

**STATE
FILED**

**NINETEENTH JUDICIAL DISTRICT COURT
THE PARISH OF EAST BATON ROUGE
STATE OF LOUISIANA**

NUMBER: 629,200

SEC. 22

**JAMES J. DONELON, COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA**

COST OK \$ Stub

VERSUS

MAR 31 2014

**LOUISIANA EMPLOYERS-MANAGED INSURANCE COMPANY (LEMIC) AND
EMPLOYERS MUTUAL INSURANCE HOLDING COMPANY (EMIHC)**

DEPUTY CLERK OF COURT

.....
ORDER OF REHABILITATION

CONSIDERING the Petition for Rehabilitation filed under the provisions of LSA-R.S. 22:2001, et seq., and the law and the evidence entitling the parties to the relief sought and stipulated to herein, and the Court being satisfied from the allegations therein and finding that the defendant named herein is an insurer as defined in and under Louisiana law and that the interests of creditors, policyholders, and the public will probably be endangered by delay, and the Court finding that the law and the evidence is in favor of granting the relief prayed for herein,

IT IS ORDERED, ADJUDGED AND DECREED that LEMIC Insurance Company ("LEMIC") and EMIHC, Inc. ("EMIHC") be and are hereby placed in rehabilitation under the direction and control of the Commissioner of Insurance for the State of Louisiana, his successors and assigns in his office and his agents, designees, and/or employees (the "Commissioner"), subject to the further written orders of this Court.

IT IS ORDERED, ADJUDGED AND DECREED the Commissioner be appointed Rehabilitator and Billy Bostick appointed as Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that the Rehabilitator and/or Receiver be and hereby is vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, records and other assets of LEMIC and/or EMIHC, as of the date of this order and he is ordered to direct the rehabilitation of same, until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that pursuant to LSA-R.S. 22:2006, the Rehabilitator and/or Receiver, his agents and/or employees are directed to immediately take and/or maintain possession and control of the property, business, affairs, transactions, bank accounts, safety deposit boxes, computers, all primary and secondary storage media, documents, claims files, software, electronic data, e-mail, websites, copying rights, trademarks, patents,

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books, records, accounts, contracts, and rights of action and all other assets of LEMIC and/or EMIHC, including all of the property real or personal, whether in the possession of LEMIC and/or EMIHC, or its officers, directors, employees, consultants, attorneys, subsidiaries, affiliates, or agents, and any other person, and of the premises occupied by LEMIC and/or EMIHC for its business, conduct all of the business and affairs of LEMIC and/or EMIHC or so much thereof as he may deem appropriate, manage the affairs of LEMIC and/or EMIHC, and rehabilitate LEMIC and/or EMIHC, until further order of the Court.

IT IS ORDERED, ADJUDGED AND DECREED that the rights of policyholders are fixed in the following manner:

- a. Policyholders owning a policy that is in good standing as of the date of filing of the original Petition of Rehabilitation shall be entitled to file a claim for surplus that may remain upon the completion of the Rehabilitation or, if necessary, the Liquidation of LEMIC and EMIHC. The value and calculation of such rights to be determined after all other obligations of the Receivership have been extinguished.

IT IS ORDERED, ADJUDGED AND DECREED that the Rehabilitator and/or Receiver may permit such further operation of LEMIC and/or EMIHC, as he may deem necessary and appropriate.

IT IS ORDERED, ADJUDGED AND DECREED that all authority of all officers, directors, and managers of LEMIC and/or EMIHC, is hereby suspended and vested with the Rehabilitator and/or Receiver until further written order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that LEMIC and/or EMIHC, shall not engage in any advertising or solicitation whatsoever.

