STATE OF SOUTH CAROLINA RICHLAND COUNTY	IN THE COURT OF COMMON PLEAS FIFTH JUDICIAL CIRCUIT
Scott H. Richardson , Director of the South Carolina Department of Insurance, Petitioner. vs. Guardian Healthcare, Inc.. Respondent.	ORDER APPROVING PLAN OF REHABILITATION C.A. No. 2010-CP-40-7093

FILED
2010 OCT 28 PM 4:16
JEANNETTE W. McBRIDE
C.C.P. & G.S.

This matter is before this Court upon the Rehabilitator's Motion for Approval of Plan of Rehabilitation (the Motion). The Court having considered the Motion finds the motion to be well taken and grants same. The Court further finds that the Plan of Rehabilitation (Plan) is fair, equitable and in the best interests of Guardian's enrollees and all other creditors of Guardian and that the Rehabilitator is giving notice of the Motion and Plan and an opportunity to file objections to the Plan in accordance with the Consent Order Commencing Rehabilitation Proceedings & Granting an Injunction & Automatic Stay of Proceedings and the requirements of due process.

NOW THEREFORE, IT IS ORDERED AND DECREED AS FOLLOWS:

1. This Order shall constitute the Order Approving Plan of Rehabilitation and shall evidence this Court's approval and confirmation of (1) the Amended Plan of Rehabilitation (Plan, as defined below); (2) the Plan Agreements (as defined below); (3) each of the transactions contemplated by the Plan and the Plan Agreements and (4) the stays, injunctions, discharges and releases, all as set forth and more particularly described in the Plan and as defined herein.

2. For purposes of this Order:

a. Plan shall mean the Amended Plan of Rehabilitation.

b. Capitalized terms used and not otherwise defined herein shall have the meaning given to the terms in the Plan.

c. Plan Agreements shall consist of the following: (i) the Guardian Liquidating Trust Agreement; (ii) the Contribution, Assignment, Access and License Agreement; (iii) the Assumption Agreement; and (iv) the CMS Novation Agreement; and, the SterlingPlan Documents shall consist of the Plan and the Plan Agreements.

d. Sterling shall mean Sterling Life Insurance Company and its board of directors, officers, successors and assigns.

e. Effective date shall have the meaning set forth herein.

3. Guardian is found to be in hazardous financial condition as of the date of this order. The assumption of the assets described in the Plan and book of business by Sterling as described in the Plan is hereby approved. The transfer of the retained liabilities and assets and their subsequent transfer or assignment to the Guardian Liquidation Trust for runoff or liquidation is hereby approved.

4. The Rehabilitator and Sterling are hereby authorized to implement the Plan Documents and to take all actions and execute all documents required to close, consummate and implement the transactions contemplated by the Plan Documents including, but not limited to the following:

a. On the closing date, the Rehabilitator is authorized to execute all agreements necessary to effectuate the assumption of the Medicare Advantage plan(s) and transfer of assets and liabilities contemplated by the Assumption Agreement and Contribution, Assignment, Access and License Agreement attached as Exhibits B and C to the Plan.

b. The Rehabilitator is hereby authorized to establish the Liquidation Trust under the forms of Liquidation Trust Agreement shown at Exhibit A attached to the Plan.

c. On the closing date, the Rehabilitator is hereby authorized to cause the Liquidation Trust to reinsure and assume the transferred liabilities. In consideration of the reinsurance and assumption of the transferred liabilities, the Rehabilitator is authorized to cause Guardian to transfer and the Liquidation Trust to receive the Retained Assets pursuant to an assignment agreement.

d. Sterling, the Rehabilitator and all other entities necessary to the execution and performance of the CMS Novation Agreement, attached to the plan as Exhibit D, are hereby authorized to enter into same upon approval by CMS.

e. Following the closing of all of the transactions described above, the Rehabilitator is authorized to take any and all action necessary to run off the liabilities assumed by the Liquidation Trust.

5. The terms and each of the Rehabilitator's, Sterling's and the Liquidation Trust's respective rights and obligations under the Plan Documents are determined by the Court to be valid, binding and enforceable in accordance with law, subject to the satisfaction or waiver of any applicable conditions specified in the Plan Documents. Without limiting the generality of the foregoing, the Court having considered the application and other information finds, determines and rules as follows:

a. Due process is being afforded to all interested parties through the delivery of full, fair, adequate and timely notice of the hearings and the opportunity of the parties to file objections to the Plan.

b. All actions required to date by law or contract including but not limited to those required by the Rehabilitation Act, the Plan and the Plan Agreements have been duly and validly taken and completed by the Court, the Rehabilitator and any employee or agent thereof in accordance with the Rehabilitation Act, and other statute, law or regulation of the State of South Carolina and the requirements of due process.

c. From and after the closing date, Guardian shall be released and discharged of and from all of its liabilities and obligations existing as of the closing date whether or not such liability or obligation is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured (including without limitation, any liabilities arising in connection with any contract ceding or retrocession agreements), all such liabilities and obligations shall be transferred to and shall be assumed in full by the Liquidation Trust, and no such liability shall constitute a basis for any claim of any party against Guardian at any time after the closing date, subject to the terms and intent of the Plan Agreements.

