



**IN THE CIRCUIT COURT OF JEFFERSON COUNTY, ALABAMA  
 BIRMINGHAM DIVISION**

STATE OF ALABAMA, EX	)	
REL/ JIM L RIDLING AS,	)	
Plaintiff,	)	
	)	
V.	)	CV-2009-001256.00-NGS
	)	
UNIVERSAL LIFE INSURANCE	)	
COMPANY,	)	
Defendant.	)	

**ORDER GRANTING PETITION FOR TERMINATION  
 OF REHABILITATION PROCEEDINGS AND ORDER OF LIQUIDATION**

A status conference was held in the Receivership proceedings for Booker T. Washington Insurance Co., Inc. (“BTW”) and Universal Life Insurance Company (“Universal”) on November 20, 2009. At that time Denise B. Azar, Esq., Receiver for BTW and Universal and its counsel advised the Court of the status of both Receiverships, including the status of the proposed Assumption Agreement with North Carolina Mutual Life Insurance Company (“NCM”), discussed in the Receiver’s Amended Rehabilitation Plan filed August 12, 2009, and the Court’s Order approving the amended plan dated August 13, 2009. The Receiver further advised the Court that BTW and Universal were insolvent with no prospects for rehabilitation. The Receiver then presented evidence of the companies’ insolvency in support of the Petition For Termination Of Rehabilitation Proceedings And For Order Of Liquidation previously filed by her on May 22, 2009 (the “Petition”).

Upon hearing the evidence offered by the Receiver, the Court was satisfied that it was in the best interest of BTW, Universal and their respective policyholders and creditors, that an order terminating rehabilitation proceedings and ordering liquidation pursuant to Ala. Code § 27-32-7 (1975) be entered at the appropriate time. Counsel for the Receiver agreed to submit a proposed order of liquidation for the Court’s consideration however, circumstances arising after the hearing caused the Receiver to conclude that entry of the proposed liquidation order should be delayed further. Therefore, the Court was requested to hold any proposed order terminating rehabilitation and ordering liquidation in abeyance to allow the Receiver additional time to resolve several issues prior to liquidation. For example, the Court was advised of issues related to the BTW ESOP and Defined Benefit Plans, as well as regulatory issues that remained outstanding in North Carolina related to the assumption of policies by NCM from the sale of the premium paying

business of BTW and Universal to NCM. The Court agreed to hold its order in abeyance and has since been provided with status reports by the Receiver.

In her most recent updated status report the Receiver has advised the Court that it is no longer in the best interest of the Receiverships to continue to hold the Liquidation Order in abeyance. The Court was advised of the successful resolution of issues related to the approval of the Assumption Agreement previously approved by this Court in its order dated August 13, 2009. The Court was advised that on March 31, 2010 a hearing officer in North Carolina ruled that the Assumption "Agreement by and among NC, BTW, UL [Universal], Denise Azar as Receiver for BTW and UL and ALDIGA was made for a legitimate and statutorily recognized purpose' and therefore exempt from any requirement that the NCDOI approve the agreement. That hearing officer's finding appears to be consistent with the position articulated by the Receiver in her Amended Rehabilitation Plan filed on August 12, 2009, as approved by this Court in its order entered the following day. The Court has been further advised that on April 16, 2010, NCM and the NCDOI entered into a Consent Order expressly approving the Assumption Agreement and the execution thereof by NCM.

In the latest status report the Receiver represented to the Court that BTW and Universal remained insolvent and that the financial condition of BTW and Universal had not changed significantly since November 20, 2009, so as to require another hearing on the Petition.

Based on the above, it is ORDERED, ADJUDGED and DECREED as follows:

