

STATE OF INDIANA )  
 ) SS:  
COUNTY OF MARION )

IN THE MARION CIRCUIT COURT  
CAUSE NO. 49C01-0811-MI-053358

JIM ATTERHOLT, as the Insurance )  
Commissioner of the Department of Insurance )  
of the State of Indiana, )  
 )  
Petitioner, )  
 )  
v. )  
 )  
MEDICAL SAVINGS INSURANCE COMPANY, )  
 )  
Respondent. )

**FILED**

(228) FEB 26 2009

*Elizabeth J. White*  
CLERK OF THE MARION CIRCUIT COURT

**ORDER OF LIQUIDATION**

This matter came before the Court on the Rehabilitator's Verified Petition for Liquidation ("Liquidation Petition"), filed January 23, 2009, by Indiana Insurance Commissioner Jim Atterholt, as Rehabilitator of Medical Savings Insurance Company ("MSIC"). Pursuant to the Court's Order of January 23, 2009, a hearing on the Liquidation Petition was scheduled for and held on February 25, 2009.

Written and published notice of the filing of the Liquidation Petition and the scheduled hearing thereon was given to interested persons as shown by the Rehabilitator's Certificate of Compliance, filed on February 24, 2009.

Having considered the Liquidation Petition, all evidence and arguments presented at the hearing and being fully advised, the Court finds that:

- a) Pursuant to Ind. Code 27-1-1-2, Jim Atterholt is the duly appointed Insurance Commissioner ("Commissioner") of the Department of Insurance of the State of Indiana.
- b) MSIC is an Indiana domestic stock life insurance company.

c) MSIC is a wholly owned subsidiary of Medical Savings Investment, Inc. (“MSII”).

d) This Court has both subject matter and personal jurisdiction under the laws of the State of Indiana, including but not limited to Ind. Code 27-9-1-3.

e) MSIC is “insolvent” as that term is defined in Ind. Code 27-9-1-2(1). Further attempts to rehabilitate MSIC would substantially increase the risk of loss to creditors, policyholders and the public and would be futile. Sufficient grounds exist under Ind. Code 27-9-3-5 and 27-9-3-6 for the entry of an Order of Liquidation and such Order of Liquidation should be entered under Ind. Code 27-9-3-7.

f) It is necessary and appropriate that the Commissioner (and his successors) be appointed Liquidator of MSIC, including bestowing the Commissioner with all power and authority granted to a Liquidator under Ind. Code 27-9-3.

g) It is necessary and appropriate that the Court issue certain orders and injunctive relief to facilitate the Liquidator taking possession and control of the assets of MSIC and to protect against such assets being subject to waste or preferential claims of creditors.

h) In order to preserve the assets of MSIC for the benefit of its insureds, creditors and the public, it is necessary and appropriate that an Order of Liquidation, a finding of insolvency and all other relief appropriate in the premises be immediately entered against MSIC and there is no reason to delay the entry of such Order as a final judgment.

IT IS, THEREFORE, ORDERED, ADJUDGED and DECREED that:

(1) The rehabilitation proceeding concerning MSIC that commenced under the Order of Rehabilitation, dated December 1, 2008, is terminated.

(2) Indiana Insurance Commissioner Jim Atterholt and his successors in office are appointed Liquidator of MSIC under Ind. Code 27-9-3-7, and are hereby bestowed with all

powers of a Liquidator as provided by Ind. Code 27-9. The Liquidator, under the general supervision of this Court, may do all acts necessary and appropriate for the accomplishment of the liquidation of MSIC in accordance with Ind. Code 27-9. The Liquidator shall file accountings with the Court on at least an annual basis and more often to the extent requested by the Court.

(3) The Liquidator is vested by operation of law with the title to all of the property, contracts and rights of actions and all the books and records of MSIC, wherever located. The Liquidator is directed to exercise any and all rights of MSIC in connection with any collateral or other assets being held for the benefit of MSIC by any person or entity.

