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AUG 16 2012

INSURANCE COMMISSIONER
OKLAHOMA

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1. John D. Doak is the Insurance Commissioner of the State of Oklahoma and, as such, is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq. The Insurance Commissioner has jurisdiction over this matter because the Company has been authorized to do business in Oklahoma since 1923 as an accident and health, casualty, marine, property, surety and workers compensation insurer pursuant to Certificate of Authority Number 0648 (NAIC Number 30562).

FINDINGS OF FACT

1. An Agreed Order of Rehabilitation has been entered against the Company with the consent of its Board of Directors in Case No. 12CH24227, Circuit Court of Cook County, Illinois County Department, Chancery Division. While the Company is in rehabilitation, the Illinois Department of Insurance Director ("Illinois Director"), Andrew Boron, will act as Rehabilitator.

2. A series of agreed corrective orders relating to American Manufacturers, and an affiliated company, Lumbermans Mutual Casualty Company ("Lumbermans") was entered into beginning February 10, 2003 under the authority of Sections 186.1 of the Illinois Code, 215 ILCS 5/186.1. Following the loss of its A- rating from A.M. Best Company, Inc. and, following extensive discussions with the Illinois Department of Insurance ("the Illinois Department"), and pursuant to the terms of the Corrective Orders, Lumbermens commenced a voluntary run-off in 2003 and, since 2004, has been operating under a run-off plan filed with the Illinois Department on March 19, 2004 and approved June 9, 2004, together with annual updates to the Run-Off Plan. The procedures and proceedings arising from the Corrective Orders and Run-off Plan have been in effect and Lumbermens has been operating under them and under the oversight of the Illinois Department, since March 26, 2003 and June 9, 2004, respectively.

3. Pursuant to the terms of the Corrective Orders, American Manufacturers also commenced a voluntary run-off in 2003 and, since 2004, has been operating under the Run-Off Plan. The procedures and proceedings arising from the Corrective Orders and Run-off Plan have been in effect and American Manufacturers has been operating under them, and under the oversight of the Illinois Department, since March 26, 2003 and June 9, 2004, respectively.

4. Specifically, pursuant to Corrective Order 03-2003, the Illinois Director has overseen the Lumbermens' and American Manufacturers' runoffs through the requirement for Lumbermens and American Manufacturers to submit comprehensive weekly, monthly and quarterly periodic reports to the Illinois Director; the Illinois Director's required approvals for material transactions; biweekly calls to update the Illinois Department on events and transactions at Lumbermens and American Manufacturers; periodic in-person meetings with the Illinois Director and/or his staff; the Illinois Director's or a designee's attendance at all Lumbermens and American Manufacturers Board of Directors meetings since 2003; as well as other requirements.

5. In addition, a representative of RSM McGladrey LLP, now known as Risk & Regulatory Consulting, LLC ("McGladrey" or "RRC"), acting at the Illinois Department's request, has maintained an on-site location at Lumbermens and American Manufacturers since March 2003 and has attended, either in person or by telephone, every Board of Directors meeting of Lumbermens and American Manufacturers since 2003.

6. In 2003, the Illinois Director engaged advisors that assisted in overseeing the run-off, namely Milliman, Inc., an actuarial and consulting firm and American Express Tax & Business Services, later renamed McGladrey, and then renamed RRC, a public accounting, tax and consulting firm, respectively. Milliman and McGladrey/RCC have been retained continuously since 2003. Milliman has conducted annual reserve reviews on Lumbermens and American Manufacturers for years-end 2002 through 2010. Since the inception of the run-off, the Illinois Department, with the assistance of McGladrey/RRC, completed statutory financial examinations of Lumbermens and American Manufacturers through December 31, 2005 and through December 31, 2010. KPMG, LLP, a public accounting firm, has provided annual audits of the Lumbermens and American Manufacturers statutory financial statements and reports on

the system of internal controls both since the inception of the run-off and for considerable years before.

7. In addition to the oversight of the Illinois Director and the Illinois Department, Lumbermens and American Manufacturers have reported to the National Association of Insurance Commissioners ("NAIC") Lumbermens' Working Group composed of representatives from the following state insurance departments: Illinois, California, New York, Texas, Pennsylvania, Florida, Massachusetts and New Jersey, states comprising a large majority of the business previously written by these insurers. This reporting has included in-person presentations and written reports to the NAIC Working Group at each NAIC meeting since June 2004.

8. Furthermore, periodic in-person presentations and written reports with respect to Lumbermens and/or American Manufacturers have been provided to the National Conference of Insurance Guaranty Funds ("NCIGF") Lumbermens' Working Group since June 2004. During the involvement of the Illinois Department, its advisors and consultants, and other state regulators and representatives of state guaranty funds in the oversight of the Lumbermens' and American Manufacturers' runoff, no negligent act, error or omission by the Board of Directors or management of Lumbermens or American Manufacturers was identified for the period of January 2003 through June 26, 2012.

