

**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. )

NATIONAL STATES INSURANCE COMPANY, )

Defendant )

Case No. 10AC-CC00219

**JUDGMENT OF REHABILITATION**

On this 1<sup>st</sup> day of April, 2010, 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 Sections 375.580 and 375.1150, *et seq.*, RSMo 2000. National States Insurance Company appears by counsel. Cause is heard. On the evidence presented, the Court finds:

a. National States Insurance Company is a life insurance company organized under the laws of this state;

b. National States Insurance Company 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 National States Insurance Company 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. National States Insurance Company is in such a financial condition that the further transaction of business would be hazardous financially to its policyholders, creditors, or the public.

STATE OF MISSOURI }  
COUNTY OF COLE } SS  
I, BRENDA A. UMSTATTO, 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 01 day of April 2010  
BRENDA A. UMSTATTO, Clerk

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Deputy Clerk  
Circuit Court of Cole County, Missouri

**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 National States Insurance Company, 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 National States Insurance Company 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 August 31, 2010 for the period from the issuance of this order to June 30, 2010. 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 National States Insurance Company, 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 National States Insurance Company, 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 National States Insurance Company and of conducting the proceedings shall be paid from the assets of National States Insurance Company;

7. The Rehabilitator may take such actions as she deems necessary or appropriate to reform and revitalize National States Insurance Company;

8. The Rehabilitator shall have all the powers of the directors, officers, and managers of National States Insurance Company;

9. The powers of the respective officers, directors and managers of National States Insurance Company 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 National States Insurance Company, including the power to avoid fraudulent transfers and the power to pursue all appropriate legal actions and remedies on behalf of National States Insurance Company;

11. All persons, including, but not limited to, the attorney-in-fact, officers, directors, agents and employees of National States Insurance Company, are enjoined from:

a. Transacting the business of National States Insurance Company, 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 National States Insurance Company without the approval of the Rehabilitator or his authorized representatives;

- d. Wasting the assets of National States Insurance Company;
- e. Dissipating and transferring bank accounts or property of National States Insurance Company;
- f. Withholding any books, accounts, documents or other records relating to the business of National States Insurance Company from the Rehabilitator or his authorized representatives;
- g. Taking any action that might lessen the value of the assets of National States Insurance Company;
- h. Entering or remaining on real property leased by National States Insurance Company without the permission of the Rehabilitator or his authorized representatives;
- i. Instituting or further prosecuting any actions or proceedings on behalf of National States Insurance Company without the permission of the Rehabilitator or his authorized representatives;
- j. Obtaining preferences, judgments, attachments, garnishments or liens against National States Insurance Company;
- k. Levying execution against National States Insurance Company or their policyholders;
- l. Making any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of National States Insurance Company;
- m. Threatening or contemplating any other action that might lessen the value of National States Insurance Company's assets or that might prejudice the rights of its policyholders, creditors, or equity holders;

n. Paying any debts owed to National States Insurance Company (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 National States Insurance Company is a party or is obligated to defend 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.

13. Nothing in this judgment of rehabilitation may be construed as a finding that National States Insurance Company is "impaired" or "insolvent" within the meaning of sections 376.715 to 376.758, RSMo 2000.



Circuit Judge  
Division 4