

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

FILED IN THE DISTRICT COURT  
OKLAHOMA COUNTY, OKLA.

STATE OF OKLAHOMA, ex rel. )  
CARROLL FISHER, INSURANCE )  
COMMISSIONER, )  
 )  
Petitioner, )  
 )  
v. )  
 )  
PROVIDER MEDICAL TRUST, )  
a domestic multiple employer welfare )  
arrangement (MEWA), )  
 )  
Respondent. )

MAR 14 2001

PATRICIA PRESLEY, COURT CLERK  
by \_\_\_\_\_  
Deputy

Case No. CJ-2001-1854  
(Judge Karl R. Gray)

**ORDER REGARDING RECEIVERSHIP**

On this 14th day of March, 2001, there came on for consideration the Application for Order Directing Insurer to Show Cause and For Injunctive Relief of Carroll Fisher, Insurance Commissioner, State of Oklahoma, (the "Commissioner") requesting an order regarding receivership with respect to the Respondent, Provider Medical Trust, (the "Company") a domestic multiple employer welfare arrangement ("MEWA"). The Court, having heard the Application and being well advised in the premises, finds as follows:

1. Carroll Fisher 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. Pursuant to Okla. Stat. tit. 36, §1903, the Commissioner may appear in District Court to make application for an Order of Rehabilitation or Liquidation and appointment of the Commissioner as Receiver.

2. This Court has jurisdiction over this matter pursuant to the provisions of Okla. Stat. tit. 36, §638 that requires compliance of MEWA's with Articles 15 through 19 of Title 36, and Okla. Stat. tit. 36, §1902(A), which gives the District Court exclusive original jurisdiction of such proceedings.

3. Venue is properly had in District Court within Oklahoma County pursuant to the provisions of Okla. Stat. tit. 36, §§638, 1902(F).

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4. The Company is an Oklahoma domestic MEWA organized, incorporated and licensed to transact insurance under the laws of the State of Oklahoma holding license number 6938. The Company is authorized to transact health insurance and has its home at Tulsa, Oklahoma.

5. On November 16, 2000, The Oklahoma Insurance Commissioner placed the Company under supervision with the consent of the MEWA through its originator, Johnson Benefit Administrator, LLC, pursuant to Okla. Stat. tit. 36, §638, 640 and 1801, et seq., based on the fact that the MEWA's condition is such as to render the continuance of its business hazardous to the public or to holders of its policies or certificates of insurance, that the MEWA has failed to comply with the law, and that an infusion of cash was not accomplished as agreed to by the MEWA to return the MEWA to a solvent financial position. Hallie Burnett was appointed supervisor in said Consent Order of Supervision.

6. Pursuant to the Order dated March 8, 2001, of this Court, the Commissioner has been acting as Receiver of the Company since March 8, 2001.

7. A show cause hearing was held before this Court on March 14, 2001, wherein facts were presented, testimony was heard, service was acknowledged by the Chief Executive Officer of Johnson Benefits Administrator, LLC, the originator of the MEWA and relief was granted as requested and as follows:

**IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:**

1. Effective as of March 14, 2001, the ("Receivership Date"), Carroll Fisher is appointed Receiver and is vested with all powers and authority, express and/or implied under the provisions of the Oklahoma Uniform Liquidation Act, Okla. Stat. tit. 36, §1901, et. seq. as amended. The Receiver is authorized and directed to take all action necessary and appropriate for the accomplishment of the rehabilitation of the Company. Furthermore, in accordance with the powers granted to the Receiver herein and confirmed by the Court, Mr. Robert Able is appointed Assistant Receiver.

2. The statutory deposits on file with the Oklahoma Insurance Department be released pursuant to Okla. Stat. tit. 36, §1707(3).

3. If any legal action is commenced against the Receiver, Assistant Receiver, Receiver's retained counsel and/or Receiver's employees, 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 the Receiver, Assistant Receiver, Receiver's retained counsel and/or Receiver's employees, arising out of or by reason of their duties or employment, the Receiver, the Assistant Receiver, the Receiver's retained counsel, and/or the Receiver's employee shall be indemnified from the assets of the Company to the extent provided for in Okla. Stat. tit. 36, §1937.

4. Effective as of the Receivership Date, the Receiver is vested with the title to all property of the Company, wherever located, now or hereafter discovered, including without limitation, bank accounts, certificates of deposit, other cash equivalents, stocks, bonds, other securities, furniture, fixtures, office supplies, other personal property of any nature, real estate, contracts, receivables, claims, rights of action, books, files, and records, and is hereby directed to take immediate and exclusive possession, and control of the same. The Receiver may deal with such property in the name of the Company or in the name of the Receiver.

