

STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE
OF FINANCIAL AND INSURANCE
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETTE

AMERICAN COMMUNITY MUTUAL
INSURANCE COMPANY,

Respondent.

Christopher L. Kerr (P57131)
David W. Silver (P24781)
Assistant Attorneys General
Attorneys for Petitioner
Corporate Oversight Division
P. O. Box 30755
Lansing, MI 48909
(517) 373-1160

**PETITION FOR APPROVAL OF THE REHABILITATOR'S PLAN TO ENTER INTO A
TRANSITION PLAN AGREEMENT WITH
GOLDEN RULE INSURANCE COMPANY
RELATIVE TO AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY'S
INDIVIDUAL HEALTH INSURANCE POLICIES**

Ken Ross, Commissioner of the Michigan Office of Financial and Insurance Regulation,
as Rehabilitator of American Community Mutual Insurance Company (the "Rehabilitator"), by
and through his attorneys, Michael A. Cox, Attorney General, and Christopher L. Kerr and
David W. Silver, Assistant Attorneys General, petitions this Court pursuant to MCL 500.8114(4)
to approve the Rehabilitator's plan to enter into a Transition Plan Agreement with Golden Rule

Insurance Company relative to American Community's individual health insurance policies. In support of this Petition, the Rehabilitator states as follows:

1. On April 8, 2010, this Court entered a Stipulated Order Placing American Community into Rehabilitation, Approving Appointment and Compensation of Special Deputy Rehabilitators, and Providing Injunctive Relief (the "Rehabilitation Order"). Pursuant to MCL 500.8113(1), the Rehabilitation Order appointed the Commissioner as the Rehabilitator of American Community.

2. As required by MCL 500.8113(1), the Rehabilitation Order directed the Rehabilitator to "take immediate possession of all the assets of American Community and administer those assets under the Court's general supervision."¹

3. The Rehabilitation Order further provides that "[p]ursuant to MCL 500.8114(2) and (4), the Rehabilitator may take such action as he considers necessary or appropriate to reform or revitalize American Community, and is empowered to pursue all avenues of reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community to effectuate rehabilitation and maintain, to the greatest extent possible, a continuity of health care services."²

4. The Rehabilitation Order additionally provides that "[p]ursuant to MCL 500.8114(4), if the Rehabilitator determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community is appropriate, he shall prepare a plan to effect those changes and shall apply to the Court for approval of such plan."³

¹ Rehabilitation Order, p 4, ¶ 3.

² Rehabilitation Order, p 6, ¶ 10.

³ Rehabilitation Order, p 6, ¶ 11.

5. On April 26, 2010, the Court entered an Ex Parte Order approving the Rehabilitator's compensation of Cain Brothers as the exclusive financial advisor to the Rehabilitator.

6. In its role as exclusive financial advisor, Cain Brothers has marketed and solicited offers to purchase various "blocks" or segments of American Community's insurance business. That process has resulted in the negotiation of a Transition Plan Agreement between American Community and Golden Rule Insurance Company ("Golden Rule"). The Transition Plan Agreement indicates the following:

- a. Golden Rule will make an offer of coverage to all of American Community's Individual policyholders in all states, except to: (i) those policyholders who are 65 years of age and older, as this would be a Medicare violation; and (ii) those policyholders in the 15 states where Golden Rule does not offer health insurance products, which is inconsequential because American Community does not market its products in any of these states. Golden Rule will also attempt to contact American Community policyholders by phone to encourage them to take advantage of the offer.
- b. Golden Rule's offer will be on a guaranteed issue basis so that any policyholder may accept the offer, and no policyholder will be declined coverage due to their health status or claims history.
- c. Golden Rule will not place any coverage restrictions on policyholders due to pre-existing conditions.
- d. Golden Rule will offer coverage to all policyholders at its standard rate.
- e. All policyholders may apply for underwritten coverage if they wish to determine whether Golden Rule would offer underwritten coverage at a lower rate.

- f. Golden Rule, on behalf of its affiliate, United Healthcare (“United”), agrees that United and American Community will work together in good faith to develop a separate agreement whereby United would offer coverage to all of American Community’s existing in-force group medical business.

A copy of the executed Transition Plan Agreement is attached as Exhibit A.

