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,	)	Case No. 15AC-CC00224
v.	)	
LUMBERMEN'S UNDERWRITING ALLIANCE,	)	
Defendant.	)	

JUDGMENT, DECREE AND FINAL ORDER OF LIQUIDATION

On this 23rd day of May 2016, Plaintiff John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, in his capacity as Receiver ("**Receiver**") of Lumbermen's Underwriting Alliance ("**LUA**"), appears by and through counsel, upon his Verified Petition for Liquidation pursuant to Mo. Rev. Stat. §§ 375.1174 and 375.1175. The Court, being well and sufficiently advised in the premises, finds and concludes as follows:

THE COURT FINDS:

1. That jurisdiction and venue of this proceeding are proper under Mo. Rev. Stat. § 375.1154.

2. That the Receiver is the Director of the Department of Insurance, Financial Institutions and Professional Registration for the State of Missouri and was appointed Receiver of LUA by order of this Court entered on May 19, 2015.

3. That sufficient cause exists for the liquidation of LUA under Mo. Rev. Stat. §§ 375.1174 and 375.1175.

4. That LUA is in such condition that further attempts to rehabilitate the company would increase the risk of loss to creditors, policyholders or the public, and would be futile.

5. That it is in the best interests of the policyholders and creditors of LUA and the public that LUA be placed into liquidation.

6. That LUA is insolvent as that term is defined under Mo. Rev. Stat. § 375.1152(13) because it is unable to pay its obligations when due and its liabilities exceed its admitted assets.

Based on the foregoing findings:

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that:

1. The rehabilitation of LUA is hereby terminated, and an Order of Liquidation with a Finding of Insolvency is hereby entered against LUA.

2. John M. Huff, Director of the Department of Insurance, Financial Institutions and Professional Registration, and his successors in office, is hereby appointed Liquidator of LUA ("**Liquidator**"), pursuant to Mo. Rev. Stat. § 375.1176, and shall, forthwith take immediate possession of the assets of LUA and administer them subject to the supervision of the Court until the Liquidator is discharged by the Court.

3. The Liquidator shall be vested by operation of law with the title to all of the property, contracts and rights of action, and all of the books and records of LUA, wherever located, as of the entry of this order of liquidation ("**Order**").

4. The Liquidator shall take immediate possession of and secure all of the records and property of LUA wherever located, and take all measures necessary to preserve the integrity of LUA's records.

5. The filing or recording of this Order with the clerk of the court and the recorder of deeds of the county in which LUA's principal office or place of business is located, shall impart the same notice as a deed, bill of sale or other evidence of title duly filed or recorded with that recorder of deeds would have imparted.

6. The Liquidator's appointment of Bruce Baty to act as his special deputy is hereby approved, and he shall have all powers of the Liquidator granted by Mo. Rev. Stat. §§ 375.1175 to 375.1230. The special deputy shall administer and liquidate the insolvent insurer subject to the general supervision of the Director and the specific supervision of the Court as provided in Mo. Rev. Stat. §§ 375.1175 to 375.1230.

7. The Liquidator is directed to liquidate LUA, pursuant to the Missouri Insurers Supervision, Rehabilitation and Liquidation Act, Mo. Rev. Stat. § 375.1150 *et seq.*, to take such other action as the nature of this cause and the interests of the policyholders, creditors or the public may require, subject to further orders of this Court, and to make the continued expenditure of such wages, rents, and other expenses as are necessary for the administration of the liquidation of LUA's estate.

8. LUA's current and former officers, directors, managers, agents and employees are enjoined from disposing of any of LUA's property, or transacting any business except upon permission of the Liquidator, or by further order by this Court.

9. The rights and liabilities of LUA and of its creditors, policyholders, shareholders, members and any other persons interested in its estate shall become fixed and the termination of any period fixed by any statute of limitations provided by law shall be suspended as of the date of entry of this Order, except as provided in Mo. Rev. Stat. §§ 375.1178, 375.1206 and 375.1210. Rights of subscribers provided by any law other than as provided by Mo. Rev. Stat. §§ 375.1150 to 375.1246 shall be suspended as of the date of this Order.

