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COPY

OFFICE OF THE COMMISSIONER OF INSURANCE
STATE OF GEORGIA

STATE OF GEORGIA, Ex. Rel., :
 RALPH T. HUDGENS, Commissioner :
 :
 Petitioner :
 :
 v. :
 :
 SOUTHERN CASUALTY INSURANCE :
 COMPANY :
 :
 Respondent :

CIVIL ACTION
No. 2013CV228788

CONSENT ORDER OF LIQUIDATION

The Court enters this Order by consent of the parties, Ralph T. Hudgens, Commissioner of Insurance for the State of Georgia ("Commissioner") and Southern Casualty Insurance Company ("Southern Casualty").

It appearing to the Court that Respondent is insolvent, that the continuation of its business would substantially increase the risk of loss to the creditors, claimants, policyholders and the public and, further, that it is in the best interest of the company's policyholders and other creditors that Southern Casualty be placed in liquidation with the Commissioner of Insurance appointed as Liquidator, IT IS HEREBY ORDERED as follows:

1.

This Order of Liquidation ("Liquidation Order") is entered pursuant to the provisions of the Insurance Rehabilitation and Liquidation Act, O.C.G.A. § 33-37-1 *et seq.*, specifically, but not limited to O.C.G.A. §§ 33-37-15, 33-37-16, and 33-37-17 on the ground that Southern Casualty is insolvent and in such condition that the further transaction of business would substantially increase the risk of loss to Southern Casualty's creditors, policyholders, and the public. Nothing hereunder shall be construed to limit the Liquidator's powers under Chapter 37 of Title 33 of the Georgia Insurance Code.

2.

Ralph T. Hudgens, as Commissioner of Insurance of the State of Georgia, is hereby appointed Liquidator of Southern Casualty (hereinafter "the Commissioner" or "Liquidator") with all the powers and immunities set forth in Title 33, Chapter 37 of the Georgia Insurance Code. The Liquidator shall take possession of the assets of Southern Casualty and administer them under the general supervision of this

Court. By operation of law, title to all assets of Southern Casualty is hereby vested in the Liquidator. The Liquidator shall have ultimate possession and control of all of the assets and property of Southern Casualty, wherever located, to which the Liquidator is entitled under Georgia law, specifically including but not limited to all bank accounts, including accounts containing premiums due Southern Casualty, records, books, and property wherever located.

3.

The Liquidator appoints Donald F. Roof, CFE as Deputy Liquidator. Pursuant to the provisions of O.C.G.A. § 33-37-20(a), the Liquidator may also appoint one or more Deputy Liquidators or Assistant Deputy Liquidators as deemed necessary. The Deputy Liquidator and any Assistant Deputy Liquidator shall have all powers and responsibilities of the Liquidator granted by this Order and shall serve at the pleasure of the Commissioner as set forth at O.C.G.A. § 33-37-20. The Commissioner retains the right to substitute another person as Deputy Liquidator or Assistant Deputy Liquidator as he may deem necessary. The compensation of the Deputy Liquidator and Assistant Deputy Liquidator shall be fixed by the Commissioner. The compensation of any Deputy Liquidator or Assistant Deputy Liquidator that is not employed by the Department of Insurance shall be paid from the funds of Southern Casualty. The Liquidator and each Deputy Liquidator and Assistant Deputy Liquidator shall have no personal liability for any acts or omissions in connection with his duties as Liquidator, Deputy Liquidator or Assistant Deputy Liquidator, provided that such acts or omissions are without intentional or willful and wanton misconduct, as set forth at O.C.G.A. § 33-37-8.1.

4.

Southern Casualty, its officers, directors, agents, shareholders, employees, and all other persons are hereby enjoined and restrained from the transaction of any of the business of Southern Casualty. Further, Southern Casualty, its officers, directors, agents, shareholders, employees, and all other persons are hereby enjoined and restrained from transferring Southern Casualty's property without the express permission of the Liquidator, wasting Southern Casualty's assets, or transferring or dissipating any of Southern Casualty's bank accounts.

5.

Upon the issuance of this Order, the rights and liabilities of Southern Casualty and its creditors, policyholders, shareholders and any other person interested in its estate shall become fixed except as provided for in O.C.G.A. §§ 33-37-18 and 33-37-36.

6.

Upon the issuance of this Order, no action at law or in equity or in arbitration shall be brought against Southern Casualty, the Liquidator, any Deputy Liquidator or any Assistant Deputy Liquidator, whether in this state or elsewhere, nor shall any such existing actions be maintained or further presented after the issuance of this Order, as set forth at O.C.G.A. § 33-37-23.

