STATE OF SOUTH CAROLINA
RICHLAND COUNTY

IN THE COURT OF COMMON PLEAS
FIFTH JUDICIAL CIRCUIT

Eleanor Kitzman, as Director of the South Carolina Department of Insurance,

Petitioner,

vs.

Employers Life Insurance Corporation,

Respondent.

Civil Action Number 05-CP-02031

CONSENT ORDER DECLARING INSOLVENCY AND COMMENCING LIQUDATION PROCEEDINGS

RICHLAND COUNTY
FILED
2005 AUG -1 A 10: 17
BARBARA A. SCOTT
C.C.C. & C.S.

This matter comes before me pursuant to the South Carolina Insurers' Supervision, Rehabilitation, and Liquidation Act. S.C. Code Ann. §§ 38-27-10, et seq. (2004). The Petitioner seeks an Order appointing her Liquidator of Employers Life Insurance Corporation, the Respondent, and authorizing her to commence formal liquidation proceedings. The Respondent has been served with a copy of the aforementioned Petition pursuant to § 38-27-60 of the South Carolina Code.

The Petitioner alleges the Respondent is insolvent and in such condition as to be hazardous, financially or otherwise, to its policyholders, creditors, and the public. The Petitioner therefore asks that the Respondent be declared insolvent, that she be appointed Liquidator for the Respondent, and that the Respondent's corporate existence be dissolved. Respondent consents to this action and hereby waives its right to a hearing.

Based upon pleadings before me, I find the Court has jurisdiction over this matter and the parties. I further find the Respondent is insolvent and in such condition as to be

hazardous, financially or otherwise, to its policyholders, its creditors, and the public. In light of these findings, I also determine the immediate appointment of a liquidator is necessary to protect the Respondent's creditors, claimants, and policyholders and it is in their best interest and in the best interest of the public that a Final Order of Liquidation appointing the Petitioner as Liquidator of the Respondent and dissolving the Respondent's corporate existence be issued.

IT IS THEREFORE ORDERED that pursuant to S.C. Code Ann. §§ 38-27-360 and 38-27-370 (2004), the Petitioner and her successors in office be appointed Liquidator of the Respondent.

IT IS FURTHER ORDERED that the Liquidator take immediate possession and control of the assets, estate, and all other property of the Respondent of every kind whatsoever and wherever situate and administer them under the general supervision of the Court. The Liquidator is directed to exercise all rights of the Respondent in connection with any collateral or other assets being held for the benefit of the Respondent by any person or entity. The Liquidator hereby is vested with title to all of the property, contracts, and rights of action and all of the books and records of the Respondent, wherever located, as of the entry of this Final Order of Liquidation.

IT IS FURTHER ORDERED that the Liquidator liquidate the Respondent's assets, including, but not limited to funds held by the Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives, or others under agency contracts or otherwise which are due and unpaid to the Respondent, including funds remitted by members, unearned commissions, agent balances, agent reserve funds, and subrogation recoveries.

IT IS FURTHER ORDERED that the Petitioner shall make an accounting to the court within six months after the date of this order and at least annually thereafter. Such reports shall include at a minimum the Respondent's assets and liabilities and all funds the Liquidator has received or disbursed during the current period, and shall be submitted to the Court for approval without necessity of a hearing.

IT IS FURTHER ORDERED that the rights and liabilities of the Respondent and its creditors, policyholders, stockholders, members, and all other persons interested in the estate of the Respondent shall be fixed as of the date of entry of this Order of Liquidation except as provided by § 38-27-560 of the South Carolina Code.

IT IS FURTHER ORDERED, pursuant to § 38-27-380 of the South Carolina Code, that all policies in effect at the time of issuance of this order, other than life or health insurance policies or annuities covered by the South Carolina Life and Accident and Health Insurance Guaranty Association or a similar foreign guaranty association, will continue in force only for the lesser of:

(1) a period of thirty days from the date of entry of this order;

(2) the expiration of the policy coverage;

(3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy; or

(4) the liquidator has effected a transfer of the policy obligation pursuant to item (8) of subsection (a) of § 38-27-400.

IT IS FURTHER ORDERED that all claims of any nature whatsoever against the assets of the Respondent held by the Liquidator must be filed upon such forms and accompanied by such proof as shall be required by the Liquidator not later than

December 31, 2005. Moreover, the Respondent's Policyholders are prohibited from surrendering their policies to the Liquidator for cash for 90 days from the date of this order.

IT IS FURTHER ORDERED under § 38-27-430 of the South Carolina Code that no action at law or equity shall be brought against the Respondent or the Liquidator in this State or elsewhere, nor shall any such existing actions be maintained or further presented after issuance of this Order of Liquidation.

IT IS FURTHER ORDERED that the Liquidator shall have full power to take all actions reasonably necessary and proper for the discharge of her responsibilities including, without limitation, those powers enumerated in S.C. Code Ann. §§ 38-27-400 (2004). Specifically, it is ordered that the Liquidator shall employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants, and such assistants as she deems necessary, purchase or lease personal or real property 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 Respondent's assets in the possession of the Liquidator or coming into her possession.

IT IS FURTHER ORDERED, under S.C. Code Ann. § 38-27-80 (2004), that all present or former officers, managers, directors, trustees, owners, employees, and agents and brokers of the Respondent, and any other persons with authority over or in charge of any segment of the Respondent's affairs, including attorneys-at-law now or previously retained to represent the Respondent, shall cooperate with the Liquidator in the discharge of her responsibilities, and shall, in addition to all other demands for cooperation, reply promptly in writing to any inquiry from the Liquidator requesting such a reply and make

available to the Liquidator any books, accounts, documents, or other records or information or property of or pertaining to the Respondent which may be in their possession, custody or control.

IT IS FURTHER ORDERED that all present or former officers, managers, directors, trustees, owners, employees, and insurance agents and brokers are to account to the Liquidator for all funds of the Respondent held by them in their fiduciary capacity or due to the Respondent, and it is ordered that these funds be directed and forwarded by such insurance agents and brokers to the Liquidator.

IT IS FURTHER ORDERED, under § 38-27-390 of the South Carolina Code, that the corporate existence of the Respondent be, and is hereby, dissolved, and that the Liquidator file a certified copy of this order with the South Carolina Secretary of State.

AND IT IS SO ORDERED.

Hon. J. Ernest Kinard Jr.
Chief Administrative Judge
Fifth Judicial Circuit

July 24, 2005
Columbia, South Carolina

WE CONSENT:

Thomas C. Salane
Attorney for the Respondent

John B. O'Neal, III
Associate General Counsel