, or encumbrances or the making of any levy against ILLINOIS HEALTHCARE, or its property or assets while in the possession or control of the Liquidator, or from interfering in any way with the Liquidator in his possession or control of the property, business, books, records, accounts, premises and all other assets of ILLINOIS HEALTHCARE, until the further order of this Court; and,
- (v) Any and all banks, brokerage houses, financial institutions and any and all other companies, persons or entities having knowledge of

this Order, having in their possession accounts and any other assets which are, or may be, the property of ILLINOIS HEALTHCARE, are restrained from disbursing or disposing of said accounts and assets and are further restrained from disposing of or destroying any records pertaining to any business transaction between ILLINOIS HEALTHCARE, and such banks, brokerage houses, financial institutions, companies, persons or entities having done business, or doing business, with ILLINOIS HEALTHCARE, having in its possession assets which are, or may be, the property of ILLINOIS HEALTHCARE are ordered to immediately deliver any and all such assets and/or records to the Liquidator; and,

- (vi) All agents, and brokers of ILLINOIS HEALTHCARE, and its respective agents, servants, representatives and employees, and all other persons, are restrained from returning any unearned premiums, assessments or any money in their possession, or under their control, collected from premiums or assessments upon policies, contracts or certificates of insurance or reinsurance previously issued by ILLINOIS HEALTHCARE, to policyholders, or others, and all said agents and brokers, and ILLINOIS HEALTHCARE's agents, representatives, employees and servants are directed to turn over all such funds in their possession or under their control, or to which they may hereafter acquire possession or control, to the Liquidator in gross and not net of any commissions which may be due thereon; and,

- (vii) All policyholders under policies or certificates of insurance issued by ILLINOIS HEALTHCARE, persons asserting claims against such policyholders, and creditors of ILLINOIS HEALTHCARE, and all other persons, companies and entities are restrained 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 any other state, or of the United States, which seek in any way, directly or indirectly, to contest or interfere with the Liquidator's exclusive right, title and interest to funds recoverable under treaties and agreements of reinsurance or excess insurance heretofore entered into by or on behalf of ILLINOIS HEALTHCARE.

ENTERED:

JUDGE ROBERT V. BONADIN

JUN 30 2000

JUDGE

Circuit Court - 1st

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