7.

All officers, directors, agents, managing general agents, affiliates, shareholders and employees of Southern Casualty are hereby ordered to immediately deliver to the Liquidator all Southern Casualty assets, accounts, books, documents or other records or information, equipment or other property in their possession or wherever located, including all Southern Casualty assets, accounts, books, documents or other records or information, equipment or property in the possession of accountants, accounting firms, investment advisors, attorneys or any other person or entity with which Southern Casualty has a contract for services.

8.

All insurance agents and brokers are hereby ordered to account to the Liquidator, within 15 days of the date of this Order, for all funds of Southern Casualty held by them in their fiduciary capacity or due Southern Casualty, without any deductions for commissions, policy fees, allowance for return premiums, unearned premiums, claims, or any other deductions, as said funds are vested in the Liquidator as provided by law; it is further Ordered that such funds be paid by such insurance agents and brokers to the Liquidator.

9.

In accordance with O.C.G.A. § 33-37-32, an agent, broker, premium finance company, or any other person, other than the insured, responsible for payment of a premium shall be obligated to pay any unpaid premium for the full policy term due Southern Casualty at the time this Consent Order of Liquidation, whether earned or unearned, as shown on the records of Southern Casualty. The Liquidator shall also have the right to recover from such person any part of the unremitted, unearned premium that represents commissions, whether earned or unearned, of such persons. Credit or set-offs or both shall not be allowed an agent, broker or premium finance company for any amounts advanced to the insurer by the agent, broker or premium finance company on behalf of, but in the absence of payment by, the insured.

10.

Pursuant to O.C.G.A. § 33-37-32, all insureds are obligated to pay any unpaid earned premium due Southern Casualty at the time of the declaration of insolvency.

11.

The Liquidator is hereby authorized to avoid all fraudulent transfers made or obligations incurred by Southern Casualty, as those terms are defined by O.C.G.A. § 33-37-25 and to take any action authorized by O.C.G.A. § 33-37-26.

12.

The Liquidator is hereby authorized to avoid any preference in accordance with O.C.G.A. § 33-37-27.

13.

The Liquidator, pursuant to O.C.G.A. § 33-13-13 and the limitations set forth therein, is hereby authorized to recover on behalf of the insurer the amount of distributions other than stock dividends paid by the insurer on its capital stock at any time during the five years preceding this Order of Liquidation.

14.

The Liquidator, in accordance with O.C.G.A. § 33-13-13(f), is hereby authorized to examine the affairs, transactions, accounts, records, documents, and other assets of Southern Casualty and its affiliates to determine whether any dividends or other distributions made by Southern Casualty are recoverable under O.C.G.A. § 33-13-13.

15.

All agents properly notified of the liquidation of Southern Casualty in accordance with O.C.G.A. § 33-37-21 shall within 30 days of such notice provide the Liquidator the information in the agent's records related to any policy issued by the insurer through the agent. Additionally, all general agents shall provide the information in the general agent's records related to any policy issued by the insurer through an agent under contract with him including the name and address of such subagent.

16.

The Liquidator is hereby authorized to audit the books and records of all agents of Southern Casualty insofar as those records relate to the business activities of Southern Casualty.

17.

All reasonable expenses of any litigation, including attorney's fees and costs, incurred by the Liquidator now or in the future, related to or arising out of the delinquency proceeding or this liquidation shall be paid out of the funds or assets of Southern Casualty.

18.

The Commissioner shall be relieved from giving bond and, being a public official, he shall be allowed his expenses related to this action, including expenses for clerical or other help as may be necessary, including without limitation, examination, experts' and attorneys' fees, from Southern Casualty's funds. The Liquidator may employ such clerks, assistants, and other staff as necessary, and the compensation of such clerks, assistants, and staff shall be paid from the funds of Southern Casualty.

19.

In accordance with O.C.G.A. § 33-37-18, all policies, including bonds and other non-cancelable business, other than life or accident and sickness insurance or annuities, in effect at the time of issuance of this Order shall remain in force only for the lesser of: a period of 30 days from the date of entry of this Order, the expiration of the policy coverage, the date when the insured has replaced insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy, or the date on which the Liquidator effects a transfer of the policy obligation pursuant to O.C.G.A. § 33-37-20(a)(10).

20.

In accordance with O.C.G.A. § 33-37-20(d), the Liquidator shall have no obligation to defend claims or to continue to defend claims subsequent to the entry of this Order.

21.