9. The Illinois Department has issued over 500 separate written directions or approvals to Lumbermens and American Manufacturers on specific transactional or operational matters pertaining to the run-off. The Department has received and reviewed numerous reports that evaluated the causes for the runoff, and evaluated the conduct of the run-off, including:

- Kenning Reports from 2003 and 2004;
- Periodic McGladrey/RRC reports; and
- The December 31, 2005 and December 31, 2010 statutory Financial Examination reports.

10. These reports did not identify actionable negligent acts, errors or omissions by the pre-January, 2003 members of the Board of Directors or management of Lumbermens or American Manufacturers. In light of the foregoing, and the passage of over eight years of the runoff, no third party has asserted any negligent act, error or omission by members of the Board of Directors or management of Lumbermens or American Manufacturers relating to its insurance operations. The Illinois Director, in seeking rehabilitation, believes there is no current basis for asserting a claim or alleging any wrongful act by members of the Board of Directors or management of Lumbermens or American Manufacturers as of the date of the filing of the Agreed Order of Rehabilitation. Further, in light of the investigations instituted during January 2003-June 2004 relating to the activities of members of the Board of Directors and management of Lumbermens and American Manufacturers prior to January 1, 2003, and the passage of over eight years of runoff, the Illinois Director found no basis for additional investigations against such members of the Board of Directors or management of Lumbermens or American Manufacturers.

11. Based on all of these factors, the Illinois Director moved to the next stage of the process, which includes entry of the Agreed Order of Rehabilitation in Illinois, and which prompted this action by the Oklahoma Insurance Commissioner. The Agreed Order of Rehabilitation allows the Illinois Director to restructure an insurance company's business. This restructuring involves taking over the affairs of the company and continuing the run off described above, but no longer taking on new obligations or issuing new or renewing policies. The Illinois Director is vested with title to the company's property, assets, rights of action or lawsuits, books, records and premises.

CONCLUSIONS OF LAW

1. Pursuant to 36 O.S. §§ 618 and 619 (C) of the Oklahoma Insurance Code, the Insurance Commissioner has the authority to restrict the Company's insurance writings and suspend conduct of its insurance business in Oklahoma.

2. Pursuant to §§ 618 and 619 (C) of the Oklahoma Insurance Code, the Insurance Commissioner, based on the above Findings of Fact, concludes as a matter of law that the Company should be suspended and prohibited from writing or issuing any new or renewal insurance and suspended from conducting business in Oklahoma, except the Company may continue to service existing policies, adjust claims under existing policies and do all matters necessary to attend to existing Oklahoma business.

ORDER

IT IS THEREFORE ORDERED that American Manufacturers Mutual Insurances Company be prohibited from writing or issuing any new or renewal insurance and otherwise be suspended from doing business in Oklahoma from the date of the filing of this Order. However, the Company may continue to service existing policies, adjust claims under existing policies and do all matters necessary to attend to existing business in Oklahoma. The Company's actions enumerated in the Findings of Fact above constitute behavior that is a detriment to the public and constitutes a threat of immediate danger and significant, imminent and irreparable public injury that is likely to continue if the Company is allowed to write new or renewal business; therefore, this Order shall take effect immediately.

IT IS FURTHER ORDERED that the Company may request a Hearing within thirty (30) days of receipt of this Order and Notice to determine if any reasons exist that should

preclude any of the actions taken herein. Any request for Hearing should be in writing, addressed to Kelley C. Callahan, Senior Attorney, Oklahoma Insurance Department, Five Corporate Plaza, 3625 N.W. 56th, Suite 100, Oklahoma City, OK 73112, and must state the grounds for the request to set aside or modify the Order. Pending hearing this Order shall continue in full force and effect unless stayed by the Commissioner. Any such hearing shall be conducted according to the procedures for contested cases under the Oklahoma Insurance Code and 75 O.S. §§ 250-327. The allegations contained herein shall be the subject matter for the hearing, and such allegations may be amended as additional information is discovered. The Commissioner or his appointed Hearing Examiner reserves the right to impose additional or different administrative discipline at a Hearing, if warranted.

IT IS FURTHER ORDERED that if no hearing is requested within thirty (30) days of receipt of this Order and Notice, this Order shall become a Final Order.

WITNESS My Hand and Official Seal this 16th day of August, 2012.