1. The Receiver's Petition to Terminate the Rehabilitation Proceedings and for Order of Liquidation for BTW and Universal is hereby GRANTED.
2. The Court received sufficient evidence to conclude that BTW and Universal are insolvent, that efforts to rehabilitate BTW and Universal have not succeeded, and that BTW and Universal are in such financial condition that the continuation of its rehabilitation and the further transaction of its business thereunder, would be hazardous to its policyholders, creditors, and the public.
3. As Receiver, Denise B. Azar is hereby directed to liquidate BTW and Universal in accordance with Ala. Code § 27-32-12, et seq. (1975), and to take such actions as the nature of the cause and the interest of the policyholders, creditors and the public may require. The Receiver is authorized to take all action necessary to carry out the provisions, purposes and intent of the aforementioned Assumption Agreement previously approved by this Court. The Receiver is further authorized to employ such legal counsel, accountants, appraisers, experts, clerks and assistants of her choosing pursuant to Ala. Code § 27-32-15(f)(1975).
4. As Receiver, Ms. Azar is vested with title to all property, assets, contracts and rights of action of BTW and Universal, wherever located, whether tangible or intangible, including, without limitation, all stock, equity securities, partnership interests or other ownership interests of any kind in any other corporation, partnership (limited or otherwise), trust or other entity which is beneficially or legally owned or held by or attributable to BTW and

Universal, as of the date of this Order. The Receiver shall be and is hereby authorized to lease, sell, transfer or encumber all property and assets of BTW and Universal without prior approval of the Court.

5. As Receiver, Ms. Azar is authorized to institute and prosecute in the name of BTW and Universal or in her own name as Receiver any and all suits or other legal or administrative proceedings, defend suits in which BTW and Universal are parties, in this State or elsewhere, whether or not such suits or administrative proceedings are pending as of the date of this Order; abandon the prosecution or defense of such suits, legal or administrative proceedings, or claims where to do so would be in the best interest of the policyholders and creditors of BTW and Universal; prosecute any action which may exist on behalf of the policyholders and creditors of BTW and Universal against any person controlling parties of BTW and Universal, partnership, corporation or other entity, or any other person, and apply on her own behalf to have any default or default judgment set aside and to defend on the merits and assert all defenses available to BTW and Universal as against third parties.

6. All banks, brokerage houses, or other companies or persons having in their possession assets which are, or may be the property of BTW and Universal, are hereby ordered to deliver the possession of the same immediately to the Receiver, and are further ordered not to disburse the same without the written consent of, or unless directed in writing by, the Receiver. Such persons and entities, and all other persons and entities, are further enjoined from disposing of or destroying any records pertaining to any business transactions between BTW and Universal and banks, brokerage houses or other persons or companies having done business with BTW and Universal, or having in their possession assets which are or were the property of BTW and Universal.

7. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of BTW and Universal, shall account for, and to the extent due and owing, shall pay all unearned premiums and commissions owed to BTW and Universal as a result of policies canceled by this Order, or in the normal course of business, directly to the Receiver within thirty (30) days after demand by the 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 Receiver. All agents, brokers or other persons are enjoined and restrained from returning any unearned premiums, or any money in their possession collected for premiums to policyholders or others. The Receiver shall serve a copy of this Order on all agents, brokers or others which shall constitute notice of its injunctive provisions.

8. Each data processing service or other entity that 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 BTW and Universal or any subsidiary, shall transfer custody and control of such records to the Receiver upon demand.

9. All contracts, treaties and agreements or reinsurance wherein BTW and Universal was the assuming or retrocessional reinsurer, are

canceled on a "cut-off" basis, such cancellations to be effective upon the entry of this Order except as otherwise determined by the Receiver. All other treaties, contracts and agreements or reinsurance wherein BTW and Universal are the ceding company, shall remain in full force and effect pending a determination and recommendation by the Receiver as to when, and upon what terms cancellation is appropriate.

10. Except for contracts of insurance, all contracts executory or otherwise to which BTW and Universal was a party, including all agents' contracts, general agents' contracts, brokers' contracts, retirement and "golden parachute" agreements, are hereby canceled unless specifically adopted by the Receiver within thirty (30) days after the date of this Order. Any cancellation under this provision shall not be treated as an anticipatory breach of such contracts. All other contracts, policies and direct insurance, with obligations that have been assumed by respective state guaranty funds, shall remain in full force and effect. Persons and entities suffering real damages or loss as a result of said contract cancellations shall retain the right to file claim(s) with the Receiver which claim(s) shall be, if proved, allowed in part or disallowed in accordance with Alabama's Liquidation Act, Ala. Code § 27-32-1, et seq. (1975), the Uniform Insurers Liquidation Act, Ala. Code § 27-32-22, et seq. (1975), and other applicable laws of the State of Alabama.

