

APR 15 2009

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Attorneys for Plaintiffs

IN THE DISTRICT COURT OF THE FOURTH JUDICIAL DISTRICT
COUNTY OF ADA, STATE OF IDAHO

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|---------------------------------|---|-----------------------------|
| STATE OF IDAHO ex rel. HARTUNG, |) | |
| |) | |
| Plaintiff, |) | Case No. CV OC 0401574D |
| |) | |
| v. |) | ORDER OF LIQUIDATION |
| |) | |
| OLD STANDARD LIFE INSURANCE |) | |
| COMPANY, |) | |
| |) | |
| Defendant. |) | |
| |) | |

On September 15, 2008, William W. (Bill) Deal, Director of the Department of Insurance for the State of Idaho, in his capacity as the court-appointed Rehabilitator of Old Standard Life Insurance Company in Rehabilitation, and Lennard Stillman, the court-appointed Special Deputy Rehabilitator (collectively referred to as "Petitioner"), by and through counsel of record, HOLLAND & HART LLP, filed the Verified Petition for Termination of Rehabilitation and for an Order of Liquidation of Old Standard Life

Insurance Company ("Old Standard"), pursuant to Title 41, Chapter 33, IDAHO CODE, Idaho (the "Liquidation Petition"). Notice of the Liquidation Petition was properly given to the Board of Directors of Old Standard and all parties who have filed requests for notice with this Court. On October, 14, 2008, a hearing was held before this Court at which time this Court heard oral arguments with respect to the Liquidation Petition.

After considering the Liquidation Petition and hearing arguments related thereto, this Court finds as following:

FINDINGS

1. That further attempts to rehabilitate Old Standard would be futile.
2. That the continuation of the rehabilitation proceedings with respect to Old Standard would serve no useful purpose
3. That the best interests of creditors are served by the institution of liquidation proceedings.

WHEREFORE IT IS ORDERED, DECREED AND ADJUDGED as follows:

ORDER

1. The rehabilitation of Old Standard is hereby terminated pursuant to § 41-3316, IDAHO CODE.
2. The Director of the Idaho Department of Insurance, Bill Deal, and his successors in office, are hereby appointed Liquidator ("Liquidator") of Old Standard Life Insurance Company in Liquidation ("Old Standard") under § 41-3318, IDAHO CODE, with all powers provided by the Insurers Supervision, Rehabilitation and

Liquidation Act, §§ 41-3301 *et seq.* generally (the “Act”), and § 41-3321, IDAHO CODE, specifically. The Liquidator may do all acts necessary or appropriate for the accomplishment of the liquidation of Old Standard pursuant to §§ 41-3301, *et seq.*

3. Pursuant to § 41-3321(a), the Liquidator is authorized to appoint a special deputy liquidator to act for him and to determine his reasonable compensation. The special deputy shall have all of the power of the Liquidator granted by the Act and shall serve at the pleasure of the Liquidator.

4. The Liquidator’s appointment of Lennard Stillman as the Special Deputy Liquidator and J. Jacqueline Muro as the Assistant Special Deputy Liquidator is hereby approved and ordered.

5. Pursuant to § 41-3321(b), (c) and (d), the Liquidator is authorized to employ employees and agents, legal counsel, actuaries, accountants, appraiser, consultants and other personnel as the Liquidator may deem necessary to assist in the liquidation of Old Standard, and to fix the reasonable compensation for such persons or entities with the approval of this Court. The Liquidator is authorized to pay reasonable compensation to persons appointed, engaged or employed. All such compensation and costs and expenses of the Special Deputy Liquidator, the Assistant Special Deputy Liquidator, and such other persons or entities, and the costs and expenses of taking possession of Old Standard and of conducting and administering this liquidation are Class 1 administrative expenses of the Old Standard liquidation estate and are not claims, and shall be paid at the Liquidator’s exclusive discretion pursuant to §41-3342(1).

6. The Liquidator's appointment of the law firm of HOLLAND & HART LLP and FOSTER PEPPER, PLLC as counsel to Old Standard is hereby approved and ordered subject to the Court's approval of reasonable hourly rates and expenses.

7. Pursuant to § 41-3318(1), the Liquidator shall immediately take possession of the assets of Old Standard and shall administer them under the general supervision of this Court. The Liquidator is vested by operation of law with the title to all of the property, contracts, and rights of action and all of the books and records of Old Standard, wherever located, as of the entry of this Order of Liquidation. The filing and recording of this Order of Liquidation with the clerk of the district court and the recorder of deeds of the county in which its principal office or place of business is located, or, in the case of real estate, with the recorder of deeds of the county where the 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 recorder of deeds would have imparted.

