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

NUMBER:

629200

DIVISION:

SEC. 22

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

VERSUS

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

PETITION FOR REHABILITATION

The petition of James J. Donelon, Commissioner of Insurance for the State of Louisiana
("Commissioner"), respectfully represents that:

1.

Made defendants herein are LEMIC INSURANCE COMPANY (LEMIC), a Louisiana corporation, licensed to do and doing business in the States of Louisiana, Mississippi, Arkansas and Tennessee. LEMIC maintains its corporate registered office at 9543 Fenway Avenue, Baton Rouge, Louisiana.

2.

LEMIC is engaged in the business of insurance as defined by LSA-R.S. 22:2002 and LSA-R.S. 22:2003 and are subject to the jurisdiction of the Commissioner and of this Court.

3.

Employers Mutual Insurance Holding Company (EMIHC) is a member of an insurance holding company system as defined by LSA-R.S. 22:691.1 et seq., LSA-R.S. 22:2002 and LSA-R.S. 22:2003 and are therefore subject to the jurisdiction of the Commissioner and this court.

4.

LEMIC is engaged in the business of insurance within the State of Louisiana as defined by LSA-R.S. 22:46, LSA-R.S. 22:47 and other applicable law and is subject to the jurisdiction of the Commissioner and of this Court. LEMIC is deemed an insurer pursuant to LSA-R.S. 22:2002 and LSA-R.S. 22:2003.

5.

After a review of the financial condition and affairs of LEMIC the Commissioner has



determined that LEMIC and EMIHC is insolvent and is found to be in such condition that its further transaction of business would be hazardous to policyholders, creditors, or to the public. Therefore, the Commissioner has sufficient grounds to justify the issuance of a court order, placing LEMIC in rehabilitation under LSA-R.S. 22:2006 and other applicable law.

7.

The further transaction of business by LEMIC would be hazardous to its policyholders, its creditors and/or to the public, and any delay in action by the Commissioner would endanger the interests of its policyholders, creditors, and/or the public, as shown in the affidavit attached hereto and incorporated herein as **Exhibit A**.

9.

Inasmuch as LEMIC and is deemed a domestic insurer in accordance with Louisiana law, for the foregoing reasons, the Commissioner desires and is entitled to have this Court declare that LEMIC is in need of rehabilitation under the Louisiana Insurance Code and appoint the Commissioner, or any other person which he may designate, as rehabilitator of LEMIC.

10.

It is therefore necessary that this Court, pursuant to LSA-R.S. 22:2006, issue forthwith, an order enjoining LEMIC's and EMIHC's current or former shareholders, officers, directors, agents, accountants, attorneys, actuaries, servants, and employees, and any others acting on its behalf, from disposing of property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, copyrights, trademarks, patents, books, records, accounts, and other assets of LEMIC and EMIHC including all real property, and from the transaction of business by LEMIC and EMIHC, except with the concurrence of the Commissioner until further order of this Court

11.

The Commissioner further shows that he is entitled to be vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, records and all other assets of LEMIC and EMIHC, as of the date of the order of rehabilitation entered herein.

12.

The Commissioner further shows that he is entitled to the right to enforce contract performance by any party who has a contract with LEMIC, and to permit such further operation of LEMIC and EMIHC and for such other relief as he may deem necessary to be in the best interests of the policyholders of the company.

The Commissioner requests an order that:

- 1) He is appointed statutory Rehabilitator of LEMIC Insurance Company and EMIHC and Billy Bostick is appointed Receiver of LEMIC Insurance Company and EMIHC.
- 2) He be allowed and authorized to employ and authorize the compensation of accountants, 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 EMIHC in the possession of the Receiver and/or Rehabilitator or coming into LEMIC's, and EMIHC's possession;
- 2) Any officer, director, manager, employee, trustee or agent of LEMIC and EMIHC and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of LEMIC and EMIHC's affairs is required to fully cooperate with the Receiver and/or Rehabilitator, notwithstanding their dismissal pursuant to the order entered herein.
- 3) The Rehabilitator and/or Receiver may conduct an investigation of LEMIC and EMIHC and its subsidiaries and affiliates to uncover and make fully available to the Court the true state of LEMIC and EMIHC's financial affairs. In furtherance of this investigation, LEMIC and EMIHC and its parent corporations, its subsidiaries, its affiliates, its current or former owners, officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of LEMIC and EMIHC and its third party administrators, shall make all books, documents, accounts, records and affairs, which either belong to or pertain to LEMIC and EMIHC available for full, free and unhindered inspection and examination by the Commissioner or his designee during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the order entered herein. LEMIC and EMIHC and the above-specified entities shall fully cooperate with the Rehabilitator. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of LEMIC and EMIHC's owners, officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of LEMIC and EMIHC its affiliates and subsidiaries and any other person or entity who possesses any executive authority over, or who exercises any control over, any segment of the affairs of LEMIC and EMIHC in both their official, representative, and individual capacities and the production of all documents that are calculated to disclose the true state of LEMIC and EMIHC's affairs.

During the period of Rehabilitation, LEMIC and EMIHC are prohibited from doing any of the following acts without prior approval from the Commissioner or his appointed representative:

- a. Make any disbursements;
- b. Dispose of, convey or encumber any of the insurer's assets, property, liabilities, or its business in force;
- c. Withdraw or transfer any funds from the insurer's bank accounts or other depositories;
- d. Lend any of the Insurer's funds or assets;
- e. Invest any of the Insurer's property;
- f. Incur any debt, obligation or liability, either directly or contingently;
- g. Enter into or renew any contract, including reinsurance contracts or treaty;
- h. Terminate any insurance policy;
- i. Release, pay or refund premium;
- j. Make any change in management;

- k. Increase salaries and benefits of officers or directors or the payment of bonuses, dividends or other payments deemed preferential by the Receiver;
- l. Pay any amounts, nor make any other distribution to Directors;
- m. Enter, occupy, use or destroy any properties owned by the Company;
- n. Alter the website of LEMIC or EMIHC in any way;

4) Fixes the rights of policyholders in the following manner;

- a. Policyholder/s owning a policy that is in good standing as of the date of this petition 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.

The Commissioner further requests that a Rule Nisi issue herein directed to LEMIC and EMIHC ordering them to show cause why:

- 1) LEMIC and EMIHC should not be placed into rehabilitation and why the Commissioner, or any person he should designate, should not be appointed Rehabilitator and/or Receiver.
- 2) The Commissioner as Rehabilitator should not be 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 EMIHC as of the date of the order of rehabilitation entered herein.
- 3) Pursuant to LSA-R.S. 22:2006 an order should not be issued forthwith directing the Rehabilitator, his agents and/or employees to take possession and control of the property, business, affairs, bank accounts, safety deposit boxes, computers, all primary and secondary storage media, documents, claims files, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents and all other assets of LEMIC and EMIHC , including all real property, whether in the possession of LEMIC, and EMIHC or its current or former officers, directors, employees, consultants, attorneys, subsidiaries, affiliates or agents, and of the premises occupied by the of LEMIC. and EMIHC for its business, enjoining LEMIC and EMIHC and its current or former shareholders, officers, directors, agents, attorneys, servants, and employees, and any others acting on its behalf, from disposing of property or assets and from the transaction of the business of LEMIC and EMIHC except with the concurrence of the Rehabilitator and/or Receiver until further order of this Court.
- 4) An order should not be issued that directs LEMIC and EMIHC and its current or former 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, to immediately surrender and turn over to the Rehabilitator and/or the Receiver all property, business, affairs, documents, computers, all primary and secondary storage media, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, books, records, accounts, and other assets of LEMIC and EMIHC, including all real property, and the premises occupied by LEMIC and EMIHC and be enjoined from the transaction of the business of LEMIC, except with the concurrence of the Rehabilitator and/or Receiver until further order of this Court.
- 5) An injunction should not be issued herewith enjoining LEMIC and EMIHC, its current or former 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 behalf of LEMIC and EMIHC, from disposing of the property or assets of LEMIC and EMIHC and from the transaction of its business except with the concurrence of the Rehabilitator, and/or Receiver until further order of this Court.
- 6) An injunction should not be issued herewith enjoining and staying all persons and entities

from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LEMIC and EMIHC, its property and assets while in the Rehabilitator's and/or Receiver's possession and control and until further orders of this Court.