7. Golden Rule is an Indiana insurance company that specializes in health insurance coverage in the individual market. Golden Rule has offered health plans to individuals and families for more than 60 years. Golden Rule and its affiliated companies offer individuals and families health insurance coverage in 38 states and the District of Columbia. The company is rated by A.M. Best and is assigned a Best's Financial Strength rating of A (Excellent). Golden Rule is a UnitedHealthcare company, which organizes access to quality, affordable health care services on behalf of approximately 25 million individual consumers, contracting directly with more than 600,000 physicians and care professionals and 5,000 hospitals to offer these consumers broad, convenient access to services nationwide.

8. Based on Golden Rule's experience in the industry, solid financial condition, and other considerations, the Rehabilitator has determined that entering into a Transition Plan Agreement with Golden Rule is necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and will assist in providing the maximum protection to American Community's creditors, policyholders, and the public.

9. Consistent with the Rehabilitation Order, the Rehabilitator has determined that the Transition Plan Agreement will also maintain, to the greatest extent possible, a continuity of health care services for American Community's Individual policyholders as they should experience a smooth transition to a reputable insurer.

10. The Transition Plan Agreement will also bring funds into the American Community rehabilitation estate for the benefit of the company's creditors. Pursuant to the Transition Plan Agreement, Golden Rule will pay American Community a referral fee equal to 7.5% of the first year annualized premium for each American Community insured that purchases underwritten coverage. In addition, Golden Rule will pay a referral fee for the non-underwritten (i.e., guaranteed issue) business based on the first 12 months of earned premium and loss ratio on the block of business as follows:

- a. 5% of earned premium if the aggregate loss ratio is less than 75%;
- b. 85% minus the loss ratio divided by 2 of earned premium if the aggregate loss ratio is between 75% and 85%; and
- c. 0%, or no referral fee, if the aggregate loss ratio is 85% or more.

11. Cain Brothers has actively marketed American Community's Individual business since at least April 26, 2010. Two other companies expressed interest in acquiring the business as follows:

- a. One company proposed making an offer of coverage only to the Michigan Individual policyholders and would pay American Community \$100 for each policyholder that accepts the offer. The Rehabilitator does not believe that this is a better offer than Golden Rule's because it does not provide a solution to the policyholders in other states. Moreover, due to the rating restrictions that Michigan law imposes on this carrier, the cost of coverage to American Community's policyholders would likely be higher than that offered by Golden Rule, which would likely result in fewer American Community policyholders accepting the offer and moving off of American Community's book of business.

b. The other company would assume American Community's Group and Individual business through an assumption reinsurance agreement. Under that agreement, some administrative functions of American Community would likely remain at its Home Office through the end of 2011 and other operational areas would be internalized by the acquiring company within 12 months following closing. Broker fees and commission structure would need to be revised. The company required a 60-day period of exclusivity to conduct due diligence and negotiate the terms of the definitive agreement with a target of July 31, 2010 to execute the documents and September 30, 2010 to close on the transaction, subject to regulatory approval. Again, the Rehabilitator does not believe that this is a better offer than Golden Rule's because:

- i. the due diligence and negotiation period would extend the period of time that policyholders would stay on American Community's books and continue to utilize benefits, thereby potentially decreasing the company's surplus;
- ii. there is no guarantee that the company will actually consummate a transaction at the end of the 60-day due diligence period; and
- iii. the company lacks the breadth, experience, scope, and network discounts that Golden Rule offers, and is therefore a less attractive option to ensure the continuity of health care services to American Community's policyholders.

12. Prior to the Rehabilitation, American Community issued two surplus notes totaling \$30 million, which remain outstanding. As the attached Proof of Service reflects, a copy of this

Petition, the proposed Order approving the Golden Rule transaction,⁴ and a Notice of Hearing on this Petition have been served via e-mail and regular mail on the two holders of the surplus notes: Peter Addei of Cohen and Company on behalf of surplus note holder ALESCO Preferred Funding VII, Ltd., and Carolyn Thagard of Trapeza Capital Management, LLC on behalf of surplus note holder Credit Suisse, Cayman Branch. These papers have also been served via e-mail and regular mail on the trustee of the two surplus notes, Mudasir Mohamed of The Bank of New York Mellon Trust Company, N.A. The Rehabilitator has identified these individuals as the parties with the strongest potential interest in this transaction.

