



GRANTED

**EFiled: Aug 9 2010 11:07AM EDT
Transaction ID 32553616
Case No. 5691-CC**



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

STATE OF DELAWARE ex rel.)
THE HONORABLE KAREN WELDIN STEWART,)
Insurance Commissioner of the)
State of Delaware,)
)
Petitioner,)
)
v.) C.A.No.5691-CC
)
CARRIER SOLUTIONS RISK RETENTION)
GROUP, INC., a Delaware Domestic)
Insurance Risk Retention Group,)
)
Respondent.)

LIQUIDATION AND INJUNCTION ORDER WITH BAR DATE

WHEREAS, the Honorable Karen Weldin Stewart, in her capacity as the Insurance Commissioner of the State of Delaware (the "Commissioner"), has filed a petition seeking the entry of a Liquidation and Injunction Order concerning Carrier Solutions Risk Retention Group, Inc., a Delaware domiciled insurance risk retention group ("CARRIER SOLUTIONS RRG") pursuant to 18 Del. C. §5901, et seq., ch. 69 and ch. 80;

WHEREAS, the Receiver has provided the Court with evidence sufficient to support the conclusion that CARRIER SOLUTIONS RRG is impaired, insolvent, in unsound condition, and in such condition as to render its further transaction of insurance presently or prospectively hazardous to its

policyholders; has failed to correct an impairment of capital or surplus or both; and has consented to the entry of a Liquidation and Injunction Order with Bar Date through a majority of the directors of the corporation present at a duly scheduled special meeting;

WHEREAS, this Court finds that sufficient cause exists for the liquidation of the respondent, CARRIER SOLUTIONS RRG, pursuant to 18 Del. C. §§5906 and 5905, as well as 18 Del. C. ch. 59, 69 and 80, and for the entry of a Liquidation and Injunction Order with Bar Date concerning CARRIER SOLUTIONS RRG; and

WHEREAS, a formal hearing on the Commissioner's Petition is not necessary due to CARRIER SOLUTIONS RRG's consent to the relief requested by the Commissioner and CARRIER SOLUTIONS RRG's waiver of formal service of process and a formal hearing on the Petition;

NOW, THEREFORE, IT IS HEREBY ORDERED BY THE COURT as follows:

1. CARRIER SOLUTIONS RRG is hereby declared impaired, insolvent, in unsound condition, and in such condition as to render its further transaction of insurance presently or prospectively hazardous to its policyholders.

2. Pursuant to 18 Del. C. §5911(a), the Commissioner and her successors in office are hereby appointed as the receiver (hereinafter the "Receiver") of CARRIER SOLUTIONS RRG.

3. Pursuant to 18 Del. C. §5911(a), the Receiver shall forthwith conduct the business of CARRIER SOLUTIONS RRG pursuant to the terms of this Order and immediately take exclusive possession and control of and be vested with all right, title and interest in, of or to the property of CARRIER SOLUTIONS RRG including, without limitation, all of CARRIER SOLUTIONS RRG's assets, contracts, rights of action, books, records, bank accounts, certificates of deposits, collateral securing obligations to, or for the benefit of, CARRIER SOLUTIONS RRG or any trustee, bailee or any agent acting for or on behalf of CARRIER SOLUTIONS RRG (collectively, the "Trustees"), securities or other funds, and all real or personal property of any nature of CARRIER SOLUTIONS RRG including, without limitation, furniture, equipment, fixtures and office supplies, wherever located, and including such property of CARRIER SOLUTIONS RRG or collateral securing obligations to, or for the benefit of, CARRIER SOLUTIONS RRG or any Trustee thereof that may be discovered hereafter, and all proceeds of or accessions to any of the foregoing, wherever located, in the possession,

custody or control of CARRIER SOLUTIONS RRG or any Trustee therefore (collectively, the "Assets").

4. The Receiver may change to her own name as Receiver, the name of any of CARRIER SOLUTIONS RRG's accounts, funds or other property or assets held with any bank, savings and loan association or other financial institution, and may withdraw such funds, accounts and other property or assets from such institutions or take any lesser action necessary for the proper conduct of this liquidation.

5. The Receiver is hereby directed to continue in her examination of the Assets, business and affairs of CARRIER SOLUTIONS RRG and to take such steps to liquidate the company pursuant to the provisions of Chapters 59, 69 and 80 of Title 18 of the Delaware Code as she deems necessary. The Receiver is further authorized to take such actions as the nature of this cause and interests of the policyholders, creditors and stockholders of CARRIER SOLUTIONS RRG and the public may require, subject to Court approval as required by 18 *Del. C.* ch. 59.