- 7) An injunction should not be issued herewith enjoining LEMIC and EMIHC, its current or former shareholders, officers, directors, agents, accountants, attorneys, servants, employees, actuaries and any other partnership, company or entity controlled by same and/or other persons acting for or on behalf of LEMIC and EMIHC, 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 EMIHC as follows:
 - a) from disposing of or encumbering any of the property or assets of LEMIC;
 - b) from disposing of any records or other documents belonging of LEMIC and EMIHC or relating to the business and affairs of LEMIC;
 - c) from the transaction of any business by, for, or on behalf of LEMIC, including, but not limited to:
 - i) the writing, issuance or renewal of any certificate of coverage, insurance policy, binder, or endorsement to an existing policy or certificate of coverage;
 - ii) the payment of claims and of any policy or certificate of coverage benefits;
 - iii) the incurring of any claim or loss adjustment expense;
 - iv) the incurring of any debt or liability, except with the concurrence of the Rehabilitator until further order of this Court;
 - v) the interfering with the acquisition of possession by the exercise of dominion and control over the property of LEMIC and EMIHC by the Rehabilitator and/or Receiver or the Rehabilitator's and/or Receiver's conduct of the business and affairs of LEMIC and EMIHC
- 8) The Rehabilitator should not be entitled to permit such further operation of LEMIC and EMIHC as he may deem necessary to be in the best interests of policyholders and creditors of LEMIC and EMIHC
- 9) The Rehabilitator and/or Receiver should not be allowed and authorized to:
 - a) 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 EMIHC in the possession of the Rehabilitator or coming into its possession;
 - b) Defend or not defend legal actions wherein LEMIC and EMIHC or the Rehabilitator and/or 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 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 EMIHC, the Rehabilitator and/or Receiver may file appropriate pleadings in his discretion;
 - c) Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding;
 - d) Collect all debts, which are economically feasible to collect and which are due and owing to LEMIC and EMIHC;

- e) Take possession of all LEMIC and EMIHC's securities and certificates of deposit on deposit with the Commissioner of Insurance 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
 - f) Issue endorsements on existing policies, subscriber agreements, or certificates of coverage.
- 10) Any officer, director, manager, trustee, employee, agent or adjustor of LEMIC and EMIHC and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of the affairs of LEMIC and EMIHC should not be required to fully cooperate with the Rehabilitator and/or the Receiver, notwithstanding their dismissal pursuant to the order entered herein.
 - 11) All attorneys employed by LEMIC and EMIHC as of the date of the order entered herein should not be required within ten (10) days notice of this order, to report to the Rehabilitator and/or the Receiver on the name, company, claim number and status of each file they are handling on behalf of LEMIC and EMIHC. Said report shall also include an account of any funds received from or on behalf of LEMIC and EMIHC; all attorneys described herein should be discharged as of the date of the order entered herein unless the Rehabilitator and/or Receiver retains their services in writing; all attorneys employed by LEMIC and 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 EMIHC be required deliver such litigation files, material, documents or records intact and without purging to the Rehabilitator and/or Receiver notwithstanding any claim of a retaining lien, which, if otherwise valid, shall not be extinguished by such turn-over of documents.
 - 12) Reinsurance premiums due to or payable by LEMIC and EMIHC be remitted to, or disbursed by the Rehabilitator or to another party at the Rehabilitator's discretion; the Rehabilitator and/or Receiver should not handle reinsurance losses recoverable or payable by LEMIC and all correspondence concerning reinsurance be between the Rehabilitator and the reinsuring company or intermediary unless otherwise requested by the Rehabilitator.
 - 13) Upon request by the Rehabilitator and/or Receiver, any company providing telephone services to LEMIC and EMIHC should not provide a referral of calls from the number presently assigned to LEMIC and EMIHC to any such number designated by the Rehabilitator and/or Receiver or perform any other services or changes necessary to the conduct of the receivership of LEMIC and EMIHC.
 - 14) Any bank, savings and loan association, financial institution, and any other person which has on deposit, in its possession, custody or control any funds, accounts and any other assets of LEMIC and EMIHC, should not immediately transfer title, custody and control of all such funds, accounts, or assets to the Rehabilitator and/or Receiver, and be instructed that the Rehabilitator and/or Receiver has absolute control over such funds, accounts and other assets; the Rehabilitator and/or 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 lesser 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 Rehabilitator's and/or Receiver's control without the permission of this Court.
 - 15) Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to LEMIC and EMIHC should not maintain such service and transfer any such accounts to the Rehabilitator and/or Receiver as of the date of the order entered herein, unless instructed to the contrary by the Rehabilitator and/or Receiver.

