

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

NUMBER: 042353

DIVISION: D

JAMES J. DONELON, COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AFFIRMATIVE CASUALTY INSURANCE COMPANY AND
AFFIRMATIVE DIRECT INSURANCE COMPANY
STATE

FILED: _____

DEPUTY CLERK _____

SEP 17 2015

BY jt
CLERK OF COURT

PETITION FOR REHABILITATION

The petition of James J. Donelon, Commissioner of Insurance for the State of Louisiana (the "Commissioner"), respectfully represents that:

1.

Made defendant herein is, AFFIRMATIVE CASUALTY INSURANCE COMPANY, a Louisiana corporation, authorized and licensed to do and doing business in the State of Louisiana.

2.

AFFIRMATIVE CASUALTY INSURANCE COMPANY maintains its corporate registered office at 8550 United Plaza Suite 805, Baton Rouge, Louisiana.

3.

Affirmative Casualty Insurance Company is engaged in the business of insurance within the State of Louisiana as defined by LSA-R.S. 22:46, LSA-R.S. 22:47 and other applicable law and is deemed an insurer pursuant to LSA-R.S. 22:2002 and LSA-R.S. 22:2003.

4.

Affirmative Direct Insurance Company is an insurance company domiciled in the State of New York and is a wholly subsidiary of Affirmative Casualty Insurance Company.

5.

Affirmative Casualty Insurance Company's parent is Affirmative Insurance Company an insurer domiciled in the State of Illinois.



6.

Upon information and belief and after a review of the financial condition of Affirmative Insurance Company, the parent of Affirmative Casualty Insurance Company, the Commissioner believes that Affirmative Casualty Insurance Company is in hazardous financial condition because the Commissioner believes that the reinsurer of Affirmative Casualty Insurance Company may be unable to continue to pay the claims of Louisiana insureds. In such event, the interests of Louisiana policyholders and creditors and/or the public would be endangered.

7.

After a review of the financial condition and affairs of Affirmative Casualty Insurance Company and due to the hazardous financial condition of its parent, the Commissioner has determined that Affirmative Casualty Insurance Company is in a hazardous financial condition as defined by the Louisiana Insurance Code, as shown in the affidavit attached hereto and incorporated herein as **Exhibit A**. This provides sufficient and adequate grounds to justify the issuance of an order of rehabilitation and injunctive relief under LSA-R.S. 22:2006 and other applicable law.

8.

The current operations of Affirmative Casualty Insurance Company endangers the interests of the creditors, policyholders and the public, as shown in the affidavit attached hereto and incorporated herein as **Exhibit A**. Therefore, the Commissioner has the power and authority to place Affirmative Casualty Insurance Company in rehabilitation.

9.

The further transaction of business by Affirmative Casualty Insurance Company, under its current reinsurance arrangements, would be hazardous to its policyholders, its creditors and/or to the public, and any delay in action by the Commissioner would endanger the interests of its policyholders, creditors, and/or the public, as shown in the affidavit attached hereto and incorporated herein as **Exhibit A**.

10.

Inasmuch as Affirmative Casualty Insurance Company is deemed a domestic insurer in accordance with Louisiana law, for the foregoing reasons, the Commissioner

desires and is entitled to have this Court declare that Affirmative Casualty Insurance Company is in need of rehabilitation under the Louisiana Insurance Code and appoint the Commissioner, or any other person which he may designate, as rehabilitator of Affirmative Casualty Insurance Company.

11.

It is therefore necessary that this Court, pursuant to LSA-R.S. 22:2006, issue forthwith without a hearing, an order enjoining Affirmative Casualty Insurance Company's owners, current or former shareholders, officers, directors, managing general agents, agents, accountants, attorneys, actuaries, servants, third party contractors or administrators and employees, and any other person or entity acting on its behalf, from disposing of property, business, affairs, transactions, bank accounts, safety deposit boxes, software, electronic data, computers, all primary and secondary storage media, e-mail, websites, copyrights, trademarks, patents, books, records, accounts, and other assets of Affirmative Casualty Insurance Company, including all real property, and from the transaction of business by Affirmative Casualty Insurance Company, except with the concurrence of the Commissioner until further order of this Court.

12.

The Commissioner further shows that he is entitled to be vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, all keys to Affirmative Casualty Insurance Company premises and real estate properties, keys to safety deposit boxes, to advise the Receiver of the combinations to any safes, safe keeping devices or restricted access entries, any passwords to electronic information or online accounts with vendors, records and all other assets of Affirmative Casualty Insurance Company as of the date of the order of rehabilitation entered herein.

13.

Affirmative Direct Insurance Company is a wholly owned subsidiary and is an asset of Affirmative Casualty Insurance Company and as such the Commissioner is entitled to be vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, all keys to Affirmative Casualty Insurance Company premises

and real estate properties, keys to safety deposit boxes, to advise the Receiver of the combinations to any safes, safe keeping devices or restricted access entries, any passwords to electronic information or online accounts with vendors, records and all other assets of Affirmative Direct Insurance Company as of the date of the order of rehabilitation entered herein

14.

The Commissioner further shows that he is entitled, under the provisions of LSA-R.S. 22:2006, to an injunction staying any person from obtaining preferences, judgments, attachment or other like liens or the making of any levy against Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, their property and assets while in his possession and control.

15.

The Commissioner further shows that he is entitled to the right to enforce contract performance by any party who has a contract with Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company or to terminate the contract of any party with Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company. Further, the Commissioner may permit such further operation of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company and may seek such other relief as he may deem necessary to be in the best interests of the policyholders of the company.