6. The Receiver's right, title and interest in and to the Assets shall continue until further order of the Court and she is hereby authorized to deal with the Assets, business and affairs of CARRIER SOLUTIONS RRG including, without limitation, the right to sue, defend, and continue to prosecute suits or actions already commenced by or for

CARRIER SOLUTIONS RRG, or for the benefit of CARRIER SOLUTIONS RRG's members, policyholders, cedants, creditors and stockholders in the courts and tribunals, agencies or arbitration panels for this State and other states and jurisdictions in her name as the Insurance Commissioner of the State of Delaware, or in the name of CARRIER SOLUTIONS RRG.

7. The Receiver is hereby vested with the right, title and interest in and to all funds recoverable under treaties and agreements of reinsurance heretofore entered into by CARRIER SOLUTIONS RRG as the ceding insurer or as the assuming insurer, and all reinsurance companies involved with CARRIER SOLUTIONS RRG are enjoined and restrained from making any settlements with any claimant or policyholder of CARRIER SOLUTIONS RRG other than with the express written consent of the Commissioner as Receiver, except as permitted by cut-through agreements or endorsements which were issued to the policyholder, which were properly executed before the date of this Petition, which comply in all respects with 19 *Del. C.* §914, as amended by 72 *Del. Laws* c. 405, and which were approved by the Delaware Insurance Department if such approval was required. The amounts recoverable by the Receiver from any reinsurer of CARRIER SOLUTIONS RRG shall not be reduced or diminished as a result of this receivership proceeding or by reason of any partial payment or

distribution on a reinsured policy, contract or claim, and each such reinsurer of CARRIER SOLUTIONS RRG is hereby enjoined and restrained from terminating, canceling, failing to extend or renew, or reducing or changing coverage under any reinsurance policy, reinsurance contract or letter of credit. The Receiver may terminate or rescind any reinsurance policy or contract that is contrary to the best interests of the receivership.

8. CARRIER SOLUTIONS RRG, its officers, directors, agents, servants and employees and all other persons or entities, including but not limited to banks, brokerage houses, reinsurers and cedants, having in their possession Assets or possible Assets and/or having notice of these proceedings or of this Order are hereby enjoined and restrained from transacting any business of, or on behalf of, CARRIER SOLUTIONS RRG or selling, transferring, destroying, wasting, encumbering or disposing of any of the Assets, without the prior written permission of the Commissioner or until further Order of this Court. This prohibition includes, without limitation, Assets or possible Assets pertaining to any business transaction between CARRIER SOLUTIONS RRG and any of said parties. No actions concerning, involving, or relating to such Assets or possible Assets may be taken by any of the aforesaid persons or entities enumerated herein, without the express written

consent of the Receiver, or until further Order of this Court.

9. Except as otherwise indicated elsewhere in this Order or except as excluded by express written notice provided by the Receiver, all agents, brokers and all other persons or entities holding Assets of, or on behalf of, CARRIER SOLUTIONS RRG shall forthwith file an accounting of those Assets with the Receiver, regardless of whether such persons or entities dispute the Receiver's entitlement to such Assets, and shall within ten (10) days of the entry of this Order, turn those Assets over to the Receiver.

10. All officers, directors, agents, servants and employees of CARRIER SOLUTIONS RRG, and all other persons and entities having notice of these proceedings or of this Order, are hereby prohibited from instituting or further prosecuting any action at law or in equity or in other proceedings against CARRIER SOLUTIONS RRG, the Commissioner as Receiver, the Deputy Receiver(s) or the Designees in connection with their duties as such, or from obtaining preferences, judgments, attachments or other like liens or encumbrances, or foreclosing upon or making any levy against CARRIER SOLUTIONS RRG or the Assets, or exercising any right adverse to the right of CARRIER SOLUTIONS RRG to or in the Assets, or in any way interfering with the Receiver, the Deputy Receiver(s) or the Designees either in their possession and

control of the Assets or in the discharge of their duties hereunder.

