

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

NUMBER: 499-737

DIVISION: D

J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AMCARE HEALTH PLANS OF LOUISIANA, INC.

ORDER OF REHABILITATION AND PERMANENT INJUNCTIVE RELIEF

This matter came for hearing on September 27, 2002, and the Court considering the verified petition, and the law and the evidence entitling the plaintiff to the relief sought herein, and the Court being satisfied from the allegations therein and finding that the defendant named herein is an insurer as defined in and under Louisiana law and that the interests of creditors, policyholders, members, subscribers, enrollees, and the public will probably be endangered by delay, and the Court finding that the law and the evidence is in favor of granting the relief prayed for herein,

IT IS ORDERED, ADJUDGED AND DECREED that sufficient cause exists for the rehabilitation of AmCare Health Plans of Louisiana, Inc. ("AmCare").

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare be and hereby is placed into rehabilitation under the direction and control of the Commissioner of Insurance for the State of Louisiana (the "Commissioner"), subject to the further written orders of this Court and that the Commissioner be and hereby is appointed Rehabilitator and that Marlon Harrison be and hereby is appointed Receiver of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, records and other assets of AmCare as of the date of the order of rehabilitation entered herein.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner, his agents and/or employees, be and hereby are directed to take possession and control of the property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-

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DEPUTY CLERK OF COURT
35th JUDICIAL DISTRICT
EAST BATON ROUGE, LOUISIANA
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J. ROBERT WOOLEY, AS
ACTING COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

mail, websites, books, records, accounts, copyrights, trademarks, patents, and all other assets of AmCare, including all real property, whether in the possession of AmCare or its officers, directors, employees, consultants, attorneys, subsidiaries, affiliates, or agents, and of the premises occupied by AmCare for its business, conduct all of the business and affairs of Amcare, or so much thereof as he may deem appropriate, manage the affairs of AmCare, and to rehabilitate same, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare, its policyholders, subscribers, members, enrollees, shareholders, officers, directors, agents, attorneys, accountants, actuaries, servants, employees, banks, savings and loan associations, and/or other entity or person acting for or on behalf of AmCare be and hereby are enjoined from disposing of the property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents, and all other assets of AmCare, including all real property, and from the transaction of the business of AmCare, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare, its policyholders, subscribers, members, enrollees, shareholders, officers, directors, agents, accountants, attorneys, actuaries, servants, employees, banks, savings and loan associations, and any other partnership, company or entity controlled by same and/or other persons acting for or on behalf of AmCare, be and hereby are enjoined from disposing of the property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, books, records, accounts, and other assets of AmCare, including all real property of AmCare and from the transaction of its business except with the concurrence of the Commissioner, until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that AmCare and its policyholders, members, subscribers, enrollee, 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, be and are hereby ordered to immediately surrender and turn over to the Commissioner 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 AmCare, including all real property, and the premises occupied by AmCare and are hereby enjoined from the transaction of the business of AmCare, except with the concurrence of the Commissioner and/or until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that pursuant to La. R.S. 22:734, an injunction issue forthwith staying any person from obtaining preferences, judgments, attachments or other like liens or the making of any levy against AmCare, its property and assets while in the Commissioner's possession and control.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is immediately vested with and/or maintain the authority to enforce, for the benefit of the members, enrollees, subscribers, and policyholders of AmCare, contract performance by any provider or other third party who contracted with AmCare in accordance with LSA R.S. 22:738 (B), and for such other relief as the nature of the case and the interest of the insurer's policyholders, subscribers, members, enrollees, stockholders, creditors or the public may require.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is entitled to the right to enforce, for the benefit of the policyholders, subscribers, members, enrollees of AmCare, contract performance by any party who had contracted with AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is entitled to permit such further operation of AmCare as he may deem necessary to be in the best interests of the policyholders, subscribers, members, and enrollees, and creditors of AmCare and the orderly rehabilitation of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all authority of all officers, directors, and managers of AmCare be and hereby is suspended and all authority of said officers, directors and managers be and hereby is vested in the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Rehabilitator and Receiver of AmCare and be and hereby is allowed and authorized to:

With Court APPROVAL

- a) 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, out of the funds or assets of AmCare in the possession of the Receiver or coming into AmCare's possession;
- b) Defend or not defend legal actions wherein AmCare or the 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 AmCare is a nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely affect the assets of AmCare, the 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 AmCare;
- e) Take possession of all of AmCare's securities and certificates of deposit on deposit with any financial institution 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.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any officer, director, manager, trustee, agent or adjustor of AmCare and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of AmCare's affairs be and hereby is required to fully cooperate with the Receiver and the Commissioner, notwithstanding their dismissal pursuant to the order entered herein.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all attorneys employed by AmCare as of the date of the order entered herein shall, within ten ⁵~~(10)~~ days notice of the order entered herein, report to the Receiver or Commissioner on the name, company, claim number and status of each file they are handling on behalf of AmCare. Said report shall also include an account of any funds received from or on behalf of AmCare. All attorneys described herein are hereby discharged as of the date of the order entered herein unless the Receiver or Commissioner retains their services in writing. All attorneys employed by AmCare 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 AmCare shall deliver such litigation files, material, documents or records intact and without purging to the Receiver notwithstanding any claim of a retaining lien, which, if otherwise valid, shall not be extinguished by such turn-over of documents.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that reinsurance amounts due to or payable by AmCare shall be remitted to, or disbursed by the Receiver at the Receiver's discretion and with the consent of the court where required by law. The Receiver shall handle reinsurance losses recoverable or payable by AmCare. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary unless otherwise authorized by the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that upon requests by the Receiver, any company providing telephone services to AmCare shall provide a reference of calls from the number presently assigned to AmCare to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any bank, savings and loan association, financial institution, and any other person or entity which has on deposit, in its possession, custody or control any funds, accounts and any other assets of AmCare, are ordered to immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver, and instructed that the Receiver has absolute control over such funds, accounts and other assets. The 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, person or entity 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 Receiver's control without the permission of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to AmCare shall maintain such service and transfer any such accounts to the Receiver as of the date of the order entered herein, unless instructed to the contrary by the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any data processing service which has custody or control of any data processing information and electronic records, including, but not limited to, e-mails, websites, voice mails, source documents, data

processing cards, input tapes, all types of storage information, including, but not limited to, diskettes, CDs, DVDs, zip drives, external storage devices, PDAs, master tapes or any other recorded information relating to AmCare transfer custody and control of such records to the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the United States Postal Service be directed to provide any information requested by the Receiver regarding AmCare and to handle future deliveries of AmCare's mail as directed by the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Receiver be and hereby is authorized to conduct an investigation of AmCare and its subsidiaries and affiliates to uncover and make fully available to the Court the true state of AmCare's financial affairs. In furtherance of this investigation, AmCare and its parent corporations, its subsidiaries, its affiliates, owners, officers, directors, managers, attorneys, trustees, agents, adjusters, employees, or independent contractors of AmCare and its third party administrators, shall make all books, documents, accounts, records and affairs, which either belong to or pertain to AmCare available for full, free and unhindered inspection and examination by the Receiver during normal business hours, Monday through Friday, from the date of the order entered herein. AmCare and the above-specified entities shall fully cooperate with the Commissioner and the Receiver, including, but not limited to, the taking of oral testimony under oath of AmCare and its owners, officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of AmCare, 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 AmCare in both their official, representative, and individual capacities and the production of all documents that are calculated to disclose the true state of AmCare's affairs.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare shall not engage in any advertising or solicitation whatsoever, except with the concurrence of the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that AmCare, its members, subscribers, enrollees, and policyholders, 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 AmCare, 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 AmCare, be and hereby are enjoined as follows:

- a) from disposing of or encumbering any of the property or assets of AmCare;
- b) from disposing of any records or other documents belonging ^{to} of AmCare or relating to the business and affairs of the of AmCare;
- c) from the transaction of any business by, for, or on behalf of AmCare, 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; and
 - v) the interfering with the acquisition of possession by the exercise of dominion and control over the property of AmCare by the Commissioner, or the Commissioner's conduct of the business and affairs of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any and all individuals and entities be and hereby are enjoined from instituting and/or taking further action in any suits, proceedings, and seizures against AmCare, the Commissioner in his capacity as rehabilitator of AmCare, the Receiver, 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 AmCare, its estate and assets, and/or its members, subscribers, enrollees, and policyholders, the Commissioner in his capacity as rehabilitator and/or liquidator, the Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, or attorneys of same, and the making of any levy against AmCare, its property or assets.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that, except with the concurrence of the Commissioner or until further written order of this Court, all suits,

proceedings, and seizures against AmCare and/or its respective members/enrollees/subscribers be stayed in order to prevent the obtaining of any preference, judgment, seizure, levy, or lien, and to preserve the property and assets of AmCare, including, but not limited to, suits and proceedings and all litigation where:

- a) AmCare is a party;
- b) A member, subscriber, enrollee, policyholder or any other person who is named as a party to the litigation claims insurance coverage under any policy of insurance, subscriber agreement or certificate of coverage issued or assumed by AmCare;
- c) The litigation involves or may involve the adjudication of liability or determines any possible rights or obligations of any member, subscriber, enrollee, policyholder or person as to any insurance policy, subscriber agreement, or certificate of coverage issued or assumed by AmCare, or determines any possible future liability of AmCare with regard to any insurance policy, subscriber agreement or certificate of coverage issued or assumed by AmCare;
- d) AmCare would otherwise be obligated to provide a defense to any party in any court pursuant to any policy of insurance, subscriber agreement, or certificate of coverage issued or assumed by AmCare;
- e) The ownership, operations, management and/or control of AmCare is at issue; and
- f) Any party is seeking to create, perfect or enforce any preference, judgment, attachment, lien or levy against AmCare or its assets or against any member, subscriber, enrollee and/or policyholder of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any action in any suit or proceeding against the Commissioner in his capacity as Rehabilitator of AmCare and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner in his capacity as rehabilitator of AmCare, and their representatives, agents, employees, or attorneys, when acting in accordance with this Order and/or as Rehabilitator, Receiver, or Deputy Receiver of AmCare are barred.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that there shall be no liability on the part of, and that no cause of action of any nature shall exist against the Commissioner in his capacity as rehabilitator, receiver, liquidator and/or regulator of AmCare and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner as rehabilitator, receiver, liquidator and/or regulator of AmCare, and/or the Receiver, their representatives, agents, employees, or attorneys, for any action taken by them when acting in accordance with the orders of this Court and/or in the performance of their

power and duties as rehabilitator, liquidator, receiver, and/or regulator of AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all participating and non-participating providers of AmCare be and hereby are enjoined from seeking to collect and/or collecting any amounts claimed as payment for services rendered to AmCare, its enrollees, members, subscribers, and policyholders from any said enrollee, member, policyholder and/or subscriber of AmCare, except for co-payments, deductibles, and co-insurance as defined by AmCare.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the provisions of LSA-R.S. 22:250.32 C) and 22:250.33 C) and the provisions of any contractual agreement with respect to the late payment penalties, interest, attorneys fees, adjustments, or other such charges be suspended.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that any and all individuals and entities be and hereby are enjoined from interfering with these proceedings, or with the Commissioner's possession and control or title, rights or interest; from interfering with the conduct of the business of AmCare by the Commissioner; from wasting the assets of AmCare, and from obtaining preferences, judgments, attachments or other like liens or the making of any levy against AmCare or its property and assets while in the possession and control of the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all premiums and all other debts and payables due to AmCare shall be paid to the Commissioner.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is permitted to notify every holder of a certificate of coverage, subscriber agreement, or contract of insurance issued by AmCare and every known provider and other creditor of AmCare of the order of rehabilitation and injunction entered herein within forty-five (45) days of the date of this order, notwithstanding the provisions of LSA-R.S. 22:737.1.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Commissioner be and hereby is granted all legal and equitable relief as may be necessary to fulfill his duties as liquidator and for such other relief as the nature of the case and the interests of AmCare's members, enrollees, subscribers, policyholders, providers and other creditors, or the public,

may require, including but not limited to the Receiver's appointment and authorization to prosecute all action which may exist on behalf of policyholders, members, stockholders or creditors of the insurer against any existing or former officer, director or employee of AmCare or any other person.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that an order issue forthwith that all contracts between AmCare and any and all persons or entities providing services to AmCare and its policyholders, members, subscribers and enrollees remain in full force and effect, until further order of this Court.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all certificates of coverage, subscriber agreements, member agreements and/or policies of AmCare be and hereby are canceled as of midnight on September 30, 2002.

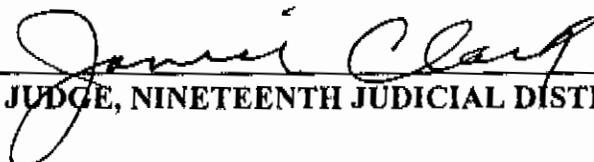
IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Receiver be and hereby is permitted to make all reasonable efforts to transfer the AmCare business to a viable carrier, if possible and at the discretion of the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that the Plan of Rehabilitation submitted by the Receiver on behalf of the Commissioner be and hereby is approved to be implemented by the Receiver at the discretion of the Receiver.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that notice of the cancellation of the certificates of coverage, subscriber agreements, member agreements and/or policies of AmCare be undertaken by the Receiver in his discretion as soon as possible after the date of this Order.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED that all relief prayed for and granted in the Petition for Rehabilitation, Injunctive Relief and Rule To Show Cause filed herein and previously granted by the Court on September 23, 2002 shall be permanently continued in full force and effect.

Baton Rouge, Louisiana, this 27 day of Sept, 2002.


JUDGE, NINETEENTH JUDICIAL DISTRICT COURT

19TH JUDICIAL DISTRICT
EAST ORLEANS PARISH
3150
02 SEP 27 AM 11:10
DEPUTY CLERK OF COURT