

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

CIVIL ACTION NO.: 90-1920

In Re The Receivership Of)
B.G.H. SYNDICATE INC., a)
Florida corporation.)

ORDER OF LIQUIDATION, INJUNCTION
AND NOTICE OF AUTOMATIC STAY

THIS CAUSE was considered on the Petition of the Florida Department of Insurance for an Order of Liquidation of B.G.H. Syndicate, Inc. (herein "Respondent"), and the Court being fully advised in the premises, finds:

1. The Department of Insurance of the State of Florida as Receiver of Respondent has attempted to rehabilitate Respondent since its appointment as Receiver on May 7, 1990.

2. Pursuant to the provisions of Section 631.101(2), Florida Statutes, the Florida Department of Insurance has deemed that further efforts to rehabilitate Respondent would be useless and has applied to the Court for the entry of an Order of Liquidation.

3. Further efforts to rehabilitate the Respondent would be useless.

4. The Respondent is insolvent.

5. The Respondent since the liquidation of the Insurance Exchange of the Americas has no authority to transact insurance business prospectively and does not hold a certificate of authority in any state. Therefore it is in the best interests of its policyholders, creditors, shareholders and the public that the requested relief be granted.

NOW, THEREFORE, it is ADJUDGED and ORDERED as follows:

The Petition of the Department of Insurance as Receiver of B.G.H. Syndicate, Inc. for the entry of an Order of Liquidation of Respondent is GRANTED, and the Receiver is hereby directed to:

1. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to Sections 631.111 and 631.141, Florida Statutes, including but not limited to, offices maintained by the Respondent, rights of action, books, papers, evidences of debt, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, bank accounts, stocks, bonds, debentures, mortgages, furniture, fixtures, and office equipment, and all real property of said Respondent, whether in the possession of said Respondent or its officers, directors, employees, consultants, attorneys, or agents.

2. Liquidate the assets of Respondent including but not limited to funds held by Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives or others under agency contracts or otherwise which are due and unpaid to Respondent, including premiums, unearned commissions, agents' balances, agents' reserve funds, and subrogation recoveries.

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 Receiver or coming into its possession.

4. Reimburse such 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 legal actions wherein the Respondent or the Receiver is a party defendant, commenced either prior to or subsequent to this order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions and the action does not effect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

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

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

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

9. Publish notice specifying the time and place fixed for the filing of claims with the 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.

10. Negotiate and settle subrogation claims and Final Judgments up to and including the sum of \$15,000.00 without further Order of this Court.

11. Sell any salvage recovered having value of not more than \$15,000.00 without further Order of this Court.

12. Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes, and to its insureds, if any.

IT IS FURTHER ADJUDGED and ORDERED that:

13. All officers, directors, agents and employees and all other persons representing Respondent or currently employed by Respondent in connection with the conduct of its business are discharged forthwith.

14. Any officer, director, manager, trustee, agent or adjuster 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 is required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes, notwithstanding paragraph 13 of this order.

15. Title to all property real or personal, all contracts, rights of action and all books and records of Respondent, wheresoever located, are vested in the Receiver pursuant to Sections 631.111 and 631.141, Florida Statutes.

16. 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 by this Order or in the normal course of business owed to the Respondent directly to the Receiver within 30 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they should not be required to account to the 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 monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

17. 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 any premium owed to the Respondent directly to the Receiver.

18. Reinsurance premiums due to or payable by the Respondent shall be remitted to, or disbursed by, the Receiver. Reinsurance losses recoverable or payable by the Respondent shall be handled by the Receiver. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

19. Upon request by the 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 Receiver or perform any other services or changes necessary to the conduct of the receivership.

20. Any bank, savings and loan association, financial institution or other person, which has on deposit, in its possession, custody or control any funds, accounts and any other

assets of the Respondent, shall immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver, and are hereby instructed that the Receiver has absolute control over such funds, accounts and other assets. The Receiver may change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any 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.

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

22. 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 Receiver. The Receiver shall compensate any such entity for the actual use of hardware and software which the Receiver finds to be necessary to this proceeding. Compensation shall be based upon the monthly rate provided for in contracts or leases with Respondent which were in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

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

24. All claims shall be filed with the Receiver on or before December 20, 1990, or be forever barred, and all such claims shall be filed in form and manner as directed by the Receiver.

25. Pursuant to the provisions of Section 631.252, Florida Statutes, other than policies covered by Part II of Chapter 631, Florida Statutes, all insurance policies, bonds or similar contracts of coverage of the Respondent issued in Florida and now in force shall continue in force until 30 days from the date of the entry of this Order of Liquidation and shall be determined cancelled as of 12:01 a.m., August 21, 1990; except that those 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, shall stand cancelled as of such earlier date.

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

27. Any person, firm, corporation or other entity having notice of this order that fails to abide by its terms shall 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. Pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, members, subscribers, agents, and employees, are enjoined and restrained from the further transaction of the insurance business of the Respondent or dealing with or permitting to be done any action which might

waste or dispose of the assets of the insurer or interfere with the Receiver or this proceeding.

NOTICE OF AUTOMATIC STAY

29. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of this order, and which prohibits:

a. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

b. The enforcement of judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;

c. Any act to obtain possession of property of the insurer;

d. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(15), Florida Statutes;

e. Any action to collect assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

f. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

30. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

ORDERED in Chambers at Tallahassee, Leon County, Florida, this 20th day of July, 1990.

William E. Berry

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 20th day

0707M

July, 1990

PAUL F. HARTSFIELD
Clerk of Circuit Court

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