10. Except as provided for herein, all of the contracts, covenants, bonds or policies, evidences, or certificates of coverage or insurance issued by or in the name of LUA, under which any guarantee or insurance is provided, shall be canceled upon the earliest of the following:

a. Thirty (30) days after the date of the Order is entered, at 12:01 a.m. local time of the insured or policyholder of such direct policy or certificate of insurance; or

b. Upon the expiration date of any such direct policy or certificate of insurance, if the expiration date is sooner than thirty (30) days after the entry of the Order; or

c. Upon the date the insured or policyholder of any such direct policy or certificate of insurance replaces the direct policy or certificate of insurance, or effects cancellation, if the insured or policyholder does so within thirty (30) days after the entry of the Order; or

d. Upon such other date as may be established by this Court.

Otherwise, entry of this Order shall not constitute an anticipatory breach of any contracts of LUA, and it shall not be grounds for revision, revocation, or cancellation of such contracts of LUA in force.

11. The Liquidator is vested with all of the right, title, and interest in all funds recoverable under treaties, contracts and agreements of reinsurance entered into by LUA as a ceding insurer or assuming reinsurer. All reinsurance companies involved with LUA are restrained from making any settlement with or payment to any claimant or policyholder of LUA except upon the approval of the Liquidator and upon the order of the Court. Additionally, to the extent that any reinsurer of LUA would have been required under any agreement pertaining to reinsurance to post letters of credit or other security prior to the date of this Order to cover such reserves reflected upon a statement filed with a regulatory authority, such reinsurer shall be required to post letters of credit or other security to cover such reserves after the date of this Order. If a reinsurer shall fail to post letters of credit or other security required by a reinsurance agreement, the Director may issue an order barring such reinsurer from thereafter reinsuring any insurer which is incorporated under the laws of the State of Missouri.

12. The Liquidator shall file periodic financial reports to the court. Financial reports shall include, at a minimum, the assets and liabilities of LUA and all funds received or disbursed by the Liquidator during the current period. Financial reports shall be filed within one year of this Order and at least annually thereafter.

13. The Liquidator shall file with the Director a statement which shall reflect the claims reserves, including losses incurred but not reported, and unearned premium

reserves which have been established by the Liquidator and which shall also set forth the amounts of such reserves that are allocable to particular reinsurers of the insolvent company. A similar statement shall be filed by the Liquidator not less frequently than annually and shall be considered for all intents and purposes as the annual statement which was required to be filed by LUA with the Director prior to the liquidation proceedings. The Liquidator also shall file annually with the Director the report required by 20 CSR 200-15.100.

14. Any person who shall knowingly destroy, conceal, convert or alter any records or property of LUA after the date of this Order, without having received prior written permission of the Liquidator or of the Court, or who shall knowingly neglect or refuse, upon the order or demand of the Liquidator, to deliver to the Liquidator any records or property of LUA in his possession or control, shall be guilty of a class C felony.

15. The Liquidator is authorized to take any actions necessary to prevent, without limitation, potential preferences from occurring, including specific injunctions against appropriate parties pursuant to Mo. Rev. Stat. § 375.1155, and where appropriate to enjoin the dissipation of LUA's assets already paid out as potential preferences or fraudulent conveyances.

Powers of the Liquidator.

16. The Liquidator shall have all the powers and authority to perform all acts and other matters conferred upon the Liquidator in this Order or hereafter conferred upon the Liquidator by the laws of this State, including, but not limited to the power:

a. To employ employees and agents, legal counsel, actuaries, accountants, appraisers, consultants and such other personnel as he may deem necessary to assist in the liquidation;

b. To fix the reasonable compensation of employees and agents, legal counsel, actuaries, accountants, appraisers and consultants with the approval of the Court;

c. To pay reasonable compensation to persons appointed and to defray from the funds or assets of LUA all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of LUA. In the event that the property of LUA does not contain sufficient cash or liquid assets to defray the costs incurred, the Director may advance the costs so incurred out of funds appropriated for that purpose. Any amounts so advanced for expenses of administration shall be repaid to the Director out of the first available moneys of LUA and such funds repaid shall be transferred by the Director to the state treasurer for deposit to the general revenue fund;

