

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED

NOV 02 2012

**INSURANCE COMMISSIONER
OKLAHOMA**

STATE OF OKLAHOMA ex rel.
JOHN D. DOAK, Insurance Commissioner,

Petitioner,

v.

JAMESTOWN INSURANCE
COMPANY, a Risk Retention Group

Respondent.

Case No. 12-0927-DIS

**CONDITIONAL ORDER OF DISCIPLINARY ACTION AND SUSPENSION OF
WRITING NEW BUSINESS INSTANTER**

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, having reviewed information received relating to Jamestown Insurance Company, a Risk Retention Group ("the RRG Company"), finds and orders as follows:

JURISDICTION

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 RRG Company has been authorized to do business in Oklahoma since 2003 as a casualty insurer pursuant to Certificate of Authority Number 0169 (NAIC Number 11589).

FINDINGS OF FACT

1. A Consent Order Commencing Rehabilitation Proceedings & Granting an Injunction and Automatic Stay of Proceedings has been entered against the RRG Company with

its consent on September 24, 2012, in Case No. 2012-CP-40-6360, Court of Common Pleas, Fifth Judicial Circuit, Richland County, South Carolina. This Rehabilitation Order is incorporated by reference and attached hereto as Exhibit "A." While the RRG Company is under this Rehabilitation Order, the South Carolina Department of Insurance Acting Director ("South Carolina Acting Director"), Gwendolyn Fuller McGriff, will act as Receiver of the Company. Mike FitzGibbons has been appointed Special Deputy Receiver.

2. The South Carolina Department of Insurance provisionally granted to the RRG Company a license to transact business on March 31, 2003 and authorized it to commence writing business on April 1, 2003 upon the RRG Company's acceptance of the conditions imposed by a stipulation letter from said Department dated March 31, 2003.

3. The RRG Company provides general liability and commercial motor vehicle insurance for its member insureds, who are propane carriers and/or distributors. Although initially not authorized to offer Uninsured Motorist Coverage, it has been permitted to do so since March 19, 2007.

4. The RRG Company is registered in and has written business in the following states: Alabama, Arizona, Arkansas, Colorado, Georgia, Louisiana, Maryland, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina and Texas, with by far the largest amount of premium being written in Texas. Respondent is approved to write business in, is registered in, but is presently not writing business in Kansas, Kentucky, North Carolina and Tennessee; and, it reports being registered in a number of other states.

5. As domiciliary regulator, the South Carolina Department of Insurance set minimum capital and surplus standards for the RRG Company. Based on a number of events explained in detail in the Rehabilitation Order attached as Exhibit "A," the South Carolina Acting

Director of Insurance sought rehabilitation of the RRG Company because it was in a condition where further transaction of business would be hazardous financially to its policyholders, creditors and the public.

6. The Board of Directors or the holders of a majority of the shares of stock of the RRG Company consented to entry of the Rehabilitation Order.

CONCLUSIONS OF LAW

1. Pursuant to 36 O.S. §§ 618, 619 (C) and 6460 of the Oklahoma Insurance Code, the Insurance Commissioner has the authority to restrict the RRG Company's insurance writings and suspend conduct of its insurance business in Oklahoma.

2. Pursuant to 36 O.S. §§ 618, 619 (C) and 6460 of the Oklahoma Insurance Code, the Insurance Commissioner, based on the above Findings of Fact, concludes as a matter of law that the RRG Company should be suspended and prohibited from writing or issuing any new or renewal insurance and suspended from conducting business in Oklahoma, except the RRG Company may continue to service existing policies, adjust claims under existing policies and do all matters necessary to attend to existing Oklahoma business to the extent permitted by the Receiver.

ORDER

IT IS THEREFORE ORDERED that Jamestown Insurance Company, a Risk Retention Group, 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 RRG Company may continue to service existing policies, adjust claims under existing policies and do all matters necessary to attend to existing business in Oklahoma to the extent provided by the Receiver. 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 RRG 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 31st day of October, 2012.




