

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS
COUNTY DEPARTMENT, CHANCERY DIVISION**

IN THE MATTER OF THE LIQUIDATION OF)
GATEWAY INSURANCE COMPANY, and the)
REHABILITATION OF AMERICAN SERVICE) Case No. 19 CH 7852
INSURANCE COMPANY and AMERICAN)
COUNTRY INSURANCE COMPANY)

**AGREED ORDER OF LIQUIDATION
WITH A FINDING OF INSOLVENCY**

THIS CAUSE COMING ON TO BE HEARD upon the Petition filed herein by ROBERT H. MURIEL, Director of the Illinois Department of Insurance (the "Director"), seeking entry of an Agreed Order of Liquidation With a Finding of Insolvency as, to and against Gateway Insurance Company ("Gateway") pursuant to the provisions of Article XIII of the Illinois Insurance Code (the "Code"), 215 ILCS 5/187, *et seq.*, the Court having jurisdiction over the parties hereto and the subject matter hereof, the Court having reviewed the pleading filed herein including the Resolutions of the Board of Directors of American Insurance Acquisitions, Inc., dated May 8, 2020, wherein the Board of Directors consented to the entry of this Order, and having considered arguments of counsel thereon, and the Court then being otherwise fully advised in the premises, and for good cause appearing therefore.

THE COURT FINDS THAT:

- (A) Sufficient cause exists for the entry of an order placing Gateway into liquidation proceedings and providing for the liquidation of its property, business and affairs (the "Liquidation Proceedings"), including that Gateway is insolvent and in a hazardous

condition; and that its sole shareholder has agreed and consented to the entry of this Order of Liquidation.

(B) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the entry of this Order of Liquidation creates an estate comprising all of the liabilities and assets of Gateway.

(C) This is an interlocutory order appealable under Illinois Supreme Court Rule 307(a)(5), IL R S CT Rule 307.

(D) Upon the entry of this Order of Liquidation, the Liquidator's statutory authority includes, without limitation, the following:

(i) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is vested by operation of law with the title to all property, contracts, and rights of action of Gateway; and

(ii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is entitled to immediate possession and control of all property, contracts, and rights of action of Gateway; and

(iii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Liquidator is authorized to remove any and all records and property of Gateway to his possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of the liquidation of Gateway; and

(iv) Pursuant to Section 193(1) of the Code, 215 ILCS 5/193(1), the Liquidator is authorized to deal with the property, business and affairs of Gateway in his name, as Director, and that the Liquidator is also authorized to deal with the property, business and affairs of Gateway in the name of Gateway; and

(v) Pursuant to Section 193(2) of the Code, 215 ILCS 5/193(2), the Liquidator, without the prior approval of the Court, is authorized to sell or otherwise dispose of any real or personal property of Gateway, or any part thereof, and to sell or compromise all doubtful or uncollectible debts or claims owing to Gateway having a value in the amount of Twenty-Five Thousand Dollars (\$25,000.00), or less. Any such sale by the Liquidator of the real or personal property of Gateway having a value in excess of Twenty-Five Thousand Dollars (\$25,000.00), and sale or compromise of debts owing to Gateway where the debt owing to Gateway exceeds Twenty-Five Thousand Dollars (\$25,000.00) shall be made subject to the approval of the Court; and

(vi) Pursuant to Section 193(3) of the Code, 215 ILCS 5/193(3), the Liquidator is authorized to bring any action, claim, suit or proceeding against any person with respect to that person's dealings with Gateway including, but not limited to, prosecuting any action, claim, suit, or proceeding on behalf of the policyholders, claimants, beneficiaries or creditors of Gateway; and

(vii) Pursuant to Section 193(4) of the Code, 215 ILCS 5/193(4), the Liquidator may solicit contracts whereby a solvent company agrees to assume, in whole or in part, or upon a modified basis, the liabilities of a company in liquidation; and

(viii) Pursuant to Section 194(a) of the Code, 215 ILCS 5/194(a), the rights and liabilities of Gateway and of its creditors, policyholders, stockholders or members and all other persons interested in its assets, except persons entitled to file contingent claims, shall be fixed as of the date of the entry of this Order of Liquidation unless otherwise provided for by order of the Court; and

(ix) Pursuant to Section 194(b) of the Code, 215 ILCS 5/194(b), the Liquidator may, within two (2) years after the entry of this Order of Liquidation or within such further time as applicable law permits, institute an action, claim, suit, or proceeding upon any cause of action against which the period of limitation fixed by applicable law had not expired as of the filing of the petition upon which this liquidation order was entered; and

(x) Subject to the provisions of Section 202 of the Code, 215 ILCS 5/202, the Liquidator is authorized to appoint and retain those persons specified in Section 202(a) of the Code, 215 ILCS 5/202(a), and to pay, without the further order of this Court, from the assets of Gateway, all administrative expenses incurred during the course of the Liquidation Proceedings; and

(xi) Pursuant to Section 203 of the Code, 215 ILCS 5/203, the Liquidator shall not be required to pay any fee to any public officer for filing, recording or in any manner authenticating any paper or instrument relating to any proceeding under Article XIII of the Code, *supra*, nor for services rendered by any public officer for serving any process; and

(xii) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Liquidator may seek to avoid preferential transfers of the property of Gateway and to recover such property or its value, if it has been converted.