d. To hold hearings, to subpoena witnesses to compel their attendance, to administer oaths, to examine any persons under oath, and to compel any person to subscribe to his testimony after it has been correctly reduced to writing; and in connection therewith to require the production of any books, papers, records or other documents which he deems relevant to the inquiry;

e. To audit the books and records of all agents of LUA insofar as those records relate to the business activities of LUA;

f. To collect all debts and moneys due and claims belonging to LUA, wherever located, and for this purpose:

i. To institute timely action in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts;

ii. To do such other acts as are necessary or expedient to collect, conserve or protect its assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon such terms and conditions as he deems best; and

iii. To pursue any creditor's remedies available to enforce his claims;

g. To conduct public and private sales of the property of LUA;

h. To use assets of the estate of LUA to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under § 375.1218;

i. To acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon or otherwise dispose of or deal with, any property of LUA at its market value or upon such terms and conditions as are fair and reasonable. He shall also have power to execute, acknowledge and deliver any and all deeds;

j. To borrow money on the security of LUA's assets or without security and to execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation. Any such funds borrowed may be repaid

as an administrative expense and have priority over any other claims in class 1 under the priority of distribution;

k. To enter into such contracts as are necessary to carry out this Order, and to affirm or disavow any contracts to which LUA is a party;

l. To continue to prosecute and to institute in the name of LUA or in his own name any and all suits and other legal proceedings, in this state or elsewhere and, with the approval of this Court, to abandon the prosecution of claims he deems unprofitable to pursue further. If LUA is dissolved under § 375.1180, he shall have the power to apply to any court in this state or elsewhere for leave to substitute himself for LUA as plaintiff;

m. To prosecute any action which may exist on behalf of the creditors, members, policyholders or shareholders of LUA against any officer of LUA, or any other person;

n. To institute proceedings in the same case for receivership for any organization or corporation having the exclusive or dominant right to manage or control LUA which is the subject of the main case, when it appears that a receiver is necessary for the preservation of the assets of LUA or that a receiver is necessary to determine the assets of LUA held by the organization or corporation. The duration of the receivership and the duties of the receiver shall be in the discretion of the Court;

o. To remove any or all records and property of LUA to the offices of the Director or to such other place as may be convenient for the purposes of

efficient and orderly execution of the liquidation. Guaranty associations and foreign guaranty associations shall have such reasonable access to the records of LUA as is necessary for them to carry out their legal obligations;

p. To deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions and to invest all sums not currently needed, unless the Court orders otherwise; provided that, at the election of the Court, funds held by the Liquidator of LUA's estate shall be deposited and invested by the Liquidator pursuant to either of the following standards as the Court shall order:

i. The standards specified by law for the deposit and investment of state funds by the state treasurer, as such standards are determined to be applicable by the Court;

ii. The standards specified by law for the investment of money and property of the Missouri state employees' retirement system, as such standards are determined to be applicable by the Court;

q. To file any necessary documents for record in the office of any recorder of deeds or other office in this state or elsewhere where property of LUA is located;

r. To assert all defenses available to LUA as against third persons, including statutes of limitation, statutes of frauds, and the defense of usury. A waiver of any defense by LUA after the date the Verified Petition for Liquidation was filed shall not bind the Liquidator. Whenever a guaranty association or foreign

guaranty association has an obligation to defend any suit, the Liquidator shall give precedence to such obligation and may defend only in the absence of a defense by such guaranty associations;

s. To exercise and enforce all the rights, remedies, and powers of any creditor, shareholder, policyholder or member, including any power to avoid any transfer or lien that may be given by the general law and that is not included with §§ 375.1192 to 375.1195, except for any right of distribution pursuant to § 375.1218;

t. To intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and to act as the receiver or trustee whenever the appointment is offered;

u. To enter into agreements with any receiver or director of any other state relating to the rehabilitation, liquidation, conservation or dissolution of an insurer doing business in both states; and

v. To exercise all powers now held or hereafter conferred upon receivers by the laws of this state not inconsistent with the provisions of Mo. Rev. Stat. §§ 375.1150 to 375.1246.

