ORIGINAL

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

IN THE MATTER OF: THE STATE OF DELAWARE INSURANCE DEPARTMENT, THE HONORABLE DAVID N. LEVINSON, INSURANCE COMMISSIONER OF THE STATE OF DELAWARE, Petitioner, v. GREAT ATLANTIC INSURANCE COMPANY, A DELAWARE DOMESTIC INSURANCE COMPANY, Respondent.	)	C. A. No. 10436

FILED
Nov 16 4 01 PM '88

REHABILITATION AND INJUNCTION ORDER

The Court having considered the Petition for a Rehabilitation and Injunction Order from the Petitioner, David N. Levinson, Insurance Commissioner of the State of Delaware, concerning Great Atlantic Insurance Company (hereinafter "GAICO"), and it appearing that GAICO has consented to an entry of the order sought ~~the Court having held a hearing on such application during which GAICO was afforded an opportunity to show cause, if any there be, why a Rehabilitation and Injunction Order, pursuant to the provisions of 18 Del. C. Chapter 59, should not be entered against it~~.

IT IS HEREBY ORDERED, ADJUDGED AND DECREED:

1. That sufficient cause exists for the rehabilitation of the Respondent, Great Atlantic Insurance Company ("GAICO"); pursuant to Section 5905 of the Delaware

Insurance Code and that an Order of Rehabilitation be and the same is hereby entered against the Company.

2. David N. Levinson, Commissioner of Insurance of the State of Delaware and his successors in office, be and the same are hereby appointed the Rehabilitator of GAICO and are hereby directed to immediately take possession and control of the property, assets, business and affairs of GAICO, and to rehabilitate the same pursuant to the provisions of Chapter 59 of the Delaware Insurance Code to take such steps towards the removal of the causes and conditions that have made these proceedings necessary as may be expedient, 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 GAICO, and the public, may require, subject to further Order of this Court.

3. That the Commissioner be and is hereby vested as Rehabilitator with title to all property, contracts, and rights of action of the Company and he 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 of this state and other states in his name as the Commissioner of Insurance of the State of Delaware, or in the name of GAICO.

4. That the Commissioner be and 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 be and the same hereby are enjoined and restrained from making any settlements with any claimant or policyholder of GAICO other than the Commissioner as Rehabilitator.

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

6. All officers, agents and employees of GAICO, and all other persons and companies having notice of these proceedings or of this Order, be and the same are hereby prohibited from instituting or further prosecuting any action at law or in equity or in other proceedings against GAICO, or the Commissioner as Rehabilitator, or from obtaining preferences, judgements, attachments or other like liens or encumbrances, or the making of any levy against GAICO or the property or assets of GAICO while in the possession and control of the Commissioner as Rehabilitator, or in any way interfering with the Commissioner in his

possession and control of the property, books, records and all other assets of GAICO.

7. 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 GAICO, be and the same 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 GAICO 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.

8. All persons be and are hereby enjoined and restrained from asserting any claim against the Commissioner as Rehabilitator or the Company or its property or assets, except insofar as such claims are brought in the rehabilitation proceedings of GAICO.

9. 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 proceeding on judgements or settlements and such actions at law, inequity, special or other proceedings in which GAICO 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; futhermore;

10. That hereafter the caption of this cause and all pleadings in this matter shall read as:

"IN THE MATTER OF THE REHABILITATION OF GREAT ATLANTIC INSURANCE COMPANY"

11. The Commissioner is hereby authorized to pay from the assets of GAICO those administrative expenses he incurs during the course of the rehabilitation of GAICO, including, but not limited to, attorneys' fees, accounting fees, and consulting fees as administrative expenses under Section 5913(f) of the Delaware Insurance Code (Title 18 Delaware Code).

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 GAICO and the public may require.

SO ORDERED THIS 17 day of November, 1988.

CHANCELLOR

CERTIFIED
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[illegible]
[illegible] CHANCERY
By [illegible]
Deputy II Register