The Commissioner requests entry of an order that:

- 1) He be allowed and authorized to employ and authorize the compensation of accountants, clerks, professionals, 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, to be paid out of the funds or assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company in the possession of the Receiver and/or Rehabilitator or coming into Affirmative Casualty Insurance Company's possession and Affirmative Direct Insurance Company's possession;
- 2) Any officer, director, manager, employee, trustee or managing general agents, agent of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's affairs is required to fully cooperate with the Receiver and/or Rehabilitator, notwithstanding their dismissal pursuant to the order entered herein.
- 3) The Rehabilitator and/or Receiver may conduct an investigation of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their subsidiaries and affiliates to uncover and make fully available to the Court the

true state of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's financial affairs. In furtherance of this investigation, Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their parent corporations, their subsidiaries, their affiliates, their current or former owners, officers, directors, managers, trustees, managing general agents, agents, adjusters, employees, or independent contractors of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their third party administrators, shall make all books, documents, accounts, records and affairs, which either belong to or pertain to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company available for full, free and unhindered inspection and examination by the Commissioner or his designee during normal business hours (9:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the order entered herein, or such other times as the Commissioner deems necessary. Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and the above-specified entities shall fully cooperate with the Rehabilitator. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's, owners, officers, directors, managers, trustees, managing general agents, agents, adjusters, employees, or independent contractors of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, their 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, in both their official, representative, and individual capacities and the production of all documents that are calculated to disclose the true state of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's affairs.

- 4) Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's current or former shareholders, officers, owners, directors, managing general agents, agents, accountants, attorneys, actuaries, servants, and employees, and any others acting on its behalf not to dispose of property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, copyrights, trademarks, patents, books, records, accounts, and other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all real property, and not to transact any business on behalf of Affirmative Casualty Insurance Company, except with the concurrence of the Commissioner or until further order of this Court as per any orders or agreements currently in effect.

The Commissioner further requests that a Rule Nisi issue herein directed to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company ordering them to show cause why:

- 1) Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company should not be placed into rehabilitation and why the Commissioner, or any person he should designate, should not be appointed Rehabilitator and/or Receiver.
- 2) The Commissioner as Rehabilitator should not be vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, records and other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company as of the date of the order of rehabilitation entered herein.
- 3) Pursuant to LSA-R.S. 22:2006 an order should not be issued forthwith directing the Rehabilitator, his agents and/or employees to take possession and control of the property, business, affairs, bank accounts, safety deposit boxes, computers, all primary and secondary storage media, documents, claims files, software, electronic data, e-mail, websites, books, records, accounts, copyrights,

trademarks, patents and all other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all real property, whether in the possession of Affirmative Casualty Insurance Company or their current or former officers, owners, directors, employees, consultants, attorneys, subsidiaries, affiliates, managing general agents, agents, or any other person and of the premises occupied by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company for their business, enjoining Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their current or former shareholders, officers, directors, managing general agents, agents, attorneys, servants, and employees, and any others acting on their behalf, from disposing of property or assets and from the transaction of the business of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company except with the concurrence of the Rehabilitator and/or Receiver until further order of this Court.

- 4) An order should not be issued that directs Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their current or former shareholders, owners, officers, directors, managing general agents, agents, attorneys, accountants, actuaries, servants, employees, banks, savings and loan associations, and any other person, 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 their behalf, to immediately surrender and turn over to the Rehabilitator and/or the Receiver 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all real property, and the premises occupied by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and be enjoined from the transaction of the business of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, except with the concurrence of the Rehabilitator and/or Receiver until further order of this Court.
- 5) An injunction should not be issued herewith enjoining Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their current or former shareholders, owners, officers, directors, managing general agents, agents, accountants, attorneys, servants, employees, banks, savings and loan associations, actuaries and any other person, partnership, company or entity controlled by same and/or other persons acting for or on behalf of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, or said individuals, companies or persons from disposing of the property or assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company and from the transaction of their business except with the concurrence of the Rehabilitator, and/or Receiver until further order of this Court.
- 6) An injunction should not be issued herewith enjoining and staying all persons and entities from obtaining preferences, judgments, attachments or other like liens or the making of any levy against Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their property and assets while in the Rehabilitator's and/or Receiver's possession and control and until further orders of this Court.
- 7) An injunction should not be issued herewith enjoining Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their current or former shareholders, owners, officers, directors, managing general agents, 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company as follows:

- a) from disposing of or encumbering any of the property or assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company;
 - b) from disposing of any records or other documents belonging to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company or relating to the business and affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company;
 - c) from the transaction of any business by, for, or on behalf of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, 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, except with the concurrence of the Rehabilitator until further order of this Court; and
 - v) the interfering with the acquisition of possession by the exercise of dominion and control over the property of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company by the Rehabilitator and/or Receiver or the Rehabilitator's and/or Receiver's conduct of the business and affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company.
- 10) The Rehabilitator and/or Receiver should not be entitled to permit such further operation of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company as he may deem necessary to be in the best interests of policyholders and creditors of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company.
- 11) The Rehabilitator and/or Receiver be allowed and authorized to:
- a) Employ and authorize the compensation of accountants, clerks, professionals, 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, to be paid out of the funds or assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company in the possession of the Rehabilitator or coming into their possession;
 - b) Defend or not defend legal actions wherein Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, or the Rehabilitator and/or 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company is a nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely affect the assets of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, the Rehabilitator and/or 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company;
 - e) Take possession of all Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's securities and certificates of deposit on deposit with the Commissioner of Insurance of the State of Louisiana 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; and
 - f) Issue endorsements on existing policies, subscriber agreements, or certificates of coverage.
- 12) Any owners, officers, directors, managers, trustees, employees, managing general agents, agents or adjustors of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of the affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company be required to fully cooperate with the Rehabilitator and/or the Receiver, notwithstanding their dismissal pursuant to the order entered herein.
- 13) All attorneys employed by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, as of the date of the order entered herein, be required within ten (10) day notice of this order, to report to the Rehabilitator and/or the Receiver on the name, company, claim number and status of each file they are handling on behalf of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company. Said report shall also include an account of any funds received from or on behalf of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company; all attorneys described herein should be discharged as of the date of the order entered herein unless the Rehabilitator and/or Receiver retains their services in writing; all attorneys employed by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, be required to deliver such litigation files, material, documents or records intact and without purging to the Rehabilitator and/or Receiver notwithstanding any claim of a retaining lien, which, if otherwise valid, shall not be extinguished by such turn-over of documents.
- 14) Reinsurance premiums due to or payable by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company be withheld by, remitted to, disbursed by the Rehabilitator or to another party at the Rehabilitator's discretion; the Rehabilitator and/or Receiver shall handle reinsurance losses recoverable or payable by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and all correspondence concerning reinsurance be between the Rehabilitator and the reinsuring company or intermediary unless otherwise requested by the Rehabilitator.
- 15) Upon request by the Rehabilitator and/or Receiver, any company providing telephone services to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall provide a referral of calls from the number presently assigned to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company to any such number designated by the Rehabilitator and/or Receiver or perform any other services or changes necessary to the conduct of the receivership of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company.