IT IS ORDERED, ADJUDGED AND DECREED that LEMIC and/or EMIHC, and its policyholders, shareholders, officers, directors, agents, attorneys, accountants, actuaries, servants, employees, banks, savings and loan associations, and any other partnership, company, or entity controlled by same and/or persons acting for or on behalf of said individuals and companies, and/or any others acting on its behalf, and any other person be and are hereby ordered to immediately surrender and turn over to the Rehabilitator and/or Receiver all property, business, affairs, transactions, bank accounts of LEMIC and EMIHC; all keys to LEMIC and/or EMIHC premises and to safety deposit boxes; to advise the Receiver of the combinations to any safes, safe-keeping devices or restricted access entries, any passwords to electronic information or online accounts with vendors, computers, all primary and secondary storage media,

documents, claim files, software, electronic data, e-mail, websites, copyrights, trademarks, patents, books, records, accounts, contracts and rights of action, and all other assets of LEMIC and/or EMIHC; including all real property, and the premises occupied by LEMIC and/or EMIHC and are hereby enjoined from the transaction of the business of LEMIC and/or EMIHC, except with the concurrence of the Rehabilitator and/or Receiver and/or until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that LEMIC and/or EMIHC, its policyholders, shareholders, officers, directors, agents, accountants, attorneys, servants, employees, banks, savings and loan associations, actuaries and any other partnership, company or entity controlled by same and/or other persons acting for or on its behalf and any other person be and hereby are enjoined from disposing of the property or assets of LEMIC and/or EMIHC, and from the transaction of its business except with the concurrence of the Rehabilitator and/or Receiver, until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that all persons and entities are enjoined and stayed from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LEMIC and/or EMIHC, its property and assets while in the Rehabilitator and/or Receiver's possession and control as of this date of this Order until further ordered.

IT IS ORDERED, ADJUDGED AND DECREED that LEMIC and/or EMIHC, its policyholders, shareholders, officers, directors, agents, attorneys, accountants, actuaries, servants, employees, banks, savings and loan associations and any other partnership, company or entity controlled by same and/or other persons acting for or on behalf of said individuals and companies, or subject to their control, and all other persons or entities who have access to, control or possession of the property, assets, and affairs of LEMIC and/or EMIHC, be and hereby are enjoined further as follows:

- 1) from disposing of or encumbering any of the property or assets of LEMIC and/or EMIHC;
- 2) from disposing of any records or other documents belonging to LEMIC and/or EMIHC, or relating to the business and affairs of LEMIC and/or EMIHC; and
- 3) from the transaction of any business by, for, or on behalf of LEMIC and/or EMIHC including, but not limited to:
 - a) the writing, issuance or renewal of any certificate of coverage, insurance policy, binder, or endorsement to an existing policy or certificate of coverage;
 - b) the payment of claims and of any policy or certificate of coverage

benefits;

- c) the incurring of any claim or loss adjustment expense;
- d) the incurring of any debt or liability, except with the concurrence of the Rehabilitator and/or Receiver or until further order of this Court; and
- e) the interfering with the acquisition of possession by the exercise of dominion and control over the property of LEMIC and/or EMIHC by the Rehabilitator's and/or Receiver's or the Receiver, or the Rehabilitator's and/or Receiver's conduct of the business and affairs of LEMIC and/or EMIHC

IT IS ORDERED, ADJUDGED AND DECREED that the Rehabilitator and/or Receiver be and hereby is entitled to permit such further operation of LEMIC and/or EMIHC, as he may deem necessary to be in the best interests of the policyholders and creditors of LEMIC and/or EMIHC.

IT IS ORDERED, ADJUDGED AND DECREED that the Receiver be allowed and authorized to:

- 1) Employ and authorize the compensation of accountants, lawyers, clerks, and such assistants as he 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 LEMIC and/or EMIHC in the possession of the Receiver or coming into the possession of the Receiver or LEMIC and/or EMIHC;
- 2) Defend or not defend legal actions wherein LEMIC and/or EMIHC or the Receiver is a party defendant, commenced prior to or subsequent to the entry of the order herein, without the authorization of the Court, except, however, in actions where LEMIC and/or EMIHC is a nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely affect the assets of LEMIC and/or EMIHC, the Receiver may file appropriate pleadings in his discretion;
- 3) Commence and maintain all legal actions as may be necessary for the proper administration of this receivership proceeding;
- 4) Collect all debts, which are economically feasible to collect and which are due and owing to LEMIC and/or EMIHC;
- 5) Take possession of all of LEMIC and/or EMIHC's securities and certificates of deposit on deposit with the Treasurer of the State of Louisiana or any other person or entity, if any, and convert to cash so much of the same as may be necessary, in his judgment, to pay the expenses of administration of this receivership; and
- 6) Issue endorsements on existing policies, subscriber agreements, or certificates of coverage.

