

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

PEOPLE OF THE STATE OF ILLINOIS, *ex rel.*)
JAMES A. STEPHENS, ACTING DIRECTOR OF)
INSURANCE OF THE STATE OF ILLINOIS,)
)
Plaintiffs,)
)
v.)
)
MILLERS CLASSIFIED INSURANCE COMPANY,)
an Illinois domestic stock insurance company,)
)
Defendant.)

No. 2015CH00885
CALENDAR/ROOM 03
TIME 00:00
Injunction

AGREED ORDER OF REHABILITATION

THIS CAUSE COMING TO BE HEARD upon the Verified Complaint for Rehabilitation filed herein by THE PEOPLE OF THE STATE OF ILLINOIS, upon the relation of JAMES A STEPHENS, Acting Director of Insurance of the State of Illinois (the "Director), seeking an Agreed Order of Rehabilitation as to and against Millers Classified Insurance Company ("Millers Classified") pursuant to the provisions of Article, XIII 215 ILCS 5/187 *et seq.*, ("Article XIII") of the Illinois Insurance Code, 215 ILCS 5/1 *et seq.* (the "Code"); the Court having jurisdiction over the parties hereto and the subject matter hereof; the Court having reviewed the pleadings filed herein and having considered arguments of counsel thereon; and the Court then being otherwise fully advised in the premises and for good cause appearing therefore;

THE COURT HEREBY FINDS THAT:

(A) Sufficient cause exists for the entry of an order for rehabilitation of Millers Classified, including that Millers Classified's Board of Directors have consented to the entry of an Agreed Order of Rehabilitation as, to and against Millers Classified.

(B) Pursuant to Section 191 of the Code, 215 ILCS 5/191, this Order of Rehabilitation creates an estate comprising of all of the liabilities and assets of Millers Classified.

(C) With the entry of this Order of Rehabilitation, the Rehabilitator's statutory authority includes, without limitation, the following:

(i) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Rehabilitator is vested by operation of law with the title to all property, contracts, and rights of action of Millers Classified; and

(ii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Rehabilitator is entitled to immediate possession and control of all property, contracts, and rights of action of Millers Classified; and

(iii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Rehabilitator is authorized to remove any and all records and property of Millers Classified to his possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of the rehabilitation of Millers Classified; and

(iv) Pursuant to Section 192(2) of the Code, 215 ILCS 5/192(2), the Rehabilitator is authorized to deal with the property, business and affairs of Millers Classified in his name, as Director, and that the Rehabilitator is authorized to deal with the property, business and affairs of Millers Classified in the name of Millers Classified; and

(v) Pursuant to Section 192(2) of the Code, 215 ILCS 5/192(2), the Rehabilitator, without the prior approval of the Court, is authorized to sell or otherwise dispose of any real or personal property of Millers Classified, or any

part thereof, and to sell or compromise all debts or claims owing to Millers Classified having a value in the amount of Twenty-Five Thousand (\$25,000.00) Dollars, or less. Any such sale by the Rehabilitator of the real or personal property of Millers Classified having a value in excess of Twenty-Five Thousand (\$25,000.00) Dollars, and sale or compromise of debts owing to Millers Classified by the Rehabilitator where the debt owing to Millers Classified exceeds Twenty-Five Thousand (\$25,000.00) Dollars shall be made subject to the approval of the Court; and

(vi) Pursuant to Section 192(2) of the Code, 215 ILCS 5/192(2), the Rehabilitator 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 the Code, 215 ILCS 5/193(4); and

(vii) Pursuant to Section 192(3) of the Code, 215 ILCS 5/192(3), the Rehabilitator is authorized to bring any action, claim, suit or proceeding against any person with respect to that person's dealings with Millers Classified including, but not limited to, prosecuting any action, claim, suit, or proceeding on behalf of the policyholders, claimants, beneficiaries or creditors of Millers Classified; and

(viii) Pursuant to Section 192(4) of the Code, 215 ILCS 5/192(4), if at any time the Rehabilitator finds that it is in the best interests of the policyholders, claimants, beneficiaries, and creditors to effect a plan of rehabilitation, the Rehabilitator may submit such a plan to the Court for its approval; and

(ix) Pursuant to Section 194(b) of the Code, 215 ILCS 5/194(b), the Rehabilitator may, within two (2) years after the entry of the rehabilitation 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 the rehabilitation order was entered; and

(x) Subject to the provisions of Section 202 of the Code, 215 ILCS 5/202, the Rehabilitator 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 respective assets of Millers Classified, all administrative expenses incurred during the course of the rehabilitation of Millers Classified; and

(xi) Pursuant to Section 203 of the Code, 215 ILCS 5/203, the Rehabilitator 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

(xii) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Rehabilitator may seek to avoid preferential transfers of the property of Millers Classified and to recover such property or its value, if it has been converted.