5. The recording of a certified copy of this Order in the office of the County Clerk of Oklahoma County, Oklahoma, shall impart the same notice as would be imparted by a deed, bill of sale or other evidence of title duly recorded or filed. All agents, brokers and other persons or entities holding funds, assets or property of or on behalf of the Company shall immediately deliver such funds, assets or property to the Receiver along with an accounting of the same.

6. Effective as of the Receivership Date, until further Order of the Court, no obligation, claim or debt of the Company shall be paid except those which the Receiver deems to be necessary or appropriate to facilitate the taking of possession or commencement/furtherance of rehabilitation or liquidation. Except as provided above, no distribution of the Company's property will be made without approval of the Court.

7. Effective as of the Receivership Date, all persons and entities, including but not limited to all officers, managers, directors, trustees, shareholders, owners, employees, agents, brokers, accountants,

actuaries, appraisers, consultants, members, unit holders, any other representatives of the Company, and any other persons or entities who directly or indirectly, exercise or exercised any authority over control or are with possession or custody of any segment of the Company's affairs or property are hereby enjoined and restrained from interfering in any manner with the Receiver's possession, title and rights in and to the property of the Company and the rehabilitation or liquidation thereof, until further order of the Court. All such persons and entities are further enjoined and restrained from wasting, transferring, selling, concealing, destroying, disbursing, disposing and/or assigning, in any manner whatsoever, any property of the Company, until further order of the Court.

8. Effective as of the Receivership Date, all parties claiming a secured, collateral, priority or preferred interest and/or lien or right of set off in any property of the Company, including any governmental entity, are hereby stayed, enjoined and restrained from taking any action to foreclose, transfer sell dispose or otherwise exercise creditor's rights in or against any property of the Company without further order of the Court.

9. Subject to, and without waiver of, any rights and privileges which may exist, all officers, managers, directors, trustees, shareholders, owners, employees, agents, brokers, accountants, actuaries, appraisers, consultants, members, unit holders, any other representatives of the Company, and any other persons or entities who directly or indirectly, exercise or exercised any authority over control or are with possession or custody of any segment of the Company's affairs or property are directed to cooperate fully with the Receiver on the conduct of this delinquency proceeding.

10. Upon request of the Receiver, all attorneys, accountants, actuaries and others employed by the Company as of March 8, 2001, and the Receivership Date shall report the particulars of any file or files which they were handling on behalf of the Company prior to the Receivership Date, including an accounting of all funds received and/or disbursed, except for files constituting work product related to this proceeding and the appeal therefrom, if any. Furthermore, upon request of the Receiver, and subject to the foregoing sentence, all files, materials, documents or records of any kind shall be delivered, in full, to the Receiver as soon as practicable.

11. a. Any agent, broker, premium finance company, third party administrator and/or any other person responsible for the payment of a premium to, or who collected premiums on behalf of the Company, in any capacity whatsoever, shall be obligated to pay any unpaid premiums, whether earned or unearned, as of March 8, 2001, to the Receiver. No agent, broker, premium finance company, third party administrator, and/or any other person shall use premium monies owed to, or collected on behalf of the Company to refund any unearned premium for any purpose other than to pay the premium owed to, or collected on behalf of the Company to the Receiver. No credit or set off shall be allowed in favor of such person against his account with the Company for the unearned portion of the premium on any canceled coverage under MEWA, unless,

- (1) that contract or policy was canceled prior to the entry of the Receivership Date on March 14, 2001, and
- (2) the unearned premium on the canceled contract or policy was in fact refunded or credited to the insured or his or her assigns prior to the entry of the Receivership Date.

Receiver shall also have the right to recover from such person any part of the unearned premium that represents a commission to such persons.

b. All group and individual plan participants of the Company shall be obligated to pay any unpaid earned premium due to the Company at any time, as shown on the records of the Company.

12. Upon written request of the Receiver, the Company, all officers, managers, directors, trustees, shareholders, owners, employees, agents, brokers, accountants, actuaries, appraisers, consultants, members, unit holders, any other representatives of the Company, and any other persons or entities who directly or indirectly, exercise or exercised any authority over control or are with possession or custody of any segment of the Company's affairs or property, including data processing information and records of any kind, are hereby directed to assign, transfer and deliver to Receiver all of such property in whatever name the same may be, and all persons and entities having any books, papers or records of the Company shall preserve the same and make the same available to Receiver for examination at all reasonable times.