PAUL WILKENING
Chief Deputy Insurance Commissioner
Oklahoma Insurance Department

CERTIFICATE OF SERVICE

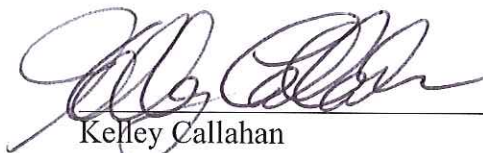
I, Kelley C. Callahan, hereby certify that a true and correct copy of the above and foregoing document was mailed postage prepaid with return receipt requested on this 2nd day of ~~October~~, 2012, to:
November

Office of the South Carolina Department of Insurance
c/o Geoffrey R. Bonham
Associate General Counsel
Post Office Box 100105
Columbia, SC 29202

Michael J. FitzGibbons
FitzGibbons and Company, Inc.
8300 N. Hayden Rd., Suite A205
Scottsdale, AZ 85258

Jamestown Insurance Company, RRG
1327 Ashley River Road
Bldg. C #200
Charleston, SC 29402

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

A handwritten signature in dark ink, appearing to read 'Kelley Callahan', is written over a horizontal line.

Kelley Callahan
Senior Attorney

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

OFFICIAL USE

7001 0320 0003 9967 7141

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



Total Postage

Office of the South Carolina Department of Insurance
 c/o Geoffrey R. Bonham
 Associate General Counsel
 Capitol Center
 1201 Main Street, Suite 1000
 Columbia, South Carolina 29201
 sms/12-0927-DIS/Cond. Ord.

Sent To _____
 Street, Apt. No. or PO Box No. _____
 City, State, Zip _____

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:

Office of the South Carolina Department of Insurance
 c/o Geoffrey R. Bonham
 Associate General Counsel
 Capitol Center
 1201 Main Street, Suite 1000
 Columbia, South Carolina 29201
 sms/12-0927-DIS/Cond. Ord.

2. Article Number
 (Transfer from service label)

7001 0320 0003 9967 7141

COMPLETE THIS SECTION ON DELIVERY

A. Signature ☐ Agent ☒ Addressee
 X *Kathryn L. Bonham*

B. Received by (Printed Name) *K. Bonham* C. Date of Delivery *11/05/12*

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

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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

7001 0320 0003 9967 7158

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

Sent To
 Michael J. FitzGibbons
 FitzGibbons and Company, Inc.
 8300 N. Hayden Rd.
 Suite A100
 Scottsdale, AZ 85258
 sms/12-0927-DIS/Cond. Ord.

PS Form 3800, January 2001



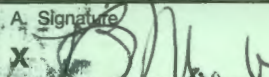
SENDER: COMPLETE THIS SECTION

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- 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:

Michael J. FitzGibbons
 FitzGibbons and Company, Inc.
 8300 N. Hayden Rd.
 Suite A100
 Scottsdale, AZ 85258
 sms/12-0927-DIS/Cond. Ord.

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☐ Agent ☒ Addressee

B. Received by (Printed Name) **B. MARKS** C. Date of Delivery **11/5/12**

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

OKLAHOMA INSURANCE DEPARTMENT
 NOV 09 2012
 Legal Division

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

4. Restricted Delivery? (Extra Fee) ☐ Yes

2. Article Number
 (Transfer from service label)

7001 0320 0003 9967 7158

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-154C

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

OFFICIAL USE

7001 0320 0003 9967 7165

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



Total Postage Jamestown Insurance Company, RRG

Sent To 1327 Ashley River Road
 Bldg. C #200
 Charleston, SC 29402

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

City, State, ZIP sms/12-0927-DIS/Cond. Ord.