11. All direct policies or contracts of insurance issued by BTW and Universal are hereby canceled within thirty (30) days after the date of this Order, except those policies or contracts of insurance (a) which have been sold to NCM and/or (b) which are covered policies within the meaning of the Alabama Life and Disability Insurance Guaranty Association Act, Ala. Code § 27-44-1 (1975), or any similar law of any other state, or the obligations or any part thereof, of which the Alabama Life and Disability Insurance Guaranty Association or any similar organization in any other state, is obligated to assure payment of, which shall remain in full force and effect, until canceled by such guaranty association, or they expire, in accordance with applicable laws.

12. For policyholders whose coverage may not be continued by any guaranty association, the Receiver shall at her discretion, give them notice by first-class mail that their insurance coverage with BTW and Universal will be canceled on the aforementioned date. Such notice may be to the policyholder at his/her last known address, where available, but if sufficient information for notification by first-class mail in this manner is not available, the Receiver shall give notice by publication in a newspaper of general circulation in those states where BTW and Universal are currently licensed to transact business, and those states and counties where BTW and Universal currently have their corporate and administrative offices, or by such other method reasonably calculated to give actual notice to the policyholders and creditors of BTW and Universal.

13. The Receiver shall give notice by first-class mail to all persons (including, but not limited to, individuals, aggregations of individuals, partnerships, corporations, associations, estates, trusts, and governmental units, to include all entities not named), having claims against BTW and Universal, and shall advise such persons to present and file with the Receiver proper proofs of claim, or where applicable to file said claims with the

appropriate insurance guaranty association of the state where the policyholder or creditor resides.

14. The deadline for filing such claims against shall be twelve months from the date of this Order unless otherwise ordered hereafter. The Receiver's notice shall specify the deadline for filing claims and further direct all claimants to file their claims with the Receiver at the address designated in such notice. Said notice shall be made by first-class mail to all claimants at their last known address, where available, but if insufficient information for notification by first-class mail is not available, the Receiver shall give notice by publication in a newspaper of general circulation in those states where BTW and Universal are currently licensed to transact business, and those states and counties where BTW and Universal currently have their corporate and administrative offices, or by any other method reasonably calculated to give actual notice to the policyholders and creditors of BTW and Universal.

15. The Receiver shall have drafted and printed appropriate proof of claim forms to be used by policyholders and creditors filing claims against BTW and Universal. Claim forms used by any ancillary receiver of BTW and Universal or any life and health guaranty association of another state shall also be acceptable for use in the claims filing process.

16. The Receiver shall be and is hereby authorized to pay all routine administrative expenses incurred by the Receiver without prior approval of the Court provided no one expenditure exceeds the sum of \$30,000. Specific accounting and certification of these expenses as reasonable and necessary will be made to the Court.

17. The Receiver is further granted the authority to dissolve the corporate existence of BTW and Universal in accordance with the provisions of Ala. Code § 27-32-12(b) (1975) at such time as she deems appropriate.

18. The Receiver will make a written report to the Court within six months, documenting the progress being made in carrying out the mandates of this Order, and any recommendations which the Receiver feels are in the best interest of the policyholders and creditors of BTW and Universal.

19. The injunctive provisions contained in this Court's Consent Orders of Rehabilitation, Temporary Restraining Order, Preliminary Injunction and Other Relief are continued in effect until further order of this Court, including paragraph 4(D) of said Orders which provide that all persons are restrained and enjoined from:

Commencing or further prosecuting any action in law or equity or administrative proceedings where BTW and Universal are parties or are obligated to defend a party, except in this court; obtaining any preference, judgment, attachment, or other liens against any of the property, personal or real of BTW and Universal; making any levy, garnishment or execution against any of the property, person or real, of BTW and Universal or their subsidiaries or their assets or any part thereof except in this Court.

20. The Court shall retain exclusive jurisdiction over this matter for all purposes necessary to effectuate and enforce this Order.

21. The Court has been advised that upon receipt of the signed order the Receiver or her counsel will provide copies of this order to counsel named below.

**DONE** this the \_\_\_\_ day of April, 2010.

DONE this 5<sup>th</sup> day of May, 2010.

/s NICOLE GORDON STILL

CIRCUIT JUDGE