- 16) Any bank, savings and loan association, financial institution, and any other person which has on deposit, in its possession, custody or control any funds, accounts and any other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, shall immediately transfer title, custody and control of all such funds, accounts, or assets to the Rehabilitator and/or Receiver, and be instructed that the Rehabilitator and/or Receiver has absolute control over such funds, accounts and other assets; the Rehabilitator and/or 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 shall 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 Rehabilitator's and/or Receiver's control without the permission of this Court.
- 17) Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall maintain such service and transfer any such accounts to the Rehabilitator and/or Receiver as of the date of the order entered herein, unless instructed to the contrary by the Rehabilitator and/or Receiver.
- 18) Any data processing service which has custody or control of any data processing information and records, including, but not limited to, source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall transfer custody and control of such records to the Rehabilitator and/or Receiver.
- 19) United States Postal Service be directed to provide any information requested by the Rehabilitator regarding Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company and to handle future deliveries of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's mail as directed by the Rehabilitator and/or Receiver.
- 20) The Rehabilitator and/or Receiver may conduct an investigation of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their subsidiaries and affiliates to uncover and make fully available to the Court the true state of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's financial affairs. In furtherance of this investigation, Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their parent corporations, their subsidiaries, their affiliates, their third party administrators, their current or former owners, officers, directors, managers, attorneys, accountants, trustees, managing general agents, agents, adjusters, employees and independent contractors shall make all books, documents, accounts, records and affairs, which either belong to or pertain to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, available for full, free and unhindered inspection and examination by the Rehabilitator and/or Receiver during normal business hours (9:00 a.m. to 5:00 p.m.) Monday through Friday, or such other times as the Commissioner deems necessary, from the date of the order entered herein. Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and the above-specified entities shall fully cooperate with the Rehabilitator and the Receiver. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of the above-specified entities and any other person or entity who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company in both their official, representative, and individual capacities and the production of all documents that are calculated to disclose the true state of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's affairs.
- 21) Any and all individuals and entities be enjoined from instituting and/or taking

further action in any suits, proceedings, and seizures against Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, the Rehabilitator in his capacity as rehabilitator of Affirmative Casualty Insurance Company, and any affiliates, subsidiaries, insurers, officers, directors, owners, representatives, managing general agents, agents, employees, accountants, or attorneys of same, to prevent any preference, judgment, seizure, levy, attachment, or lien being rendered against Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their estate and assets, and/or their members, subscribers, enrollees, and policyholders, the Commissioner in his capacity as Rehabilitator, any affiliates, subsidiaries, insurers, officers, directors, representatives, owners, managing general agents, agents, employees, or attorneys of same, and the making of any levy against Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, their property or assets until further order of this Court.

- 22) Except with the concurrence of the Rehabilitator and/or Receiver or until further written order of this Court, all suits, proceedings, and seizures against Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and/or their respective policyholders in any court be stayed in order to prevent the obtaining of any preference, judgment, seizure, levy, or lien, and to preserve the property and assets of Affirmative Casualty Insurance Company, including, but not limited to, suits and proceedings and all litigation where:
- a) Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company are parties;
 - b) A policyholder or any other person who is named as a party to the litigation or claims insurance coverage under any policy of insurance, or certificate of coverage issued or assumed by Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company;
 - c) The litigation involves or may involve the adjudication of liability or determines any possible rights or obligations of any policyholder or person as to any insurance policy, subscriber agreement, or certificate of coverage issued or assumed by Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company, or determines any possible future liability of Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company, with regard to any insurance policy or certificate of coverage issued or assumed by Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company;
 - d) Where Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company would otherwise be obligated to provide a defense to any party in any court pursuant to any policy of insurance or certificate of coverage issued or assumed by Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company;
 - e) Where the ownership, operations, management and/or control of Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company is at issue; and
 - f) Any party is seeking to create, perfect or enforce any preference, judgment, attachment, lien or levy against Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company, or their assets or against any policyholder of Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company.
- 23) There shall be no liability on the part of, and that no cause of action of any nature shall exist against the Rehabilitator and/or regulator of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, the Receiver of Affirmative Casualty Insurance Company, and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Rehabilitator

and/or regulator and/or Receiver of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and/or their representatives, agents, employees, or attorneys, for any action taken by them when acting in accordance with the orders of this Court and/or as Rehabilitator, and/or regulator and/or Receiver of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company and that such actions shall be barred.