d. Without limiting the findings, determinations and rulings set forth herein, from and after the closing date, Guardian shall be discharged and released from all its duties, obligations and liabilities under ceding and retrocession agreements, if any, all of Guardian's rights thereunder shall become property of the Liquidation Trust and the Liquidation Trust shall be substituted for Guardian under these agreements and the retrocession agreements shall be binding upon all parties, including but not limited to counterparties to those agreements. No liability of

Guardian relating to any act or omission occurring prior to the closing, whether such liability is absolute, accrued, contingent, known, unknown or otherwise (whether due or to become due) shall be transferred or retained by the company after the closing, nor may any such liability constitute a basis for any claim of any party against Guardian or its licenses.

e. The Liquidation Trust is a trust created pursuant to the Plan, duly organized and validly existing under the laws of the State of South Carolina. The Liquidation Trust has full power and authority to take the actions necessary to runoff the obligations of the Guardian estate and to consummate the other transactions contemplated and proposed in the Plan. The Director, acting in his capacity as Rehabilitator of Guardian Healthcare, Inc. in Rehabilitation, is authorized to take all actions necessary to consummate the transactions contemplated and proposed by the Plan.

f. Proofs of claim shall be made, filed and allowed in accordance with the Plan. The Bar Date set by the Rehabilitator for filing of claims shall be no sooner than June 30, 2011 and no later than December 31, 2011 (Bar Date). The Rehabilitator shall cause proof of claim forms and notice of the Bar Date to be made available to each known creditor of the Guardian estate. Notice of the Plan, the Bar Date and the availability from Guardian of a copy of the Plan and the proof of claim forms shall be published in five newspapers of general statewide circulation for four consecutive weeks.

g. The costs and expenses of the Rehabilitator and the Liquidation Trust qualify as administrative claims under the claims priority process developed by the

Rehabilitator and approved by this Court and shall not be subject to the Bar Date or any other time limit for presentation or payment. The Rehabilitator or his designee as trustee of the Liquidation Trust shall be authorized to pay such administrative claims from time to time when due subject to the approval of such accountings as may be required by the Court. The Rehabilitator shall be authorized to establish reasonable reserves for the payment of such costs and expenses, whether accrued or projected, in any accounting of or report with respect to the Guardian estate and the amounts then available for distribution.

h. This Court shall retain exclusive jurisdiction over the Guardian estate, the Liquidation Trust, the Rehabilitation proceedings, the assets and liabilities transferred to the Liquidation Trust, the transactions contemplated by the Plan Documents and all claims, controversies, disputes and demands involving or arising out of the foregoing, however described or denominated. Without limiting the generality of the foregoing the Court's exclusive jurisdiction shall specifically include the following:

    i. Modifications or amendments to the Plan;

    ii. Approval of standards and guidelines proposed by the Rehabilitator for the settlement, commutation, compromise or disposition of any claim against or any cause, right, asset or other property, tangible or intangible of Guardian or the Liquidation Trust.

    iii. Appointment of masters, referees, mediators, etc, as necessary or appropriate to submit proposed findings of fact and conclusions of law

iv. The hearing and determination of all claims, controversies, disputes or demands arising in connection with any matter related to the Guardian estate, the Plan, or any of the transactions proposed in the Plan.

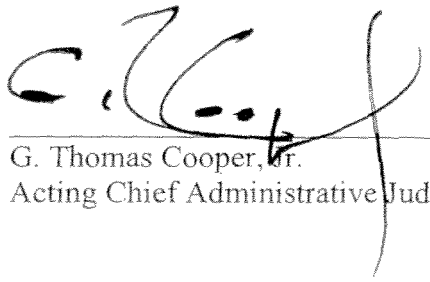
v. The taking of any action necessary at law or equity to ensure the continued validity and legality of the findings, determinations and rulings set forth in this Order.

6. The Court shall retain exclusive jurisdiction over this matter for all purposes necessary to effectuate and enforce this Order. The Rehabilitator may at any time make further application for any such further relief, including without limitation, restraining orders, preliminary or permanent injunctions, and other orders as he may deem necessary.

7. This Order continues in force all injunctions for the benefit of Guardian that are effective at the date hereof except to the extent such are superseded by other provisions of this Order.

8. Any person having an objection to this Plan must notify the Rehabilitator, in writing, within 10 calendar days of the mailing of the Notice of this Plan on October 22, 2010. If no objection is filed within this 10-day objection period, i.e., on or before November 1, 2010, no person may further object to the Plan and the Plan and this Order become final. The Rehabilitator, Trustee and Sterling shall then proceed with the closing of the transactions described in this Order and by the Plan Documents.

AND IT IS SO ORDERED.



G. Thomas Cooper, Jr.
Acting Chief Administrative Judge

October 28, 2010
Columbia, South Carolina