Upon entry of this Order of Liquidation, the Liquidator shall give or cause to be given notice of the liquidation in accordance with O.C.G.A. § 33-37-21 and require claimants to file with the Liquidator their claims on the Proof of Claim form attached as Exhibit 1 and approved by this Court. All claims must be filed with the Liquidator within 180 (one hundred and eighty) days of the entry of this Order or be forever barred.

22.

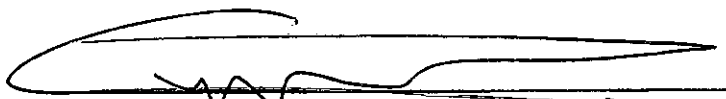
The Liquidator shall report to the Court regarding the status of the Liquidation within one year of the date of this Liquidation Order, and provide accounting to the Court on an annual basis thereafter.

23.

This Court shall retain exclusive jurisdiction, as provided in O.C.G.A. § 33-37-4, to determine all suits or motions related to the enforcement of this Order or any litigation related to Southern Casualty

or the Liquidator and his deputies, agents, employees or representatives, which shall be determined in this liquidation proceeding.

SO ORDERED, this 20 day of MARCH, 2013.



Judge, Fulton County Superior Court

Presented by:

Daniel Walsh
Georgia Bar # 735040
Senior Assistant Attorney General
Charlene R. Swartz
Georgia Bar # 697316
Office of the Attorney General
40 Capitol Square, SW
Atlanta, GA 30334-1300

Consented to by:

RICHARD W. O'DOM

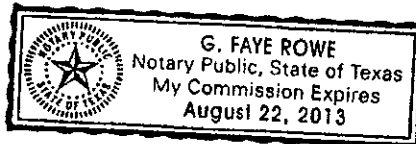
Richard W. O'Dom (Signatory)

Chm. Pres and CEO (Title)
Southern Casualty Insurance Company

Sworn and subscribed

Before me this 18th day of ~~December 2012~~ March 2013

G. Faye Rowe [SEAL]
Notary Public, State of Texas



My Commission Expires 8-22-13

Consented to by:

Ralph T. Hudgens

Ralph T. Hudgens
Commissioner of Insurance
State of Georgia

EXHIBIT 1

**SOUTHERN CASUALTY INSURANCE COMPANY, IN LIQUIDATION
PROOF OF CLAIM**

LIQUIDATOR USE ONLY

READ ALL MATERIALS CAREFULLY BEFORE
COMPLETING THIS FORM – COMPLETE ALL SECTIONS –
FILL IN ALL BLANKS – PLEASE PRINT CAREFULLY OR
TYPE.

PROOF OF CLAIM NO: _____

DATE RECEIVED: _____

Name of claimant:

E-Mail Address:

Address of claimant:

Phone No.:

If applicable, name of Southern Casualty Insurance Company policyholder and policy number.

Policyholder Name:

Policy Number:

This claim is for:

- Loss under policy (Claim by insured of Southern Casualty for policy benefits)
- Return of premium under a policy
- General Creditor (Attorney fees, adjuster fees, vendors, landlords, lessors consultants, etc.)
- All other (describe)

In the space below give a concise statement of facts giving rise to your claim:

AMOUNT OF CLAIM: \$ _____

ATTACH COPIES OF ANY SUPPORTING DOCUMENTS SUCH AS CORRESPONDENCE, LAWSUITS, JUDGEMENTS, PREMIUM RECEIPTS, CANCELED CHECKS, ETC.

State of _____

County of _____

I HEREBY SWEAR OR AFFIRM UNDER PENALTY OF PERJURY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF, THE STATEMENTS AND ATTACHED SUPPORTING DOCUMENTS IN THIS CLAIM ARE TRUE AND CORRECT.

X

Claimant's Signature

Date

Notary Public

My Commission Expires: _____

**NOTICE: ALL CLAIMS MUST BE RECEIVED BY THE LIQUIDATOR AT THE FOLLOWING ADDRESS ON OR BEFORE
XXXXXXXXXX, OR BE FOREVER BARRED.**

Southern Casualty Insurance Company
3635 Peachtree Industrial Boulevard
Suite 200, Duluth, GA 30096-2806

SOUTHERN CASUALTY INSURANCE COMPANY, IN LIQUIDATION
NOTICE OF LIQUIDATION

TO: All Persons and Entities having an interest in Southern Casualty Insurance Company

FROM: Ralph T. Hudgens, Commissioner of Insurance of the State of Georgia as Liquidator of Southern Casualty Insurance Company

INTRODUCTION

On March __, 2013, Southern Casualty Insurance Company ("Southern Casualty") was declared insolvent and ordered liquidated pursuant to Order entered by the Honorable _____, Judge of the Superior Court of Fulton County, Georgia, in Civil Action File No. _____. Ralph T. Hudgens, the Commissioner of Insurance of the State of Georgia, was appointed Liquidator of Southern Casualty. The Liquidator was directed to take possession of the assets of Southern Casualty and to administer them under the supervision of the Liquidation Court. The Liquidator is vested by operation of law with title to all the property, contracts and rights, and all books and records of Southern Casualty, wherever located.

