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IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

FILED IN THE DISTRICT COURT  
OKLAHOMA COUNTY, OKLA.

MAY 23 1997

PATRICIA PRESLEY, COURT CLERK  
By   
Deputy

STATE OF OKLAHOMA, ex rel.  
JOHN P. CRAWFORD, Insurance  
Commissioner,

Petitioner,

vs.

CEMARA SECURITY, a licensed domestic  
insurer in the State of Oklahoma,

Respondent.

CS  
Case No. 97-2782-63

MAY 28 1997

**AGREED ORDER APPOINTING RECEIVER AND PERMANENT INJUNCTION**

NOW on this 23rd day of May, 1997, there came on for hearing the April 23, 1997, Order Directing Insurer to Show Cause filed by Petitioner, John P. Crawford, Insurance Commissioner, State of Oklahoma. Cemara Security, an Oklahoma domestic insurance company, appeared by and through its counsel of record, as did the Insurance Commissioner. The Court, having examined the Order Directing Insurer to Show Cause and being well advised in the premises, finds as follows:

1. John P. Crawford 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. That pursuant to Okla. Stat. tit. 36, §1903, the Insurance Commissioner may appear in the District Court to make application for an order directing the insurer to show cause why an Order of Liquidation or Rehabilitation should not be entered and a Receiver appointed.

2. The Court has jurisdiction over this matter pursuant to Okla. Stat. tit. 36, §1902(A).

3. Venue is properly had in the District Court within Oklahoma County pursuant to the provisions of Okla. Stat. tit. 36, §1902(B).

4. Cemara Security was an Oklahoma domestic insurer organized, incorporated and currently licensed to transact insurance under the laws of the State of Oklahoma, holding certificate of authority number 4510. Cemara Security is authorized to transact life, accident and health insurance, and has its home at 2424 E. 21st Street, Suite 410, Tulsa, Oklahoma 74114.

5. The sole shareholder of Cemara Security is Cemara Health, Inc.

6. The Insurance Commissioner has just completed an examination for the last six years which discloses that Cemara Security has done no insurance or other business during such time.

7. Cemara Security has ceased transacting business for a period of (1) year.

8. Cemara Security has no insurance outstanding and no policyholders in existence.

9. On or around May 9, 1997, Cemara Security surrendered to the Oklahoma Insurance Department Cemara Security's Certificate of Authority to transact insurance business.

Accordingly, the Court concludes that Cemara Security has ceased transacting business for a period of one (1) year and such constitutes grounds for an Order appointing the Insurance Commissioner as receiver of, and directing the Insurance Commissioner to liquidate Cemara Security; and further that there are no policyholders of Cemara Security in existence.

**IT IS THEREFORE ORDERED AND DECREED:** that John P. Crawford is hereby appointed Receiver of Cemara Security to serve without bond and is directed to liquidate the company pursuant to Title 19 of the Oklahoma Insurance Code; that the Insurance Commissioner is vested with all powers and authority, express or implied, under the provisions of Okla. Stat. tit. 36, §1901, et seq.; that the Insurance Commissioner shall forthwith take possession of the property of Cemara Security, liquidate its business, and deal with Cemara Security's property and business in the name of the Insurance Commissioner; that the Insurance Commissioner shall give notice to



all creditors who may have claims against the insurer to present such claims, with such notice being subject to the further orders of this Court; that the Insurance Commissioner shall pay all valid claims of Cemara Security's policyholders from the liquidation estate in due course; that the Insurance Commissioner is hereby vested by operation of law with the title to all of the property, contracts, and rights of action and all of the books and records of the insurer, wherever located, now or hereafter discovered, as of the date of this Order, including, without limitation, bank accounts, certificates of deposit, other cash equivalents, stocks, bonds, other securities, furniture, fixtures, office supplies, computers, data processing equipment or software, real estate, receivables, claims, and records; that the recording of a certified copy of this Order in the office of the Oklahoma County Court Clerk's office shall impart the same notice as would be imparted by a deed, bill of sale or other evidence of title duly recorded or filed; that the Insurance Commissioner shall be responsible for the proper administration of all assets coming into his possession or control, but no bond shall be required of him; that the Insurance Commissioner may, in his discretion, fire any officer or employee of Cemara Security; that the Insurance Commissioner may marshal the assets of Cemara Security; that the Insurance Commissioner may appoint one or more assistant commissioners or receivers to act for him and may employ such counsel, clerks, and assistants as he deems necessary; that the compensation of the assistant commissioners or receivers, counsel, clerks, assistants or deputies and all expenses of taking possession of the insurer and of conducting the proceedings shall be fixed by the Insurance Commissioner, subject to approval of this Court and shall be paid out of the funds or assets of Cemara Security; that, within the limits of duties imposed upon them, any assistant commissioner or receiver shall possess all the powers given to and, in the exercise of those powers, shall be subject to all of the duties imposed upon the Insurance Commissioner as Receiver with