PS Form 3800, January 2001

See Reverse for Instructions

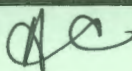
SENDER: COMPLETE THIS SECTION

- 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:

Jamestown Insurance Company, RRG
 1327 Ashley River Road
 Bldg. C #200
 Charleston, SC 29402
 sms/12-0927-DIS/Cond. Ord.

COMPLETE THIS SECTION ON DELIVERY

A. Signature  ☐ Agent ☐ Addressee

B. Received by (Printed Name) Alicia Colella C. Date of Delivery 11/5/12

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

NOV 09 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

2. Article Number
 (Transfer from service label)

7001 0320 0003 9967 7165

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

STATE OF SOUTH CAROLINA
RICHLAND COUNTY

IN THE COURT OF COMMON PLEAS
FIFTH JUDICIAL CIRCUIT

Gwendolyn Fuller McGriff, as Acting
Director of the South Carolina Department of
Insurance,

Petitioner,

vs.

Jamestown Insurance Company, A Risk
Retention Group,

Respondent.

Civil Action No. 2012-CP-40- 6360

CONSENT ORDER
COMMENCING
REHABILITATION
PROCEEDINGS & GRANTING
AN INJUNCTION &
AUTOMATIC STAY OF
PROCEEDINGS

2012 SEP 24 PM 1:06
FILED
RICHLAND COUNTY
CLERK OF COURT
W. H. MCGRIBBEN
J. G. S.

This matter comes before me pursuant to the South Carolina Insurers Rehabilitation and Liquidation Act, S.C. Code Ann. §§ 38-27-10 *et seq.* Petitioner seeks an order appointing her as Receiver of Jamestown Insurance Company, A Risk Retention Group (Respondent) for purposes of rehabilitation. The Court, having reviewed the pleadings of record and otherwise being fully informed in the premises, finds:

1. This Court is the proper venue for this proceeding pursuant to S.C. Code Ann. § 38-27-60(f) & -310 (2002).
2. Petitioner is the duly appointed Acting Director for the State of South Carolina Department of Insurance with such powers, duties and responsibilities as are prescribed under the insurance laws of this State to that agency's director for company licensing, delinquency and receivership matters, and is specifically authorized to file a petition for rehabilitation pursuant to § 38-27-310 (2002).
3. The Department has regulatory jurisdiction over the Respondent pursuant to, *inter alia*, Chapters 3, 87 and 90 of Title 38 of the South Carolina Code of Laws 1976, as amended.

4. Respondent is a South Carolina industrial insured captive (stock) insurance company formed as a Risk Retention Group and organized and licensed under the provisions of S.C. Code Ann. §§ 38-90-10 *et seq.* It is not publicly traded.

5. The Department provisionally granted to Respondent a license to transact business on March 31, 2003 and authorized Respondent to commence writing business on April 1, 2003 upon Respondent's acceptance of the conditions imposed by a stipulation letter from the Department dated March 31, 2003.

6. Respondent provides general liability and commercial motor vehicle insurance for its member insureds, who are propane carriers and/or distributors. Although initially not authorized to offer Uninsured Motorist Coverage, it has been permitted to do so since on or about March 19, 2007.

7. Respondent is registered in and has written business in the following states: Alabama, Arizona, Arkansas, Colorado, Georgia, Louisiana, Maryland, Mississippi, Missouri, New Mexico, Oklahoma, South Carolina and Texas, with by far the largest amount of premium being written in Texas.

8. Respondent is approved to write business in, is registered in, but is presently not writing business in Kansas, Kentucky, North Carolina and Tennessee; and, it reports being registered in a number of other states.

9. At the time it was licensed and continuously until on or about August 24, 2010, Respondent was required to maintain a minimum capital and surplus of not less than \$2,000,000, as prescribed in the Department's March 31, 2003 stipulation letter.

10. Due to a change in Respondent's reinsurance program, the Department recalculated Respondent's minimum capital and surplus requirement, the Department re-established

Respondent's required minimum capital and surplus at \$1,500,000, effective on or about August 24, 2010.

