

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

IN THE MATTER OF)
THE REHABILITATION OF) C.A. No. 18668NC
STATEWIDE INSURANCE COMPANY)

**ORDER APPROVING PLAN OF REHABILITATION OF
STATEWIDE INSURANCE COMPANY**

The Receiver of Statewide Insurance Company in Rehabilitation ("Statewide") has moved the Court for an Order approving a Plan of Rehabilitation of Statewide.

In support thereof Statewide has supplied the Court with information supporting the conclusion that the proposed Plan of Rehabilitation of Statewide is in the best interests of Statewide, its policyholders, its general creditors and the public. Having considered the matter and concluding that the Plan of Rehabilitation of Statewide appears to be in the best interests of Statewide, its policyholder, its general creditors and the public,

NOW, THEREFORE, this _____ day of _____, 2006, IT IS HEREBY ORDERED that:

1. The Plan of Rehabilitation of Statewide is hereby approved in its entirety.

2. The Receiver is authorized to do all other acts, including but not limited to the negotiation and settlement of Claims, subject to the Court's allowance, in whole or in

part, of such Claims, pursuant to the terms of the Plan of Rehabilitation, except that the following Claim shall be deemed allowed by the Court without the need for a further hearing, subject to the priority classes set forth in the Plan of Rehabilitation: the Zutz Claim classified as a general creditor claim in the amount of \$39,362.26 pursuant to the settlement agreement approved by the Court on July 22, 2002; and the following claims shall be deemed fully-satisfied Allowed Claims without the need for a further hearing: any policyholder claim, third party tort claim, or insurance subrogation, contribution or indemnification claim which has been fully resolved through the issuance of a final settlement and release, the entry of a final, nonappealable judgment, or payment in full of all sums demanded or a compromised amount on or before December 31, 2005, and which has been paid the amount due or the amount required by the settlement, compromise or judgment by the Receiver on or before December 31, 2005 (collectively, the "Deemed Allowed Claims").

3. To the extent they are consistent with the Plan of Rehabilitation, all provisions of the Rehabilitation Order shall remain in effect.

4. In addition to the injunctive relief contained in the Rehabilitation Order, all payments made to a Claimant on an Allowed Claim under the Plan of Rehabilitation shall be deemed payment in full, without diminution, of Statewide's obligation to such Claimant, and shall constitute a full and final settlement of Statewide's obligations on the underlying Claim, and a full and complete release and discharge of Statewide, the Receiver, the Deputy Receiver, and all assistants, clerks, attorneys, accountants and consultants employed by any of them, or any and all claims, of any kind or description whatsoever, whether arising at law or in equity, known and unknown, arising out of or relating to the underlying Claim, these Rehabilitations Proceedings, and the Plan of Rehabilitation.

5. ALL PERSONS AND ENTITIES ARE SPECIFICALLY ENJOINED AND RESTRAINED FROM PROCEEDING WITH A CLAIM AGAINST AN INSURED OR OTHER PERSON OR ENTITY TO WHOM STATEWIDE OWES A DEFENSE OR INDEMNIFICATION UNDER AN INSURANCE POLICY OR CONTRACT ISSUED BY STATEWIDE TO THE EXTENT OF THE LIMITS OF LIABILITY OF THE STATEWIDE POLICY. Nothing herein is intended to revive an expired statute of limitations as to any claims.

6. EXCEPT FOR THE DEEMED ALLOWED CLAIMS, ANY AND ALL CLAIMS NOT FILED WITH THE RECEIVER ON OR BEFORE FEBRUARY 28, 2006 (THE "BAR DATE"), SHALL BE BARRED FROM THE ESTATE AND SHALL NOT RECEIVE ANY DISTRIBUTIONS FROM THE GENERAL ASSETS OF THE ESTATE OF STATEWIDE. THIS BAR DATE SHALL SUPERSEDE ANY APPLICABLE STATUTES OF LIMITATIONS WHICH HAVE NOT YET EXPIRED, INCLUDING BUT NOT LIMITED TO THE STATUTE OF LIMITATIONS ON BREACH OF CONTRACT ACTIONS ON UNINSURED OR UNDERINSURED CLAIMS PURSUANT TO 10 DEL. C. § 8106 AND OTHER STATUTES OF LIMITATIONS, WHETHER ARISING UNDER DELAWARE LAW OR THE APPLICABLE LAWS OF ANY OTHER JURISDICTION.

7. Within five business days of receipt of this Order, the Receiver or the Receiver's counsel shall serve, by United States bulk certified mail, with proof of mailing on United States Postal Form 3606, to the claimant's last known address in the Receiver's files, a copy of this Order to all persons or entities to whom the Order to Show Cause in this matter was mailed.

8. There is no just reason for delay, and this Order, pursuant to Chancery Court Rule 54(b), is entered as a final judgment.

Vice Chancellor