

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

FILED
JAN 28 2014
INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA ex rel.)
JOHN D. DOAK, Insurance Commissioner,)
)
Petitioner,)
)
v.)
)
AMERICAN MOTORISTS INSURANCE)
COMPANY,)
)
Respondent.)

Case No. 14-0095-DIS

ORDER OF SUSPENSION OF CERTIFICATE OF AUTHORITY

COMES NOW the State of Oklahoma, ex rel. John D. Doak, Insurance Commissioner, having reviewed information received relating to American Motorists Insurance Company, an Illinois domiciled insurance company ("the Company" or "American Motorists"), and 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.

2. American Motorists Insurance Company is authorized to do business in Oklahoma as a property, casualty, marine, surety and workers compensation foreign insurer pursuant to Certificate of Authority Number 0688 (NAIC Number 857998).

FINDINGS OF FACT

1. The Company is a property and casualty insurer domiciled in Illinois. The Illinois Department of Insurance Director requested Orders of Liquidation with Finding of Insolvency against the following three companies on March 18, 2013: Lumbermens Mutual Casualty Company, American Manufacturers Mutual Insurance Company and American Motorists Insurance Company.

2. The Oklahoma Insurance Department had previously suspended Lumbermens Mutual Casualty Company and American Manufacturers Mutual Insurance Company, pursuant to Suspension Orders 12-0721-DIS and 12-0720-DIS, on August 16, 2012, due to Orders of Rehabilitation. American Motorists Insurance Company was not suspended at that time because its Order of Rehabilitation had not yet been entered.

3. Orders of Liquidation were entered against all three companies on May 10, 2013. A copy of the Order of Liquidation against American Motorists Insurance Company is attached as Exhibit "A".

4. Oklahoma law mandates the revocation or suspension of an insurer's certificate of authority if the insurer fails to maintain minimum statutory capital and surplus. This Company no longer meets the requirements for its Oklahoma certificate of authority pursuant to 36 O.S. § 612.2.

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 suspend conduct of this Company's insurance business in Oklahoma.

2. Pursuant to Sections 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 from conducting business in Oklahoma.

ORDER

IT IS THEREFORE ORDERED that American Motorists Insurance Company is suspended from doing business in Oklahoma from the date of the filing of this Order. 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; 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 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 Julie Meaders, Deputy General Counsel, 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, 75 O.S. §§ 250 et seq. and OAC 365:1-7-1 et seq. 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, this Order shall become a Final Order.

WITNESS My Hand and Official Seal this 17th day of January, 2014.





PAUL WILKENING
Chief Deputy Insurance Commissioner
Oklahoma Insurance Department

CERTIFICATE OF SERVICE

I, Julie Meaders, hereby certify that a true and correct copy of the above and foregoing document was mailed postage prepaid with return receipt requested on this 28th day of January 2014, to:

Allan R. Syc
American Motorists Insurance Company
1 Corporate Drive, Suite 200
Lake Zurich, IL 60047

Certified Mail No.
7001 0320 0004 4249 5371

Richard C. Abron
Office of the Special Deputy Receiver
222 Merchandise Mart Plaza
Suite 1450
Chicago, IL 60654

Certified Mail No.
7001 0320 0004 4249 5388

A copy was delivered to the Oklahoma Insurance Department Financial and Examination Division.

And notification was sent to NAIC/RIRS.



Julie Meaders
Deputy General Counsel

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

7001 0320 0004 4249 5371

OFFICIAL USE	
Postage	\$
Certified Fee	
Return Receipt Fee (Endorsement Required)	
Restricted Delivery Fee (Endorsement Required)	
Total Postage & Fees	\$
Sent To American Motorists Insurance Company ATTN: Allan R. Syc 1 Corporate Drive, Suite 200 Lake Zurich, IL 60047 rlg/14-0095-DIS/Ord. of Sus. of COA	
Street, Apt. No., or PO Box No. City, State, ZIP+4	



PS Form 3800, January 2004

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:

OKLAHOMA DEPARTMENT OF LEGAL DIVISION

FEB 11 2014

American Motorists Insurance Company
 ATTN: Allan R. Syc
 1 Corporate Drive, Suite 200
 Lake Zurich, IL 60047
 rlg/14-0095-DIS/Ord. of Sus. of COA

COMPLETE THIS SECTION ON DELIVERY

A. Signature
 X *[Signature]* Agent Addressee

B. Received by (Printed Name) *Eris Swanson* C. Date of Delivery *2-3-14*

D. 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

2. Article Number (Transfer from service label) **7001 0320 0004 4249 5371**

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

7001 0320 0004 4249 5388

OFFICIAL USE

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



Sent To: Office of the Special Deputy Receiver
 ATTN: Richard C. Abron
 222 Merchandise Mart Plaza
 Suite 1450
 Chicago, IL 60654
 rtg/14-0095-DIS/Ord. of Sus. of COA

PS Form 3800, January 2001

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 Special Deputy Receiver
 ATTN: Richard C. Abron
 222 Merchandise Mart Plaza
 Suite 1450
 Chicago, IL 60654
 rtg/14-0095-DIS/Ord. of Sus. of COA

FEB 11 2014

Legal Division

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

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 0004 4249 5388

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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

PEOPLE OF THE STATE OF ILLINOIS, *ex rel.*)
ANDREW BORON, DIRECTOR OF)
INSURANCE OF THE STATE OF ILLINOIS,)

Plaintiffs,)

v.)