IT IS ORDERED, ADJUDGED AND DECREED that any officer, director, manager, trustee, agent or adjustor of LEMIC and/or EMIHC and any person who possesses or possessed any authority, or who exercises or exercised any control, over any segment of LEMIC and/or EMIHC's affairs is required to fully cooperate with the Receiver and the Rehabilitator,

notwithstanding their dismissal pursuant to the order entered herein.

IT IS ORDERED, ADJUDGED AND DECREED that all attorneys employed by LEMIC and/or EMIHC as of the date of the order entered herein shall, within ten (10) days' notice of this order, report to the Receiver the name, company, claim number and status of each file they are handling on behalf of LEMIC and/or EMIHC. Said report shall also include an account of any funds received from or on behalf of LEMIC and/or EMIHC and all outstanding settlement offers for each file. All attorneys described herein are hereby discharged as of the date of the order entered herein unless the Receiver retains their services in writing. All attorneys employed by LEMIC and/or EMIHC who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of LEMIC and/or EMIHC shall deliver such litigation files, material, documents or records intact and without purging to the Receiver notwithstanding any claim of a retaining lien, which, if otherwise valid, shall not be extinguished by such turn-over of documents.

IT IS ORDERED, ADJUDGED AND DECREED that reinsurance premiums due to or payable by LEMIC and/or EMIHC shall be remitted to or disbursed by the Receiver or to another party at the Receiver's discretion. The Receiver shall handle reinsurance losses recoverable or payable by LEMIC and/or EMIHC. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary unless requested by the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that upon request by the Receiver, any company providing telephone services to LEMIC and/or EMIHC shall provide a reference of calls from the number presently assigned to LEMIC and/or EMIHC to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership of LEMIC and/or EMIHC

IT IS ORDERED, ADJUDGED AND DECREED that any bank, savings and loan association, financial institution, and any other person which has on deposit, or in its possession, custody or control, any funds, accounts and any other assets of LEMIC and/or EMIHC, 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 all 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 such 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.

IT IS ORDERED, ADJUDGED AND DECREED that any entity furnishing telephone, water, electric, cable, internet, sewage, garbage or trash removal services to LEMIC and/or EMIHC shall maintain such service and transfer any such accounts to the Receiver as of the date of the order entered herein, unless instructed to the contrary by the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that any document storage or data processing service which has custody or control of any documents or 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 LEMIC and/or EMIHC 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 LEMIC and/or EMIHC which were in effect when this proceeding was instituted, or based upon such contracts as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that the United States Postal Service is directed to provide any information requested by the Receiver regarding LEMIC and/or EMIHC and to handle future deliveries of LEMIC and/or EMIHC's mail as directed by the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that the Receiver may conduct an investigation of LEMIC and/or EMIHC and its subsidiaries and affiliates to uncover and make fully available to the Court the true state of LEMIC and/or EMIHC's financial affairs. In furtherance of this investigation, LEMIC and/or EMIHC and its parent corporations, its subsidiaries, its affiliates and its third party administrators, and any other persons shall make all books, documents, accounts, records and affairs, which either belong to or pertain to LEMIC and/or EMIHC, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (9:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the order entered herein. LEMIC and/or EMIHC and the above-specified entities

shall fully cooperate with the Rehabilitator and/or Receiver. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of LEMIC and/or EMIHC's policyholders, shareholders, officers, directors, agents, accountants, actuaries, attorneys, servants, managers, trustees, adjusters, employees, or independent contractors of LEMIC and/or EMIHC, its parent, affiliates and subsidiaries and any other person or entity who possesses or possessed any authority, or who exercises or exercised any control, over any segment of the affairs of LEMIC and/or EMIHC in either their official, representative, or individual capacities and the production of all documents needed to disclose the true state of LEMIC and/or EMIHC's affairs.