13. Beyond the surplus note holders and their trustee, providing personalized notice of this Petition and any resulting Order to all other parties that have a general interest in American Community's rehabilitation is impractical at this time because there has been no claims submission or other process to identify such interested parties. Moreover, attempting to identify and personally notify every party having a general interest would be time-intensive and costly to American Community's rehabilitation estate. For these reasons, the Rehabilitator requests that the Court authorize and ratify service of this Petition, the Notice of Hearing, and any resulting Order on any potentially interested parties (other than the two surplus note holders and their trustee) by posting electronic copies on the OFIR website, www.michigan.gov/ofir, under the section "Who We Regulate", and the subsection "American Community." Service in this manner is reasonably calculated to give these other potentially interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

WHEREFORE, the Commissioner, as Rehabilitator of American Community, respectfully requests this Court to approve the Rehabilitator's plan to enter into the attached

⁴ A copy of the proposed Order is attached as Exhibit B.

Transition Plan Agreement with Golden Rule relative to all American Community Individual policyholders. Further, the Rehabilitator requests this Court to authorize and ratify service of this Petition, together with the attached Exhibits (including the proposed Order) and Notice of Hearing: (a) via e-mail and regular mail on the two surplus note holders and their trustee only; and (b) on other potentially interested parties (beyond the two surplus note holders and their trustee) by posting electronic copies on the "American Community" section of OFIR's website. Finally, because time is of the essence in securing Court approval of the Transition Plan Agreement with Golden Rule, the Rehabilitator requests this Court to conduct a hearing on this matter on the date reflected on the attached Notice of Hearing, irrespective of the time for service and filing requirements provided in MCR 2.119(C).

Respectfully submitted

Michael A. Cox
Attorney General



Christopher L. Kerr (P57131)
David W. Silver (P24781)
Assistant Attorneys General
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Dated: June 4, 2010

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TRANSITION PLAN AGREEMENT

American Community Mutual Insurance Company and Golden Rule Insurance Company enter into this Transition Plan Agreement ("Agreement") this 2 day of June, 2010.

RECITALS

- A. Ken Ross is the duly appointed Commissioner ("Commissioner") of the Michigan Office of Financial and Insurance Regulation ("Department"). References in this Agreement to the "Department" shall include the Commissioner, employees of the Department and consultants, counsel and other assistants that have been retained by and are serving under the direction and control of the Commissioner relative to the subject matter of this Agreement.
- B. American Community Mutual Insurance Company ("ACM") is a Michigan mutual insurance company that is licensed and writes insurance in multiple states, involving personal health insurance coverage for some of its insureds.
- C. The Commissioner has reviewed and evaluated the financial and business condition of ACM and, for the protection of ACM's policyholders, creditors and the public at large, has obtained a Rehabilitation Order (the "Order") governing ACM, which was entered on April 8, 2010 by the Ingham County Circuit Court ("Court"), Case No. 10-397-CR, by the Honorable William E. Collette.
- D. Golden Rule Insurance Company ("GRIC") is a health insurer whose product line includes health insurance policies for individuals and their families. GRIC and the ACM have been in discussions on a potential plan whereby GRIC would issue offers for individual market health insurance coverage to most individual primary insureds and their dependents now having individual health insurance coverage with ACM (which offers would be premised on GRIC policy forms and policy rates) and to thereafter issue coverage to all current ACM primary insureds and their dependents that timely accept such offers. GRIC's offers will cover all the individual insureds of ACM who are under the age of 65¹, except those individual insureds residing in the states where GRIC does not have any products available² (the ACM individual insureds eligible for the offers under this Transition Plan will hereafter collectively be referred to as "Eligible ACM Insureds"). GRIC's offers will not include any limited-benefit or other ancillary products. This plan will hereafter be referred to as the "Transition Plan".

¹ Under the federal Medicare program, it is unlawful for insurers like GRIC to offer coverage which duplicates benefits under Medicare to individuals who are eligible for coverage under Medicare Part A or enrolled under Medicare Part B (both of which first occur when an individual turns age 65). See 42 U.S.C. §1395ss (d)(3)(A). There are both civil and criminal penalties that can be assessed for violations of this requirement. *Id.*

² Golden Rule does not offer health insurance products (and will be unable to provide coverage to current ACM primary insureds and their dependents) in the following states: California, Hawaii, Idaho, Maine, Massachusetts, Minnesota, Montana, New Hampshire, New York, North Dakota, Oregon, Rhode Island, Utah, Vermont, and Washington.

NOW, THEREFORE, in consideration of the mutual promises set forth below, ACM and GRIC enter into this Agreement to confirm the terms and conditions of the Transition Plan and their commitment to implement the Transition Plan.