11. In five of the 10 quarters between year-end 2009 and the first quarter of 2012, Respondent reported capital and surplus below the prescribed minimum. The shortfalls have ranged from \$126,000 to as much as \$265,000. On four occasions, the shortfall was made up by an infusion of funds (either a Letter of Credit or cash), on one occasion it was addressed through subsequently-booked reinsurance adjustments and refunds.

12. On or about March 18, 2011, in the case of *Stevenson v. Jamestown Insurance Company – A Risk Retention Group*, C.A. No. 3:10-CV-02-JEC, Judge Julie Carnes of the United States District Court of the Northern District of Georgia denied Respondent's motion to dismiss the complaint finding that the Liability Risk Retention Act did not preempt Georgia's Uninsured Motorist Act resulting in Respondent being liable to Gary Stevenson for the policy limits and accrued interest. This prompted Jamestown to settle Gary Stevenson's uninsured motorist claim on October 20, 2011 for \$3,259,282.19. The federal action was dismissed with prejudice on October 24, 2011.

13. On or about May 30, 2012, Respondent advised the Department that it was voluntarily ceasing the writing of new business.

14. By letter dated June 4, 2012, the Department acknowledged and accepted this measure and, in addition, instructed Respondent it was not to renew existing policies until the Department had received and reviewed Respondent's Audited Financial Statement for the year ending December 31, 2011 and the Department expressly permitted Respondent to resume writing.

Among the Department's concerns was that 72 percent of Respondent's assets as of December 31, 2011 were comprised of "Subrogation Recoverable."

15. When necessary to enable a number of insureds to obtain replacement coverage from another carrier without a lapse in coverage, Respondent was permitted to issue an endorsement extending the policy period for the earlier of a specified number of days from the policy expiration date or until the insured obtained new coverage. Upon learning that non-renewal notices for certain policies had not been sent out, the Department subsequently instructed Respondent in July 2012 to issue endorsements for any policies that were up for renewal in 2012, said endorsements to provide for a coverage period of no less than either the date the policy was no longer in force (the end of the non-renewal period) or the date that coverage was obtained with another carrier.

16. Although Respondent's Audited Financial Statements were due by June 1, 2012, it requested and received two 30-day extensions, and the Statements were received on Friday, August 3, 2012.

17. In the August 3, 2012 Report of Independent Auditors, the auditor wrote, "We have audited the accompanying balance sheets of [Respondent] as of December 31, 2011 . . . and related statements" and that "the financial statements . . . present fairly . . . the financial position of [Respondent] as of December 31, 2011."

18. The auditor also noted that "during 2011, [Respondent] incurred a net loss of \$2,251,711 and as a result [its] capital and surplus at December 31, 2011 is below the required minimum established . . . by the . . . Department . . . rais[ing] substantial doubt about the company's ability to continue as a going concern."

19. During the course of the audit, the auditor made four audit adjustments, the net effect of which was a downward adjustment of \$1,643,153. The largest of these four adjustments was to ceded premiums earned related to accruing for adjustable ceded premium which is dependent on loss experience in the reinsured layer. An audit adjustment was made to increase ceded premiums earned and the related payable by \$1,160,000. The net effect decreased net income and capital and surplus by \$765,000, net of tax.

20. In Note G to its Report, the auditor noted that Respondent's capital and surplus is at a deficit of \$(707,811) as of December 31, 2011.

21. The auditor also observed in Note G that a related company had issued a letter of credit for the benefit of the Department in the amount of \$300,000 "on behalf of [Respondent]," that Respondent then issued to that related company an "unfunded surplus debenture that would become funded by [Respondent] if the letter of credit is drawn upon by the . . . Department," and that Respondent "issued two additional letters of credit totaling \$70,000 with the same structuring as the [\$300,000] letter of credit . . . with the surplus debenture." The auditor concluded in Note F to its Report that because Respondent had issued to the related company these three unfunded surplus debentures, "if the letters of credit . . . are drawn upon, [Respondent] would owe the amount drawn," further reducing Respondent's surplus.