- 24) After the payment of all administrative expenses of rehabilitation, that all obligations of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall be paid pursuant to the orders of this Court according to applicable law.
- 25) Any and all individuals and entities be enjoined from interfering with these proceedings, or with the Rehabilitator's and/or Receiver's possession and control or title, rights or interest; from interfering with the conduct of the business of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company by the Rehabilitator and/or Receiver; from wasting the assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and from obtaining preferences, judgments, attachments or other like liens or the making of any levy against Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, or their property and assets while in the possession and control of the Rehabilitator and/or Receiver, until further order of this Court.
- 26) All authority of all officers, owners, directors, and managers of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company be suspended and vested in the Rehabilitator and/or Receiver until further written order of this Court.
- 27) All individuals and entities be enjoined from instituting or taking further action in any suit or proceeding against Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, the Rehabilitator and/or Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, managing general agents, agents, employees, or attorneys of the Rehabilitator and/or Receiver or Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their estate and assets, and its policyholders, and from making any levy or seizure against Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, or their estates and assets while under the possession and control of the Rehabilitator and/or Receiver until further written order of this Court.
- 28) All other debts and payables due to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall be paid to the Rehabilitator and/or Receiver until further order of this Court.
- 29) The Rehabilitator and/or Receiver be permitted to notify every holder of a certificate of coverage or contract of insurance issued by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and every known creditor of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company of the order of rehabilitation and injunction entered herein within sixty (60) days of the date of this order, notwithstanding the provisions of LSA-R.S. 22:2011.
- 30) The Commissioner be granted all legal and equitable relief as may be necessary to fulfill his duties as rehabilitator and for such relief as may be necessary to fulfill his duties as rehabilitator and for such other relief as the nature of the case and the interests of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's policyholders, and other creditors, or the public, may require.

WHEREFORE, James J. Donelon, Commissioner of Insurance for the State of Louisiana, prays that this petition for rehabilitation be accepted and filed and that the relief sought herein be granted, including the following:

- 1) Affirmative Casualty Insurance Company be declared in hazardous financial conditions and placed into rehabilitation and that the Commissioner as Rehabilitator be vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, records and other assets of Affirmative Casualty Insurance Company as of the date of the order of rehabilitation entered herein.
- 2) Affirmative Direct Insurance Company, a wholly owned subsidiary and an asset of Affirmative Casualty Insurance Company be placed into rehabilitation and that the Commissioner as Rehabilitator be vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, records and other assets of Affirmative Direct Insurance Company as of the date of the order of rehabilitation entered herein.
- 3) Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's current or former shareholders, officers, owners, directors, managing general agents, agents, accountants, attorneys, actuaries, servants, and employees, and any other acting on its behalf not to dispose of property, business, affairs, bank accounts, safety deposit boxes, software, electronic data, e-mail, websites, copyrights, trademarks, patents, books, records, accounts, and other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all real property, and not to transact any business on behalf of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, except with the concurrence of the Commissioner or until further order of this Court as per any orders or agreements currently in effect.
- 4) An order issue that directs Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their current or former shareholders, owners, officers, directors, managing general agents, 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, to immediately surrender and turn over to the Rehabilitator and/or the Receiver 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all real property, and the premises occupied by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company and be enjoined from the transaction of the business of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, except with the concurrence of the Rehabilitator and/or Receiver until further order of this Court.
- 4.) After a hearing on this matter pursuant to LSA-R.S. 22:2008: an order be issued forthwith directing the Rehabilitator and/or Receiver, his agents and/or employees to take possession and control of the property, business, affairs, bank accounts, safety deposit boxes, computers, all primary and secondary storage media, documents, claims files, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents and all other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all real property, whether in the possession of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, or their current or former officers, directors, employees, consultants, attorneys, subsidiaries, affiliates or agents, and of the premises occupied by the of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company for their business, enjoining Affirmative Casualty Insurance Company

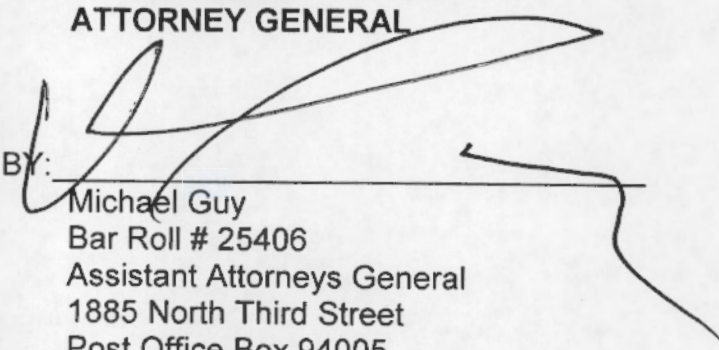
and Affirmative Direct Insurance Company, and their current or former shareholders, officers, directors, managing general agent, agents, attorneys, servants, and employees, and any others acting on their behalf, from disposing of property or assets and from the transaction of the business of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company except with the concurrence of the Rehabilitator and/or until further order of this Court.

RESPECTFULLY SUBMITTED,


BY ATTORNEYS FOR
James J. Donelon
Commissioner of Insurance
for the State of Louisiana

JAMES "BUDDY" CALDWELL
ATTORNEY GENERAL

BY:



Michael Guy
Bar Roll # 25406
Assistant Attorneys General
1885 North Third Street
Post Office Box 94005
Baton Rouge, LA 70804-9005
(225) 326-6174



FILED
EAST BATON ROUGE PARISH, LA
2015 SEP 17 AM 11:17
DEPUTY CLERK OF COURT

CERTIFIED TRUE AND
CORRECT COPY

SEP 17 2015



East Baton Rouge Parish
Deputy Clerk of Court

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

NUMBER:

DIVISION:

JAMES J. DONELON, COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AFFIRMATIVE CASUALTY INSURANCE COMPANY AND
AFFIRMATIVE DIRECT INSURANCE COMPANY

FILED: _____

DEPUTY CLERK _____

AFFIDAVIT

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary, and in the presence of the undersigned competent witnesses, personally came and appeared:

CAROLINE BROCK

a competent major, who after being duly sworn, did depose and state:

I am the Deputy Commissioner of Insurance for the Office of Financial Solvency for the Department of Insurance, State of Louisiana, duly appointed by the Commissioner of Insurance.