16. Notwithstanding the powers of the Liquidator as stated in this Order, the Liquidator shall have no obligation to defend claims or to continue to defend claims subsequent to the discharge of the Liquidator.

17. The Director as Liquidator, any special deputy receiver, all employees, agents and attorneys of the Liquidator and the special deputy receiver, and all employees

of the State of Missouri when acting with respect to the liquidation shall be considered to be officers of the Court when acting in such capacities and as such shall be subject to the orders and directions of the Court with respect to their actions or omissions in connection with the liquidation. The Liquidator, special deputy receiver, commissioners and referees appointed by the Court, the agents, attorneys and employees of the Liquidator and employees of the State of Missouri when acting with respect to the liquidation shall enjoy absolute judicial immunity and be immune from any claim against them personally for any act or omission committed in the performance of their functions and duties in connection with the liquidation.

Right to Repudiate Contracts.

18. The Liquidator may disaffirm or repudiate any contract or lease:

(a) To which LUA is a party;

(b) The performance of which the Liquidator, in his sole discretion, determines to be burdensome; and

(c) The disaffirmance or repudiation of which the Liquidator determines, in his sole discretion, will promote the orderly administration of the affairs of LUA.

19. The Liquidator shall determine whether or not to exercise the right of repudiation within a reasonable period following the entry of this Order. In the sole discretion of the Liquidator, a contract shall be repudiated as of either:

(a) The date of the entry of this Order; or

(b) Some other date subsequent to the entry of this Order selected by the Liquidator for the disaffirmance or repudiation of such contract or agreement.

20. The liability of the Liquidator for the disaffirmance or repudiation of any contract shall be calculated as of the date of repudiation, and shall be limited to actual direct compensatory damages. Any such damages shall be submitted as a claim to the Liquidator pursuant to Mo. Rev. Stat. §§ 375.1206 to 375.1222.

21. An agreement which tends to diminish or defeat the interest of the Liquidator in any asset acquired by him under Mo. Rev. Stat. § 375.1176, whether acquired before or subsequent to the entry of this Order, shall not be valid against the Liquidator unless such agreement:

(a) Is in writing;

(b) Was executed by LUA and any person claiming an adverse interest thereunder, including the obligor, contemporaneously with the acquisition of the asset by LUA;

(c) Was approved by the board of directors of LUA, which approval shall be reflected in the minutes of said board; and

(d) Has been, continuously, from the time of its execution, an official record of LUA maintained and readily available to the Director or examiners of the Department of Insurance.

Liquidation Notice & Proofs of Claim.

22. The Liquidator shall give or cause to be given, notice of this Order, pursuant to the provisions of Mo. Rev. Stat. § 375.1185, as soon as possible:

(a) By first class mail and either by telegram or telephone to the director of the insurance department of each state in which LUA is doing business;

(b) By first class mail to any guaranty association or foreign guaranty association which is or may become obligated as a result of the liquidation;

(c) By first class mail to all known insurance agents of LUA;

(d) By first class mail to all persons known or reasonably expected to have claims against LUA including all policyholders, at their last known address as indicated by the records of LUA; and

(e) By publication in a newspaper of general circulation in the county in which LUA has its principal place of business and in such other locations as the Liquidator deems appropriate.

23. Notice under paragraph 22 to agents of LUA and to potential claimants who are policyholders shall include, where applicable, notice that coverage by state guaranty associations may be available for all or part of policy benefits in accordance with applicable state guaranty laws;

24. The Liquidator shall promptly provide to the guaranty associations such information concerning the identities and addresses of such policyholders and their policy coverages as may be within the Liquidator's possession or control, and otherwise cooperate with guaranty associations to assist them in providing to such policyholders timely notice of the guaranty associations' coverage of policy benefits including, as applicable, coverage of claims and continuation or termination of coverage.