- 16) Any data processing service which has custody or control of any 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 EMIHC should not transfer custody and control of such records to the Rehabilitator and/or Receiver.
- 17) United States Postal Service should not be directed to provide any information requested by the Rehabilitator regarding LEMIC and EMIHC and to handle future deliveries of LEMIC and EMIHC's mail as directed by the Rehabilitator and/or Receiver.
- 18) The Rehabilitator and/or Receiver should not be allowed to conduct an investigation of LEMIC and EMIHC and its subsidiaries and affiliates to uncover and make fully available to the Court the true state of LEMIC and EMIHC's financial affairs. In furtherance of this investigation, LEMIC and EMIHC, its subsidiaries, its affiliates, its third party administrators, its current or former owners, officers, directors, managers, attorneys, accountants, trustees, agents, adjusters, employees and independent contractors shall make all books, documents, accounts, records and affairs, which either belong to or pertain to LEMIC available for full, free and unhindered inspection and examination by the Rehabilitator and/or Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the order entered herein. LEMIC and EMIHC and the above-specified entities shall fully cooperate with the Rehabilitator and the Receiver. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of the above-specified entities and any other person or entity who possesses any executive authority over, or who exercises any control over, any segment of the affairs of LEMIC and EMIHC in both their official, representative, and individual capacities and the production of all documents that are calculated to disclose the true state of LEMIC and EMIHC's affairs.
- 19) Any and all individuals and entities should not be enjoined from instituting and/or taking further action in any suits, proceedings, and seizures against LEMIC and EMIHC, the Rehabilitator in his capacity as rehabilitator of LEMIC and EMIHC, 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 EMIHC, its estate and assets, and/or its members, subscribers, enrollees, and policyholders, the Commissioner in his capacity as Rehabilitator, any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, or attorneys of same, and the making of any levy against LEMIC and EMIHC, its property or assets until further order of this Court.
- 20) 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 EMIHC and/or its respective policyholders should not be 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 EMIHC, including, but not limited to, suits and proceedings and all litigation where:
 - a) LEMIC and EMIHC is a party;
 - b) A policyholder or any other person who is named as a party to the litigation or claims insurance coverage under any policy of insurance, or certificate of coverage issued or assumed by LEMIC and EMIHC;
 - c) The litigation involves or may involve the adjudication of liability or determines any possible rights or obligations of any policyholder or person as to any insurance policy, subscriber agreement, or certificate of coverage issued or assumed by LEMIC and EMIHC, or determines any possible future liability of LEMIC and EMIHC with regard to any insurance policy or certificate of coverage issued or assumed by LEMIC and EMIHC;