IT IS ORDERED, ADJUDGED AND DECREED that any and all individuals and entities be and hereby are enjoined from instituting and/or taking further action in any suits, proceedings, and seizures against LEMIC and/or EMIHC, the Commissioner in his capacity as rehabilitator of LEMIC and/or EMIHC, the Receiver, and any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, accountants, or attorneys of same, to prevent any preference, judgment, seizure, levy, attachment, or lien being rendered against LEMIC and/or EMIHC, its estate and assets, and/or its and policyholders, the Commissioner in his capacity as rehabilitator, the Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, or attorneys of same, and the making of any levy against LEMIC and/or EMIHC, its property or assets until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that, except with the concurrence of the Rehabilitator and/or Receiver or until further written order of this Court, all suits, proceedings, and seizures against LEMIC and/or EMIHC and/or its respective policyholders are hereby stayed in order to prevent the obtaining of any preference, judgment, seizure, levy, or lien, and to preserve the property and assets of LEMIC and/or EMIHC, including, but not limited to, suits and proceedings and all litigation where:

- 1) LEMIC and/or EMIHC is a party;
- 2) A policyholder or any other person who is named as a party to the litigation or claims insurance coverage under any policy of insurance, subscriber agreement or certificate of coverage issued or assumed by LEMIC and/or EMIHC;
- 3) The litigation involves or may involve the adjudication of liability or determines any possible rights or obligations of any member, subscriber, enrollee, policyholder or person as to any insurance policy, subscriber agreement, or certificate of coverage issued or assumed by LEMIC and/or EMIHC, or determines any possible future liability of LEMIC and/or EMIHC with regard to any insurance policy, subscriber agreement or certificate of coverage issued or

assumed by LEMIC and/or EMIHC;

- 4) Where LEMIC and/or EMIHC would otherwise be obligated to provide a defense to any party in any court pursuant to any policy of insurance, subscriber agreement, or certificate of coverage issued or assumed by LEMIC and/or EMIHC;
- 5) Where the ownership, operations, management and/or control of LEMIC and/or EMIHC is at issue; and
- 6) Any party is seeking to create, perfect or enforce any preference, judgment, attachment, lien, or levy against LEMIC and/or EMIHC or its assets or against any member, subscriber, enrollee and/or policyholder of LEMIC and/or EMIHC

IT IS ORDERED, ADJUDGED AND DECREED that there shall be no liability on the part of, and no cause of action of any nature shall exist against, the Commissioner in his capacity as rehabilitator, receiver and/or regulator of LEMIC and/or EMIHC, the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner in his capacity as rehabilitator, receiver and/or regulator of LEMIC and/or EMIHC, and/or the Receiver, their representatives, agents, employees, or attorneys, for any action taken by them when acting in accordance with the orders of this Court and/or as rehabilitator, receiver, liquidator and/or regulator of LEMIC and/or EMIHC, and that such actions shall be barred.

IT IS ORDERED, ADJUDGED AND DECREED that after payment of all administrative expenses of rehabilitation, receivership, and/or liquidation, all obligations of LEMIC and/or EMIHC will be paid pursuant to the orders of this Court, according to the applicable law.