In connection with my duties, I have reviewed the financial statements filed by Affirmative Insurance Company and the records of Affirmative Casualty Insurance Company.

The information contained in this affidavit is based on my personal knowledge derived from my review of the financial statement and records of Affirmative Casualty Insurance Company and my conversations with my staff.

My review has revealed that Affirmative Casualty Insurance Company is in hazardous financial condition and in such condition that its further transaction of business would be hazardous to its policyholders, creditors and public as outlined in the attached petition.

That the above is true and correct to the best of my knowledge.

WITNESSES:

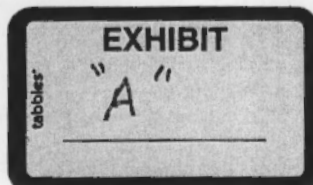
Leslie J. Monson
Leslie J. Monson

Doug Huynh
Doug Huynh

CAROLINE BROCK
CAROLINE BROCK

Sworn to and Subscribed before me this 14 day of SEPT, 2015.

NOTARY PUBLIC
Bar Roll # 25406



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

NUMBER: _____

DIVISION: _____

JAMES J. DONELON, COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AFFIRMATIVE CASUALTY INSURANCE COMPANY AND
AFFIRMATIVE DIRECT INSURANCE COMPANY

FILED: _____

DEPUTY CLERK _____

AFFIDAVIT AND VERIFICATION

STATE OF LOUISIANA
PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary, and in the presence of the undersigned competent witnesses, personally came and appeared:

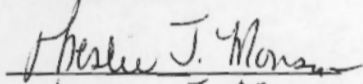
CAROLINE BROCK

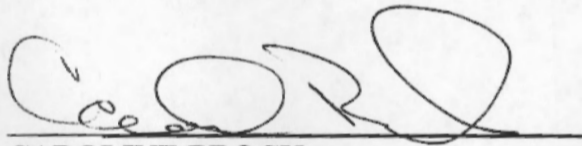
a competent major, who after being duly sworn, did depose and state:

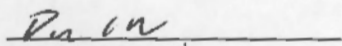
She is the Deputy Commissioner of Insurance Office of Financial Solvency for the Department of Insurance, State of Louisiana, duly appointed by the Commissioner of Insurance.

She has read the foregoing petition for rehabilitation and the allegations contained therein are true and correct to the best of her knowledge, information and belief.

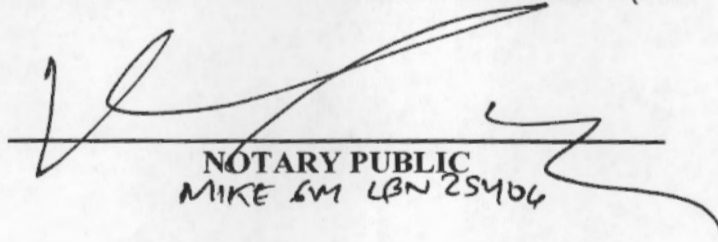
WITNESSES:

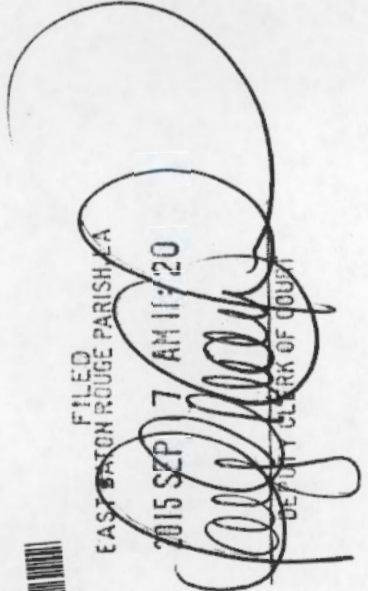

Leslie J. Monsart


CAROLINE BROCK


Doug Huynh

Sworn to and Subscribed before me this 17th day of SEPT, 2015.


NOTARY PUBLIC
MIKE SM LBN 25406


FILED
EAST BATON ROUGE PARISH, LA
2015 SEP 7 AM 11:20
DEPUTY CLERK OF COURT

FBR3214305

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

NUMBER:

DIVISION: 642353
Div D

JAMES J. DONELON, COMMISSIONER OF INSURANCE
FOR THE STATE OF LOUISIANA

VERSUS

AFFIRMATIVE CASUALTY INSURANCE COMPANY AND
AFFIRMATIVE DIRECT INSURANCE COMPANY

ORDER OF REHABILITATION

CONSIDERING the Petition for Rehabilitation filed under the provisions of LSA-R.S. 22:2001, et seq., and the law and the evidence entitling the parties to the relief sought and stipulated to 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, and the public are likely to 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, be and is hereby placed in rehabilitation under the direction and control of the Commissioner of Insurance for the State of Louisiana, his successors and assigns in his office and his agents, designees, and/or employees (the "Commissioner"), subject to the further written orders of this Court.

IT IS ORDERED, ADJUDGED AND DECREED the Commissioner be appointed Rehabilitator and Wayne Johnson of Risk and Regulatory Consulting appointed as Receiver.