25. The identity of all prospective claimants may be reasonably determined from LUA's records.

26. The Proof of Claim shall be in the approved form attached hereto as Attachment A and shall specify **4:30 p.m. Central Time on May 24, 2017** as the last day for filing of Proofs of Claim with the Liquidator.

27. Proof of all Claims shall be filed with the Liquidator in the approved form attached hereto as Attachment A **on or before 4:30 p.m. Central Time on May 24, 2017**, the "**Claims Bar Date.**"

Agent's Disclosure of Policy Records.

28. Every person who receives notice in the form prescribed in Mo. Rev. Stat. § 375.1185 that was an agent of LUA, within thirty days of such notice, shall provide to the Liquidator, in addition to the information he may be required to provide pursuant to Mo. Rev. Stat. § 375.1156, the information in the agent's records related to any policy issued by LUA through the agent and, if the agent is a general agent, the information in the general agent's records related to any policy issued by LUA through any agent under contract to him, including the name and address of such subagent. Such information shall include information relating to premiums collected and held by the agent and all commissions relating to such policies, whether earned or unearned. A policy shall be deemed issued through an agent if the agent has a property interest in the expiration of the policy, or if the agent has had in his possession a copy of the declarations of the policy at any time during the life of the policy, except where the ownership of the expiration of the policy has been transferred to another person.

29. Any agent failing to provide information to the Liquidator as required by this Order may be subject to payment of an administrative penalty of not more than one thousand dollars for each day that the agent refuses to provide the information requested and the Department of Insurance ("Department") may suspend any license issued by the Department to the agent. Any penalty provided by this Order may be imposed after a hearing conducted by the Director. Any moneys collected by the Department pursuant to imposition of such administrative penalties shall be paid to the state treasurer for deposit to the general revenue fund.

Actions by and against the Liquidator.

30. No action at law or equity or in arbitration shall be brought against LUA or the Liquidator, whether in this state or elsewhere, nor shall any such existing actions be maintained or further presented after issuance of this Order. Whenever, in the Liquidator's judgment, protection of the LUA's estate necessitates intervention in an action against LUA that is pending outside this state, he may intervene in the action. The Liquidator may defend any action in which he intervenes at the expense of the estate of LUA.

List of assets.

31. As soon as practicable after the date of this Order, but not later than one hundred twenty days thereafter, the Liquidator shall prepare in duplicate a list of LUA's assets. The list shall be amended or supplemented from time to time as the Liquidator may determine. One copy shall be filed with the clerk of the court and one copy shall be retained for the Liquidator's files. All amendments and supplements shall be similarly

filed. A submission to the Court for disbursement of assets in accordance with Mo. Rev. Stat. § 375.1205 fulfills these requirements.

32. The Liquidator may reduce the assets to a degree of liquidity that is consistent with the effective execution of the liquidation.

Recovery from reinsurers.

33. The amount recoverable by the Liquidator from reinsurers shall not be reduced as a result of these delinquency proceedings, regardless of any provision in the reinsurance contract or other agreement. Payment made directly to LUA or other creditor shall not diminish the reinsurer's obligation to LUA's estate except where:

a. The reinsurance contract specifically provides for payment to the named insured, assignee or named beneficiary of the policy issued by the ceding insurer in the event of the ceding insurer's insolvency; or

b. The assuming insurer, with the consent of the direct insured or insureds, has directly assumed the ceding insurer's policy obligations to the payees under such policies in substitution for the ceding insurer's obligations to such payees.

Recovery of premiums.

34. A producer, premium finance company, or any other person, other than the insured, responsible for the payment of a premium, shall be obligated to pay any unpaid earned premium due LUA at the time of this Order as shown on the records of LUA. The Liquidator shall also have the right to recover from such person any part of an unearned premium that represents commission of such person. Credits or setoffs or both shall not be

allowed to a producer or premium finance company for any amounts advanced to LUA by the producer or premium finance company on behalf of, but in the absence of a payment by the insured. An insured shall be obligated to pay any unpaid earned premium due LUA as of the date of this Order, as shown on the records of LUA.

Proposal to disburse assets.

