

THE STATE OF NEW HAMPSHIRE

MERRIMACK, SS.

SUPERIOR COURT

In the Matter of the Rehabilitation of
US International Reinsurance Company

ORDER APPOINTING REHABILITATOR

After having heard and considered the facts set forth in the Commissioner's Verified Petition for Rehabilitation, the Court finds that the law and facts are as the Commissioner of Insurance of the State of New Hampshire (the Commissioner) has alleged in the Petition and that there exists a present and urgent necessity for the immediate entry of this order.

WHEREFORE, it is hereby ordered as follows:

- (a) Sufficient cause exists for the rehabilitation of US International Reinsurance Company ("USI Re") and appointment of the Commissioner as Rehabilitator;
- (b) Paula T. Rogers, Commissioner of Insurance for the State of New Hampshire, is hereby appointed Rehabilitator of USI Re;
- (c) The Rehabilitator shall have all the powers of the officers and managers of USI Re, whose authority shall be suspended, except as they are specifically redelegated by the Rehabilitator;
- (d) The Commissioner is directed to secure all of the assets, property, books, records, accounts and other documents of USI Re;
- (e) The officers, directors, agents, employees, and representatives of USI Re, and any persons acting in concert with USI Re, are prohibited from disposing, using, transferring,

removing or concealing any property of USI Re, without the express written authority of the Rehabilitator.

(f) Any bank, savings and loan association or other financial institution or other legal entity is prohibited from disposing of, allowing to be withdrawn or concealing in any manner any property or assets of USI Re, except under the express authorization of the Rehabilitator or by the further order of this Court.

(g) The following actions shall be stayed pending the resolution of this proceeding:

(1) the commencement or continuation of a judicial, administrative, or other action or proceeding against USI Re that was or could have been commenced before the commencement of this case, or to recover a claim against USI Re that arose before the commencement of this case;

(2) the enforcement, against USI Re or its property, of a judgment obtained before the commencement of this case;

(3) any act to obtain possession of property of USI Re or to exercise control over property of USI Re;

(4) any act to create, perfect, or enforce any lien against property of USI Re;

(5) any act to create, perfect or enforce against property of USI Re any lien to the extent that such lien secures a claim that arose before the commencement of this case;

(6) any act to collect, assess, or recover a claim against USI Re that arose before the commencement of this case; and

(7) the setoff of any debt owing to USI Re that arose before the commencement of this case against any claim against USI Re.

(h) The Rehabilitator is authorized, in her decision, to pay any and all claims for losses, in whole or in part, under policies and contracts of insurance and associated loss adjustment expenses including, but not limited to, claims for losses which, as of the date of the Order, have been previously settled and approved for payment in the normal course of business;

(i) The Rehabilitator, in her discretion, is authorized to pay expenses incurred in the ordinary course of USI Re's business in rehabilitation, including the actual, reasonable, and necessary costs of preserving or recovering the assets of USI Re and the costs of goods and services provided to USI Re's estate. Such costs shall include, but not limited to: (i) reasonable professional fees for accountants, actuaries, attorneys and consultants with other expertise retained by the State of New Hampshire Insurance Department, the Commissioner or the Rehabilitator to perform services relating to the Rehabilitation of USI Re or the feasibility, preparation, implementation, or operation of a rehabilitation plan; (ii) compensation and other costs related to representatives and employees, including Special Deputy Commissioner, Peter Bengelsdorf, of USI Re or its affiliates who perform services for USI Re; and (iii) a reasonable allocation of costs and expenses associated with time spent by Department personnel in connection with the Rehabilitation of USI Re;

(j) The actual, reasonable and necessary costs of preserving or recovering assets of USI Re and the costs of goods and services provided to and approved by USI Re, under paragraph (i) of this Order, during the period of Rehabilitation will be treated as "costs and expenses of administration," pursuant to RSA 402-C:44 I,;

(k) The amounts recoverable by the Rehabilitator from any reinsurer of USI Re shall not be reduced as a result of this Rehabilitation proceeding or by reason of any partial payment or distribution on a reinsured policy, contract or claim, and each such reinsurer of USI Re is,

without first obtaining leave of this Court, hereby enjoined and restrained from terminating, canceling, failing to extend or renew, or reducing or changing coverage under any reinsurance policy or contract with USI Re. The Rehabilitator may, in her discretion, commute any contract with a reinsurer or reinsurers;

(l) The arrangements for compensation set forth in the Consulting Agreement between the Rehabilitator and Peter Benglesdorf dated as of March __, 2003, and appended as Exhibit __ to the Verified Petition are reasonable and are hereby approved because the Rehabilitator has demonstrated that such arrangements are necessary to obtain a special deputy of proven ability, the Consulting Agreement was entered into in good faith and is in the best interests of the rehabilitation of USI Re;

(m) This Order shall not be deemed a finding or declaration of insolvency such as would activate the provisions of the New Hampshire Guaranty Association, RSA 404-B, or the provisions of similar acts of any other state or territory;

(n) The Rehabilitator shall have full powers and authority given the Rehabilitator under RSA 402-C of Title XXXVII, and under provisions of all other applicable laws, as are reasonable and necessary to fulfill the duties and responsibilities of the Rehabilitator under RSA 402-C of Title XXXVII, and under this Order.

Date : 3/12/03
Time: 8:45 a.m.

By: //Kathleen A. McGuire//
Presiding Justice