

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. Diane Koken,
Insurance Commissioner of the
Commonwealth of Pennsylvania,

Plaintiff

v.

White Hall Mutual Insurance
Company,

Defendant

Docket No. 231 MD 2003

ORDER OF LIQUIDATION

Plaintiff M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania, having filed a Petition for Liquidation in accordance with Article V of the Insurance Department Act of 1921, as amended, 40 P.S. §211-22.1.63, and the Consent thereto, it is hereby ORDERED and DECREED that said Petition is GRANTED.

It is further ordered and decreed that:

1. The Petition of the Insurance Commissioner of the Commonwealth of Pennsylvania for the entry of an Order of Liquidation on the basis of consent and insolvency is granted.
2. White Hall is hereby found to be and is declared insolvent, as that term is defined in 40 P.S. §221.3, and as provided in 40 P.S. §§221.14(1) and 221.19.

3. Insurance Commissioner M. Diane Kolten ("Commissioner") and her successors in office are hereby APPOINTED Liquidator of White Hall and the Liquidator or her designees (the "Liquidator") are directed immediately to take possession of White Hall's property, business and affairs as Liquidator, and to liquidate White Hall in accordance with Article V of the Insurance Department Act of 1921, as amended (40 P.S. §§211, et seq.) (the "Act"), and to take such action as the interest of the policyholders, creditors or the public may require.

4. The Liquidator is hereby VESTED with all the powers, rights, and duties authorized under the Act and other applicable law.

ASSETS OF THE ESTATE

5. The Commissioner, as Liquidator, is vested with title to all property, assets, contracts and rights of action ("assets") of White Hall, of whatever nature and wherever located, whether held directly or indirectly, as of the date of the filing of the Petition for Liquidation. All assets of White Hall are hereby found to be in custodia legis of this Court; and this Court specifically asserts, to the fullest extent of its authority, (a) in rem jurisdiction over all assets of White Hall wherever they may be located and regardless of whether they are held in the name of White Hall or any other name; (b) exclusive jurisdiction over all determinations of the validity and amount of claims against White Hall; and (c) exclusive jurisdiction over the determination of the distribution priority of all claims against White Hall.

6. The filing or Recording of the Order with the clerk of the Commonwealth Court or with the recorder of deeds of the county in which the principal business of White Hall is

conducted, or the county in which its principal office or place of business is located, shall impart the same notice as a deed, bill of sale or other evidence of title duly filed or recorded with that recorder of deeds would have imparted.

7. All banks, investment bankers, companies, other entities or other persons having in their possession assets which are, or may be the property of White Hall, shall, unless otherwise instructed by the Liquidator, deliver the possession of the same immediately to the Liquidator, and shall not disburse, convey, transfer, pledge, assign, hypothecate, encumber or in any manner dispose of the same without the prior written consent of the Liquidator.

8. All persons and entities are enjoined from disposing of or destroying any records pertaining to any transactions between White Hall and any party.

9. The amount recoverable by the Liquidator from any reinsurer shall not be reduced as a result of this Order of Liquidation regardless of any provision in a reinsurance contract or other agreement. Payment made directly by the reinsurer to an insured or other creditor of White Hall shall not diminish the reinsurer's obligation to White Hall, except to the extent provided by law.

10. All agents, brokers, and other persons having sold policies of insurance issued by White Hall shall account for and pay all unearned commissions and all premiums, collected or uncollected, for the benefit of White Hall directly to the Liquidator, within 30 days of notice of this Order. No agent, broker, reinsurance intermediary or other person shall disburse or use any monies which come into their possession and are owed to, or claimed by, White Hall for any purpose other than payment to the Liquidator.

11. If requested by the Liquidator, all attorneys employed or retained by White Hall or performing legal services for White Hall as of the date of this Order shall, within 30 days

of such request, report to the Liquidator the name, company claim number (if applicable) and status of each matter they are handling on behalf of White Hall. Said report shall also include the full caption, docket number and name and address of opposing counsel in each case and an accounting of any funds received from or on behalf of White Hall for any purpose and in any capacity. The Liquidator need not make payment for any unsolicited report.

