

STATE OF NORTH CAROLINA

FILED

IN THE GENERAL COURT OF JUSTICE

WAKE COUNTY

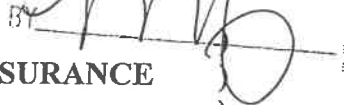
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SUPERIOR COURT DIVISION

FILE NO. 18 CVS 14480

WAKE COUNTY, N.C.

MIKE CAUSEY,
COMMISSIONER OF INSURANCE
OF NORTH CAROLINA,

BY 

Petitioner,

v.

NORTH CAROLINA MUTUAL
LIFE INSURANCE COMPANY,
A North Carolina Domiciled
Insurance Company,

Respondent.

ORDER OF REHABILITATION,
ORDER APPOINTING RECEIVER,
ORDER GRANTING INJUNCTIVE RELIEF

(CONFIDENTIAL UNDER
N.C. GEN. STAT.
§§ 58-30-20 AND 58-30-70)

THIS CAUSE came to be heard and was heard on November 29, 2018, before the undersigned Judge presiding over the Superior Court of Wake County, North Carolina, upon the Verified Petition filed herein on behalf of the State of North Carolina by the Petitioner Mike Causey, Commissioner of Insurance of the State of North Carolina ("Petitioner"), seeking the entry of an Order of Rehabilitation against North Carolina Mutual Life Insurance Company ("Respondent"), appointment of a Receiver and injunctive relief. Based upon the evidence presented, and the arguments and representations of counsel, the Court makes the following:

FINDINGS OF FACT

1. The Petitioner is the Commissioner of Insurance of the state of North Carolina.
2. The Respondent is a mutual life, accident and health insurance company as defined in Chapter 58 of the North Carolina General Statutes with its principal place of business located at 411 West Chapel Hill Street, in Durham, Durham County, North Carolina.

3. Based upon the facts set forth in the Petition, appointment of a Rehabilitator is appropriate under N.C. Gen. Stat. § 58-30-80.

4. Respondent consents to being placed into rehabilitation, the appointment of Petitioner as receiver, and the entry of an injunction. The Consent of Respondent's Board of Directors is attached to this Order.

CONCLUSIONS OF LAW

1. The Petitioner is the Commissioner of Insurance of the State of North Carolina, and the Petitioner has initiated this action in his official capacity on behalf of the State of North Carolina pursuant to N.C. Gen. Stat. §§ 58-30-15, 58-30-20, 58-30-22, 58-30-25, 58-30-71, 58-30-75, 58-30-80, 58-30-85 and Article 38 of Chapter 1 of the North Carolina General Statutes by filing a Petition and summons with the Clerk of Superior Court of Wake County.

2. This matter is now subject to the provisions of the Article 30 of Chapter 58 of the North Carolina General Statutes.

3. Grounds for the entry of an Order of Rehabilitation and injunctive relief have been demonstrated by the Petitioner.

4. The Petitioner is entitled to appointment as Rehabilitator under the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

NOW, THEREFORE, IT IS ORDERED, ADJUDGED AND DECREED as follows:

1. Mike Causey, Commissioner of Insurance of the State of North Carolina, is HEREBY APPOINTED as Rehabilitator of the Respondent North Carolina Mutual Life Insurance Company, pursuant to the provisions of Article 30 of Chapter 58 of the North Carolina General Statutes.

2. Pursuant to Article 30 of Chapter 58 of the North Carolina General Statutes, title to all assets of the Respondent is hereby vested in the Rehabilitator; and the filing or recording of this Order with the Clerk of the Superior Court and the Register of Deeds of the County in which the Respondent's principal office or place of business is located; or, in the case of real estate, with the Register of Deeds of the county where the real property is located, shall impart the same notice as a deed, bill of sale, or other evidence of title duly filed or recorded with that Register of Deeds, would have imparted.

3. The Rehabilitator is hereby authorized, empowered and directed to take into his possession and control all property, stocks, bonds, securities, bank accounts, savings accounts, monies, accounts receivable, books, papers, records, data bases, printouts and computations, whether stored by microfilm, electronic, optical, magnetic or other means, whether stored in tapes, disks, or other media, and all other assets of any and all kinds and nature whatsoever belonging to the Respondent, wherever located, and to conduct Respondent's business and administer Respondent's assets and affairs under the general supervision of this Court.

4. The Rehabilitator is hereby vested with all other powers, authority, and duties provided by Article 30 of Chapter 58 of the North Carolina General Statutes.

5. Pursuant to N.C. Gen. Stat. § 58-30-85, the Rehabilitator is hereby authorized to appoint a Special Deputy Rehabilitator to act for the Rehabilitator in connection with this delinquency proceeding against the Respondent and that said Special Deputy Rehabilitator is authorized to employ at the prevailing customary rates such counsel, clerks or assistants as the Rehabilitator or said Special Deputy Rehabilitator shall deem to be necessary, or to utilize State employees for said purposes if he has determined that the use of State employees to conduct certain aspects of the rehabilitation is the most cost effective method of administering this

delinquency proceeding and that this action benefits the estate and its creditors; and the said Rehabilitator or Special Deputy Rehabilitator are further authorized to obtain such bonds, errors and omissions type insurance, or excess liability insurance in addition to any such insurance that may be already provided for employees of the North Carolina Department of Insurance, as a reasonably prudent person charged with the Rehabilitator's duties would deem to be appropriate; and that all expenses of taking possession of Respondent and of conducting the delinquency proceedings against Respondent, shall be paid out of the funds of the Respondent pursuant to N.C. Gen. Stat. § 58-30-85.