(xiii) Pursuant to Section 209(5) of the Code, 215 ILCS 5/209(5), the obligation of Gateway, if any, to defend or continue the defense of any claim or suit under a liability insurance policy shall terminate upon the entry of this Order of Liquidation. As part of their proof of claim against the assets of Gateway's estate, insureds may

include as part of their contingent claims reasonable attorney's fees for services rendered subsequent to the date of this Order in defense of claims or suits covered by the insured's policy provided that such attorney's fees have actually been paid by the assured and evidence of such payment has been presented to the Liquidator in the manner required for insured's contingent claims under Section 209(4)(a) of the Code, 215 ILCS 5/209(4).

IT IS HEREBY ORDERED:

- (1) This Agreed Order of Liquidation is entered as to and against Gateway.
- (2) Robert H. Muriel, Director of the Illinois Department of Insurance, and his successors in office, is affirmed as the statutory Liquidator (the "Liquidator") of Gateway with all of the powers appurtenant thereto.
- (3) Subject to the further orders of this Court, the Liquidator is authorized to take such actions as the nature of the cause and the interests of Gateway and its policyholders, claimants, beneficiaries, creditors, or the public may require including, but not limited to, the following:
 - (i) The Liquidator shall proceed to take immediate possession and control of the property, books, records, accounts, business and affairs, and all other assets of Gateway, and of the premises occupied by Gateway for the transaction of its business, and to marshal and liquidate the assets, business and affairs of Gateway pursuant to the provisions of Article XIII of the Code, *supra*, and the Liquidator is further directed and authorized to orderly wind down and run off the business and affairs of Gateway, and to make the continued expenditure of such wages, rents and

expenses as he may deem necessary and proper for the administration of the Liquidation Proceedings; and

(ii) The Liquidator may both sue and defend on behalf of Gateway, or for the benefit of the policyholders, claimants and other creditors of Gateway, in the courts either in his name as the Liquidator of Gateway, or in the name of Gateway, as the case may be; and

(4) Any acts or omissions of the Rehabilitator in connection with the rehabilitation of Gateway, shall not be construed or considered to be a preference within the meaning of Section 204 of the Code, 215 ILCS 5/204, notwithstanding the fact that any such act or omission may have caused a policyholder, claimant, beneficiary, third party or creditor to have received a greater percentage of debt owed to or by Gateway than any other policyholder, claimant, beneficiary, third party or creditor in the same class.

(5) The caption in this cause and all pleadings filed in this matter shall hereafter read:

**“IN THE MATTER OF THE LIQUIDATION OF
GATEWAY INSURANCE COMPANY and the
REHABILITATION of AMERICAN SERVICE
INSURANCE COMPANY and AMERICAN
INSURANCE COMPANY”**

(6) All costs of these proceedings shall be taxed and assessed against Gateway.

(7) Pursuant to its authority under Section 189 of the Code, 215 ILCS 5/189, the Court hereby issues the following mandatory and prohibitive injunctions:

(i) All accountants, auditors and attorneys of Gateway are ordered to deliver to the Liquidator, at his request, copies of all documents in their possession or under their control concerning or related to Gateway, and to provide the Liquidator with such information as he may require concerning any and all business and/or

professional relationships between them and Gateway, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of Gateway, or their agents, servants, officers, directors and/or employees, or which Gateway may be, or is, entitled to as the result of its relationship with such accountants, auditors and attorneys; and

(ii) Gateway and its directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities, shall give immediate possession and control to the Liquidator of all property, business, books, records and accounts of Gateway, and all premises occupied by Gateway for the transaction of its business; and

(iii) Gateway and its directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities having knowledge of this Order are restrained and enjoined from transacting any business of Gateway, or disposing of any company property or assets, including books, records and computer and other electronic data, without the express written consent of the Liquidator, or doing or permitting to be done any action which might waste the property or assets of Gateway, until the further order of the Court; and

