

IN THE CIRCUIT COURT OF PULASKI COUNTY, ARKANSAS
THIRTEENTH DIVISION

JAY BRADFORD, INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS, IN HIS
CAPACITY AS RECEIVER OF GIBRALTAR
NATIONAL INSURANCE COMPANY

FILED /05/21/10 14:53:48
Pat O'Brien Pulaski Circuit Clerk
CR01

PETITIONER

VS.

NO. CV 2010-1145

GIBRALTAR NATIONAL INSURANCE COMPANY,
AN ARKANSAS DOMICILED COMPANY

RESPONDENT

ORDER OF LIQUIDATION

On this day comes on to be heard the *Petition for Order to Show Cause, for Order to Terminate Rehabilitation, and for Order of Liquidation* filed by Jay Bradford, Insurance Commissioner for the State of Arkansas in his capacity as Receiver of Gibraltar National Insurance Company (“Receiver”). Receiver appeared by and through his Deputy Receiver and attorney, Steve A. Uhrynowycz. The Court, being well and sufficiently advised in the premises, finds and concludes as follows:

1. The Receiver is the duly appointed Insurance Commissioner for the State of Arkansas and was appointed Receiver of Gibraltar National Insurance Company (“Gibraltar”) by Order of this Court entered on March 11, 2010.
2. Gibraltar is insolvent. Further efforts to rehabilitate Gibraltar would be useless, and pursuant to Ark. Code Ann. §23-68-106 (1), (9), and (11), §23-68-107 and §23-68-110 (b), and pursuant to the *Confidential Consent Agreement and Order* attached as Exhibit A to the *Petition for the Appointment of Receiver and for Permanent Injunction*, the rehabilitation of Gibraltar should be terminated and Gibraltar should be liquidated.

3. The rehabilitation of Gibraltar is hereby terminated, it is hereby ordered that Gibraltar be liquidated, and Receiver is hereby appointed Liquidator of Gibraltar.

4. Receiver shall liquidate the business and assets of Gibraltar and deal with Gibraltar's business and assets in Receiver's own name as Receiver or in the name of Gibraltar as determined by the Receiver, and shall give notice to all creditors who may have claims against Gibraltar to present such claims at a time and in a manner determined by Receiver and approved by this Court.

5. As of March 11, 2010, Receiver is vested by operation of law with the title to all property, contracts, rights of action, and all books and records of Gibraltar, wherever located, and Receiver has the right to recover the same and reduce the same to possession.

6. Receiver is hereby granted all powers and authority under any and all statutes and under the common law of Arkansas authorizing the appointment of a receiver, and particularly all of the powers granted in Ark. Code Ann. §23-68-101, et seq., and as representative of Gibraltar, its policyholders, claimants and creditors, to recover any assets of Gibraltar, including claims or causes of action belonging to, or that may be asserted by, Gibraltar against any other person or entity with respect to that person's or entity's dealings with Gibraltar.

7. Receiver is authorized and directed to file, prosecute and defend or settle any cause of action or causes of action heretofore filed or which may hereafter be filed by or against Gibraltar deemed by Receiver to be necessary to protect Gibraltar, its policyholders, claimants or creditors.

8. Receiver is authorized and directed to conduct the business of Gibraltar in liquidation, to administer the operations of Gibraltar, to enter into or continue in effect contracts with third party providers as Receiver shall deem necessary or desirable to complete an orderly

liquidation of Gibraltar, and to employ and authorize the compensation of legal counsel, accountants, financial examiners, managers, clerks and such assistants as Receiver deems necessary and to pay from the funds or assets of Gibraltar administrative expenses of the receivership estate.

9. Steve A. Uhrynowycz is hereby appointed Deputy Liquidator of Gibraltar.

10. Receiver is authorized to supervise, dismiss or exclude from the offices of Gibraltar any or all of the employees, officers, managers, owners, and/or directors of Gibraltar, and to employ such necessary employees and managers as he deems necessary, and to pay their salaries, benefits and related reasonable and necessary fees out of the funds or assets of Gibraltar.

11. Receiver is authorized to receive, collect, control, open, and review all mail addressed in any manner to Gibraltar.

12. Receiver is authorized to take possession of the offices of Gibraltar, to take possession of and remove all property, assets, equipment, books and records which relate to or are connected with the business of Gibraltar or which belong to or are in the possession of Gibraltar to such place as Receiver determines may be convenient or necessary for the efficient and orderly administration of the liquidation of Gibraltar, and to make arrangements with depository institutions to ensure Gibraltar checks outstanding at liquidation will be honored for payment.