8. Pursuant to § 41-3318(2), the rights and liabilities of Old Standard and its creditors, shareholders, members and all other persons claiming an interest in its estate shall become fixed as of the date of the entry of this Order of Liquidation, except as provided in § 41-3337.

9. Pursuant to § 41-3318(5), the Liquidator shall file an accounting of the Old Standard liquidation estate every one hundred eighty (180) days.

10. Pursuant to § 41-3325(1), as soon as practicable after the entry of this Order of Liquidation but not later than one hundred twenty (120) days thereafter, the

Liquidator shall prepare in duplicate a list of Old Standard's assets. The list shall be amended or supplemented from time to time as the Liquidator may determine. One (1) copy shall be filed in the office of the clerk of this Court and one (1) copy shall be retained for the Liquidator's files. All amendments and supplements shall be similarly filed.

11. Pursuant to § 41-3325(2), the Liquidator shall, in his exclusive discretion, reduce the assets to a degree of liquidity that is consistent with the effective execution of the liquidation.

12. Pursuant to § 41-3321(1)(e), the Liquidator is authorized to hold hearings, to subpoena witnesses to compel their attendance, to administer oaths, to examine any person under oath, and to compel any person to subscribe to his testimony after it has been correctly reduced writing, and in connection therewith to require the production of any books, papers, records or other documents which he deems relevant to the inquiry.

13. Pursuant to § 41-3321(1)(f), the Liquidator is authorized to collect all debts and monies due and claims belonging to Old Standard, wherever located, and for this purpose, (1) to institute timely action in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts; (2) to do such other acts as are necessary or expedient to collect, conserve or protect its assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon such terms and conditions as he deems best; and (3) to pursue any creditor's remedies available to enforce his claims.

14. Pursuant to § 41-3321(1)(g), the Liquidator is authorized to conduct public and private sales of the property of the insurer;

15. Pursuant to § 41-3321(1)(h), the Liquidator is authorized to use assets of the estate of an insurer under a liquidation order to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under the provisions of § 41-3342, Idaho Code;

16. Pursuant to § 41-3321(1)(i), the Liquidator is authorized to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with, any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable. He shall also have power to execute, acknowledge, and deliver any and all deeds, assignments, releases and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation;

17. Pursuant to § 41-3321(1)(j), the Liquidator is authorized to borrow money on the security of the insurer's assets or without security and to execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation;

18. Pursuant to § 41-3321(1) (k), the Liquidator is authorized to enter into such contracts as are necessary to carry out the order to liquidate, and to affirm or disavow any contracts to which the insurer is a party;

19. Pursuant to § 41-3321(1)(l), the Liquidator is authorized to continue to prosecute and to institute in the name of the insurer or in his own name any and all

suits, and other legal proceedings, in this state or elsewhere, and to abandon the prosecution of claims he deems unprofitable to pursue further. If the insurer is dissolved under the provisions of § 41-3320, Idaho Code, he shall have the power to apply to any court, in this state or elsewhere for leave to substitute himself for the insurer as plaintiff;

20. Pursuant to § 41-3321(1)(m), the Liquidator is authorized to prosecute any action which may exist on behalf of the creditors, members, policy holders or shareholders of the insurer against any officer of the insurer, or any other person;

21. Pursuant to § 41-3321(1)(n), the Liquidator is authorized to remove any or all records and property of the insurer to the offices of the director or to such other place as may be convenient for the purposes of efficient and orderly execution of the liquidation. Guaranty associations and foreign guaranty associations shall have such reasonable access to the records of the insurer as is necessary for them to carry out their statutory obligations;

22. Pursuant to § 41-3321(1)(o), the Liquidator is authorized to deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions;

23. Pursuant to § 41-3321(1)(p), the Liquidator is authorized to invest all sums not currently needed, unless the court orders otherwise;

24. Pursuant to § 41-3321(1)(q), the Liquidator is authorized to file any necessary documents for record in the office of any recorder of deeds or records office in this state or elsewhere where property of the insurer is located;

25. Pursuant to § 41-3321(1)(r), the Liquidator is authorized to assert all defenses available to the insurer as against third persons, including statutes of limitation, statutes of frauds, and the defense of usury. A waiver of any defense by the insurer after a petition in liquidation has been filed shall not bind the liquidator. Whenever a guaranty association or foreign guaranty association has an obligation to defend any suit, the liquidator shall give precedence to such obligation and may defend only in the absence of a defense by such guaranty associations;