- d) Where LEMIC and EMIHC would otherwise be obligated to provide a defense to any party in any court pursuant to any policy of insurance or certificate of coverage issued or assumed by LEMIC and EMIHC;
 - e) Where the ownership, operations, management and/or control of LEMIC and EMIHC is at issue; and
 - f) Any party is seeking to create, perfect or enforce any preference, judgment, attachment, lien or levy against LEMIC and EMIHC or its assets or against any policyholder of LEMIC and EMIHC
- 21) There should be liability on the part of, and that no cause of action of any nature shall exist against the Rehabilitator and/or regulator of LEMIC and EMIHC, the Receiver of LEMIC and EMIHC, and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Rehabilitator and/or regulator and/or Receiver of LEMIC and EMIHC, and/or 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, and/or regulator and/or Receiver of LEMIC and EMIHC and that such actions shall be barred.
 - 22) After the payment of all administrative expenses of rehabilitation and all obligations of LEMIC and EMIHC should not be paid pursuant to the orders of this Court according to the applicable law.
 - 23) Any and all individuals and entities should not be 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 EMIHC by the Rehabilitator and/or Receiver; from wasting the assets of LEMIC and EMIHC, and from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LEMIC and EMIHC or its property and assets while in the possession and control of the Rehabilitator and/or Receiver, until further order of this Court.
 - 24) All authority of all officers, directors, and managers of LEMIC and EMIHC should not be suspended and vested in the Rehabilitator and/or Receiver until further written order of this Court.
 - 25) All individuals and entities should not be enjoined from instituting or taking further action in any suit or proceeding against LEMIC and EMIHC the Rehabilitator and/or Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, or attorneys of the Rehabilitator and/or Receiver or LEMIC and EMIHC, its estate and assets, and its policyholders, and from making any levy or seizure against LEMIC and EMIHC or its estates and assets while under the possession and control of the Rehabilitator and/or Receiver until further written order of this Court.
 - 26) All other debts and payables due to LEMIC and EMIHC should not be paid to the Rehabilitator and/or Receiver until further order of this Court.
 - 27) The Rehabilitator and/or Receiver should not be permitted to notify every holder of a certificate of coverage or contract of insurance issued by LEMIC and EMIHC and every known creditor of LEMIC and EMIHC of the order of rehabilitation and injunction entered herein within sixty (60) days of the date of this order, notwithstanding the provisions of LSA-R.S. 22:2011
EMIHC
 - 28) The Commissioner should not be granted all legal and equitable relief as may be necessary to fulfill his duties as rehabilitator and for such relief as may be necessary to fulfill his duties as rehabilitator and for such other relief as the nature of the case and the interests of LEMIC and EMIHC's policyholders, and other creditors, or the public, may require.

WHEREFORE, James J. Donelon, Commissioner of Insurance for the State of Louisiana,
prays that this petition for rehabilitation be accepted and filed and that:

- 1) LEMIC and EMIHC be declared insolvent and placed into rehabilitation and that the Commissioner as Rehabilitator be 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 EMIHC as of the date of the order of rehabilitation entered herein.
- 2) LEMIC's current or former shareholders, officers, directors, agents, accountants, attorneys, actuaries, servants, and employees, and any other acting on its behalf not to dispose of property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, copyrights, trademarks, patents, books, records, accounts, and other assets of LEMIC including all real property, and not to transact any business on behalf of LEMIC and EMIHC, except with the concurrence of the Commissioner or until further order of this Court as per any orders or agreements currently in effect.
- 3) An order issue that directs LEMIC and EMIHC and its current or former 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, to immediately surrender and turn over to the Rehabilitator and/or the Receiver all property, business, affairs, documents, computers, all primary and secondary storage media, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, books, records, accounts, and other assets of LEMIC and EMIHC, including all real property, and the premises occupied by LEMIC and EMIHC and be enjoined from the transaction of the business of LEMIC, except with the concurrence of the Rehabilitator and/or Receiver until further order of this Court.
- 4.) After a hearing on this matter pursuant to LSA-R.S. 22:2006: an order be issued forthwith directing the Rehabilitator and/or Receiver, his agents and/or employees to take possession and control of the property, business, affairs, bank accounts, safety deposit boxes, computers, all primary and secondary storage media, documents, claims files, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents and all other assets of LEMIC and EMIHC, including all real property, whether in the possession of LEMIC and EMIHC or its current or former officers, directors, employees, consultants, attorneys, subsidiaries, affiliates or agents, and of the premises occupied by the of LEMIC and EMIHC for its business, enjoining LEMIC and EMIHC and its current or former shareholders, officers, directors, agents, attorneys, servants, and employees, and any others acting on its behalf, from disposing of property or assets and from the transaction of the business of LEMIC and EMIHC except with the concurrence of the Rehabilitator and/or until further order of this Court.

