

IN THE CIRCUIT COURT OF THE
SECOND JUDICIAL CIRCUIT, IN
AND FOR LEON COUNTY, FLORIDA

STATE OF FLORIDA, ex rel.,
The Department of Insurance
of the State of Florida,

Relator,

vs.

ALLIED FIDELITY INSURANCE
COMPANY, an Indiana
corporation authorized to
transact an insurance
business in Florida,

Respondent.

) CIVIL ACTION NO.: 86-788

) (Fla. Bar No. 0073379)

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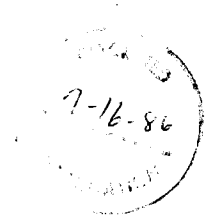
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ORDER APPOINTING ANCILLARY
RECEIVER FOR PURPOSES OF LIQUIDATION

THIS CAUSE, coming on this day to be heard on Motion of the Department of Insurance of the State of Florida for the entry of an Order appointing the Department of Insurance of the State of Florida as Ancillary Receiver of Allied Fidelity Insurance Company for purposes of liquidation and, the Court being fully advised in the premises, finds:

1. Sections 631.021, 631.091, 631.131(2), and 631.152, Florida Statutes, authorize the Department of Insurance of the State of Florida to apply to this Court for entry of an Order appointing it Ancillary Receiver of a foreign insurer for purposes of liquidation upon the appointment of a liquidator in the domiciliary state of such insurer.

2. Upon an adjudication of insolvency, the Commissioner of Insurance of the State of Indiana was appointed Receiver of Allied Fidelity Insurance Company for purposes of liquidation by an Order entered July 15, 1986 by the Marion Circuit Court, State of Indiana.

3. This Court should appoint an Ancillary Receiver of Allied Fidelity Insurance Company for the purpose of liquidating the assets of the insurer in Florida.

NOW, THEREFORE, It is ORDERED and ADJUDGED that

The Department of Insurance of the State of Florida is hereby appointed Ancillary Receiver of Allied Fidelity Insurance Company for purposes of liquidation and is authorized and directed to:

1. Take immediate possession of all the property, assets which include bank accounts, and estate, and all other property of every kind whatsoever and wherever located in this State belonging to Respondent pursuant to Sections 631.152, 631.181(2), Florida Statutes, including but not limited to, offices maintained by the Respondent, rights of action, agents' balances, books, papers, evidences of debt, bank accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and all real property of the Respondent, wherever situate in Florida, and to hold all such assets subject to any rights of the Domiciliary Receiver pursuant to Chapter 631, Florida Statutes, and other applicable law, and pending further orders of this Court. All banks in which the Respondent has any accounts and other assets are hereby instructed that the Ancillary Receiver has absolute control over such accounts and other assets and the Ancillary Receiver may change the name of such accounts and other assets, withdraw them from such bank or take any other lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court.

2. Liquidate the assets of Respondent located in Florida pursuant to Chapter 631, Florida Statutes, and other applicable law.

3. Employ, and authorize the compensation of, legal counsel, accountants, clerks, and such assistants as it 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 funds or assets of the Respondent in the possession of the Ancillary Receiver or coming into its possession.

4. To reimburse employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

5. Not defend any legal action in which the Respondent or any of its insureds is, or may become, a defendant, commenced before or after the entry of an order appointing an Ancillary Receiver in this state.

6. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this ancillary receivership proceeding.

7. Collect all debts (which are economically feasible to collect) which are due and owing Respondent.

8. Take possession of all of Respondent's securities on deposit with the Treasurer of Florida and convert to cash so much of the same as may be necessary, in its judgment, to pay the expenses of administration of this ancillary receivership proceeding.

9. Require any officer, director, manager, trustee, agent, adjuster, or attorney of Respondent and any other person who possesses, or possessed, any executive authority over, or who exercises, or exercised, any control over any segment of Respondent's affairs to fully cooperate with the Ancillary Receiver or its Deputies, pursuant to Section 631.391, Florida Statutes.

10. Publish notice specifying the time and place fixed for the filing of claims with the Ancillary Receiver, once each week for three consecutive weeks, in the Florida Administrative Weekly published by the Secretary of State, and at least once in the Florida Bar News.

11. Negotiate and settle subrogation claims and Final Judgments up to and including the sum of \$5,000.00 without further Order of this Court.

