

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

JAN - 6 2014

TIM RHODES
COURT CLERK

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STATE OF OKLAHOMA, ex rel.)
 JOHN D. DOAK, Insurance Commissioner,)
)
 Petitioner,)
)
 vs.)
)
 UNION MUTUAL INSURANCE COMPANY,)
 a licensed domestic mutual insurer in the)
 State of Oklahoma,)
)
 Defendant.)

Case No. CJ-2014-59

**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 Union Mutual Insurance Company ("Union Mutual") to show cause why an Order of Receivership should not be entered directing the rehabilitation or liquidation of Union Mutual 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. Union Mutual is an Oklahoma domestic mutual insurer licensed to transact insurance under the laws of the State of Oklahoma holding certificate of authority number 8192, NAIC Company Code 28681. Union Mutual is authorized to transact property and casualty, marine, and vehicle insurance in the State of Oklahoma.

5. The Commissioner has alleged that Union Mutual is in a hazardous financial condition and that it has failed to abate the conditions set out in the Agreed Order of Supervision Instanter dated August 30, 2013 or the Agreed Order of Conservation dated October 3, 2013.

6. The Commissioner has alleged that the most recently filed financial statement of the Company, dated September 30, 2013 indicates surplus as regards policyholders of a negative \$1,534,486.00 which is less than the surplus in regards to policyholders of \$150,000.00, required by 36 O.S. § 610(B) and brings the Company's financial position within the definition of "impairment" or "insolvency" in O.S. 36 §1901.

THEREFORE, Union Mutual'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 Union Mutual 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 Union Mutual shall appear at a hearing before the Court on Jan 24, 2014, at 1:30 p m 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 Union Mutual. Pending this hearing, Terry K. Smith is hereby appointed as Assistant to the Commissioner to begin marshalling Union Mutual's assets and to ensure that this Order is complied with. It is further ordered that the law firm Gibbs, Armstrong, Borochoff, Mullican and Hart, P.C. be appointed as Counsel to assist the Commissioner and Mr. Smith in matters related to maintenance of the status quo pending said hearing.

IT IS FURTHER ORDERED AND DECREED that Union Mutual, its officers, directors, members, subscribers, agents and all other persons are hereby enjoined and prohibited from wasting and disposing of Union Mutual'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 Union Mutual, commencing or prosecuting any actions against Union Mutual, obtaining any preferences, judgments, attachments, or other liens against Union Mutual, or making of any levy against Union Mutual or its assets or any part thereof.

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

IT IS FURTHER ORDERED AND DECREED that Union Mutual may not perform the following acts without the express written consent from the Insurance Commissioner or Mr. Smith, 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 Union Mutual's 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 Union Mutual in its possession return it to the Commissioner immediately.

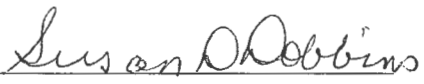
BRYAN C. DIXON

JUDGE OF THE DISTRICT COURT

January 6, 2014

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 6th day of Jan, 2014
TIM RHODES, Court Clerk
By *M. Hiden* Deputy

APPROVED:



Susan D. Dobbins, OBA #17337
General Counsel
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