13. If any provision of this Order or the application thereof is for any reason held to be invalid, the remainder of this Order and the application thereof shall not be affected.

14. This Court shall retain jurisdiction for all purposes necessary to effectuate and enforce this Order.

15. Effective as of the Receivership Date, all parties who have dealt with or deal with the Company or its plan participants including but not limited to claimants, agents, brokers, contracting parties including but not limited to: reinsurers, plaintiffs, petitioners, third party administrators, physicians, hospitals, other medical or health care providers and governmental agencies are hereby enjoined and restrained, until further order of the Court, from:

- a. bringing, maintaining or further prosecuting any judicial or administrative action against the Company or the Receiver;
- b. attaching, levying or executing against the property of the Company; and/or
- c. interfering in any manner with the Receiver's possession and control of the Company's property or the discharge of his duties hereunder.

The foregoing does not affect any right(s) the Company may have to pursue an appeal of the Order Regarding Receivership or other matters before the Honorable Judge Karl R. Gray.

16. Effective as of the Receivership Date, all person and entities, except the Receiver and his counsel, assistants, deputies, employees and clerks are hereby restrained and enjoined from commencing, maintaining or further prosecuting any direct or indirect action against a reinsurer of the Company for proceeds of reinsurance policies issued to the Company.

17. Except as otherwise provided in this Order, the rights and liabilities between the Company, its creditors, plan participants, shareholders, members, unit holders and all other persons interested in the rehabilitation estate are fixed as of the entry of the Order Directing Insurer to Show Cause Allowing Injunctive Relief and Order for Hearing which granted temporary injunctive relief as well as other temporary powers and which was entered on March 8, 2001, and the Order Regarding Receivership granted on March 14, 2001.

18. Effective as of the Receivership Date, the Receiver shall have the power:

- a. to rehabilitate the Company under the general supervision of the Court;

- b. to pay as expenses of administration all expenses heretofore incurred by the Receiver or his designees and appointees, in furtherance of the supervision and rehabilitation, provided however, the Receiver shall continue to comply with Okla. Stat. tit. 36, §351 with notice to the Respondent;
- c. to pay from the funds or assets of the Company all expenses of possessing, conserving, rehabilitating, disposing of otherwise dealing with the business and property of the Company.
- d. to process claims against the Company in accordance with applicable receivership statutes;
- e. to take any action the Receiver deems economically feasible to collect or liquidate debts, claims and monies to or of the Company;
- f. to enter into such contract or agreements as are necessary to carry out this Order;
- g. to institute, prosecute or defend, either in the name of or on behalf of the plan participants, the Company or the Receiver, suits and other legal proceedings in this State or elsewhere in which the Company or Receiver is a party and to settle, dismiss or abandon such suits or legal proceedings at the time and on such terms and conditions as Receiver deems appropriate;
- h. to exercise and enforce all rights and prosecute all actions which the Company may have; and/or
- i. to remove all records and other property of the Company to the offices of the Receiver or such other place as may be convenient for the efficient administration of this proceeding provided, however, such records shall not be destroyed without further order of this Court.

19. Effective as of the Receivership Date, all judicial or administrative proceedings, excluding the instant case and those initiated by the Oklahoma Insurance Department under its statutory authority, in which the Company is a party or is obligated to defend a party in any court are hereby stayed as against the Company until further order of the Court.

20. The amounts recoverable by the Receiver from any reinsurer of the Company shall not be reduced by reason of this proceeding, any partial payment or distribution under a reinsured policy, contract or claim.

21. Any person, corporation or other entity having notice of this Order who fails to abide by its terms shall be directed to appear before this Court to show good cause, if any they may have, as to why they should not be held in contempt of Court for violation of the provisions of this Order.

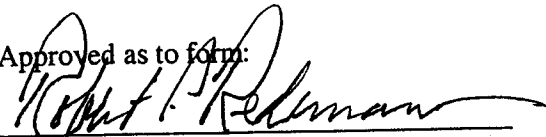
22. The Receiver may, at any time, make further applications for such additional and different relief, as the Receiver deems appropriate.

Entered this 14 day of MAR, 2001.

**KARL GRAY**

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Judge of the District Court

Approved as to form:



**Attorneys for Carroll Fisher, Insurance  
Commissioner as Receiver for Respondent  
Provider Medical Trust**

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**CERTIFICATE OF MAILING**

I, Robert P. Redemann, certify on this 14<sup>th</sup> day of March, 2001, that a true and correct copy of the foregoing Order Regarding Rehabilitation was mailed certified mail, return receipt requested via the US Postal Service to:

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