22. Also in Note F, the auditor related that Respondent "has recorded an offset to its ceded premiums payable and ceded premiums as a result of its reinsurers waiving a reinstatement premium," but that was a conditional waiver; and, therefore if the condition is not met, as stated by the auditor, Respondent's "equity could further be decreased by \$989,191."

23. By letter dated August 10, 2012, the Department advised Respondent that “[b]ased upon our review of [the Audited Financial Statements], it appears that . . . capital and surplus is well below the minimum \$1.5 million necessary to transact business in this state” and that “[a]n immediate capital infusion of \$3.2 million must be made by September 1, 2012 to correct this deficiency.” The Department further instructed Respondent to attend a meeting on August 20, 2012 at 11:00 a.m. to brief the Department on its plans to 1) infuse the additional \$3.2 million, 2) provide for the orderly run-off of its obligations, or 3) secure a purchaser for this book of business.

24. The letter also instructed Respondent not to engage in certain enumerated activities without first obtaining the “express written approval of the Department.” These include, but are not limited to disposing of, conveying, or encumbering its assets or its business in force; withdrawing, lending, investing or transferring funds; and incurring debt, obligation, or liability. Respondent is authorized to continue to process and pay claims.

25. In its August 10, 2012 letter, the Department made clear that “nothing in [its correspondence] preclude[d] . . . any other regulatory action . . . including supervision, conservation, rehabilitation or liquidation.”

26. Although the meeting did take place on August 20, 2012, as of the date of this Petition, Respondent has not reported implementation of a plan to 1) infuse the additional \$3.2 million, 2) provide for the orderly run-off of its obligations, or 3) secure a purchaser for this book of business; however, Respondent has reported that it is actively pursuing other measures that if consummated, could either infuse additional capital or otherwise provide surplus relief.

27. Both insurance regulators and members of the public in other states have recently contacted the Department with inquiries and expressions of deep concern regarding Respondent's financial condition.

28. S.C. Code Ann. § 38-27-310 (2012) sets forth the grounds upon which an insurer may be placed into rehabilitation, including but not limited to when the insurer is in a condition in which the further transaction of business would be hazardous, financially, to its policyholders, creditors, or the public and/or when the board of directors or the holders of a majority of the shares of stock entitled to vote request or consent to rehabilitation. Pursuant to this section of the Code, the Director may apply by petition to the Circuit Court for an Order authorizing her to rehabilitate Respondent.

29. The Board of Directors of Respondent does not contest that grounds exist for rehabilitation under Chapter 27 of Title 38, as set forth above, and waives hearing; and, it has authorized its President to consent to an Order of Rehabilitation and said authorization has been filed with the Court.

30. The Court has jurisdiction over this matter.

IT IS THEREFORE ORDERED THAT:

1. PURSUANT TO S.C. Code Ann. §§ 38-27-310 and 38-27-320 (2002), Petitioner and her successors in office are appointed Receiver for the purposes of rehabilitation of Respondent.

2. PURSUANT TO S.C. Code Ann. § 38-27-320 (2002):

a) The filing or recording of this Order with the Clerk of Court or Register of Deeds of the county in which the principal business of the company is conducted or the county in which its principal office or place of business is located imparts the same notice which a deed, bill of sale, or other evidence of title duly filed or recorded with that office would have imparted.

b) By operation of law, title to all assets of Respondent is vested in the Receiver.

c) As soon as practicable, but no later than 120 days from the date hereof, the Receiver shall expeditiously conduct a preliminary review of Respondent's financial condition sufficiently detailed and comprehensive to enable her to determine if further regulatory action may be required, and which shall include a list of the insurer's assets. The Receiver shall provide the Board of Directors of Respondent or the Board's representative with a copy.

d) The Receiver shall file an accounting with the Court at no less than six-month intervals, the first such accounting to be filed no later than 180 days from the date of entry of this Order, as set forth in S.C. Code Ann. § 38-27-320(b) (2002); and, she shall also ensure that Respondent continues to comply with the quarterly and annual reporting requirements set forth in Chapters 13 and 90 of Title 38 of the Code of Laws of South Carolina 1976, as amended, and any other reports prescribed by law or the National Association of Insurance Commissioners (NAIC). Copies of all such reports and filings shall be made available to Respondent's Board of Directors or its representative.