13. Gibraltar, its affiliates, officers, owners, directors, agents, employees, attorneys, representatives, stockholders, third party administrators, adjusters, policyholders, managers, associates, creditors and any others acting in concert with them are hereby enjoined from:

a) Doing, operating or conducting Gibraltar's business of insurance or any other business of Gibraltar except as authorized by Receiver or by order of this Court;

b) Wasting, disposing of, using, transferring, selling, assigning, canceling, hypothecating or concealing, in any manner, any books, records, money, accounts, stocks, bonds, assets, notes, equipment, funds, accounts receivables, policies of insurance or other property of Gibraltar, wherever situated, including any claims or causes of action, owned by in the possession of or claimed by Gibraltar;

c) Disposing of any account, debt, deposit, share account, trust account, or any other asset the enjoined and restrained party may own, owe to, or hold for the benefit of Gibraltar, or any account held individually, jointly or severally for Gibraltar, whether such account, debt, deposit, share account, trust account, or any other asset is owned or held in the name of or for the benefit of Gibraltar, or under any other name;

d) Removing from the jurisdiction of this Court, or from Gibraltar's place of business, any office equipment, furniture, fixtures, books, records or other property, of any kind or nature, wherever located, including but not limited to that which has been acquired, purchased or paid for by Gibraltar;

e) Interfering in any way with the lawful acts of Receiver, or with these proceedings and from commencing or prosecuting any action or appeal, including but not limited to arbitration, or from obtaining any preference, judgment, attachment, garnishment or other lien, or the making of any levy or execution against Gibraltar, its assets or any part thereof and from asserting any claims against Gibraltar, or against the Receiver, except by doing so in the liquidation proceedings herein pursuant to notice from Receiver to file claims against Gibraltar;

14. All banks, savings and loan associations, credit unions, any other depository institution and all other persons, firms, corporations, associations, or other legal entities are hereby enjoined from:

a) Disposing of, using, releasing, transferring, withdrawing, allowing to be withdrawn or concealing in any manner, any property or asset of Gibraltar, or from disposing of any account, debt, deposit, share account, trust account, or any other asset the enjoined and restrained party may own, owe or hold in the name of or for the benefit of Gibraltar, or any account, debt, share account, trust account or any other asset, whether owned or held individually, jointly or severally for Gibraltar, except as authorized by the Receiver or by order of this Court;

b) Transacting the business of Gibraltar in any manner except as authorized by the Receiver or by order of this Court;

c) Interfering, in any way, with the lawful acts of the Receiver, or with these proceedings, and from commencing or prosecuting any action or appeal, including but not limited to arbitration, or from obtaining any preference, judgment, attachment, garnishment, execution or other lien, or the making of any levy against Gibraltar, its assets or any part thereof, and from asserting any claim against Gibraltar, or against the Receiver, except by doing so in the liquidation proceedings herein pursuant to notice from Receiver to file claims against Gibraltar;

d) Doing anything, directly or indirectly, to prevent the Receiver from gaining access to, acquiring, examining or investigating any books, documents or records concerning Gibraltar, its affairs or assets, regardless of the name under which such assets, documents or records may be filed or wherever such books, documents or records may be

found, such books, documents and records to include but not be limited to, records of banks, savings and loan associations, trust companies, or any other persons, firms, corporations, associations, depositories or other legal entities, as well as bank accounts, or any other assets into which have been transferred, deposited, or placed, funds or other assets belonging to or payable to Gibraltar, or to which Gibraltar may have claim or title regardless of under what name such bank accounts, debts, deposits, share accounts, safe deposit boxes, trust accounts or other assets may be held;

e) Disposing of, converting, dissipating, or concealing in any manner any of the assets, books, property, records or reports of Gibraltar;

f) Failing, after demand from Receiver, to immediately surrender to Receiver or his designee all property, assets, books and records of Gibraltar.

15. Receiver is authorized to consult with, exchange and deliver any and all information to, and cooperate with the life and health insurance guaranty associations in those states where Gibraltar is licensed, and to promote the orderly and efficient liquidation of Gibraltar and the discharge of the statutory obligations of the affected insurance guaranty associations.

IT IS SO ORDERED this 21st day of MAY, 2010.

Collin Kilgore

CIRCUIT JUDGE

Prepared by:

Steve A. Uhrnowycz
Steve A. Uhrnowycz, 82162
Deputy Receiver and Attorney for Receiver
1023 West Capitol, Suite 2
Little Rock, Arkansas 72201
(501) 371-2776



A TRUE COPY CERTIFIED THIS

Pat O'Brien
PAT O'BRIEN
CIRCUIT COUNTY CLERK

BY *Pat O'Brien*
DEPUTY CLERK