PAUL WILKENING
Chief Deputy Insurance Commissioner
Oklahoma Insurance Department

CERTIFICATE OF SERVICE

I, Kelley C. Callahan, hereby certify that a true and correct copy of the above and foregoing document was mailed postage prepaid with return receipt requested on this 16th day of August, 2012, to:

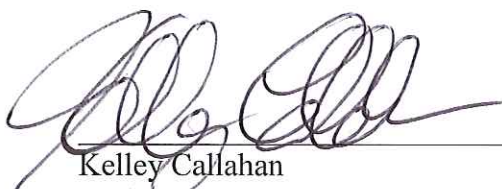
Lisa Madigan
Attorney General
The State of Illinois
Attorney for the PEOPLE OF
THE STATE OF ILLINOIS
Michael Arnold
Assistant Attorney General
James R. Thompson Center
100 West Randolph Street, 12th Floor
Chicago, Illinois 60601

Of Counsel:

J. Kevin Baldwin
Dale A. Coonrod
Daniel A. Guberman
Counsel to the Director as Receiver
222 Merchandise Mart Plaza
Suite 1450
Chicago, IL 60654

American Manufacturers Mutual Insurance Company
1 Corporate Drive, Suite 200
Lake Zurich, IL 60047

And that a copy was delivered to the Oklahoma Insurance Department Financial and Examination Division.


Kelley Callahan
Senior Attorney

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

7001 0320 0003 9967 8896

Postage \$
 Certified Fee
 Return Receipt Fee
 (Endorsement Required)
 Restricted Delivery Fee
 (Endorsement Required)

Total Postage

Sent To

Street, Apt. N
 or PO Box No
 City, State, Zi

Lisa Madigan
 Michael Arnold
 Assistant Attorney General
 James R. Thompson Center
 100 West Randolph Street, 12th Floor
 Chicago, Illinois 60601
 sms/12-0720-DIS/NOH



PS Form 3800, January 2001

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

Lisa Madigan
 Michael Arnold
 Assistant Attorney General
 James R. Thompson Center
 100 West Randolph Street, 12th Floor
 Chicago, Illinois 60601
 sms/12-0720-DIS/NOH

2. Article Number

(Transfer from service label)

7001 0320 0003 9967 8896

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

☐ Agent

☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

D. Is delivery address different from item 1? ☐ Yes
 If yes, enter delivery address below: ☐ No

AUG 28 2012

AUG 22 2012

Legal Division

OFFICE SRVCS

3. Service Type

MAILROOM

☒ Certified Mail

☐ Express Mail

☐ Registered

☐ Return Receipt for Merchandise

☐ Insured Mail

☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)

OFFICIAL USE

Postage \$
Certified Fee
Return Receipt Fee
(Endorsement Required)
Restricted Delivery Fee
(Endorsement Required)

Total Postage

Sent To

Street, Apt. No.,
or PO Box No.

City, State, ZIP+

J. Kevin Baldwin
Dale A. Coonrod
Daniel A. Guberman
222 Merchandise Mart Plaza
Suite 1450
Chicago, IL 60654s
ms/12-0720-DIS/NOH

PS Form 3800, January 2001

See Reverse for Instructions

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

J. Kevin Baldwin
Dale A. Coonrod
Daniel A. Guberman
222 Merchandise Mart Plaza
Suite 1450
Chicago, IL 60654s
ms/12-0720-DIS/NOH

2. Article Number
(Transfer from service label)

7001 0320 0003 9967 8889

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

COMPLETE THIS SECTION ON DELIVERY

A. Signature

Michael J. Sleds

☐ Agent
☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery

Is delivery address different from item 1? ☐ Yes
If yes, enter delivery address below: ☐ No

OKLAHOMA INSURANCE DEPARTMENT
RECEIVED
AUG 24 2012
Legal Division

3. Service Type

☒ Certified Mail ☐ Express Mail
☐ Registered ☐ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☐ Yes

U.S. Postal Service
CERTIFIED MAIL RECEIPT
 (Domestic Mail Only; No Insurance Coverage Provided)

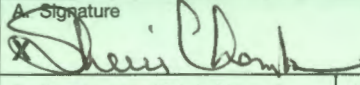
7001 0320 0003 9967 8872

Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & F	

Sent To
 American Manufacturers Mutual Ins Co
 1 Corporate Drive, Suite 200
 Lake Zurich, IL 60047
 sms/12-0721-DIS/Cond. Ord.
720

PS Form 3800, January 2003 See Reverse for Instructions



SENDER: COMPLETE THIS SECTION		COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. Print your name and address on the reverse so that we can return the card to you. Attach this card to the back of the mailpiece, or on the front if space permits. 		<p>A. Signature </p> <p>B. Received by (Printed Name) SHERI CHAMBERS</p> <p>C. Date of Delivery 8-20</p>	
<p>1. Article Addressed to:</p> <p>OKLAHOMA INSURANCE DEPARTMENT AUG 29 2012 Legal Division</p> <p>American Manufacturers Mutual Ins Co 1 Corporate Drive, Suite 200 Lake Zurich, IL 60047 sms/12-0721-DIS/Cond. Ord. 720</p>		<p>Is delivery address different from item 1? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>If YES, enter delivery address below:</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7001 0320 0003 9967 8872</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
<p>PS Form 3811, February 2004</p>		<p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p> <p>Domestic Return Receipt 102595-02-M-1540</p>	