IT IS 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, as of the date of this order and he is ordered to direct the rehabilitation of same, until further order of this Court.

EBR3214304

IT IS ORDERED, ADJUDGED AND DECREED that pursuant to LSA-R.S. 22:2006, the Commissioner, his agents and/or employees are directed to immediately take and/or maintain possession and control of the property, business, affairs, transactions, bank accounts, safety deposit boxes, computers, all primary and secondary storage media, documents, claims files, software, electronic data, e-mail, websites, copying rights, trademarks, patents, books, records, accounts, contracts, and rights of action and all other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all of the property real or personal, whether in the possession of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, or their officers, owners, directors, employees, consultants, attorneys, subsidiaries, affiliates, managing general agents, or agents, and any other person, and of the premises occupied by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company for their business, conduct all of the business and affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company or so much thereof as he may deem appropriate, manage the affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and rehabilitate Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, until further order of the Court.

IT IS ORDERED, ADJUDGED AND DECREED that the Commissioner may permit such further operation of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company as he may deem necessary and appropriate.

IT IS ORDERED, ADJUDGED AND DECREED that all authority of all owners or persons acting on their behalf, officers, directors, and managers of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company is hereby suspended and vested with the Commissioner until further written order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall not engage in any advertising or solicitation whatsoever.

IT IS ORDERED, ADJUDGED AND DECREED that Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their policyholders,

owners, shareholders, officers, directors, managing general agents, 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 their behalf, and any other person be and are hereby ordered to immediately surrender and turn over to the Commissioner property, business, affairs, transactions, bank accounts, all keys to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company premises and to safety deposit boxes, to advise the Receiver of the combinations to any safes, safe-keeping devices or restricted access entries, any passwords to electronic information or online accounts with vendors,, computers, all primary and secondary storage media, documents, claim files, software, electronic data, e-mail, websites, copyrights, trademarks, patents, books, records, accounts, contracts and rights of action, and all other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all real property, and the premises occupied by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company and are hereby enjoined from the transaction of the business of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, except with the concurrence of the Commissioner and/or until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their policyholders, owners, shareholders, officers, directors, managing general agents, agents, accountants, attorneys, servants, employees, banks, savings and loan associations, actuaries and any other partnership, company or entity controlled by same and/or other persons acting for or on their behalf and any other person be and hereby are enjoined from disposing of the property or assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, 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 all persons and entities are enjoined and stayed from obtaining preferences, judgments, attachments or other like liens or the making of any levy against Affirmative Casualty Insurance Company,

Affirmative Direct Insurance Company, their property and assets while in the Commissioner's possession and control as of this date of this Order until further orders.

IT IS ORDERED, ADJUDGED AND DECREED that Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their policyholders, owners, shareholders, officers, directors, managing general agents, agents, attorneys, accountants, 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 said individuals and companies, 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, be and hereby are enjoined further as follows:

- 1) from disposing of or encumbering any of the property or assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company
- 2) from disposing of any records or other documents belonging to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, or relating to the business and affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company
- 3) from the transaction of any business by, for, or on behalf of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company including, but not limited to:
 - a) the writing, issuance or renewal of any certificate of coverage, insurance policy, binder, or endorsement to an existing policy or certificate of coverage;
 - b) the payment of claims and of any policy or certificate of coverage benefits;
 - c) the incurring of any claim or loss adjustment expense;
 - d) the incurring of any debt or liability, except with the concurrence of the Commissioner or the Receiver or until further order of this Court;
 - e) the interfering with the acquisition of possession by the exercise of dominion and control over the property of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company by the Commissioner or the Receiver, or the Commissioner's or the Receiver's conduct of the business and affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company

IT IS ORDERED, ADJUDGED AND DECREED that the Commissioner or the Receiver be and hereby is entitled to permit such further operation of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company as he may

deem necessary to be in the best interests of the policyholders and creditors of Affirmative Casualty Insurance Company

IT IS ORDERED, ADJUDGED AND DECREED that the Rehabilitator and/or

Receiver be allowed and authorized to:

- 1) Employ and authorize the compensation of accountants, clerks, professionals, 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, to be paid out of the funds or assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company in the possession of the Receiver or coming into the possession of the Receiver or Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company or;
- 2) Defend or not defend legal actions wherein Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company is a nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely affect the assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, the Receiver may file appropriate pleadings in his discretion;
- 3) Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding;
- 4) Collect all debts, which are economically feasible to collect and which are due and owing to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company;
- 5) Take possession of all Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's securities and certificates of deposit on deposit with the Treasurer of the State of Louisiana 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; and
- 6) Issue endorsements on existing policies, subscriber agreements, or certificates of coverage.

IT IS ORDERED, ADJUDGED AND DECREED that any officer, owners, directors, managers, trustees, managing general agents, agents or adjustors of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's affairs is required to fully cooperate with the Receiver and the Commissioner, notwithstanding their dismissal pursuant to the order entered herein.

IT IS ORDERED, ADJUDGED AND DECREED that all attorneys employed by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company as of the date of the order entered herein shall, within ten (10) day notice of this order, report to the Receiver the name, company, claim number and status of each file they are handling on behalf of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company. Said report shall also include an account of any funds received from or on behalf of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company. All attorneys described herein are hereby discharged as of the date of the order entered herein unless the Receiver retains their services in writing. All attorneys employed by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company 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 ORDERED, ADJUDGED AND DECREED that reinsurance premiums due to or payable by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall be withheld from, remitted to, or disbursed by the Receiver or to another party at the Receiver's discretion. The Receiver shall handle reinsurance losses recoverable or payable by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary unless requested by the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that upon request by the Receiver, any company providing telephone services to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall provide a reference of calls from the number presently assigned to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership

of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company.

