

IN THE DISTRICT COURT OF LANCASTER COUNTY, NEBRASKA
LANCASTER COUNTY

STATE OF NEBRASKA, EX REL.
ANN M. FROHMAN
DIRECTOR OF INSURANCE OF
THE STATE OF NEBRASKA,

2008 APR 10 PM 2 57
CLERK OF THE
DISTRICT COURT

Case No.: CI 08-1434

PETITIONER,

v.

ACCEPTANCE INSURANCE COMPANY,

RESPONDENT.

ORDER OF
REHABILITATION

This matter came on for consideration on the petition of the Director of Insurance for the State of Nebraska, Ann M. Frohman ("Director") pursuant to the Insurers Supervision, Rehabilitation, and Liquidation Act ("Act") *Neb. Rev. Stat. §44-4801 et seq.*, for an Order of Rehabilitation and for injunctive relief with respect to Acceptance Insurance Company ("AIC"). AIC, through its President, has voluntarily appeared and consented to the Order of Rehabilitation, waiving notice and hearing on the Petition.

The court, upon review of the Petition and supporting materials and, the consent of AIC, finds as follows:

1. The court has jurisdiction over the subject matter and the parties.
2. AIC is in such condition that the further transaction of business by AIC would be hazardous financially to its insureds or creditors or the public.
3. Grounds exist under *Neb. Rev. Stat. §44-4812* for this court to enter an Order of Rehabilitation pursuant to *Neb. Rev. Stat. §§44-4812 and 44-4813* authorizing the Director to rehabilitate AIC.

4. The immediate appointment of a Rehabilitator is necessary to protect the creditors, claimants and policyholders of AIC, and it is in their best interest and in the best interests of the public that an Order of Rehabilitation be entered appointing the Director and successors in office as Rehabilitator of AIC pursuant to *Neb. Rev. Stat. §44-4813*.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that;

1. An Order of Rehabilitation is entered under *Neb. Rev. Stat. §44-4813*, authorizing the rehabilitation of AIC.

2. Ann M. Frohman, Director of Insurance for the State of Nebraska, and her successors in office are appointed Rehabilitator and, pursuant to *Neb. Rev. Stat. §44-4814*, she may take such action as she deems necessary or appropriate to reform and revitalize AIC.

3. The Rehabilitator shall have all the powers of the directors, officers, and managers of the insurer, whose authority shall be suspended, except as such authority may be redelegated by the Rehabilitator.

4. The Rehabilitator is authorized and directed to forthwith take possession and control of the assets of AIC and administer them under the general supervision of this Court. The Rehabilitator is directed to exercise any and all rights of AIC in connection with any collateral or other assets being held for the benefit of AIC by any person or entity. Pursuant to *Neb. Rev. Stat. §44-4813*, the Rehabilitator shall be vested by operation of law with title to all of the property, contracts, and rights of action and all of the books and records of AIC, wherever located, as of the entry of the Order of Rehabilitation.

5. The Rehabilitator shall have, exercise and be subject to, all of the rights, powers and duties of a Rehabilitator under the Insurers Supervision, Rehabilitation, and Liquidation Act.

6. All officers, managers, directors, trustees, owners, employees, or agents of AIC shall cooperate with the Rehabilitator as required by *Neb. Rev. Stat. §44-4806*.

7. Mutual debts or credits between AIC and another person in connection with this rehabilitation shall be subject to *Neb. Rev. Stat. § 44-4830*.

8. The entry of an order of rehabilitation shall not constitute an anticipatory breach of any contracts of the insurer and shall not be grounds for retroactive revocation or retroactive cancellation of any contracts of the insurer unless such revocation or cancellation is done by the Rehabilitator pursuant to *Neb. Rev. Stat. §44-4814*.

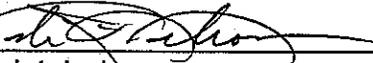
9. The Rehabilitator shall file financial reports and an accounting with this Court pursuant to *Neb. Rev. Stat. §44-4813(2)*, for the period ending June 30, 2008, and at least semi-annually thereafter. Each accounting shall include a report concerning the Rehabilitator's opinion as to the likelihood that a plan under *Neb. Rev. Stat. §44-4814(4)*, will be prepared by the Rehabilitator and the timetable for doing so.

10. This Court shall retain jurisdiction of this matter for the purpose of granting such other and further relief as shall be just and equitable and the Rehabilitator shall apply to this Court for further instructions as necessary.

IT IS SO ORDERED.

Dated: April 10, 2008.

BY THE COURT:


District Judge
JODI L. NELSON

17-009-20