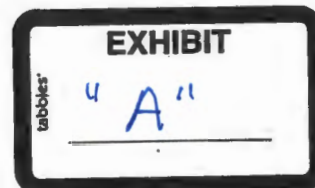
AMERICAN MOTORISTS INSURANCE COMPANY,)
an Illinois domestic stock insurance company,)

Defendant.)

NO.: 12 CH 24227

**ORDER OF LIQUIDATION
WITH A FINDING OF INSOLVENCY**

THIS CAUSE COMING TO BE HEARD upon the Verified Complaint for Liquidation, filed herein by the PEOPLE OF THE STATE OF ILLINOIS, on the relation of ANDREW BORON, Director of Insurance of the State of Illinois (the "Director"), by and through their attorney, LISA MADIGAN, Attorney General of the State of Illinois, pursuant to the provisions of Article XIII of the Illinois Insurance Code (the "Code"), 215 ILCS 5/187, *et seq.*, against the



Defendant, American Motorists Insurance Company (“AMICO”); the Court having jurisdiction over the parties hereto and the subject matter hereof; the Court having reviewed the pleadings filed herein and having considered the arguments of counsel thereon, and the Court then being otherwise advised in the premises, and for good cause appearing therefore;

THE COURT FINDS:

1. That as to Defendant, AMICO:

(A) Sufficient cause exists for the entry of an order for liquidation of the Defendant, AMICO, including that AMICO is insolvent; and

(B) Pursuant to Section 191 of the Code, 215 ILCS 5/191, this Order creates an estate comprising of all of the liabilities and assets of AMICO which, pursuant to the prior order of this Court, have been substantively consolidated with the liabilities and assets of Lumbermens Mutual Casualty Company and American Manufacturers Mutual Insurance Company;

(C) The Liquidator’s statutory authority includes, without limitation, the following:

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

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

(iii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is authorized to remove any and all records and property of AMICO to his

possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of AMICO's liquidation; and

(iv) Pursuant to Section 193(1) of the Code, 215 ILCS 5/193(1), the Liquidator is authorized to deal with the property, business and affairs of AMICO in his name, as Director, and the Court further Orders that the Liquidator is authorized to deal with the property, business and affairs of AMICO either in his name as the Liquidator of AMICO, or in the name of AMICO, as the case may be; and

(v) Pursuant to Section 193(2) of the Code, 215 ILCS 5/193(2), the Liquidator, without the prior approval of the Court, is authorized to sell or otherwise dispose of any real or personal property of AMICO, or any part thereof, and to sell or compromise all debts or claims owing to AMICO having a value in the amount of Twenty-Five Thousand (\$25,000.00) Dollars, or less. Any such sale by the Liquidator of the real or personal property of AMICO having a value in excess of Twenty-Five Thousand (\$25,000.00) Dollars, and sale or compromise of debts owing to AMICO by the Liquidator where the debt owing AMICO exceeds Twenty-Five Thousand (\$25,000.00) Dollars shall be made subject to the approval of the Court; and

(vi) Pursuant to Section 193(3) of the Code, 215 ILCS 5/193(3), the Liquidator is authorized to bring any action, claim, suit or proceeding against any director or officer of AMICO or against any other person with respect to that person's dealings with the company including, but not limited to, prosecuting any action, claim, suit, or proceeding on behalf of the policyholders, creditors, or shareholders of AMICO; and

(vii) Pursuant to Section 193(7) of the Code, 215 ILCS 5/193(7),

All persons, companies, and entities shall immediately turn over to the Director all unearned premium that has been collected by or on behalf of the company and all earned premium owing the company unless otherwise directed in writing by the Director or by court order.