IT IS ORDERED, ADJUDGED AND DECREED that any bank, savings and loan association, financial institution, and any other person which has on deposit, in its possession, custody or control any funds, accounts and any other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, shall immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver, and are hereby instructed that the Receiver has absolute control over such funds, accounts and all 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 action necessary for the proper conduct of this receivership. No bank, savings and loan association, or other financial institution shall 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 ORDERED, ADJUDGED AND DECREED that any entity furnishing telephone, water, electric, cable, internet, sewage, garbage or trash removal services to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company 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 ORDERED, ADJUDGED AND DECREED that any data processing service which has custody or control of any data processing information and records, including, but not limited to, source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall transfer custody and control of such records to the Receiver. The Receiver shall compensate any such entity for the actual use of hardware and software, which the Receiver finds to be necessary to this proceeding. Compensation shall be based upon the monthly rate provided for in contracts or leases with Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company which were in effect when this proceeding was instituted, or based upon such contracts as may be negotiated by the

Receiver, for the actual time such equipment and software is used by the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that the United States Postal Service is directed to provide any information requested by the Receiver regarding Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company and to handle future deliveries of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's mail as directed by the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that the Commissioner or Receiver may conduct an investigation of Affirmative Casualty Insurance Company, and Affirmative Direct Insurance Company, and their subsidiaries and affiliates to uncover and make fully available to the Court the true state of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's financial affairs. In furtherance of this investigation, Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and their parent corporations, their subsidiaries, their affiliates and their third party administrators, and any other persons shall make all books, documents, accounts, records and affairs, which either belong to or pertain to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (9:00 a.m. to 5:00 p.m.) Monday through Friday, or such other times as the Commissioner deems necessary, from the date of the order entered herein. Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and the above-specified entities shall fully cooperate with the Commissioner and the Receiver. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's policyholders, shareholders, owners, officers, directors, managing general agents, agents, accountants, actuaries, attorneys, servants, managers, trustees, adjusters, employees, or independent contractors of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their parent, affiliates and subsidiaries and any other person or entity who possesses or possessed any authority over, or who exercises or exercised any control over, any segment of the affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company in either their

official, representative, or individual capacities and the production of all documents needed to disclose the true state of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company's affairs.

IT IS 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, the Commissioner in his capacity as rehabilitator of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, the Receiver, and any affiliates, subsidiaries, insurers, officers, directors, representatives, managing general agents, agents, employees, accountants, or attorneys of same, to prevent any preference, judgment, seizure, levy, attachment, or lien being rendered against Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, their estate and assets, and/or their policyholders, the Commissioner in his capacity as rehabilitator, the Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, managing general agents, agents, employees, or attorneys of same, and the making of any levy against Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, their property or assets until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that, except with the concurrence of the Commissioner or Receiver or until further written order of this Court, all suits, proceedings, and seizures against Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and/or their respective policyholders in any court are hereby stayed in order to prevent the obtaining of any preference, judgment, seizure, levy, or lien, and to preserve the property and assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including, but not limited to, suits and proceedings and all litigation where:

- 1) Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company are parties;
- 2) A policyholder or any other person who is named as a party to the litigation or claims insurance coverage under any policy of insurance, subscriber agreement or certificate of coverage issued or assumed by Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company;

- 3) 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 Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company, or determines any possible future liability of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company with regard to any insurance policy, subscriber agreement or certificate of coverage issued or assumed by Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company;
- 4) Where Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company 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 Affirmative Casualty Insurance Company;
- 5) Where the ownership, operations, management and/or control of Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company is at issue; and
- 6) Any party is seeking to create, perfect or enforce any preference, judgment, attachment, lien, or levy against Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company or their assets or against any member, subscriber, enrollee and/or policyholder of Affirmative Casualty Insurance Company and/or Affirmative Direct Insurance Company.

IT IS 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 and/or regulator of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner in his capacity as rehabilitator, receiver and/or regulator of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and/or the Receiver, their representatives, managing general agents, agents, employees, or attorneys, for any action taken by them when acting in accordance with the orders of this Court and/or as rehabilitator, receiver, liquidator and/or regulator of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and that such actions shall be barred.

IT IS ORDERED, ADJUDGED AND DECREED that after payment of all administrative expenses of rehabilitation, receivership, and/or liquidation, all obligations of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company will be paid pursuant to the orders of this Court, according to the applicable law.

IT IS ORDERED, ADJUDGED AND DECREED that all contracts between Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and any and all persons or entities providing services to Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their policyholders remain in full force and effect unless cancelled by the Receiver.

IT IS 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 or Receiver's possession and control or title, rights or interest; from interfering with the conduct of the business of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company by the Commissioner or Receiver; from wasting the assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, and from obtaining preferences, judgments, attachments or other like liens or the making of any levy against Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, or their property and assets while in the possession and control of the Commissioner or Receiver, until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that all authority of all officers, owners, directors, and managers of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company or others acting on their behalf are hereby suspended and is vested in the Commissioner and Receiver until further written order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and their respective officers, owners, directors, policyholders, shareholders, managing general agents, agents, attorneys, accountants, actuaries, servants, adjusters, employees, independent contractors, their parent, affiliates and subsidiaries and all those acting in concert with or in participation with them 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 Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company be and hereby are enjoined further, as follows:

- 1) from disposing of or encumbering any of the property or assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company;
- 2) from disposing of any records or other documents belonging to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company or relating to the business and affairs of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company;
- 3) from the transaction of any business by, for, or on behalf of or relating to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including, but not limited to:
 - a) the writing, issuance, or renewal of any insurance policy, subscriber agreement and/or certificate of coverage, binder, or endorsement to an existing policy, subscriber agreement, or certificate; and
 - b) the incurring of any debt or liability of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company except with the concurrence of the Commissioner or the Receiver.