RESPECTFULLY SUBMITTED,

BY ATTORNEYS FOR

James J. Donelon
Commissioner of Insurance
for the State of Louisiana

JAMES "BUDDY" CALDWELL
ATTORNEY GENERAL

By:

Michael Guy

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EAST BATON ROUGE PARISH, LA

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MAR 20 2014

Sharon
East Baton Rouge Parish
Deputy Clerk of Court

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(225) 326-6174

NINETEENTH JUDICIAL DISTRICT COURT
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LOUISIANA EMPLOYERS-MANAGED INSURANCE COMPANY (LEMIC) AND
EMPLOYERS MUTUAL INSURANCE HOLDING COMPANY (EMIHC)

AFFIDAVIT AND VERIFICATION

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary, and in the presence of the undersigned competent witnesses, personally came and appeared:

CAROLINE BROCK

a competent major, who after being duly sworn, did depose and state:

She is the Deputy Commissioner of Insurance Financial Insolvency for the Department of Insurance, State of Louisiana, duly appointed by the Commissioner of Insurance.

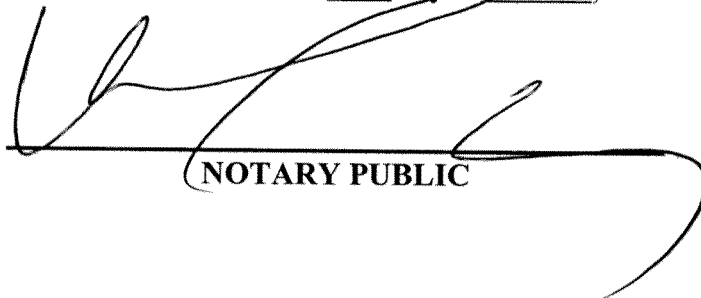
She has read the foregoing petition for rehabilitation and the allegations contained therein are true and correct to the best of her knowledge, information and belief.

WITNESSES:



CAROLINE BROCK

Sworn to and Subscribed before me this 20th day of April, 2014.


(NOTARY PUBLIC)

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MAR 20 2014

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Deputy Clerk of Court



NINETEENTH JUDICIAL DISTRICT COURT
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EMPLOYERS MUTUAL INSURANCE HOLDING COMPANY (EMIHC)

AFFIDAVIT

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary, and in the presence of the undersigned competent witnesses, personally came and appeared:

CAROLINE BROCK

a competent major, who after being duly sworn, did depose and state:

I am the Deputy Commissioner of Insurance Financial Solvency for the Department of Insurance, State of Louisiana, duly appointed by the Commissioner of Insurance.


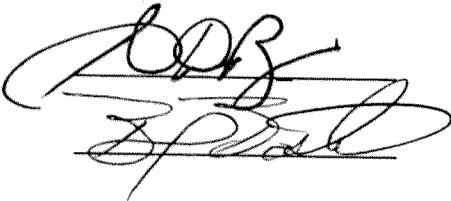
In connection with my duties, I have reviewed the financial statements filed by LEMIC INSURANCE COMPANY (LEMIC) and the records of LEMIC EMIHC

The information contained in this affidavit is based on my personal knowledge derived from my review of the financial statement and records of LEMICEMIHC and my conversations with my staff.