3. PURSUANT TO S.C. Code Ann. §§ 38-27-320 & -330 (2002), Petitioner and her successors shall have all the powers and responsibilities set forth under those sections to assist her or her designee as Receiver for Rehabilitation, including but not limited to:

a) Conducting the business of Respondent and taking all steps, as the Court may direct, toward the removal of the causes and conditions which have made this Order necessary and taking such further action as the Receiver deems necessary or appropriate to reform and revitalize Respondent.

b) Taking immediate possession of all the property, assets and estate, and all

other property of every kind whatsoever and wherever located, belonging to Respondent.

c) Applying for any restraining orders, preliminary and permanent injunctions, and other orders considered necessary pursuant to S.C. Code Ann. § 38-27-70 (2002).

d) Employing and authorizing the compensation of legal counsel, actuaries, accountants, consultants and other assistants as she deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of Respondent that are in the possession of the Receiver or that come into her possession.

e) Imposing, if, within the Receiver's sole judgment, it is determined to be necessary, a moratorium on the payment of claims with consideration given to hardship exceptions, whereby claims meeting certain established criteria would be paid at a pre-determined percentage or amount. In establishing such procedures, the Receiver shall be fully informed as to coverage issues and how claims will be handled in the future. If the Receiver implements a hardship procedure, approved by the Court, it shall be detailed and carefully documented, and shall include an appeal process. These procedures must include a complete description of the information that needs to be submitted by the policyholder requesting the hardship payment and the methodology utilized to evaluate that information.

(f) If it appears to the Receiver that there has been criminal or tortious conduct or breach of any contractual or fiduciary obligation detrimental to the insurer by any officer, manager, agent, broker, employee, or other person, pursuing all appropriate legal remedies on behalf of Respondent.

(g) All the powers of the directors, officers, and managers, whose authority is

suspended, except as they are redelegated by the Receiver. She has full power to direct and manage, to hire and discharge employees subject to any contract rights they may have, and to deal with the property and business of Respondent.

4. PURSUANT TO S.C. Code Ann. § 38-27-330 (2002), the Receiver has the power under S.C. Code Ann. §§ 38-27-450 and 38-27-460 (2002) to avoid fraudulent transfers.

5. In the event the Receiver determines that reorganization, consolidation, conversion, reinsurance, merger or other transformation of Respondent is appropriate, the Receiver is directed to prepare a plan to effect such changes and submit the plan to this Court for consideration.

6. Upon petition by the Receiver stating that further efforts to rehabilitate Respondent would substantially increase the risk of loss to creditors, policyholders, or the public or would be futile, this Court will consider entry of an Order of Liquidation of Respondent in accordance with S.C. Code Ann. §§ 38-27-350(a), and such petition shall have the same effect as a petition filed under S.C. Code Ann. § 38-27-360 (2002).

7. The rehabilitation may be otherwise terminated as provided in S.C. Code Ann. § 38-27-350 (2002).

8. Michael J. FitzGibbons of FitzGibbons and Company, Inc., 8300 N. Hayden Rd., Suite A205, Scottsdale, Arizona 85258 is hereby appointed as Special Deputy Receiver in this matter.