12. Any premium finance company which has entered into a contract to finance a policy which has been issued by White Hall shall pay any premium owed to White Hall directly to the Liquidator.

13. Any entity furnishing telephone, water, electric, sewage, garbage, trash removal, delivery, or utility services to White Hall shall maintain such service and create a new account for the Liquidator as of the date of this Order upon instruction by the Liquidator.

14. Any entity (including any affiliate of White Hall) which has custody or control of any data processing information and records (including but not limited to source documents, all types of electronically stored information, master tapes, or other recorded information) relating to White Hall, shall transfer custody and control of such documents, in a form readable by the Liquidator, to the Liquidator as of the date of this Order, unless instructed to the contrary by the Liquidator.

15. Any entity (including any affiliate of White Hall) furnishing claims processing or data processing services to White Hall shall maintain such services and transfer any such accounts to the Liquidator as of the date of this Order, unless instructed to the contrary by the Liquidator.

16. White Hall, its affiliates, and their officers, directors, trustees, employees, consultants, agents and attorneys, shall surrender peacefully to the Liquidator the premises

where White Hall conducts its business; deliver all keys or access codes thereto and to any safe deposit boxes; advise the Liquidator of the combinations or access codes of any safe or safekeeping devices of White Hall or any password or authorization code or access code required for access to data processing equipment; and shall deliver and surrender peacefully to the Liquidator all of the assets, books, records, files, credit cards, and other property of White Hall in their possession or control, wherever located, and otherwise advise and cooperate with the Liquidator in identifying and locating any of the foregoing.

17. Except for contracts of insurance and for reinsurance, all executory contracts to which White Hall is a party as of the date of this Order may be affirmed or disavowed by the Liquidator within 90 days of the date of this Order.

CONTINUATION AND CANCELLATION OF COVERAGE

18. All policies and contracts of insurance, whether issued within this Commonwealth or elsewhere, in effect on the date of this Order shall continue in force only with respect to risks in effect at that time, for the lesser of the following: (a) thirty days from the date of this Order; (b) until the normal expiration of the policy or contract providing insurance coverage; (c) until the insured has replaced the insurance coverage with equivalent insurance with another insurer or otherwise terminated the policy; or (d) until the Liquidator has effected a transfer of the policy obligation pursuant to Section 221.23(8). All policies or contracts of insurance issued by White Hall are hereby cancelled and terminated for all purposes effective thirty days from the date of this Order.

NOTICE AND PROCEDURES FOR FILING CLAIMS

19. The Liquidator shall use good faith efforts to give notice by first-class mail to all persons or entities who or which may have claims against White Hall, contingent or

otherwise, as disclosed by its books and records, and advising claimants to file with the Liquidator their claims together with proper proofs thereof on or before the date (which shall be no earlier than one year from the date of the notice) the Liquidator shall specify therein. The Liquidator shall also cause a notice to be published in a newspaper of general circulation where White Hall has its principal place of business (a) specifying the last day for the filing of claims; (b) advising all persons of the procedure by which all persons may present their claims to the Liquidator; (c) advising all persons of the Liquidator's office wherein they may present their claim; and (d) advising all persons of their right to present their claim or claims to the Liquidator.

20. Any and all persons, firms, corporations otherwise having or claiming to have any accounts, debts, claims or demands against White Hall, contingent or otherwise, or claiming any right, title or interest in any funds or property in the possession of the Liquidator are required to file with the Liquidator at the location designated in the above-described notices, on or before the date specified by the Liquidator as the last date upon which to file a claim (which shall be no earlier than one year from the date of the notice), a properly completed proof of claim or be thereafter barred as claimants against any assets in the hands of the Liquidator, unless a late filing is permitted under 40 P.S. §221.37. No person shall participate in any distribution of the assets of White Hall unless such claims are filed and presented in accordance with and within the time limit established by the Liquidator, subject to the provisions for late filing of claims in 40 P.S. §221.37.