My review has revealed that LEMIC is insolvent and EHMIC has no source of revenue other than from LEMIC. EMIHC serves only as a holding company for LEMIC and prepares no financial statements. Both LEMIC and EMIHC are in such condition that its further transaction of business would be hazardous to its policyholders, creditors and public.

That the above is true and correct to the best of my knowledge.

WITNESSES:



CAROLINE BROCK

Sworn to and Subscribed before me this 20th day of March, 20014.



NOTARY PUBLIC

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EAST BATON ROUGE PARISH, LA
2014 MAR 20 AM 11:33
DEPUTY CLERK OF COURT

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

NUMBER:

DIVISION:

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

VERSUS

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

ORDER

Considering the foregoing verified Petition for Rehabilitation and for good cause shown:

IT IS HEREBY ORDERED that a Rule be issued herein directed to LEMIC and/or EMIHC ordering said defendants to show cause on the _____ day of April 2014 at __o'clock _____m., why this Court should not find and order that sufficient cause exists for placing LEMIC and/or EMIHC in rehabilitation; why this Court should not appoint the Commissioner of Insurance for the State of Louisiana as the Rehabilitator and Cara Bostick as the Receiver; why this Court should not direct the Commissioner of Insurance and his agents and/or employees to take possession and control of the property, title, interest, business and affairs of LEMIC and/or EMIHC and to rehabilitate same and why all other relief prayed for in the Petition for Rehabilitation should not be granted.

Read and signed at Baton Rouge, Louisiana on this 20 day of March 2014


JUDGE, 19TH JUDICIAL DISTRICT COURT

PLEASE SERVE:

SERVICE 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
Richard Leonard Briody
9543 Fenway Avenue
Baton Rouge, LA 70809

FILED
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MAR 20 2014


East Baton Rouge Parish
Deputy Clerk of Court



4. Daniel Lawrence Lastrapes
9543 Fenway Avenue
Baton Rouge, LA 70809
5. Frank Paul Dispensire Sr.
9543 Fenway Avenue
Baton Rouge, LA 70809
6. Perry Michael Parrino
9543 Fenway Avenue
Baton Rouge, LA 70809
7. John Terrance Cambias
9543 Fenway Avenue
Baton Rouge, LA 70809

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

NUMBER: 629,200

DIVISION: 22

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

COST OK \$ State

VERSUS

MAR 20 2014

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

DEPUTY CLERK OF COURT

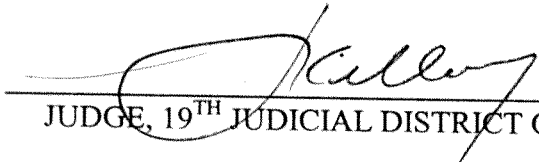
AMENDED ORDER

Considering the foregoing verified Petition for Rehabilitation and for good cause shown:

IT IS HEREBY ORDERED that a Rule be issued herein directed to LEMIC and/or EMIHC ordering said defendants to show cause on the 31st day of March 2014 at 9:30 o'clock a m., why this Court should not find and order that sufficient cause exists for placing LEMIC and/or EMIHC in rehabilitation; why this Court should not appoint the Commissioner of Insurance for the State of Louisiana as the Rehabilitator and Billy Bostick as the Receiver; why this Court should not direct the Commissioner of Insurance and his agents and/or employees to take possession and control of the property, title, interest, business and affairs of LEMIC and/or EMIHC and to rehabilitate same and why all other relief prayed for in the Petition for Rehabilitation should not be granted.

IT IS FURTHER ORDERED that Rudolph "Rudy" Babin, a compliance investigator with the Louisiana Department of Insurance is appointed as private process server for the service of the pleadings herein.

Read and signed at Baton Rouge, Louisiana on this 20 day of March 2014



JUDGE, 19TH JUDICIAL DISTRICT COURT

PLEASE SERVE:

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