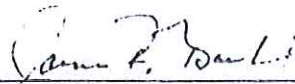
NOTICE OF AUTOMATIC STAY

Notice is hereby given that pursuant to S.C. Code Ann. § 38-27-70, the Court grants an automatic stay applicable to all persons and proceedings, other than the Receiver, which shall be permanent and survive the entry of the Order and which prohibits:

- (1) The transaction of further business;
- (2) The transfer of property;
- (3) Interference with the Receiver or with a proceeding under Chapter 27 of Title 38 of the South Carolina Code;
- (4) Waste of Respondent's assets;
- (5) Dissipation and transfer of bank accounts;
- (6) The institution or further prosecution of any actions or proceedings;
- (7) The obtaining of preferences, judgments, attachments, garnishments, or liens against Respondent, its assets, or its policyholders;
- (8) The levying of execution against Respondent, its assets, or its policyholders;
- (9) The making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of Respondent;
- (10) The withholding from the receiver of books, accounts, documents, or other records relating to the business of Respondent; or
- (11) Any other threatened or contemplated action that might lessen the value of Respondent's assets or prejudice the rights of policyholders, creditors, or shareholders, or the administration of any proceeding under Chapter 27 of Title 38 of the South Carolina Code.

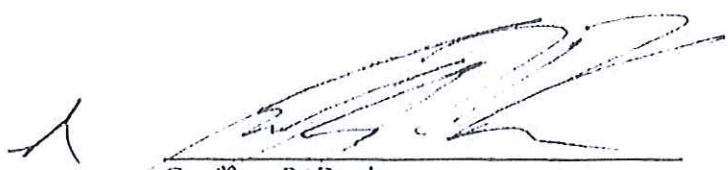
This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time may be necessary and appropriate.

AND IT IS SO ORDERED.


James R. Barber, III
Chief Administrative Judge
Fifth Judicial Circuit

This day of ²⁴~~14~~ September, 2012
Columbia, South Carolina

MIZ CADENHEAD
ERRONEOUSLY
ENTRIZED DATE OF
HIS SIGNATURE
IN BLOCK FOR
DATE OF ORDER.


Geoffrey R. Bonham
One of the Attorneys for Petitioner

UNANIMOUS WRITTEN CONSENT IN LIEU OF MEETING OF
THE BOARD OF DIRECTORS OF
JAMESTOWN INSURANCE COMPANY, A RISK RETENTION GROUP

September 11, 2012

Pursuant to the South Carolina Business Corporation Act of 1988, as amended, the undersigned, being all of the members of the Board of Directors of Jamestown Insurance Company, A Risk Retention Group, a South Carolina corporation (the "*Company*"), by execution hereof do hereby (i) unanimously consent to and adopt the following resolutions as of the date hereof, which resolutions shall have the same force and effect as if adopted by unanimous affirmative vote at a meeting of the Board of Directors of the Company duly called and held, (ii) waive all requirements of notice, and (iii) direct that this consent be filed with the minutes of the proceedings of the Company:

Voluntary Rehabilitation

WHEREAS, pursuant to Section 38-27-310(12) of the South Carolina Insurers Rehabilitation and Liquidation Act (the "*Act*"), the Board of Directors desires to consent to the rehabilitation of the Company in accordance with the Act (the "*Rehabilitation*");

WHEREAS, in connection with the Rehabilitation, the South Carolina Department of Insurance has proposed entering into a Consent Order Commencing Rehabilitation Proceedings & Granting An Injunction & Automatic Stay of Proceedings, in substantially the form attached hereto as Exhibit A (the "*Consent Order*"), with the Company; and

WHEREAS, the Board of Directors believes that it is advisable and in the best interest of the Company to consent to the Rehabilitation and, in connection therewith, to enter into the Consent Order.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors hereby determines and finds that it is advisable and in the best interests of the Company to consent to the Rehabilitation and, in connection therewith, to enter into the Consent Order;

FURTHER RESOLVED, that the Board of Directors hereby consents to and approves the Rehabilitation and the Consent Order; and

FURTHER RESOLVED, that any officer of the Company be, and each hereby is, authorized and directed, for and on behalf of the Company, to execute and deliver the Consent Order and all other documents and agreements contemplated thereby, each with such additions, modifications or deletions as any one or more of them shall deem necessary or advisable and appropriate, the execution and delivery thereof to be deemed conclusive evidence of the approval thereof by the Company, and to take all actions necessary or appropriate to perform the Company's obligations thereunder.