IT IS HEREBY ORDERED THAT:

- (1) This Order of Rehabilitation is entered as, to and against Millers Classified.

(2) There being no just reason for delaying enforcement or appeal of the order prayed for herein, this Agreed Order of Rehabilitation is a final order within the meaning of Illinois Supreme Court Rule 307(a)(5).

(3) James A. Stephens, Acting Director of Insurance of the State of Illinois, and his successors in office, is affirmed as the statutory Rehabilitator (the "Rehabilitator") of Millers Classified with all of the powers appurtenant thereto.

(4) All policies and contracts of insurance, and agreements of reinsurance where Millers Classified is the ceding company, shall remain in full force and effect pending a determination by the Director as to when, and upon what terms, cancellation or renewal is appropriate. All treaties, contracts and agreements of reinsurance wherein Millers Classified was, or is, the assuming or retrocessional reinsurer are canceled on a cut-off basis, effective upon the entry of this Order of Rehabilitation.

(5) Subject to the further orders of the Court, the Rehabilitator is authorized to take such actions as the nature of the cause and the interests of Millers Classified, and its policyholders, claimants, beneficiaries, creditors, or the public may require including, but not limited to, the following:

(i) The Rehabilitator shall proceed to take immediate possession and control of the property, books, records, accounts, business and affairs, and all other assets of Millers Classified, and of the premises occupied by them for the transaction of their business, and to marshal and liquidate the assets, business and affairs of Millers Classified pursuant to the provisions of Article XIII of the Code, *supra*, and the Rehabilitator is further directed and authorized to orderly wind down and run off the business and affairs of Millers Classified, and to make the continued expenditure of such wages, rents and expenses as

he may deem necessary and proper for the administration of the rehabilitation of Millers Classified; and

(ii) The Rehabilitator may both sue and defend on behalf of Millers Classified, or for the benefit of the policyholders, claimants and other creditors of Millers Classified, in the courts either in his name as the Rehabilitator of Millers Classified, or in the name of Millers Classified, as the case may be; and

(iii) The Rehabilitator may continue to pay policyholder claims and claims against policyholders of Millers Classified, at level (d) of the statutory schedule of priorities, 215 ILCS 5/205(1)(d), as they come due.

(6) The Director is vested with the right, title and interest in all funds recoverable under contracts, treaties, certificates, and agreements of reinsurance heretofore entered into by or on behalf of Millers Classified, and that all reinsurance companies involved with Millers Classified are restrained and enjoined from making any settlements with any claimant or policyholder of Millers Classified, or any other person, other than the Director as Rehabilitator, except with the written consent of the Director, except when the reinsurance contract, treaty, certificate, or agreement expressly and lawfully provides for payment by the reinsurer directly to a claimant or policyholder on the behalf of Millers Classified.

(7) Any acts or omissions of the Rehabilitator in connection with the rehabilitation, shall not be construed or considered to be a preference within the meaning of Section 204 of the Code, 215 ILCS 5/204, notwithstanding the fact that any such act or omission may cause a policyholder, claimant, beneficiary, third party or creditor to receive a greater percentage of debt owed to or by Millers Classified than any other policyholder, claimant, member, third party or creditor in the same class.

(8) The caption in this cause and all pleadings filed in this matter shall hereafter read:

**"IN THE MATTER OF THE REHABILITATION
OF MILLERS CLASSIFIED INSURANCE COMPANY"**

(9) All costs of these proceedings shall be taxed and assessed against Millers Classified.

