

**IN THE CIRCUIT COURT OF COLE COUNTY
STATE OF MISSOURI**

JOHN M. HUFF, DIRECTOR,)
DEPARTMENT OF INSURANCE, FINANCIAL)
INSTITUTIONS AND PROFESSIONAL)
REGISTRATION OF THE STATE OF MISSOURI,)

Plaintiff)

v.)

WATKINS LIFE AND BENEFIT ASSOCIATION,)

Defendant)

Case No. 11AC-CC00721

JUDGMENT OF REHABILITATION

On this 8th day of November, 2011, Plaintiff John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, appears by counsel, Mark W. Stahlhuth upon Plaintiff's Verified Petition for Rehabilitation pursuant to Sections 375.580 and 375.1150, *et seq.*, RSMo 2000. Watkins Life and Benefit Association appears by counsel, Ann Monaco Warren. Cause is heard. On the evidence presented, the Court finds:

- a. Watkins Life and Benefit Association is an assessment plan life insurance company organized under the laws of this state;
- b. Watkins Life and Benefit Association 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. The board of directors of Watkins Life and Benefit Association or the holders of a majority of its shares entitled to vote request or consent to rehabilitation under Sections 375.1150 to 375.1246, RSMo 2000;

d. Watkins Life and Benefit Association is in such condition that the 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 Department of Insurance, Financial Institutions and Professional Registration, and his successors in office, is appointed rehabilitator of Watkins Life and Benefit Association, with all the rights, duties powers and obligation under law and under Sections 375.1150 to 375.1246, RSMo 2000. 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 by those sections;

2. The Rehabilitator shall forthwith take possession of Watkins Life and Benefit Association and all of its books, records, accounts, and other 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 March 1, 2012 for the period from the issuance of this order to December 31, 2011. Each semi-annual accounting will include a report of the Rehabilitator's opinion as to the likelihood that a plan under Subsection 4 of Section 375.1168 will be prepared by the Rehabilitator and the timetable for doing so;

4. The entry of this order shall not constitute an anticipatory breach of any contracts of Watkins Life and Benefit Association, 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 Section 375.1168, RSMo 2000;

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 Watkins Life and Benefit Association, 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 expenses of taking possession of Watkins Life and Benefit Association and of conducting the proceedings shall be paid from the assets of National States Insurance Company;

7. The Rehabilitator may take such actions as he deems necessary or appropriate to reform and revitalize Watkins Life and Benefit Association;

8. The Rehabilitator shall have all the powers of the directors, officers, and managers of Watkins Life and Benefit Association;

9. The powers of the respective officers, directors and managers of Watkins Life and Benefit Association are hereby suspended, except as they are re-delegated by the Rehabilitator;

10. The Rehabilitator shall have full power to direct and manage and to hire and discharge employees, subject to any contract rights they may have, and the rehabilitator shall have full power to deal with the property and business of Watkins Life and Benefit Association, including the power to avoid fraudulent transfers and the power to pursue all appropriate legal actions and remedies on behalf of Watkins Life and Benefit Association;

11. All persons, including, but not limited to, the attorney-in-fact, officers, directors, agents and employees of Watkins Life and Benefit Association, are enjoined from:

a. Transacting the business of Watkins Life and Benefit Association, other than as directed by the Rehabilitator or his authorized representatives;

b. Interfering with the Rehabilitator's actions authorized by this Judgment or by Sections 375.1150 to 375.1246, RSMo 2000;

- c. Transferring property of Watkins Life and Benefit Association without the approval of the Rehabilitator or his authorized representatives;
- d. Wasting the assets of Watkins Life and Benefit Association;
- e. Dissipating and transferring bank accounts or property of Watkins Life and Benefit Association;
- f. Withholding any books, accounts, documents or other records relating to the business of Watkins Life and Benefit Association from the Rehabilitator or his authorized representatives;
- g. Taking any action that might lessen the value of the assets of Watkins Life and Benefit Association;
- h. Entering or remaining on real property leased by Watkins Life and Benefit Association without the permission of the Rehabilitator or his authorized representatives;
- i. Instituting or further prosecuting any actions or proceedings on behalf of Watkins Life and Benefit Association without the permission of the Rehabilitator or his authorized representatives;
- j. Obtaining preferences, judgments, attachments, garnishments or liens against Watkins Life and Benefit Association;
- k. Levying execution against Watkins Life and Benefit Association or their policyholders;
- l. Making any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of Watkins Life and Benefit Association;

m. Threatening or contemplating any other action that might lessen the value of Watkins Life and Benefit Association's assets or that might prejudice the rights of its policyholders, creditors, or equity holders;

n. Paying any debts owed to Watkins Life and Benefit Association (including rental payments) to anyone other than the Rehabilitator or his authorized representative.

12. All actions or proceedings in this state, including any arbitrations, in which Watkins Life and Benefit Association is a party, are stayed for ninety days from the date of this order and for such additional time as is necessary for the rehabilitator to obtain proper representation and prepare for further proceedings.


Patricia S. Joyce
Circuit Judge

STATE OF MISSOURI }
COUNTY OF COLE } SS
I, BRENDA A. UMSTATT, Clerk of the Circuit Court of Cole County, Missouri,
hereby certify that the above and foregoing is a full true and correct copy of
Judgment
as fully as the same remains of record in my said office.
IN WITNESS WHEREOF, I have hereunto set my hand and affixed the
seal of my said office this 8 day of November 2011
BRENDA A. UMSTATT, Clerk

Deputy Clerk
Circuit Court of Cole County, Missouri