(4) The Liquidator is hereby ordered to take possession and control of all of the property, assets, books, accounts, documents, claim files, computer databases and systems, HSA custodial account and all other assets and records of MSIC in whatever form and wherever located, including, but not limited to, evidence of debt, bank accounts, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment and all real property, and the Liquidator is to administer such property and assets under the general supervision of this Court.

(5) The Liquidator is ordered to take possession of the premises occupied by MSIC for transaction of its business and the Liquidator's control shall include, but not be limited to, the authority to inventory property and to image computers and other electronic devices.

(6) The former officers, managers, agents and employees of MSIC are hereby enjoined and prohibited from disposing of any of MSIC's property or authorizing distributions, withdrawals or transfers from MSIC's general accounts or the HSA custodial account, from destruction, deletion or modification of MSIC's records, databases or computer files, in whatever form and wherever located, and from transaction of any MSIC's business, except with the

written consent of the Liquidator. The former officers, managers, agents and employees of MSIC are further enjoined from the commencement and prosecution of any actions, the obtaining of preferences, judgments, attachments, garnishments or liens against MSIC, or the making of any levy against MSIC or against its assets or any part thereof.

(7) Pursuant to Ind. Code 27-9-1-5, the former officers, managers, directors, trustees, owners, employees and agents of MSIC, and any other person who had authority over or were in charge of any segment of MSIC's affairs, shall cooperate with the Liquidator in carrying out this Order of Liquidation. The term "person" shall include any person who exercised control, directly or indirectly, over activities of MSIC through any holding company or other affiliate of the insurer or who otherwise had control over or was in possession of information relating to MSIC, such as through record keeping, computer systems operation or other consulting or contractual relationships. "To cooperate" shall include, but not be limited to, the following: (1) replying promptly in writing to any inquiry from the Liquidator requesting such a reply; and (2) to preserve and make available to the Liquidator all the books, accounts, documents, or other records, information or property of or pertaining to the insurer and in his or her possession, custody or control.

(8) Any bank, savings and loan association, financial institution, brokerage firm or other person which has on deposit, or in its possession, custody or control, any funds, accounts or any other assets of MSIC or the HSA custodial account, are hereby instructed that the Liquidator has immediate control over such funds, accounts and other assets. The Liquidator may change the name of such accounts and other assets, withdraw them from such bank, savings and loan association, brokerage firm, financial institution, or other person having possession, custody or control of such assets, or take any lesser action necessary to carry out this Order of Liquidation.

(9) No suit, action, proceeding or claim at law or in equity of any kind shall be brought, maintained or further prosecuted or presented on behalf of or in the name of MSIC or its Liquidator without the prior authorization of the Liquidator, except that with respect to such suits, actions, proceedings and claims at law or in equity which have been initiated previously by MSIC's former Rehabilitator, no further authorization by the Liquidator is necessary.

(10) Pursuant to Ind. Code 27-9-3-12, no action at law or in equity outside of this Court may be brought against MSIC, its assets or property, the Liquidator or the former Rehabilitator, whether in Indiana or elsewhere, nor shall any existing action outside this Court be maintained or further presented against MSIC, its assets or property, the Liquidator or the former Rehabilitator, whether in Indiana or elsewhere.

(11) All persons are hereby enjoined from taking any of the following actions while the Liquidation proceeding is pending against MSIC, unless such actions are taken with the express consent of the Liquidator and approval of this Court:

- (a) The transfer of MSIC's property, except the transfer of such property to the control of the Liquidator to be administered under the general supervision of the Court or the transfer of such property by the Liquidator in furtherance of the Liquidation proceeding;
- (b) Interference with the Liquidator or the Liquidation proceeding being administered by this Court;
- (c) Waste of MSIC's assets;
- (d) Dissipation and transfer of MSIC's bank accounts, except the transfer of such accounts to the control of the Liquidator to be administered under the general supervision of the Court or the transfer of such accounts by the Liquidator in furtherance of the Liquidation proceeding;
- (e) The obtaining of preferences, judgments, attachments, garnishments, or liens against MSIC or its assets;
- (f) The levying of execution against MSIC or its assets;
- (g) The making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of MSIC's assets;

- (h) The withholding from the Liquidator of books, accounts, documents, or other records relating to the business of MSIC; and/or
- (i) Any other action that might lessen the value of MSIC's assets or prejudice the rights of MSIC's insureds, creditors, or shareholders, or the administration of any proceeding under Ind. Code 27-9.