12. Sell salvage recovered having value of not more than \$5,000.00 without further Order of this Court.

13. Coordinate the operation of the ancillary receivership with the Florida Insurance Guaranty Association pursuant to Part II of Chapter 631, Florida Statutes, and/or the Florida Life and Health Insurance Guaranty Association pursuant to Part III of Chapter 631, Florida Statutes. The Receiver may, in its discretion, contract with either or both guaranty funds to provide services as are necessary to carry out the purpose of this Chapter.

IT IS FURTHER ORDER and ADJUDGED that:

14. All attorneys employed by Respondent as of this date shall, within 30 days notice of this Order, report to the Ancillary Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys described herein are hereby discharged as of the date of this Order unless their services are retained by the Ancillary Receiver.

15. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent shall account for and pay all premiums and commissions unearned due to cancellation of policies owed to the Respondent directly to the Domiciliary Receiver within 30 days of demand by the Domiciliary Receiver or appear before this Court to show good cause, if any they may have, as to why they should not be required to account to the Domiciliary Receiver or be held in contempt of Court for violation of the provisions of this Order. No agent, broker or other person shall use premium moneys owed to the Respondent for

refund of unearned premium or any purpose other than payment to the Domiciliary Receiver.

16. Any premium finance company which has entered into a contract to finance a premium for a policy which has been issued by the Respondent shall pay the premium owed to the Respondent directly to the Domiciliary Receiver.

17. Upon request by the Ancillary Receiver, any company providing telephonic services to the Respondent shall provide a reference of calls from the number presently assigned to the Respondent to any such number designated by the Ancillary Receiver or perform any other changes necessary to the conduct of the receivership.

18. Any bank, savings and loan association or other financial institution which has on deposit or in its possession, custody or control of any funds or other assets of the Respondent shall immediately transfer title, custody and control of all such funds or assets to the Ancillary Receiver.

19. Any entity furnishing water, electric, sweage, garbage or trash removal services to the Respondent shall maintain such service and transfer any such accounts to the Ancillary Receiver as of the date of this order unless instructed to the contrary by the Ancillary Receiver.

20. Any data processing service which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to the Respondent shall transfer custody and control of such records to the Ancillary Receiver.

21. The United States Postal Service should be directed to provide any information requested regarding the Respondent and to handle future deliveries of Respondent's mail as directed by the Ancillary Receiver.

22. All persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, the Respondent and its officers, directors, stockholders, agents and employees, be enjoined and restrained from the further transaction of the business of insurance or dealing with or permitting to be done any action which might waste or dispose of the assets or allow or suffer the obtaining of judgment, attachments, writs of garnishment, or preferences or other liens or the making of any levy or execution against the Ancillary Receiver or Respondent or its assets or any part thereof, and from interfering with the Ancillary Receiver's possession and control of the property of Respondent within the jurisdiction of this Court.

23. All persons, corporations or associations within the jurisdiction of this Court be enjoined and restrained from commencing, maintaining or further prosecuting any action at law or in equity or other proceeding against Respondent or the Ancillary Receiver.

24. All claims shall be filed with the Ancillary Receiver on or before July 15, 1987 or be forever barred, and all such claims shall be filed on proof of claim forms prepared by the Ancillary Receiver.

25. Pursuant to the provisions of Section 631.252, Florida Statutes, all insurance policies or similar contracts or coverage of the Respondent issued in Florida and now in force shall continue in force until 30 days for the date of the entry of the Order of Liquidation and shall be determined cancelled as of 11:59, p.m., August 14, 1986, except that policies or contracts of coverage with normal expiration dates prior thereto and policies terminated by insureds or lawfully cancelled by the insurer before such date, will stand cancelled as of such earlier date.

26. Except for contracts of insurance, all executory contracts to be performed in Florida to which the Respondent was a party are to be cancelled unless specifically adopted by the Ancillary Receiver within 30 days of the date of this Order. The rights of the parties to any such contracts are to be fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

27. Any persons, corporation or other entity failing to abide by this Order should be directed to appear before this Court to show good cause, if any they may have, as to why they should not be held in contempt of Court for violation of the provisions of this Order.

28. This Court should retain jurisdiction of this cause for the purpose of granting such other and further relief as shall be just and equitable.

DONE and ORDERED in Chambers at Tallahassee, Florida this 16 day of July, 1986.

William R. Gary

CIRCUIT JUDGE

STATE OF FLORIDA, COUNTY OF LEON

I HEREBY CERTIFY that the above and foregoing is a true and correct copy of an instrument recorded in the Official Records of Leon County, Florida.

WITNESS my hand and seal of office this 16 day of July, 1986

Paul F. Hartsfield
PAUL F. HARTSFIELD, Clerk

by *Sam McAnna*
S.M.C.