IT IS ORDERED, ADJUDGED AND DECREED that all individuals and entities are enjoined from instituting or taking further action in any suit or proceeding against Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, the Commissioner in his capacity as Rehabilitator of Affirmative Casualty Insurance Company, the Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, or attorneys of the Commissioner or Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, their estate and assets, and their policyholders, and from making any levy or seizure against Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company or their estates and assets while under the rehabilitation of the Commissioner until further written order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that all premiums and other debts due to Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company shall be paid to the Commissioner or Receiver as directed, until further order of this Court.

IT IS ORDERED, ADJUDGED AND DECREED that the Commissioner or Receiver shall notify every holder of a certificate of coverage, subscriber agreement, or contract of insurance issued by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company and every known provider and other creditor of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company of this order of rehabilitation and injunction within sixty (60) days of the date of this order,

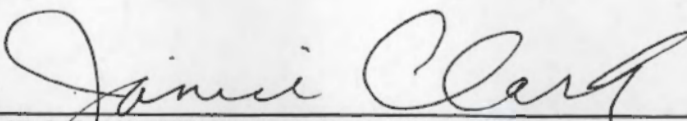
notwithstanding the provisions of LSA-R.S. 22:2011.

IT IS ORDERED, ADJUDGED AND DECREED that the Commissioner shall be granted all legal and equitable relief as may be necessary to fulfill his duties as rehabilitator and for such other relief as the nature of the case and the interest of Affirmative Casualty Insurance Company's and Affirmative Direct Insurance Company's policyholders, creditors, or the public, may require.

IT IS FURTHER ORDERED, ADJUDGED AND DECREED Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, and all interest person appear and show cause on Oct 5, 2015 at 1:00 o'clock P.m. why this Court should not find, order and declare that sufficient cause exist for the rehabilitation of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company; and further why this Court should not order and direct the Commissioner, his agents and/or employees to take and/or maintain possessions of all the affairs, property, business, books, records, claim files, account, back accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, documents, claims files, software, electronic data, e-mail, websites, copyrights, trademarks, patents, and all other assets of Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, including all real property and premises occupied by Affirmative Casualty Insurance Company and Affirmative Direct Insurance Company, whether in possession of Affirmative Casualty Insurance Company, Affirmative Direct Insurance Company, or their officers, directors, employees, consultants, attorneys, managing general agents, agents, or any other person acting on their behalf to conduct their business and conserve the same according to law; and why the other relief prayed for and granted herein should not be continued.

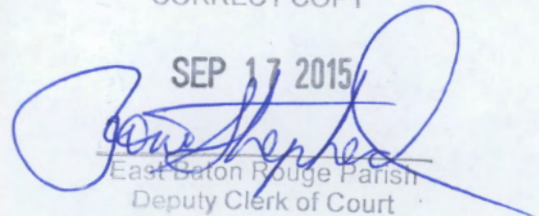
IT IS ORDERED, ADJUDGED AND DECREED that Norrie Falgoust is appointed as private process server of the instant pleading upon all interested persons.

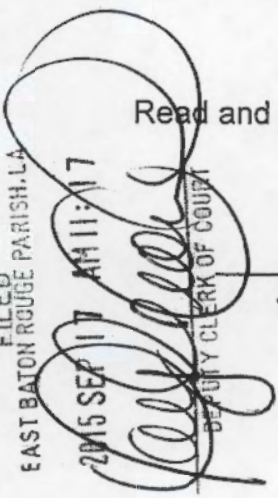
Read and signed at Baton Rouge, Louisiana, this 17 day of Sept 2015.


JUDGE, NINETEENTH JUDICIAL DISTRICT COURT

CERTIFIED TRUE AND
CORRECT COPY

SEP 17 2015


East Baton Rouge Parish
Deputy Clerk of Court

FILED
EAST BATON ROUGE PARISH, LA
2015 SEP 17 AM 11:17

DEPUTY CLERK OF COURT

PLEASE SERVE: BY PRIVATE PROCESS SERVER APPOINTED BY COURT

Affirmative Casualty Insurance Company
Through its registered agent for service of process
Joseph G. Fisher
7163 Florida Blvd.
Baton Rouge, LA 70806

Affirmative Direct Insurance Company
Through its registered agent for service of process
Louisiana Secretary of State
8585 Archive Ave.
Baton Rouge, LA 70809

PLEASE SERVE VIA LOUISIANA LONG ARM STATUTE

Daniel David Schlemer
Individually and on behalf of
Affirmative Casualty Insurance Company
150 Harvester Drive
Suite 250
Burr Ridge, IL 60527

Scott Michael Klabacha
Individually and on behalf of
Affirmative Casualty Insurance Company
150 Harvester Drive
Suite 250
Burr Ridge, IL 60527

Michael John McClure
Individually and on behalf of
Affirmative Casualty Insurance Company
150 Harvester Drive
Suite 300
Burr Ridge, IL 60527

John Patrick Killacky
Individually and on behalf of
Affirmative Casualty Insurance Company
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Suite 300
Burr Ridge, IL 60527

Charles Christopher Emma
Individually and on behalf of
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514 W. State Street
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Earl Russell Fonville
Individually and on behalf of
Affirmative Casualty Insurance Company
440 Sojourn Drive
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Addison, TX 75001-5094

William Henry Huff, III
Individually and on behalf of
Affirmative Casualty Insurance Company
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Suite 500
Addison, TX 75001-5094

James William Barnes
Individually and on behalf of
Affirmative Casualty Insurance Company
201 California Street
Suite 1000
San Francisco, CA 94111-5086