EXPENSES, PAYMENTS AND LAWSUITS

21. Without filing a petition for distribution, the Liquidator shall have the discretion to pay as costs and expenses of administration, pursuant to 40 P.S. §221.44, the actual, reasonable and necessary costs of preserving or recovering assets of White Hall. The rights and

liabilities of White Hall and of its creditors, policyholders, trustees, members, and all other persons interested in this estate shall be determined in accordance with the Act as of the date of the filing of the Petition for Liquidation.

22. Unless directed by the Liquidator, White Hall, its affiliates, or their directors, officers, trustees, employees, attorneys, brokers, consultants, agents, insureds, creditors, and any other persons, wherever located, are enjoined from: (a) the transaction of further business; (b) transferring, selling, concealing, terminating, canceling, destroying, disbursing, disposing of or assigning any assets, funds, or other property of any nature; (c) any interference, in any manner, with Insurance Commissioner M. Diane Kolken or her successors, or any of her designees in liquidating White Hall's business and affairs; (d) any waste of White Hall's assets or property; (e) the dissipation and transfer of bank accounts and negotiable instruments; (f) the institution or further prosecution of any actions in law or equity on behalf of or against White Hall; (g) the obtaining of preferences, judgments, attachments, garnishments or liens against White Hall's assets, property and policyholders; (h) the levy of execution process against White Hall and its assets, property and policyholders; (i) the negotiation or execution of any agreement of sale or deed conveying personal or real property for nonpayment of taxes or assessments or for any other purpose; (j) withholding from the Liquidator or her designees or removing, concealing, transferring or destroying books, accounts, documents, policies or policy related documents or other records relating to White Hall's business; (k) making any assessments or indirectly collecting such assessments by setting them off against amounts otherwise payable to White Hall; (l) attempting to collect unpaid premiums, deductibles or self insured retentions from White Hall's insureds; and (m) the taking of any other action which might lessen the value of White

Hall's assets or property, prejudice the rights and interests of White Hall's policyholders and creditors, or interfere in the administration of this proceeding.

23. Unless the Liquidator consents thereto in writing, no action at law or equity, or arbitration or mediation, shall be brought against White Hall or the Liquidator, whether in this Commonwealth or elsewhere, nor shall any such existing action be maintained or further prosecuted after the date of this Order. All actions, including arbitrations and mediations, currently pending against White Hall in the courts of the Commonwealth of Pennsylvania or elsewhere are hereby stayed. All actions, including arbitrations and mediations, against White Hall or the Liquidator shall be submitted and considered as claims in the liquidation proceeding.

24. Unless waived or otherwise agreed by all of the parties thereto and the relevant guaranty association, all proceedings in which White Hall is or may be obligated to defend a party in any court are hereby stayed to the extent provided by applicable law, subject to further order of the court. The Liquidator may cooperate upon request of a guaranty association, in seeking a stay of any proceeding, as authorized under applicable law.

25. No judgment or order against White Hall or its insureds entered after the date of filing of the Petition for Liquidation, and no judgment or order against White Hall entered at any time by default or by collusion, need be considered as evidence of liability or quantum of damages by the Liquidator.

26. No action or proceeding in the nature of an attachment, garnishment, or execution shall be commenced or maintained in this Commonwealth or elsewhere against White Hall or the Liquidator, or their assets.

All secured creditors or parties, pledgees, lienholders, collateral holders or other persons claiming secured, priority or preferred interests in any property or assets of White

Hall are hereby enjoined from taking any steps whatsoever to transfer, sell, assign, encumber, attach, dispose of, or exercise, purported rights in or against any property or assets of White Hall except as provided in 40 P.S. §221.43.

DATED: *APRIL 10, 2003*



P. J.

Certified from the Record

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and Order Ent