11. All officers, directors, agents, servants and employees of CARRIER SOLUTIONS RRG, and all other persons or entities having notice of these proceedings or of this Order, are hereby enjoined and restrained from instituting or further prosecuting any action at law or in equity, or proceeding with any pretrial conference, trial, application for judgment or proceedings on judgment or settlements and such action at law, in equity, special or other proceedings in which CARRIER SOLUTIONS RRG is obligated to defend itself or any other party for a period of 180 days from the date hereof.

12. All persons and entities are hereby enjoined and restrained from asserting any claim against the Commissioner as Receiver of CARRIER SOLUTIONS RRG, the Deputy Receiver(s) or the Designees in connection with their duties as such, or against the Assets, except insofar as such claims are brought in the liquidation proceedings of CARRIER SOLUTIONS RRG.

13. ANY AND ALL CLAIMS NOT FILED WITH THE RECEIVER ON OR BEFORE CLOSE OF BUSINESS ON FRIDAY, FEBRUARY 11, 2011 (THE "BAR DATE") SHALL BE BARRED FROM CLASSES III THROUGH VI, AS THOSE CLASSES ARE DEFINED IN 18 DEL. C. §§5918(e)(3) THROUGH (e)(6) AND SHALL NOT RECEIVE ANY DISTRIBUTIONS FROM

THE GENERAL ASSETS OF THE ESTATE OF CARRIER SOLUTIONS RRG UNLESS AND UNTIL ASSETS BECOME AVAILABLE FOR A DISTRIBUTION TO CLASS VII CLAIMANTS AS DEFINED IN 18 DEL. C. §5918(e)(7). IN ORDER FOR CLAIMS FILED WITH THE RECEIVER BY THE FEBRUARY 11, 2011, BAR DATE TO QUALIFY FOR CLASSIFICATION IN PRIORITY CLASSES III THROUGH VI, AS DEFINED ABOVE, THE CLAIM MUST BE LIQUIDATED AND ABSOLUTE. IF A CONTINGENT CLAIM IS NOT LIQUIDATED AND ABSOLUTE BY THE BAR DATE, SUCH CLAIM MAY STILL QUALIFY AS A LATE-FILED CLAIM IN CLASS VII AS DEFINED IN 18 DEL. C. §5918(e)(7). THIS BAR DATE SHALL SUPERSEDE ANY APPLICABLE STATUTES OF LIMITATIONS OR OTHER STATUTORY OR CONTRACTUAL TIME LIMITS WHICH HAVE NOT YET EXPIRED WHETHER ARISING UNDER DELAWARE LAW, UNDER THE APPLICABLE LAWS OF ANY OTHER JURISDICTION, OR UNDER A CONTRACT WITH CARRIER SOLUTIONS RRG, EXCEPT THAT POLICYHOLDERS WHICH ARE REQUIRED TO PAY REINSURED CLAIMS ON OR BEFORE SEPTEMBER 15, 2010, SHALL STILL BE REQUIRED TO PAY SUCH CLAIMS NO LATER THAN SEPTEMBER 15, 2010, FOR SUCH CLAIMS TO QUALIFY AS CLASS III PRIORITY CLAIMS, AND SUCH CLAIMS MUST STILL BE REPORTED TO THE RECEIVER BY THE FEBRUARY 11, 2011, BAR DATE.

14. The filing or recording of this Order or a certified copy hereof with the Register in Chancery and with the recorder of deeds of the jurisdiction in which CARRIER SOLUTIONS RRG's corporate and administrative offices are located or, in the case of real estate or other recorded

property interests, with the recorder of deeds of the jurisdictions where the property is located, shall impart the same notice as would be imparted by a deed, bill of sale or other evidence of title duly filed or recorded with that recorder of deeds. Without limiting the foregoing, the filing of this Order with the Register in Chancery also constitutes notice to all sureties and fidelity bondholders of CARRIER SOLUTIONS RRG of all potential claims against CARRIER SOLUTIONS RRG under such policies and shall constitute the perfection of a lien in favor of CARRIER SOLUTIONS RRG under the Uniform Commercial Code or any like Federal or state law, regulation or order dealing with the priority of claims.

15. The Receiver is hereby authorized to transfer some or all of CARRIER SOLUTIONS RRG's Assets and liabilities to a separate affiliate or subsidiary for the overall benefit of CARRIER SOLUTIONS RRG's members, policyholders, creditors, and stockholders, subject to prior approval by this Court.