Omnibus Resolutions

NOW, THEREFORE, BE IT RESOLVED, that any of the officers of the Company be, and each of them hereby is, authorized (i) to prepare, execute, deliver and perform, as the case may be, such agreements, amendments, applications, approvals, certificates, communications, consents, demands, directions, documents, further assurances, instruments, notices, orders, requests, resolutions, supplements or undertakings, (ii) to pay or cause to be paid on behalf of the Company any related costs and expenses and (iii) to take such other actions, in the name and on behalf of the Company, as each such officer, in his discretion, shall deem necessary or advisable to complete and effect the foregoing transactions or to carry out the intent and purposes of the foregoing resolutions and the transactions contemplated thereby, the preparation, execution, delivery and performance of any such agreements, amendments, applications, approvals, certificates, communications, consents, demands, directions, documents, further assurances, instruments, notices, orders, requests, resolutions, supplements or undertakings, the payment of any such costs or expenses and the performance of any such other acts shall be conclusive evidence of the approval of this Board of Directors thereof and all matters relating thereto; and

FURTHER RESOLVED, that all actions heretofore taken by the officers and directors of the Company with respect to the foregoing transactions and all other matters contemplated by the foregoing resolutions are hereby approved, adopted, ratified and confirmed.

Signatures Appear on Next Page

IN WITNESS WHEREOF, the undersigned, being all of the members of the Board of Directors of the Company, have hereunto set their hands as of the day and year first above written. This consent may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies of executed counterparts transmitted by facsimile or other electronic transmission service shall be considered original executed counterparts.


Tom Cadonhond

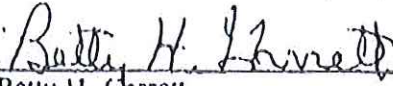
Betty H. Garrett

Eddie Godfrey

Billy Bob McAdams

IN WITNESS WHEREOF, the undersigned, being all of the members of the Board of Directors of the Company, have hereunto set their hands as of the day and year first above written. This consent may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies of executed counterparts transmitted by facsimile or other electronic transmission service shall be considered original executed counterparts.

Tom Cadenhead


Betty H. Garrett

Eddie Godfrey

Billy Bob McAdams

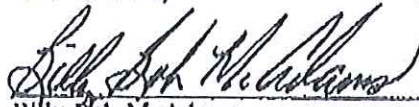
Signature Page to Unanimous Written Consent of the Board of Directors

IN WITNESS WHEREOF, the undersigned, being all of the members of the Board of Directors of the Company, have hereunto set their hands as of the day and year first above written. This consent may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Copies of executed counterparts transmitted by facsimile or other electronic transmission service shall be considered original executed counterparts.

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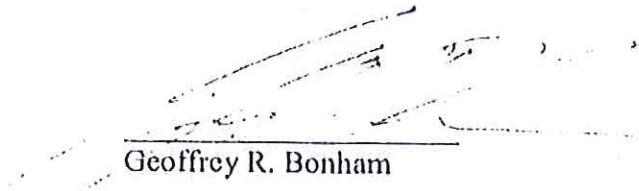
Billy Bob McAdams

Exhibit A

Consent Order

(See Attached)

EXHIBIT A OMITTED BY AGREEMENT OF COUNSEL


Geoffrey R. Bonham

2012 SEP 24 PM 1:06
JEANETTE W. MCBRIDE
C.C.P. & G.S.

STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

COLUMBIA, SOUTH CAROLINA 29202-3105



Oklahoma Insurance Department
7645 E. 63rd St., Suite 102
Tulsa, Oklahoma 73133