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respect to these proceedings; that the Insurance Commissioner shall not be required to pay any fee to any public officer in this state for filing, recording, issuing a transcript or certificate or authenticating any paper or instrument pertaining to the powers and duties conferred to him hereunder; that the Insurance Commissioner, for the purpose of facilitating the liquidation of Cemara Security, may, subject to the approval of the Court, borrow money, execute and deliver notes or other evidence of indebtedness and secure the repayment thereof by mortgage, pledge, assignment, transfer in trust or hypothecation of any or all of the property, whether real, personal, or mixed, of such insurer; that the Insurance Commissioner shall, subject to Court approval, have the power to take any and all other action necessary and proper to consummate any such loan and to provide repayment thereof; that the Insurance Commissioner shall be under no obligation personally or in his official capacity to repay any loan so made; and that if any legal action is commenced against the Insurance Commissioner, assistant commissioners or receivers, retained counsel, or the Insurance Commissioner's employees or personnel, whether personally or in an official capacity, alleging property damage, property loss, personal injury, or other civil liability caused by or resulting from any alleged act, error, or omission of any such person, the Insurance Commissioner and his assistant commissioners or receivers, retained counsel, employees and personnel shall be immune from liability and indemnified as defined by Okla. Stat. tit. 36, §1937. Until further order of the Court no obligation, claim or debt of Cemara Security shall be paid except those which the Insurance Commissioner or the assistant commissioner or receiver deems to be necessary or appropriate to facilitate the taking of possession and furtherance of the liquidation proceedings. Except as provided above, no distribution of the Company's property will be made without approval of the Court.

**IT IS FURTHER ORDERED AND DECREED:** that Cemara Security, its officers,



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directors, stockholders, members, subscribers, agents and all other persons are hereby permanently enjoined and prohibited from transacting any further business of Cemara Security and wasting, transferring, selling, concealing, destroying, disbursing, disposing of, or assigning any assets, contracts, causes of action, funds, records, correspondence, memorandums, or any documents or other property of Cemara Security or any of its affiliates which may have any conceivable relevance to these liquidation proceedings; that Cemara Security, together with its directors, trustees, shareholders, officers, employees, agents and representatives are restrained and prohibited from paying any further claims, debts or obligations of Cemara Security and shall issue no further drafts or checks; that Cemara Security, together with its directors, trustees, shareholders, officers, employees, agents and representatives, are hereby directed to assign, transfer and deliver any property of the Company to the Insurance Commissioner; that all persons and entities are enjoined and prohibited from interfering with the Insurance Commissioner's possession, title and rights in and to the property of Cemara Security and with these proceedings until further order of the Court; that all persons and entities (including secured and unsecured creditors) are hereby enjoined and prohibited from wasting, transferring, selling, concealing, destroying, disbursing, disposing and assigning, in any manner, the assets and property of Cemara Security and commencing or prosecuting any actions against Cemara Security, obtaining any preferences, judgements, attachments, or other liens against Cemara Security, or making of any levy against Cemara Security or its assets or any part thereof. Except as otherwise provided in this Order, the rights and liabilities between the Company, its creditors, policyholders, shareholders and all other persons interested in these proceedings are fixed as of the date of this Order.

**IT IS FURTHER ORDERED AND DECREED** that any amounts recovered or recoverable

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by the Insurance Commissioner from any reinsurer of Cemara Security shall not be reduced as a result of this delinquency proceeding.

**IT IS FURTHER ORDERED AND DECREED** that Cemara Security's certificate of authority is hereby revoked.

Dated this 23<sup>d</sup> day of May, 1997.

*Greg C. Olin*  
JUDGE OF THE DISTRICT COURT

I, the undersigned, having full authority from Cemara Security to agree to the above, do hereby consent to the Agreed Order Appointing Receiver and Permanent Injunction and to the liquidation and dissolution of Cemara Security in accordance with the plan to be developed and submitted to the Court by the Insurance Commissioner.

Cemara Security

*Joseph W. Kenney*

Joseph W. Kenney  
President and CEO  
Cemara Security  
Cemara Health, Inc.

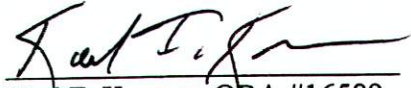
Subscribed and sworn to before me this 22<sup>nd</sup> day of May, 1997, by Joseph W. Kenney.

*Deannak. Watson*  
Notary Public

My Commission Expires: 10/26/2000  
(SEAL)

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Approved:



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