(viii) Pursuant to Section 194(b) of the Code, 215 ILCS 5/194(b), the Liquidator may, within two (2) years after the entry of this liquidation order 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 said order was entered; and

(ix) Subject to the provisions of Section 202 of the Code, 215 ILCS 5/202, the Liquidator 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 assets of AMICO all administrative expenses incurred during the course of the liquidation of AMICO; and

(x) Pursuant to Section 203 of the Code, 215 ILCS 5/203, the Liquidator 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

(xi) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Liquidator may seek to avoid preferential transfers of the property of AMICO and to recover such property or its value, if it has been converted; and

(D) Pursuant to Section 194 of the Code, 215 ILCS 5/194, and subject to Paragraph 1(B), the rights and liabilities of AMICO, and of its respective policyholders, creditors and stockholders, and all other persons interested in its assets, except for those persons entitled to file contingent claims or to have their claims estimated, are fixed as of May 10, 2013. The rights of persons entitled to file contingent claims or to have their claims estimated shall be determined as provided in Sections 209(4)(b), (6) and (7) of the Code, 215 ILCS 5/209(4)(b), (6) and (7); and

(E) Pursuant to Section 209(5) of the Code, 215 ILCS 5/209(5), the obligation of AMICO, if any, to defend or continue the defense of any claim or suit under a liability insurance policy, including a certificate of insurance, is terminated upon the entry of this order of liquidation.

(F) Pursuant to Section 189 of the Code, 215 ILCS 5/189, this

court shall have jurisdiction, upon, or at any time after the filing of the complaint to issue an injunction restraining such company and its officers, agents, directors, employees and all other persons from transacting any company business or disposing of its property until the further order of the court. The court may also restrain all persons, companies, and entities from bringing or further prosecuting all actions and proceedings at law or in equity or otherwise, whether in this State or elsewhere, against the company or its assets or property or the Director except insofar as those actions or proceedings arise in or are brought in the conservation, rehabilitation, or liquidation proceeding. The court may issue such other injunctions or enter such other orders as may be deemed necessary to prevent interference with the proceedings, or with the Director's possession and control or title, rights or interests as herein provided or to prevent interference with the conduct of the business by the Director, and may issue such other injunctions or enter such other orders as may be deemed necessary to prevent waste of assets or the obtaining, asserting, or enforcing of preferences, judgments, attachments, or other like liens, including common law retaining liens, or the making of any levy against such company or its property and assets while in the possession and control of the Director.

IT IS HEREBY ORDERED THAT:

A. This Order of Liquidation is entered as to and against AMICO, **effective May 10, 2013 at 12:01p.m. C.D.T.**, and the rehabilitation of AMICO is hereby terminated; and

B. There being no just reason for delaying enforcement or appeal of this Order, this Order of Liquidation is a final order within the meaning of Illinois Supreme Court Rule 307(a)(5); and

C. Andrew Boron, Director of Insurance of the State of Illinois, and his successors in office, is affirmed as the statutory liquidator (the "Liquidator") of AMICO, with all of the powers appurtenant thereto; and

D. Subject to the further orders of the Court, including but not limited to any orders entered pursuant to the pending Consolidation Motion, the Liquidator is authorized to take such actions as the nature of the cause and the interests of AMICO, its policyholders, creditors and stockholders, or the public may require including, but not limited to, the following:

(i) The Liquidator shall proceed to take immediate possession and control of the property, books, records, accounts, business and affairs, and all other assets of AMICO, and of the premises occupied by AMICO for the transaction of its business, and to marshal and liquidate the assets, business and affairs of AMICO pursuant to the provisions of Article XIII of the Code, *supra*, and the Liquidator is further directed and authorized to wind down and terminate the business and affairs of AMICO, and to make the continued expenditure of such wages, rents and expenses as he may deem necessary and proper for the administration of the liquidation of AMICO; and

(ii) The Liquidator may both sue and defend on behalf of AMICO, or for the benefit of the certificate holders, policyholders and creditors of AMICO, in the courts either in his name as the Liquidator of AMICO, or in the name of AMICO, as the case may be; and

E. The caption in this cause and all pleadings filed in this matter shall read:

**"IN THE MATTER OF THE LIQUIDATION OF
AMERICAN MOTORISTS INSURANCE COMPANY"**

F. All costs of these proceedings are taxed and assessed against the Defendant, AMICO; and

G. 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) AMICO is ordered to deliver to the Liquidator, at his request, copies of all documents in its possession or under its control concerning or related to AMICO, and to provide the Liquidator with such information as he may require concerning any and all business and/or professional relationships it may have with accountants, auditors and attorneys; and

(ii) AMICO and its directors, officers, agents, servants, representatives, and employees shall give immediate possession and control to the Liquidator of all property, business, books, records and accounts of AMICO, and all premises occupied by AMICO for the transaction of its business; and

(iii) AMICO and its officers, directors, agents, servants, representatives and employees are restrained from transacting any business of AMICO, or disposing of any company property or assets, including books, records and computer and other electronic data, without the express written consent of the Liquidator, or

doing or permitting to be done any action which might waste the property or assets of AMICO, until the further order of this Court; and

