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ORIGINAL

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE
IN AND FOR NEW CASTLE COUNTY

THE HONORABLE DONNA LEE H.
WILLIAMS, Insurance
Commissioner for the
State of Delaware,

Petitioner

v.

CONSUMERS UNITED INSURANCE
COMPANY, a Delaware Domestic
Insurance Company,

Respondent.

C.A. No.

12789

REGISTERED CHANCERY
FISCAL CLERK CHRISTIAN

94 MAY 5 AM 5:53

FILED

LIQUIDATION AND INJUNCTION ORDER

WHEREAS, the Honorable Donna Lee H. Williams, Insurance Commissioner for the State of Delaware, ("Commissioner") has filed with the Court a petition seeking a Liquidation and Injunction Order concerning the Consumers United Insurance Company ("Consumers United"); and

WHEREAS, Consumers United has not indicated it is agreeable to the entry of such an Order;

WHEREAS, a hearing on the financial status of Consumers United and for the stockholders of Consumers United to show cause why the company should not be declared insolvent and ordered liquidated was held by the Court on May 5, 1994;

WHEREAS, the ~~Commissioner has submitted evidence~~ *Court has concluded, based upon evidence* that Consumers United is insolvent, in that as of December 31, 1993, Consumers United's statutory liabilities exceeded its admitted assets by approximately ~~92~~ ^{\$11} million. *Ma*

NOW THEREFORE, IT IS HEREBY ORDERED this 5ⁿ day of

May, 1994, as follows:

1. Consumers United is insolvent.
2. Sufficient cause exists for the liquidation of the respondent, Consumers United, pursuant to 18 Del. C. § 5906 and a Liquidation and Injunction Order is hereby entered against the Company.
3. Donna Lee H. Williams, Commissioner of Insurance of the State of Delaware, and her successors in office, are appointed as and shall be the Receiver of Consumers United and are hereby directed to immediately take possession and control of the property, assets, business and affairs of Consumers United, and to liquidate the same pursuant to the provisions of Chapter 59 of the Delaware Insurance Code, and the Commissioner is further authorized to take such actions as the nature of this cause and interests of the policyholders, creditors and stockholders of Consumers United, and the public may require.
4. The Commissioner is hereby vested as Receiver with title of all property, contracts, and rights of action of the Company and she is hereby authorized to deal with the property, business and affairs of the Company and to sue and defend for the Company, or

for the benefit of the Company's policyholders, shareholders and creditors in the courts and tribunals, agencies or arbitration panels for this State and other states in her name as the Commissioner of Insurance of the State of Delaware, or in the name of Consumers United.

5. The Commissioner is vested with the right, title and interest in and to all funds recoverable under treaties and agreements of reinsurance heretofore entered into by the Company as the ceding insurer, and that all reinsurance companies involved with the Company are enjoined and restrained from making any settlements with any claimant or policyholder of Consumers United other than the Commissioner as Receiver.

6. Consumers United, its officers, agents, servants and employees and all other persons having notice of these proceedings or of this Order are hereby prohibited from transacting any business of Consumers United or disposing of any property or assets of Consumers United, without the prior written permission of the Commissioner or until further Order of this Court.

7. All officers, agents and employees of Consumers United, and all other persons and companies having notice of these proceedings or of this Order, are hereby prohibited from instituting or further prosecuting any action at law or in equity or in other proceedings against Consumers United, or the Commissioner as Receiver, or from obtaining preferences, judgments, attachments or other like liens or encumbrances, or the making of any levy against Consumers United or the property or assets of

Consumers United while in the possession and control of the Commissioner as Receiver, or in any way interfering with the Commissioner in her possession and control of the property, books, records and all other assets of Consumers United.

8. All banks, brokerage houses, agents, reinsurers, or other companies or persons, having in their possession assets, property or records that are, or may be, the property of Consumers United, are hereby enjoined from disposing of, transferring or destroying any such assets, property or records. This prohibition includes, but is not limited to, property, books or records pertaining to any business transaction between Consumers United and any of said parties. No actions concerning, involving, or relating to such assets, property or records may be taken by any of the aforesaid persons or entities enumerated herein, without the express written consent of the Commissioner, or until further Order of this Court.

9. All persons are hereby enjoined and restrained from asserting any claim against the Commissioner as Receiver of the Company or its property or assets, except insofar as such claims are brought in the liquidation proceedings of Consumers United.

10. All parties to lawsuits in this State and all other states and territories of the United States, are hereby enjoined and restrained from proceeding with any pretrial conference, trial, application for judgement or proceedings on judgment or settlements and such action at law, in equity, special or other proceedings in which Consumers United is obligated to defend a party insured or

any other person it is legally obligated to defend by virtue of its insurance contract for a period of 180 days from the date hereof.

11. Within a reasonable time after receipt of a claim against the receivership, the receiver shall give notice by mail to any and all persons interested in such claim of the receiver's proposed report and recommendation to the Court regarding the allowance or denial (in whole or in part) of such claim.

12. Within sixty (60) days of the mailing of the proposed report and recommendation, the interested person being given notice of such proposed report and recommendation may file a written objection thereto with the New Castle County Register in Chancery, 1000 King Street, Wilmington, Delaware, 19801, and the receiver.

13. Within a reasonable time after such sixty (60) days, there being no objection to the proposed report and recommendation, the receiver shall file with the Court such report and recommendation.

14. No hearing will be held regarding the proposed report and recommendation in the absence of a written objection thereto by a person interested therein.

15. Hereafter the caption of this cause and all pleadings in this matter shall read as:

"IN THE MATTER OF THE LIQUIDATION
OF CONSUMERS UNITED INSURANCE COMPANY"

16. The Commissioner is hereby authorized to pay from the assets of Consumers United those administrative expenses she incurs during the course of the liquidation of Consumers United, including, but not limited to, attorneys' fees, accounting fees, and consulting fees as administrative expenses under 18 Del. C. sec. 5913(f).

17. This Court shall retain jurisdiction in this cause for the purpose of granting such other and further relief as this cause, the interests of the policyholders, creditors, stockholders of Consumers United and the public may require.



SO ORDERED this 5 day of May, 1994.


Chancellor