1. Offer of Guaranteed Health Insurance Coverage: On a staggered basis over a 4 week period, GRIC shall send a written notice to each primary Eligible ACM Insured. The notice will include:
 - (i) a written proposal whereby GRIC shall offer to provide guaranteed issue coverage (on GRIC policy forms and at GRIC's standard rates that typically apply to underwritten coverage) to the primary Eligible ACM Insured, including his or her family members now having coverage with ACM who otherwise meet the definition of Eligible ACM Insured (hereafter referred to as the "Eligible ACM Insured Family") commencing on August 15, 2010 and notifies the Eligible ACM Insured Family of the availability of individually underwritten coverage; and
 - (ii) an application form to be submitted by the primary Eligible ACM Insured if he or she wishes to accept such coverage.

GRIC will offer its most popular CoPay plan design in a state or an HSA plan design to each Eligible ACM Insured, depending upon which plan is more similar to their current ACM plan.

GRIC will only be required to issue coverage on a guaranteed basis if the primary Eligible ACM Insured accepts that offer for all individuals in the Eligible ACM Insured Family in accordance with the terms set forth in this paragraph 1. In order to qualify for this guaranteed offer, each Eligible ACM Insured must maintain continuous coverage with ACM until accepted by GRIC.

The proposal shall specifically state that the primary Eligible ACM Insured has 30 days from the date of the mailing within which to accept the offer of coverage by completing and delivering the application, along with the first month's premium payment, to GRIC.

For each proposal that is accepted by a primary Eligible ACM Insured within the above-referenced 30 day period, GRIC guarantees that it shall issue coverage to that Eligible ACM Insured Family, and GRIC expressly agrees that it will not decline coverage to any Eligible ACM Insured in that Eligible ACM Insured Family nor restrict coverage due to pre-existing conditions.

2. Medically Underwritten Coverage Options: GRIC will provide a dedicated toll free number for primary Eligible ACM Insureds to call and speak with a licensed product advisor regarding the availability of individually underwritten coverage with GRIC. If requested by a primary Eligible ACM Insured, GRIC shall explain to any primary Eligible ACM Insured who inquires about underwritten coverage alternatives that he or she has the option to select commencement of the GRIC

coverage (subject to timely return of the application and pre-payment to GRIC of the first month's premium) on: (a) if a paper application is submitted, the date the paper application is received, (b) if an electronic application is submitted, the day after the date the electronic application is received, or (c) a later date chosen by the applicant, but in no event shall the effective date be later than August 15, 2010. No Eligible ACM Insured Family will lose the right to guaranteed coverage under this Agreement because they undergo medical underwriting to determine whether better rates or other plans are available. Each Eligible ACM Insured Family will need to accept or decline any GRIC offer of underwritten coverage within 30 days of GRIC's notice of its underwriting decision to still be eligible for the guaranteed coverage under paragraph 1 of this Agreement.

3. ACM Information: As of April 28, 2010, ACM and GRIC have already entered into a Confidentiality Agreement, which is incorporated by reference. ACM shall make available to GRIC its records, data and other information as is reasonably necessary to promptly and efficiently implement the Transition Plan, including, but not limited to, the name, address, phone number, and e-mail information (if available) for all current ACM primary insureds. To the extent that the information contains PHI, as defined by federal law, such records, data and other information shall be delivered under and be subject to the terms and conditions of the HIPAA Business Associate Agreement which the parties have signed and which is attached hereto as Exhibit A. The records, data and other information to be delivered was developed by or on behalf of ACM or its employees, agents, consultants or other representatives and (recognizing the financial, recordkeeping and other challenges that ACM has and continues to face) no representation or warranty, express or implied, is being made by the Department, ACM or their respective employers, agents, consultants, counselor or other representatives as to the accuracy or completeness of such records, data or other information.
4. Fees: GRIC agrees to pay ACM the following fees:
 - a) A referral fee equal to Seven and one-half percent (7 ½%) of the first year annualized premium for business issued to each Eligible ACM Insured who purchases underwritten coverage from GRIC as set forth in paragraph 2, and which is in force on December 15, 2010, subject to the following:
 - i) The parties recognize that some Eligible ACM Insureds may obtain coverage without calling on the special toll free number provided by GRIC;
 - ii) GRIC agrees that it will make a good faith effort to determine the number of Eligible ACM Insureds who do so in an effort to accurately calculate ACM's referral fee; and

In doing so, the parties expressly recognize that those Eligible ACM Insureds who do obtain coverage from GRIC directly through the toll-free

number provided in the notice letter, through GRIC's existing website, or by calling GRIC directly will be considered in the calculation of this referral fee. In calculating this fee, GRIC will not include any individuals who obtain coverage through an independent broker, agent, or any internet search engine marketing lead source where GRIC would otherwise be obligated to pay any compensation to another third party.