(iv) The officers, directors, agents, servants, representatives and employees of AMICO, and all other persons and entities having knowledge of this Order are restrained from bringing or further prosecuting any claim, action or proceeding at law or in equity or otherwise, whether in this State or elsewhere, against AMICO, or its property or assets, or the Director or Liquidator, except insofar as those claims, actions or proceedings arise in or are brought in these liquidation proceedings; 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 AMICO, or its property or assets while in the possession and control of the Liquidator, or from interfering in any way with the Liquidator in his possession or control of the property, business, books, records, accounts, premises and all other assets of AMICO, until the further order of this Court; and

(v) AMICO and its directors, officers, agents, servants, representatives, and employees are restrained from disbursing, or causing to be disbursed, or disposing, or causing to be disposed, any and all accounts and assets of AMICO in the possession on any bank, brokerage house, financial institution, or other company, person or entity, and AMICO is further restrained from disposing of, or causing to be disposed, or destroying, or causing to be destroyed, any records pertaining to any business transaction between AMICO, and any bank, brokerage house, financial institution, company, person or entity with which AMICO has

done or is doing business or having in their possession assets which are, or may be, the property of AMICO; and

(vi) All agents of AMICO, and its agents, servants, representatives and employees, are restrained from returning any unearned premiums or any money in their possession, or under their control, collected from premiums upon policies, contracts or certificates of insurance or reinsurance previously issued by AMICO, to their policyholders, certificate holders or others, and all said agents and agents, representatives, employees and servants of AMICO are directed to turn over all such funds in their possession or under their control, or to which they may hereafter acquire possession or control, to the Liquidator in gross and not net of any commissions which may be due thereon; and

H. All direct policies and/or certificates of insurance, and bonds heretofore issued by AMICO are hereby canceled upon the following terms:

(i) All direct policies and/or certificates of insurance, and bonds which may give rise to "covered claims," as defined in Sections 534.3 and 537.2 of the Code, 215 ILCS 5/534.3 and 537.2, of the Illinois Insurance Guaranty Fund or which may give rise to "covered claims" of a similar organization in any other state, as defined by the provisions of such similar statute in any such other state, shall be cancelled:

a. At 12:01 a.m., local time of the insured, policyholder, or principal of any such direct policy and/or certificate of insurance, or bond on the thirty-first (31st) day following the effective date of the Order of Liquidation; or

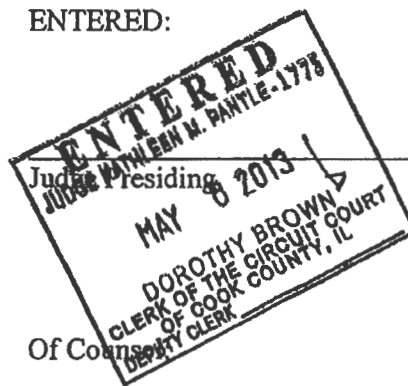
- b. Upon the expiration date of any such direct policy and/or certificate of insurance, or bond if the expiration date is less than thirty-one (31) days after the effective date of the Order of Liquidation; or
- c. Upon the date the insured, policyholder, or principal of any such direct policy and/or certificate of insurance, or bond replaces the direct policy and/or certificate of insurance, or bond or upon the date the policyholder, insured, or principal on request effects cancellation, if the insured, policyholder, or principal does so prior to the thirty-first (31st) day following the effective date of the Order of Liquidation, whichever is earlier;
- ii. All direct policies and/or certificates of insurance which are covered policies or certificates of insurance within the meaning of the Illinois Life and Health Insurance Guaranty Association Law, 215 ILCS 5/531.01 *et seq.*, or any similar life, accident and health insurance guaranty association law of any other state, or the obligations, or any part thereof, of which the Illinois Life and Health Insurance Guaranty Association, or any similar life, accident and health insurance guaranty association organization in any other state, is obligated to assure payment of, shall remain in full force and effect until cancelled, or until they expire in accordance with their terms.
- iii. All other direct policies and/or certificates of insurance, and bonds issued by AMICO shall be cancelled effective upon the entry date of this Order of Liquidation; and

I. All reasonable operating fees and expenses, including those of accountants, actuaries, lawyers and consultants, incurred prior to the entry of this order may be paid in the normal course of business.

J. This Court retains jurisdiction in this cause for the purpose of granting further relief as the nature of this cause may require and/or as the Court may deem proper in the premises.

K. This cause is set for general status on August 14, 2012, at 10:00a.m.

ENTERED:



LISA M. MADIGAN
Attorney General of the
State of Illinois
Attorney for the PEOPLE OF
THE STATE OF ILLINOIS
Paul Prezioso
Assistant Attorney General
James R. Thompson Center
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Of Court
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Dale A. Coonrod
Daniel A. Guberman
Counsel to the Director as Receiver
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