16. The Receiver may, in her discretion, reject any executory contract to which CARRIER SOLUTIONS RRG is a party.

17. The Receiver may, in her discretion, appoint one or more consultants or other persons to serve as Deputy Receiver to assist the Receiver in accomplishing the directives of this Order. The Deputy Receiver(s) shall serve at the pleasure of the Receiver and, subject to the approval of the

Receiver, shall be entitled to exercise all of the powers and authorities vested in the Receiver pursuant to this Order and applicable law.

18. The Receiver may employ or continue to employ and fix the compensation of such deputies, counsel, clerks, employees, accountants, actuaries, consultants, assistants and other personnel (collectively, the "Designees") as considered necessary, and all compensation and expenses of the Receiver, the Deputy Receiver(s) and the Designees and of taking possession of CARRIER SOLUTIONS RRG and conducting this proceeding shall be paid out of the funds and Assets of CARRIER SOLUTIONS RRG as administrative expenses under 18 *Del. C.* §5913(f). The Receiver or her duly appointed Deputy Receiver may also retain those of CARRIER SOLUTIONS RRG's current management personnel and other employees as Designees as she in her discretion determines would facilitate the liquidation of CARRIER SOLUTIONS RRG. All such Designees shall be deemed to have agreed to submit disputes concerning their rights, obligations and compensation in their capacity as Designees to this Court.

19. The Receiver, the Deputy Receiver(s) and the Designees (collectively, the "Indemnitees") shall have no personal liability for their acts or omissions in connection with their duties, provided that such acts or omissions are or were undertaken in good faith and without willful

misconduct, gross negligence or criminal intent. All expenses, costs and attorneys' fees incurred by the Indemnitees in connection with any lawsuit brought against them in their representative capacities shall be subject to the approval of the Receiver, except that in the event that the Receiver is the Indemnatee this Court's approval shall be required, and such expenses, costs and attorneys' fees shall be exclusively paid out of the funds and Assets of CARRIER SOLUTIONS RRG. The Indemnitees in their capacities as such shall not be deemed to be employees of the State of Delaware.

20. Within a reasonable time after receipt of a claim in the liquidation proceedings of CARRIER SOLUTIONS RRG, the Receiver shall give notice by mail to any and all persons interested in such claim of the Receiver's proposed report and recommendation to the Court regarding the allowance or denial (in whole or in part) of such claim.

21. Within sixty (60) days of the mailing of the proposed report and recommendation, the interested person being given notice of such proposed report and recommendation may file a written objection thereto with the Receiver.

22. Within a reasonable time after such sixty (60) days, the Receiver shall file with the Court such report and recommendation.

23. The Court may decline to hear the objections of a claimant to a proposed report and recommendation in the

absence of a timely written objection thereto by a person interested therein.

24. Hereafter the caption of this cause and all pleadings in this matter shall read as:

"IN THE MATTER OF THE LIQUIDATION OF
CARRIER SOLUTIONS RISK RETENTION GROUP, INC."

25. Within fifteen (15) business days of receipt of this Order, or as soon as possible after an interested party or potential creditor subsequently becomes known to the Receiver, the Receiver shall serve a copy of this Liquidation and Injunction Order with Bar Date on all interested parties, all known potential creditors, all current and former members and stockholders of CARRIER SOLUTIONS RRG, all Board members of the company, its captive manager, its brokers, its agents, its reinsurer(s), and any reinsurance intermediaries, all other known vendors, and all State Insurance Commissioners by United States first class mail, postage prepaid, provided that in the Receiver's discretion, such notice may be mailed instead by United States first class certified, mail return receipt requested, or by bulk certified mail with proof of mailing on United States Postal Form 3606, to such interested party or potential creditor's last known address

in the company's files.

26. This Court shall retain jurisdiction in this cause for the purpose of granting such other and further relief as this cause, the interests of the members, policyholders, creditors, stockholders of CARRIER SOLUTIONS RRG, and the public may require. The Receiver, or any interested party upon notice to the Receiver, may at any time make application for such other and further relief as either sees fit.

SO ORDERED this 9th day of August, 2010.

William B. Chandler

This document constitutes a ruling of the court and should be treated as such.

Court: DE Court of Chancery Civil Action

Judge: William B Chandler

File & Serve

Transaction ID: 32537616

Current Date: Aug 09, 2010

Case Number: 5691-CC

Case Name: State Of Delaware et al vs Carrier Solutions Risk Retention Group Inc

/s/ **Judge William B Chandler**