26. Pursuant to § 41-3321(1)(s), the Liquidator is authorized to exercise and enforce all the rights, remedies, and powers of any creditor, shareholder, policyholder, or member, including any power to avoid any transfer or lien that may be given by the general law and that is not included within sections 41-3326 through 41-3328, Idaho Code;

27. Pursuant to § 41-3321(1)(t), the Liquidator is authorized to intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and to act as the receiver or trustee whenever the appointment is offered;

28. Pursuant to § 41-3321(1)(u), the Liquidator is authorized to enter into agreements with any receiver or director of any other state relating to the rehabilitation, liquidation, conservation or dissolution of an insurer doing business in both states; and

29. Pursuant to § 41-3321(1)(v), the Liquidator is authorized to exercise all powers now held or hereafter conferred upon receivers by the laws of this state not inconsistent with the provisions of this act.

30. The enumeration of the powers and authority of the Liquidator shall not be construed as a limitation upon him, nor shall it exclude in any manner his right to do such other acts not provided in § 41-3321 and/or the Act as may be necessary or appropriate for the accomplishment of or in aid of the purpose of liquidation. The reference in this Order of Liquidation to specific sections of the Act and § 41-3321 shall not be construed to limit or exclude other applicable sections of the Act and § 41-3321 to the liquidation of Old Standard.

31. Pursuant to § 41-3324, no lawsuit, action, proceeding or claim at law or in equity of any kind shall be brought against Old Standard or the Liquidator, whether in this state or elsewhere, nor shall any such existing actions be maintained or further presented after issuance of this Order of Liquidation. All existing lawsuits, actions, proceedings or claims at law or in equity are hereby stayed pending presentation and disposition of the same in these Liquidation proceedings in accordance with this Order of Liquidation.

32. The Liquidator shall give or cause to be given notice of the Order of Liquidation in accordance with § 41-3322. The notice shall provide the deadline for the filing of proofs of claims (the "POC Deadline").

33. All person and entities with claims against Old Standard shall follow the claims filing procedures established pursuant to §§ 41-3335 through 41-3341.

34. Pursuant to § 41-3344, under the direction of the Court, the Liquidator shall pay distributions in a manner that will assure the proper recognition of priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims, including third party claims. Distribution of assets in kind may be made at valuations set by agreement between the liquidator and the creditor and approved by the Court. Any distribution of assets prior to the POC Deadline must be approved by the Court and the assets to be distributed must be subject to a disgorgement or refunding agreement between the Liquidator and the creditor.

35. The Liquidator shall adhere to the priority of distribution of claims in which each class of claims is categorized pursuant to § 41-3342. Every claim in each class shall be paid in full or adequate funds, as determined exclusively by the Liquidator, shall be retained for such payment before the members of the next class receive any payment.

36. The Liquidator shall review, investigate and make recommendations concerning all claims duly filed in the liquidation in accordance with §§ 41-3343 through 41-3345 and 41-3339.

37. The Liquidator, Special Deputy Liquidator and the Assistant Special Deputy Liquidator are entitled to indemnification from the assets of Old Standard if any legal action is commenced against the Liquidator, Special Deputy Liquidator or Assistant Special Deputy Liquidator, personally or in their official capacity, alleging property damage, property loss, personal injury or other civil liability caused by or

resulting from any alleged act, error omission arising out of or by reason of their duties or employment, for all expenses, attorney fees, judgments, settlements, decrees, or amounts due and owing or paid in satisfaction or incurred in the defense of the legal action, unless it is determined that the alleged act, error or omission is caused by intentional or willful and wanton misconduct. Attorneys fees and related expenses incurred in defending a legal action for which immunity or indemnity is available shall be paid from the assets of Old Standard as they are incurred, in advance of the final disposition of the action.

38. The Liquidator may request instructions from the Court on any matter about which the Liquidator may wish to seek guidance from the Court.

DATED this 15 day of April, 2009.

BY THE COURT

Patrick H. Owen
Honorable Patrick H. Owen
District Judge

STATE OF IDAHO }
COUNTY OF ADA } SS.
I, J. David Navarro, Clerk of the District Court of the Fourth Judicial District of the State of Idaho, in and for the County of Ada, do hereby certify that the foregoing is a true and correct copy of the original on file in this office. In witness whereof, I have hereunto set my hand and affixed my official seal this April 20 day of April 2009.
J. DAVID NAVARRO, Clerk p
By [Signature] Deputy

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