(10) Pursuant to its authority under Section 189 of the Code, 215 ILCS 5/189, the Court hereby issues the following mandatory and prohibitive injunctions:

(i) All accountants, auditors and attorneys of Millers Classified are ordered to deliver to the Rehabilitator, at his request, copies of all documents in their possession or under their control concerning or related to Millers Classified, and to provide the Rehabilitator with such information as he may require concerning any and all business and/or professional relationships between them and Millers Classified, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of Millers Classified, or their agents, servants, officers, directors and/or employees, or which Millers Classified may be, or are, entitled to as the result of its relationship with such accountants, auditors and attorneys; and

(ii) Millers Classified and its directors, officers, agents, servants, representatives, employees, and affiliated companies, and all other persons and entities, shall give immediate possession and control to the Rehabilitator of all property, business, books, records and accounts of Millers Classified, and all premises occupied by Millers Classified for the transaction of its business; and

(iii) Millers Classified and its officers, directors, agents, servants, representatives and employees, and all other persons and entities having knowledge of this Order are restrained and enjoined from transacting any business of Millers Classified, or disposing of any company property or assets, including books, records and computer and other electronic data, without the express written consent of the Rehabilitator, or doing or permitting to be done any action which might waste the property or assets of Millers Classified, until the further order of this Court; and

(iv) The officers, directors, agents, servants, representatives and employees of Millers Classified, and all other persons and entities having knowledge of this Order are restrained and enjoined from bringing or further prosecuting any claim, action or proceeding at law or in equity or otherwise, whether in this State or elsewhere, against Millers Classified, or its property or assets, or the Director or Rehabilitator, except insofar as those claims, actions or proceedings arise in or are brought in the rehabilitation 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 Millers Classified, or its property or assets while in the possession and control of the Rehabilitator, or from interfering in any way with the Rehabilitator in his possession or control of the property, business, books, records, accounts, premises and all other assets of Millers Classified, 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 its possession accounts and any other assets which are, or may be, the property of Millers Classified, are restrained and enjoined from disbursing or disposing of said accounts and assets and are further restrained and enjoined from disposing of or destroying any records pertaining to any business transaction between Millers Classified, and such banks, brokerage houses, financial institutions, companies, persons or entities having done business, or doing business, with Millers Classified, or having in their possession assets which are, or may be, the property of Millers Classified, and further, that each such person or entity is ordered to immediately deliver any and all such assets and/or records to the Rehabilitator; and

(vi) All insurance and reinsurance companies and entities that assumed liabilities from Millers Classified arising under either contracts, policies of insurance, certificates of insurance, or agreement, contracts, treaties or certificates of reinsurance issued by Millers Classified, are restrained and enjoined from making any settlements with any claimant or policyholder of Millers Classified, or any other person other than the Rehabilitator, except with the written consent of the Rehabilitator, except when the reinsurance agreement, contract, treaty, or certificate expressly and lawfully provides for payment to or on the behalf of Millers Classified's insured by the reinsurer; and

(vii) There is a moratorium enjoining and prohibiting the payment of any and all claims falling below level (d) of the statutory schedule of priorities, 215 ILCS

5/205(1)(d), until such time that the Rehabilitator is able to demonstrate to the Court that there is a good faith basis for believing that all claims falling at levels (a)-(d) can be paid in full, or until the further order of this Court.

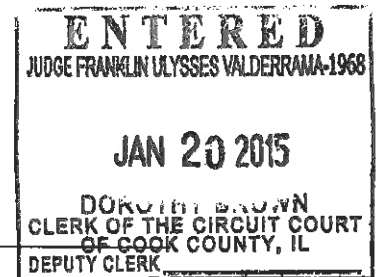
(11) The Court retain jurisdiction in this cause for the purpose of granting such other and further relief as the nature of this cause and the interests of Millers Classified, its policyholders, beneficiaries, members and creditors, or of the public, may require and/or as the Court may deem proper in the premises.

(12) Such further, different or other relief as this Honorable Court may deem proper in the premises.

(13) This cause is set for a general status hearing on April 14, 2015, at 10:00 a.m. in #2305

ENTERED:


Judge Presiding



Lisa Madigan
Attorney General of
The State of Illinois
Attorney for the PEOPLE OF
THE STATE OF ILLINOIS
Hellin Jang
Assistant Attorney General
James R. Thompson Center
100 West Randolph Street, 13th Floor
Chicago, Illinois 60601
(312) 814-7199
Attorney Code #99000

Of Counsel:

J. Kevin Baldwin
Daniel A. Guberman
Counsel to the Director as Receiver
222 Merchandise Mart Plaza
Suite 960
Chicago, IL 60654
(312) 836-9500
Attorney Code #16819