This Notice contains instructions for all persons and entities having an interest in Southern Casualty. This notice is issued pursuant to the Official Code of Georgia Annotated 33-36-8 and 33-37-21 and by Order of the Superior Court of Fulton County, Georgia ("Liquidation Court").

A copy of the liquidation order may be obtained from www._____ or by calling _____.

NOTICE OF CANCELLATION

In accordance with O.C.G.A. § 33-37-18, all policies, including bonds and other non-cancelable business, other than life or accident and sickness insurance or annuities, in effect at the time of the issuance of this Order shall remain in force only for the lesser of: xx/xx/xxxx, the expiration of policy coverage, the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy, or the date on which the Liquidator effects a transfer of the policy obligation pursuant to O.C.G.A. § 33-37-20(a)(10).

CLAIM PROCEDURES

The Liquidation Court has directed that notice be given to all persons who may have a claim against Southern Casualty. If you have such a claim and wish to be considered in the Liquidation proceedings, ***you must follow the procedure described below or you will be forever barred from asserting a claim.***

The Liquidation Court has established xx/xx/xxxx, as the "bar date" for the filing of claims against Southern Casualty. To have your claim considered in the Southern Casualty liquidation, ***your Proof of Claim form must be properly completed, mailed, and postmarked no later than xx/xx/xxxx.***

1. CLAIMS FOR LOSS UNDER THE POLICY:

If your claim is for **POLICY BENEFITS** and if your claim is already filed with Southern Casualty, you need to complete the Proof of Claim form, but you do not need to submit documentation to support your claim. If additional information is required, you will be contacted. If this is a new claim, please attach documentation to support your claim.

2. RETURN OF UNEARNED PREMIUM OR OTHER PREMIUM REFUNDS:

If your claim is for **RETURN of UNEARNED PREMIUM or OTHER PREMIUM REFUNDS**, please complete the Proof of Claim form and attach the appropriate documentation to support your claim.

3. GENERAL CREDITOR CLAIM:

If your claim is that of a **GENERAL CREDITOR**, please complete the Proof of Claim form and attach copies of all outstanding invoices to support your claim.

4. ALL OTHER CLAIMS:

If you have any other type of claim, describe your claim on the Proof of Claim form, (i.e., stockholder, employee, taxes, license fees, assessments, etc.) and attach copies of information to support your claim.

A Guaranty Association may cover certain claims under a Southern Casualty policy. Guaranty Associations have been created under state laws to protect insureds whose insurance company became insolvent and was ordered liquidated against certain types of policy claims, subject to both various statutory defenses and claim limitations. Claims which may be covered by a Guaranty Association will be forwarded by the Liquidator to the appropriate Guaranty Association for processing. A list of the addresses and phone numbers of the relevant Guaranty Associations in this case is enclosed. **DO NOT FILE A PROOF OF CLAIM WITH A GUARANTY ASSOCIATION. ALL PROOFS OF CLAIM MUST BE FILED WITH THE LIQUIDATOR OF SOUTHERN CASUALTY.**

PROOF OF CLAIM FORM

The Proof of Claim form must be completed in its entirety and all questions must be answered. Should there be questions that do not apply to your situation, simply complete each blank not requiring an answer with "N/A" or "not applicable." Make sure that your form is *signed under oath before a notary public*. Mail it together with all supporting documentation to the address shown below.

SOUTHERN CASUALTY INSURANCE COMPANY, IN LIQUIDATION
3635 Peachtree Industrial Boulevard, Suite 200
Duluth, GA 30096

All claimants must keep the Liquidator advised of any address changes subsequent to the filing of the Proof of Claim form or receipt of this notice. All communications to the Liquidator should identify the claim number to the extent known.

Georgia Insurers Insolvency Pool
2177 Flintstone Drive, Suite R
Tucker Georgia 30084
770-621-9835

Louisiana Insurance Guaranty Association
2142 Quail Run Drive
Baton Rouge, LA 70808
225-757-1688

Mississippi Guaranty Insurance Association
713 South Pear Orchard Road, Suite 200
Ridgeland, MS 39157-4823
601-957-0072