6. The Rehabilitator is authorized, empowered and directed to incur such expenses for communication and traveling expenses for himself, his agents or attorneys as may be necessary in the proper administration of his duties as Rehabilitator and also to incur such other expenses as the Rehabilitator may deem advisable or necessary in order to properly conduct and perform his duties as Rehabilitator.

7. The Rehabilitator is authorized to accept renewals on behalf of the Respondent, in the discretion of the Rehabilitator.

8. The Rehabilitator is authorized to notify state or federal regulators of this action.

APPOINTMENT OF RECEIVER

9. Mike Causey, Commissioner of Insurance of the State of North Carolina, is HEREBY APPOINTED as Receiver of the Respondent, pursuant to the provisions of Article 38 of Chapter 1 of the North Carolina General Statutes. Said Receiver is hereby vested with such other powers, authority, and duties as are provided by Article 38 of Chapter 1 of the North Carolina General Statutes.

INJUNCTION AGAINST INTERFERENCE WITH REHABILITATION

10. Injunctive relief pursuant to N.C. Gen. Stat. § 58-30-20 is HEREBY GRANTED prohibiting any person from interfering in any manner with the property or assets of Respondent or with said Rehabilitator in the performance of his duties, and further enjoining and restraining any person from instituting or prosecuting any suit or other action against the Rehabilitator or the Respondent's property except by the prior permission of this Court first had and obtained; a stay is hereby granted prohibiting all persons, firms and corporations with notice of this Court's Order from obtaining preferences, judgments, attachments, garnishments, or liens against Respondent or its assets, or the levying of execution or foreclosure against Respondent or its assets, until further order of the Court; Respondent, its trustees, officers, directors, agents, employees, or third party administrators, and all other persons are enjoined or restrained from the disposition, waste or impairment of any of Respondent's property, assets, or records; the transaction of further business of Respondent is enjoined unless supervised and approved by the Rehabilitator or his agents or deputies, until further order of the Court; all such persons are ordered to transfer to the Rehabilitator any and all property of Respondent wheresoever situated, and Respondent, its trustees, officers, agents, servants, employees, third party administrators, directors or attorneys are enjoined and restrained from doing or permitting to be done anything which may allow or suffer the obtainment of preferences, judgments, attachments or other liens, or the initiation of a levy against Respondent, without permission of this Court.

ACCOUNTING AND REPORTING

11. Until further order of this Court, Pursuant to N.C. Gen. Stat. § 58-30-80(b), the Rehabilitator shall make monthly reports to the undersigned Judge of Wake County Superior Court; the Rehabilitator shall include in said report a statement of receipts and disbursements to

date and a balance sheet; that this report shall be filed in duplicate; one copy shall be filed with the Clerk of Superior Court and one copy shall be submitted to the Judge presiding over the rehabilitation.

COMMISSIONER'S BOND

12. The official bond of the Petitioner, the Commissioner of Insurance of the State of North Carolina, shall be sufficient to serve for the faithful performance of his duties and obligations herein imposed.

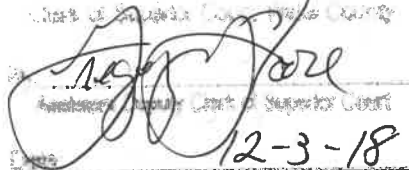
13. This Order shall be effective as of the date it is filed.

14. This cause is retained for further orders.

This 3rd day of December, 2018.



HONORABLE A. GRAHAM SHIRLEY, II
Resident Judge, Wake County Superior Court

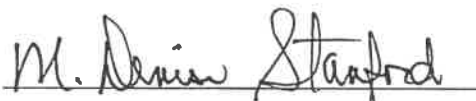
RECEIVED THE CLERK OF SUPERIOR COURT
CLERK OF SUPERIOR COURT, WAKE COUNTY

12-3-18

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this date I served the foregoing ORDER on Respondent by mailing copies thereof by first class U.S. Mail, addressed as follows:

M. Keith Kapp
Williams Mullen
P.O. Box 1000
Raleigh, NC 27602

This the 3rd day of December, 2018.

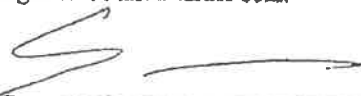


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EXHIBIT A

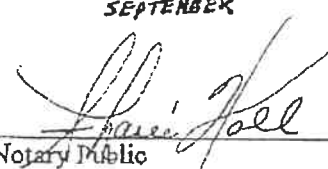
CONSENT OF BOARD OF DIRECTORS OF NORTH CAROLINA MUTUAL LIFE
INSURANCE COMPANY

The Board of Directors consents to a Petition for an Order of Rehabilitation, an Order
Appointing Receiver, and Injunctive Relief where such Petition to seek orders and any such
orders are sought to be filed under seal.



Elliott Sawyer Hall
Chairman of the Board of Directors
North Carolina Mutual Life Insurance Company

Sworn to and subscribed before me
this ~~4th~~ day of ~~August~~ 2018.
~~AUGUST~~
SEPTEMBER



Notary Public

My Commission Expires:

SHAREE HALL
Notary Public, State of Michigan
County of Oakland
My Commission Expires Nov 09, 2021
Acting in the County of

(Official Seal)