IN THE CIRCUIT COURT OF COLE COUNTY, MISSOURI

JOHN M. HUFF, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, Plaintiff, v. LUMBERMEN'S UNDERWRITING ALLIANCE, Defendant.	)))))))))))	Case No. 15AC-CC00224

JUDGMENT OF REHABILITATION

On this 19th day of May 2015, Plaintiff John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, appears by counsel upon Plaintiff's Verified Petition for Rehabilitation pursuant to Mo. Rev. Stat. §§ 375.1150 to 375.1246. As further set forth below, Lumbermen's Underwriting Alliance, through its Attorney-in-Fact, has consented to rehabilitation. Cause is heard. On the evidence presented, the Court finds:

a. Lumbermen's Underwriting Alliance is a reciprocal inter-insurance exchange organized under the laws of the State of Missouri;

b. Lumbermen's Underwriting Alliance has waived service of process, notice of hearing on the petition, and further time to answer or otherwise plead in response to the Petition;

c. Lumbermen's Underwriting Alliance, through its Attorney-in-Fact, consents to rehabilitation under Mo. Rev. Stat. §§ 375.1150 to 375.1246; and

d. Plaintiff has provided the Court with evidence sufficient to support the conclusion that Lumbermen's Underwriting Alliance is in such condition that its further transaction of business would be hazardous financially to its policyholders, creditors or the public.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

1. Plaintiff John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, and his successors in office, is appointed Rehabilitator of Lumbermen's Underwriting Alliance, with all the rights, duties, powers and obligations under law and under Mo. Rev. Stat. §§ 375.1150 to 375.1246. Neither the grant herein of specific authority to the Rehabilitator nor the imposition herein of specific duties upon the Rehabilitator shall be interpreted to diminish the authority conferred upon the Rehabilitator by those sections;

2. The Rehabilitator shall forthwith take possession of Lumbermen's Underwriting Alliance and all of its books, records, accounts and all other assets and property, wherever located and in whatever form, subject to the supervision of this Court;

3. The Rehabilitator shall make semi-annual accountings to the Court each year, the first being due on August 31, 2015 for the period from the issuance of this Judgment to June 30, 2015. Each semi-annual accounting will include a report of the Rehabilitator's opinion as to the likelihood that a plan under Mo. Rev. Stat. § 375.1168(4) will be prepared by the Rehabilitator and the timetable for doing so;

4. The entry of this Judgment shall not constitute an anticipatory breach of any contracts of Lumbermen's Underwriting Alliance, nor shall it be grounds for retroactive

revocation or retroactive cancellation of any contracts of said company, unless such revocation or cancellation is made by the Rehabilitator pursuant to Mo. Rev. Stat. § 375.1168;

5. The Director, as Rehabilitator, his successors, special deputies, employees, agents and attorneys, and all employees of the State of Missouri, when acting with respect to the rehabilitation of Lumbermen's Underwriting Alliance, shall enjoy official immunity and be immune from any claim against them personally while acting in good faith in the performance of their functions and duties in connection with the rehabilitation during the period of rehabilitation;

6. The Director, as Rehabilitator, may appoint one or more special deputies who shall have all the powers and responsibilities of the Rehabilitator, and the Director may employ such counsel, clerks and assistants as deemed necessary;

7. The compensation of the special deputy, counsel, clerks and assistants and all expenses of taking possession of Lumbermen's Underwriting Alliance and of conducting the proceedings shall be fixed by the Director with the approval of the Court and shall be paid from the assets of Lumbermen's Underwriting Alliance;

8. The Rehabilitator may take such actions as he deems necessary or appropriate to reform and revitalize Lumbermen's Underwriting Alliance;

9. The Rehabilitator shall have all the powers of the officers, managers and Attorney-in-Fact of Lumbermen's Underwriting Alliance;

10. The powers of the respective officers, managers and Attorney-in-Fact of Lumbermen's Underwriting Alliance are hereby suspended, except as they are expressly re-delegated by the Rehabilitator;

11. Any officer, manager, director, trustee, owner, employee or agent of Lumbermen's Underwriting Alliance, or any other persons with authority over or in charge of any segment of its affairs, shall cooperate with the Rehabilitator;

12. The Rehabilitator shall have full power to direct and manage and to hire and discharge employees, subject to any contract right they may have, and the Rehabilitator shall have full power to deal with the property and business of Lumbermen's Underwriting Alliance, including the power to avoid fraudulent transfers and the power to pursue all appropriate legal actions and remedies on behalf of Lumbermen's Underwriting Alliance;

13. All persons, including, but not limited to, the Attorney-in-Fact, officers, directors, agents and employees of Lumbermen's Underwriting Alliance, are enjoined from:

a. Transacting the business of Lumbermen's Underwriting Alliance, other than as directed by the Rehabilitator or his authorized representatives;

b. Interfering with the Rehabilitator's actions authorized by this Judgment or by Mo. Rev. Stat. §§ 375.1150 to 375.1246;

c. Transferring property of Lumbermen's Underwriting Alliance without the approval of the Rehabilitator or his authorized representatives;

d. Wasting the assets of Lumbermen's Underwriting Alliance;

e. Dissipating and transferring bank accounts or property of Lumbermen's Underwriting Alliance;

f. Withholding any books, accounts, documents or other records relating to the business of Lumbermen's Underwriting Alliance from the Rehabilitator or his authorized representatives;

g. Taking any action that might lessen the value of the assets of Lumbermen's Underwriting Alliance;

h. Entering or remaining on real property leased by Lumbermen's Underwriting Alliance without the permission of the Rehabilitator or his authorized representatives;

i. Instituting or further prosecuting any actions or proceedings on behalf of Lumbermen's Underwriting Alliance without the permission of the Rehabilitator or his authorized representatives;

j. Obtaining preferences, judgments, attachments, garnishments or liens against Lumbermen's Underwriting Alliance;

k. Levying execution against Lumbermen's Underwriting Alliance or its policyholders;

l. Making any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of Lumbermen's Underwriting Alliance;

m. Threatening or contemplating any other action that might lessen the value of Lumbermen's Underwriting Alliance's assets or that might prejudice the rights of its policyholders, creditors or equity holders; and

n. Paying any debts owed to Lumbermen's Underwriting Alliance (including rental payments) to anyone other than the Rehabilitator or his authorized representatives.

14. All actions or proceedings in this State, including any arbitrations, in which Lumbermen's Underwriting Alliance is a party or is obligated to defend a party, are stayed for ninety (90) days from the date of this Judgment and for such additional time as is necessary for the Rehabilitator to obtain proper representation and prepare for further proceedings;

15. The Rehabilitator shall immediately consider all litigation pending outside this state and shall petition the courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of Lumbermen's Underwriting Alliance; and

16. Nothing in this Judgment of Rehabilitation may be construed as a "final order of liquidation" or a finding that Lumbermen's Underwriting Alliance is "impaired" or "insolvent" and, until further order or action by this Court, Lumbermen's Underwriting Alliance shall not be considered an "insolvent insurer" within the meaning of the Missouri Property and Casualty Insurance Guaranty Association Act, Mo. Rev. Stat. §§ 375.771 to 375.779 or similar entities in other states.

IT IS SO ORDERED.

Patricia S. Joyce, Circuit Judge
Division IV