IT IS ORDERED, ADJUDGED AND DECREED that all contracts between LEMIC and/or EMIHC and any and all persons or entities providing services to LEMIC and/or EMIHC and its and policyholders remain in full force and effect unless cancelled by the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that any and all individuals and entities be and hereby are enjoined from interfering with these proceedings, or with the Rehabilitator's and/or Receiver's possession and control or title, rights or interest; from interfering with the conduct of the business of LEMIC and/or EMIHC by the Rehabilitator and/or Receiver; from wasting the assets of LEMIC and/or EMIHC; and from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LEMIC and/or EMIHC or its property and assets while in the possession and control of the Rehabilitator and/or Receiver, until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that all authority of all officers,

directors, and managers of LEMIC and/or EMIHC is hereby suspended and is vested in the Rehabilitator and/or Receiver until further written order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that LEMIC and/or EMIHC, and its respective officers, directors, policyholders, shareholders, agents, attorneys, accountants, actuaries, servants, adjusters, employees, independent contractors, its parent, affiliates and subsidiaries and all those acting in concert with or in participation with them or subject to their control, and all other persons or entities who have access to control or possession of the property, assets and affairs of LEMIC and/or EMIHC be and hereby are enjoined further, as follows:

- 1) from disposing of or encumbering any of the property or assets of LEMIC and/or EMIHC;
- 2) from disposing of any records or other documents belonging to LEMIC and/or EMIHC or relating to the business and affairs of LEMIC and/or EMIHC;
- 3) from the transaction of any business by, for, or on behalf of or relating to LEMIC and/or EMIHC, including, but not limited to:
 - a) the writing, issuance, or renewal of any insurance policy, subscriber agreement and/or certificate of coverage, binder, or endorsement to an existing policy, subscriber agreement, or certificate; and
 - b) the incurring of any debt or liability of LEMIC and/or EMIHC except with the concurrence of the Rehabilitator and/or Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that all individuals and entities are enjoined from instituting or taking further action in any suit or proceeding against LEMIC and/or EMIHC, the Commissioner in his capacity as Rehabilitator of LEMIC and/or EMIHC, the Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, or attorneys of the Commissioner, the Rehabilitator and the Receiver or LEMIC and/or EMIHC, its estate and assets, and its policyholders, and from making any levy or seizure against LEMIC and/or EMIHC or its estates and assets while under Rehabilitation until further written order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that all premiums and other debts due to LEMIC and/or EMIHC shall be paid to the Rehabilitator and/or Receiver as directed, until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that the Rehabilitator and/or Receiver shall notify every holder of a certificate of coverage, subscriber agreement, or contract of insurance issued by LEMIC and/or EMIHC and every known provider and other creditor of LEMIC and/or EMIHC of this order of rehabilitation and injunction within sixty (60) days of the

date of this order, notwithstanding the provisions of LSA-R.S. 22:2011.

IT IS ORDERED, ADJUDGED AND DECREED that the Commissioner shall be granted all legal and equitable relief as may be necessary to fulfill his duties as rehabilitator and for such other relief as the nature of the case and the interest of LEMIC and/or EMIHC's policyholders, creditors, or the public, may require.

IT IS ORDERED, ADJUDGED AND DECREED that Rudy Babin is appointed as private process server of the instant pleading upon all interested persons.

Read and signed at Baton Rouge, Louisiana, this 31st day of March 2014.



THE HONORABLE TIMOTHY KELLEY
JUDGE, NINETEENTH JUDICIAL DISTRICT COURT

EAST BATON ROUGE PARISH
CLERK OF COURT

2014 MAR 31 AM 0:55

Caroline Shaw
DEPUTY CLERK OF COURT

CERTIFIED TRUE AND
CORRECT COPY

MAR 31 2014

Tracy Boud
East Baton Rouge Parish
Deputy Clerk of Court

PLEASE SERVE BY PRIVATE PROCESS SERVER:

1. LEMIC and EMIHC
Through their registered agent:
Van Mayhall Jr.
One American Place #2300
Baton Rouge, LA 70806
2. Richard Donald Kogler II
9543 Fenway Avenue
Baton Rouge, LA 70809
3. Richard Leonard Briody
9543 Fenway Avenue
Baton Rouge, LA 70809
4. Daniel Lawrence Lastrapes
9543 Fenway Avenue
Baton Rouge, LA 70809
5. Perry Michael Parrino
9543 Fenway Avenue
Baton Rouge, LA 70809
6. John Terrance Cambias
9543 Fenway Avenue
Baton Rouge, LA 70809