

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

FILED IN DISTRICT COURT
OKLAHOMA COUNTY

APR 15 2013

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TIM RHODES
COURT CLERK

STATE OF OKLAHOMA, ex rel.)
JOHN D. DOAK, Insurance Commissioner,)
)
Petitioner,)
)
vs.)
)
BANCINSURE, INC.,)
a licensed domestic insurer in the)
State of Oklahoma,)
)
Defendant.)

Case No. CJ-2013-2215

ORDER DIRECTING INSURER TO SHOW CAUSE
AND ALLOWING INJUNCTIVE RELIEF

Before the Court is the Oklahoma Insurance Commissioner's Application for Order Directing Insurer to Show Cause and for Injunctive Relief. This Application requests the Court (1) to enter an order directing BancInsure, Inc. ("BancInsure") to show cause why an Order of Receivership should not be entered directing the rehabilitation or liquidation of BancInsure and (2) a Temporary Injunction. The Court, having examined such Application and being well advised in the premises, finds as follows:

1. John D. Doak is duly, qualified and acting Insurance Commissioner of the State of Oklahoma and as such is charged with the duty of administering and regulating the state's insurance industry. The Insurance Commissioner has the authority to appear in the District Court to make application for an order directing the insurer to show cause why an Order of Rehabilitation or Liquidation should not be entered and a Receiver appointed. 36 O.S. § 1903.

2. The Court has jurisdiction over this matter pursuant to the provisions of 36 O.S. § 1902(A), which gives the District Court exclusive original jurisdiction of such proceedings against any insurer.

3. Venue is proper in the District Court within Oklahoma County pursuant to the provisions of 36 O.S. § 1902(F).

4. BancInsure is an Oklahoma domestic insurer licensed to transact insurance under the laws of the State of Oklahoma holding certificate of authority number 1132, NAIC Company Code 18538. BancInsure is authorized to transact accident and health, property, casualty, marine, vehicle, surety, and workers' compensation insurance in the State of Oklahoma.

5. The Commissioner has alleged that BancInsure is in a hazardous financial condition and that it has failed to abate the Notice of Hazardous Financial Condition and Order entered against it on January 11, 2013.

6. The Commissioner has alleged that FJIC LLC (hereinafter "FJ"), through a proper Form A proceeding, acquired BancInsure from its previous owner, BMSI Holdings Inc. In the Form A proceeding, FJ testified that it was aware of the January 11, 2013 Notice of Hazardous Financial Condition and Order and that it would increase BancInsure's capital to an amount that exceeded a 300% Risk Based Capital ratio no later than March 31, 2013.

7. The Commissioner has alleged that BancInsure has failed to increase its capital to an amount that exceeded a 300% Risk Based Capital ratio no later than March 31, 2013.

THEREFORE, BancInsure's continued operation is hazardous to its policyholders, creditors, and the public. Accordingly, the Court concludes that, under 36 O.S. §§ 1905 and 1906, the Insurance Commissioner may apply to the District Court for an Order appointing the Insurance Commissioner as Receiver of, and directing the Insurance Commissioner to

rehabilitate BancInsure upon the grounds specified above. Furthermore, the Court concludes that 36 O.S. §1904(A) allows the Commissioner to seek certain injunctive relief without notice.

IT IS THEREFORE ORDERED AND DECREED that BancInsure shall appear at a hearing before the Court on May 14, 2013 at 9:00 am o'clock to show cause why an Order of Receivership should not be entered and why John D. Doak should not be appointed as Receiver of and for BancInsure. Pending this hearing, Patrick K. Hughes is hereby appointed as Assistant to the Commissioner to begin marshalling BancInsure's assets and to ensure that this Order is complied with. It is further ordered that the law firm Armstrong, Borochoff, Mullican and Hart, P.C. be appointed as Counsel to assist the Commissioner and Mr. Hughes in matters related to maintenance of the status quo pending said hearing.

IT IS FURTHER ORDERED AND DECREED that BancInsure, its officers, directors, stockholders, members, subscribers, agents and all other persons are hereby enjoined and prohibited from wasting and disposing of BancInsure's assets until further order of the Court; that all persons and entities are enjoined and prohibited from interfering with the Insurance Commissioner or these proceedings; that all persons and entities are enjoined and prohibited from wasting the assets of BancInsure, commencing or prosecuting any actions against BancInsure, obtaining any preferences, judgments, attachments, or other liens against BancInsure, or making of any levy against BancInsure or its assets or any part thereof.

IT IS FURTHER ORDERED AND DECREED that BancInsure shall continue processing and servicing its outstanding policies of insurance and continue to pay all valid claims.

IT IS FURTHER ORDERED AND DECREED that BancInsure may not perform the following acts without the express written consent from the Insurance Commissioner or Mr.

Hughes, including:

- a. Disposing, conveying, or encumbering any of its assets or its business in force;
- b. Withdrawing any funds from any bank accounts;
- c. Lending any funds;
- d. Investing any funds;
- e. Transferring any property;
- f. Incurring any debt, obligation, or liability;
- g. Merging or consolidating with any company; or
- h. Entering into any new reinsurance contract or treaty.

IT IS FURTHER ORDERED AND DECREED that John D. Doak, Insurance Commissioner, take possession of BancInsure property and to conduct the business thereof, and to take such steps to remove the causes and conditions which have made rehabilitation or liquidation necessary as the Court may direct after hearing. Therefore, the Court directs that any person, business, corporation, or other legal entity of any kind that has property, assets, or anything of BancInsure in its possession return it to the Commissioner immediately.

THOMAS E. PRINCE

JUDGE OF THE DISTRICT COURT

I, TIM RHODES, Court Clerk for Oklahoma County, Okla., certify that the foregoing is a true, correct and complete copy of the instrument as appears of record in the District Court Clerk's Office of Oklahoma County, Okla., this 15 day of April, 2007.

By [Signature] TIM RHODES, Court Clerk
Deputy

APPROVED:

A handwritten signature in cursive script that reads "Susan D. Dobbins". The signature is written in black ink and is positioned above a horizontal line.

Susan D. Dobbins, OBA #17337

General Counsel

Kelley C. Callahan, OBA #1429

Senior Attorney

Oklahoma Insurance Department

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