35. Within one year of this Order, the Liquidator shall make application to the Court for approval of a proposal to make early access disbursements out of marshaled assets to a guaranty association or foreign guaranty association having obligations because of this insolvency.

36. Such proposal shall at least include provisions for:

a. Reserving amounts for the payment of expenses of administration and the payment of claims of secured creditors, to the extent of the value of the security held, and claims falling within priority class I as established in Mo. Rev. Stat. § 375.1218;

b. Initial disbursement of the assets marshaled to date, which shall be as soon as practicable and in any case not later than one hundred twenty days after the approval of the early access plan, and subsequent disbursement of assets which shall be at least annually;

c. The securing by the Liquidator from each of the guaranty associations or foreign guaranty associations entitled to disbursements of an agreement to return to the Liquidator such assets, together with income earned on assets previously disbursed, as may be required to pay claims of secured creditors

and claims falling within the priorities established in Mo. Rev. Stat. §§ 375.700 and 375.1218 in accordance with such priorities. No bond or indemnity agreement shall be required of any such association;

d. A full report to be made by each guaranty association or foreign guaranty association to the Liquidator accounting for all assets so disbursed to the association, all disbursements made therefrom, any interest earned by the association on such assets and any other matter as the court may direct; and

e. Disbursements to guaranty associations in sums as large as possible, subject to the limitations set forth in § 375.1205.1.4. If the Liquidator determines that there are insufficient assets to disburse at the time of any required disbursement, the Liquidator shall make application to the court, with notice to the state insurance commissioners and guaranty associations, for approval of an intent not to disburse, stating the reasons for such determination.

37. Subject only to the provisions of Mo. Rev. Stat. § 375.1205.2(4), guaranty associations shall not be charged interest on assets disbursed pursuant to this section.

38. The Liquidator's proposal shall provide for disbursements to each guaranty association of foreign guaranty associations in amounts at least equal to the sum of claims payments and allocated lost adjustment expenses of each guaranty association, and a reasonable estimate of reserves for unpaid but known loss claims and allocated loss adjustment expenses expected to be paid within one year by each guaranty association. Amounts used for such calculation shall be those reported to the Liquidator by each guaranty association in its most recent financial report to the Liquidator. The Liquidator's

proposal shall further provide that if the assets available for required disbursements do not equal or exceed the amount of such claim payments to be made by the association, the required disbursements may be in the amount of available assets. Unless otherwise provided by this Court, the reserves of LUA, as reflected Exhibit A attached to the Verified Petition, on the date of this Order, shall be used to determine the initial disbursement to the guaranty associations. The Liquidator shall liquidate the assets of LUA in an expeditious manner, but is not required to make forced or quick sales that would result in obtaining less than market value for assets.

39. The Liquidator's proposal shall provide for disbursements of assets to any guaranty association or any foreign guaranty association or to any other entity or organization reinsuring, assuming or guaranteeing policies or contracts of insurance pursuant to the laws creating such associations.

40. Notice of each application shall be given to each guaranty association or foreign guaranty associations in and to the commissioners of the insurance departments of each of the involved states. Any such notice shall be deemed to have been given when deposited in the United States mail, certified delivery, first class postage prepaid, at least thirty (30) days prior to submission of such application to the Court. Action on the application may be taken by the Court provided the above required notice has been given.

41. The Liquidator shall not offset the amount to be disbursed to a guaranty association or a foreign guaranty association by the amount of any special deposit or any other statutory deposit or asset of LUA held in this state or another state unless such deposit has been forwarded to the guaranty association.

Review of Claims by Liquidator.

42. The Liquidator shall review all claims duly filed (or deemed filed) in the liquidation and shall make such further investigation as the Liquidator shall deem necessary. The Liquidator may compound, compromise or in any other manner negotiate the amount for which claims will be allowed, under the supervision of the Court, except where the Liquidator is required by law to accept claims as settled by any person or organization. Unresolved disputes shall be determined pursuant to Mo. Rev. Stat. § 375.1214. No claim under a policy of insurance shall be allowed for any amount in excess of the applicable policy limits or without regard to policy deductibles.