(iv) The directors, officers, agents, servants, representatives and employees of Gateway, and all other persons and entities having knowledge of this Order are restrained and enjoined from bringing or further prosecuting any claim, action or proceeding at law or in equity or otherwise, whether in this State or elsewhere, against Gateway, or its property or assets, or the Director as its Liquidator, except insofar as those claims, actions or proceedings arise in or are brought in these

liquidation proceedings; or from obtaining, asserting or enforcing preferences, judgments, attachments or other like liens, including common law retaining liens, or encumbrances or the making of any levy against Gateway, or its property or assets while in the possession and control of the Liquidator, or from interfering in any way with the Liquidator in his possession or control of the property, business, books, records, accounts, premises and all other assets of Gateway, until the further order of this Court; and

(v) Any and all banks, brokerage houses, financial institutions and any and all other companies, persons or entities having knowledge of this Order having in its possession accounts and any other assets which are, or may be, the property of Gateway, are restrained and enjoined from disbursing or disposing of said accounts and assets and are further restrained and enjoined from disposing of or destroying any records pertaining to any business transaction between Gateway, and such banks, brokerage houses, financial institutions, companies, persons or entities having done business, or doing business, with Gateway, or having in their possession assets which are, or may be, the property of Gateway, and further, that each such person or entity is ordered to immediately deliver any and all such assets and/or records to the Liquidator; and

(vi) All agents, brokers and producers of Gateway, and their respective agents, servants, representatives and employees, and all other persons or entities having knowledge of this order are enjoined and restrained from returning any unearned premiums or any money in their possession, or under their control, collected from premiums, contributions or assessments upon policies, contract or certificates of

insurance or reinsurance previously issued by Gateway, to policyholders, beneficiaries, certificate holders or others, and all said agents, brokers and producers and their respective agents, servants, representatives and employees are directed to turn over all such funds in their possession or under their control, or to which they may hereafter acquire possession or control, to the Liquidator in gross and not net of any commissions which may be due thereon; and

(vii) The Director is vested with the right, title and interest in all funds recoverable under contracts, treaties, certificates, and agreements of reinsurance heretofore entered into by or on behalf of Gateway, and all insurance and reinsurance companies and entities that assumed liabilities from Gateway arising under either contracts, policies, certificates, treaties or agreements of insurance or reinsurance issued by Gateway, are enjoined and restrained from making any settlements with any claimant or policyholder of Gateway, or any other person other than the Liquidator, except with the written consent of the Liquidator, or when the insurance or reinsurance contract, policy, certificate, treaty or agreement lawfully provides for payment to or on the behalf of Gateway's insured by the assuming reinsurer.

(8) All direct policies and/or certificates of insurance, and bonds heretofore issued by Gateway are hereby canceled upon the following terms:

(i) All direct policies and /or certificates of insurance, and bonds which may give rise to "covered claims" as defined in Sections 534.3 and 537.2 of the Code, 215 ILCS 5/534.3 and 5/537.2, of the Illinois Insurance Guaranty Fund or which may give rise to "covered claims" of a similar organization in any other state, as

defined by the provisions of such similar statute in any such other state, shall be canceled:

(a) At 12:01 a.m., local time of the insured, policyholder, or principal of any such direct policy and/or certificate of insurance, or bond on the thirty-first (31st) day following the effective date of this Order of Liquidation; or

(b) Upon the expiration date of any such direct policy and/or certificate of insurance, or bond if the expiration date is less than thirty-one (31) days after the effective date of this Order of Liquidation; or

(c) Upon the date the insured, policyholder, or principal of any such direct policy and/or certificate of insurance, or bond replaces the direct policy and/or certificate of insurance, or bond or upon the date the policyholder, insured, or principal on request effects cancellation, if the insured, policyholder, or principal does so prior to the thirty-first (31st) day following the effective date of this Order of Liquidation, whichever is earlier;

(ii) All other direct policies and/or certificates of insurance, and bonds heretofore issued by Gateway are cancelled effective upon the entry of this Order of Liquidation.

(9) All treaties, contracts and agreements of reinsurance wherein Gateway is the ceding company, shall remain in full force and effect pending a determination by the Director as to when, and upon what terms, cancellation or renewal is appropriate. All treaties,

contracts and agreements of reinsurance wherein Gateway was, or is, the assuming or retrocessional reinsurer are cancelled on a "cut-off" basis upon the entry of this Order of Liquidation.

(10) The Court's October 16, 2019, Order of Rehabilitation, entered as to and against Gateway is vacated, and the rehabilitation proceedings arising therefrom, are hereby terminated.

(11) The Court retains jurisdiction in this cause for the purpose of granting such other and further relief as the nature of this cause and the interests of Gateway, its policyholders, claimants, beneficiaries and creditors, or of the public, may require and/or as the Court may deem proper in the premises.

(12) This cause is set for status by remote hearing on Thursday, June 18, 2020, at 3:00p.m.

ENTERED:



Judge Presiding

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