(12) All secured creditors or pledge holders, lien holders, collateral holders, or other persons claiming a secured, priority or preferred interest in any property or assets of MSIC, are hereby enjoined from taking any steps whatsoever to transfer, sell, encumber, attach, dispose of or exercise purported rights in or against any property or assets of MSIC, without the prior written approval of the Liquidator.

(13) The Liquidator is authorized to employ, or to continue to employ, and to fix the compensation of such Special Deputies, counsel, agents, clerks, accountants, actuaries, consultants, assistants and other personnel as he considers necessary, and all compensation and expenses of such persons and of taking possession of MSIC and conducting this proceeding shall be paid out of the funds or assets of MSIC as a Class (1) expense under Ind. Code 27-9-3-40.

(14) Pursuant to Ind. Code 27-9-3-8(c), MSIC policies that are covered by a guaranty association shall continue in force for such period and under such terms as is provided by that guaranty association's enabling statute and other applicable law. Pursuant to Ind. Code 27-9-3-8(a) and (d), any MSIC policy in force as of this date which is not covered by a guaranty association will continue in force only until the earlier of:

- (a) thirty (30) days from the date of this Order;
- (b) expiration of the policy coverage;
- (c) the date when the insured has replaced the policy coverage with equivalent coverage in another insurer or has otherwise terminated the policy; or
- (d) the date when a Liquidator has effected a transfer of the policy obligation.

(15) The Liquidator is authorized to employ, or continue the employment of, appropriate special or local legal counsel in jurisdictions outside Marion County, Indiana, to represent the interests of MSIC, the Liquidator, and its former Rehabilitator in obtaining stays or dismissals or otherwise disposing of all litigation now pending or hereafter instituted by or against MSIC, or by or against the Liquidator or the former Rehabilitator or MSIC, or any of them, all upon such reasonable terms as the Liquidator considers necessary and to pay for such counsel out of the funds or assets of MSIC as a Class (1) expense under Ind. Code 27-9-3-40.

(16) The Liquidator's counsel is directed to maintain, and periodically furnish to the Court, a Schedule of Appearances ("Schedule") listing the names and addresses of all attorneys and pro se individuals who have made written request to be served with pleadings, orders and other documents filed or entered in this proceeding. Any pleading, order or other document filed or entered in this proceeding shall be served on all persons listed on the most current Schedule.

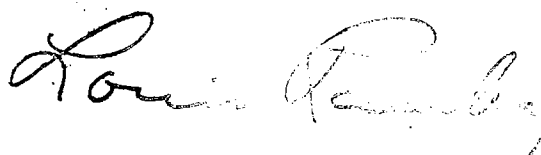
(17) Any person wishing to obtain copies of pleadings, orders or other documents filed or entered in this proceeding shall make this request in writing to the Liquidator of MSIC, 445 N. Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204. The Liquidator, promptly after receiving such a written request, is directed to make copies at a charge of fifty cents (50¢) per page, with checks made payable to "Medical Savings Insurance Company, in Liquidation".

(18) The Liquidator is authorized to consult and cooperate with the life and health insurance guaranty associations in those states where MSIC was licensed, to promote the orderly and efficient: (i) liquidation of MSIC pursuant to Ind. Code 27-9-3; and (ii) discharge of the obligations of those insurance guaranty associations that are affected by the insolvency and liquidation of MSIC in accordance with their enabling legislation and other applicable law. The Court hereby authorizes the exchange and deliver of any and all information relating to MSIC

and its insureds as necessary to accomplish the liquidation of MSIC and to discharge the obligations of the affected guaranty associations.

(19) The Court determines that there is no just reason for delay and, in accordance with Rule 54(B) of the Indiana rules of Trial Procedure, this Order of Liquidation is entered as a FINAL JUDGMENT.

Dated: 2/26/09



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JUDGE, Marion Circuit Court

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