43. If the fixing or liquidation of any claim or claims would unduly delay the administration of the liquidation or if the administrative expense of processing and adjudication of a claim or group of claims of a similar type would be unduly excessive when compared with the moneys which are estimated to be available for distribution with respect to such claim or group of claims, the determination and allowance of such claim or claims may be made by an estimate. Any such estimate shall be based upon an actuarial evaluation made with reasonable actuarial certainty or upon another accepted method of valuing claims with reasonable certainty.

44. The estimation of contingent liabilities permitted by Mo. Rev. Stat. § 375.1220(2) or any other section of the Liquidation Act may be used for the purpose of fixing a creditor's claim in the estate, and for determining the percentage of partial or final dividend payments to be paid to creditors with reported allowed claims. However, nothing in Mo. Rev. Stat. § 375.1220(2) or any other section of the Liquidation Act shall be

construed as authorizing the Liquidator, or any other entity, to compel payment from a reinsurer on the basis of estimated incurred but not reported losses and, except with respect to claims made pursuant to Mo. Rev. Stat. § 375.1212, outstanding reserves. Nothing in Mo. Rev. Stat. § 375.1220(2) shall be construed to impair any obligation arising pursuant to any insurance agreement.

45. Notwithstanding the provisions of Mo. Rev. Stat. § 375.1220 or any other section of the Liquidation Act to the contrary, the Liquidator may negotiate a voluntary commutation and release of all obligations arising from reinsurance contracts or other agreements.

Payment of distributions.

46. Under the direction of the Court, the Liquidator shall pay distributions in a manner that will assure the proper recognition of the priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims, including third party claims. Distribution of assets in kind may be made at valuations set by agreement between the Liquidator and the creditor and shall be approved by the Court.

Application for discharge.

47. When all assets justifying the expense of collection and distribution have been collected and distributed under Mo. Rev. Stat. §§ 375.1150 to 375.1246, the Liquidator shall apply to the Court for discharge. The Court may grant the discharge and make any other orders, including an order to transfer any remaining funds that are

uneconomical to distribute pursuant to Mo. Rev. Stat. § 375.1224, as may be deemed appropriate.

Miscellaneous.

48. The Liquidator shall have all the powers of the directors, officers and managers of LUA, whose authority shall be terminated.

49. All banks, savings and loan associations, or other persons or entities which have on deposit, in their possession, custody and control funds of LUA and are hereby instructed that the Liquidator has absolute control over such accounts and other assets. The Liquidator may change the name of such accounts and other assets, withdraw them from any such bank, savings and loan association, other person or entity, or take any lesser action necessary for the proper conduct of this liquidation. No bank, savings and loan association, other person or entity 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 Liquidator's control without permission of this Court.

50. The law firm of Dentons US LLP ("**Dentons**"), may continue to serve as General Counsel to the Liquidator and perform legal services for him, under the Liquidation Act, at the same terms and rates approved by this Court on May 19, 2015, as long as that arrangement is mutually agreeable to Dentons and the Liquidator. The reasonable fees and expenses of Dentons associated with these proceedings shall be paid out of the assets of the LUA estate.

51. All previous procedural orders entered by this Court in the Rehabilitation proceeding shall continue in effect during the Liquidation absent further orders of this Court.

52. The enumeration of the powers and authority of the Liquidator in this Order shall not be construed as a limitation upon the statutory powers of the Liquidator, nor shall it exclude in any manner the right to do such other acts not specifically enumerated or otherwise provided for, as may be necessary or appropriate for the accomplishment of the liquidation of LUA.

53. This Court shall retain jurisdiction (supervision of this Court pursuant to Mo. Rev. Stat. § 375.1167) of this matter for the purpose of granting such other and further relief as the nature of this cause and the interests of the policyholders, creditors and subscribers of LUA or the members of the public may require.

54. There is no just reason for delay, and this Order, pursuant to Mo. Rev. Stat. § 375.630.4, is entered as a final judgment.

IT IS SO ORDERED.

5.23.16

Patricia S. Joyce, Circuit Judge
Division IV