The parties expressly recognize that some Eligible ACM Insureds may obtain coverage from GRIC prior to receiving notice of the guaranteed offer as set forth in paragraph 1, and those individuals will not be considered in the calculation of this referral fee. In addition, the parties expressly recognize that any Eligible ACM Insured who does not apply for GRIC medically underwritten coverage within 30 days of the mailing of the offer in paragraph 1 will not be included in the calculation of this referral fee. This sum will be calculated by GRIC after January 31, 2011 and paid no later than February 15, 2011.

- b) A referral fee for the non-underwritten business issued by GRIC under paragraph 1, based on the first 12 months of earned premium and the loss ratio on the block of business, calculated after three (3) months of runout. This fee shall be:
 - i. 5% of earned premium if the aggregate loss ratio is less than 75%;
 - ii. 85% minus the loss ratio divided by 2 of earned premium if the aggregate loss ratio is between 75% and 85%; and
 - iii. zero if the aggregate loss ratio is 85% or more.

The referral fee for the non-underwritten block of business shall be paid no later than December 31, 2011.

For the purpose of calculating the referral fee as set forth above, references to "loss ratio" or "aggregate loss ratio" shall mean the cost of medical claims incurred by the entire block of Eligible ACM Insureds who selected the guaranteed issue coverage divided by the premium earned.

On ACM's request, GRIC shall provide any and all information necessary to substantiate GRIC's determination of the claims, premiums and fees.

- 5. Producers: GRIC does not intend to involve any agent or broker appointed with ACM in its offer of coverage to Eligible ACM Insureds. GRIC intends to offer coverage through its licensed employee producers.
- 6. Notice to Primary Insureds: ACM and GRIC both recognize the need to promptly advise the existing primary Eligible ACM Insureds of the Transition Plan, if approved by the Court. Accordingly, upon the Court's entry of an Order which approves the Transition Plan, the parties agree as follows:

- a) The Commissioner shall promptly issue the Press Release attached hereto as Exhibit B, the form of which has been reviewed and approved by GRIC; and
- b) GRIC shall send letters, the form attached hereto as Exhibit C, which have been reviewed and approved by ACM, to all current primary Eligible ACM Insureds at the addresses found within ACM's current business records.

7. Representations and Warranties: GRIC hereby represents and warrants:

- a) that it is duly organized and validly existing under the laws of the State of Indiana, it has the full power to enter into this Agreement and to perform its obligations hereunder, and that the performance by it of its obligations under this Agreement have been duly authorized by all necessary corporate or other actions and will not violate any provision of any license, corporate charter, bylaws or other organizational documents; that neither the execution of this Agreement, nor its performance hereunder, will directly or indirectly violate or interfere with the terms of another agreement to which it is a party, or give any governmental entity the right to suspend, terminate, or modify any of its governmental authorizations or assets required for its performance hereunder; that it will not enter into any agreement the execution and/or performance of which would violate or interfere with its obligations under this Agreement;
- b) that all of its employees, agents, representatives and members of its workforce, whose services may be used to fulfill obligations under this Agreement are appropriately informed of the terms of this Agreement and are under legal obligation to GRIC, by contract or otherwise, sufficient to enable GRIC to fully comply with all of the provisions of this Agreement;
- c) that GRIC does not participate as a contractor in Medicare, Medicaid or other federal or state health programs; and
- d) GRIC further agrees to notify ACM immediately after GRIC becomes aware that any of the foregoing representations and warranties may be inaccurate or may become incorrect.

8. Termination: This agreement may only be terminated:

- a) Upon mutual written consent of the parties here; or
- b) By either party if the other party breaches a material term of the Agreement and such breach is not substantially cured by the other party within 30 days of the receipt of written notification from the other party.

It is acknowledged and agreed that time is of the essence as to the commencement of the Transition Plan. ACM agrees to submit its Petition for approval of the Transition Plan

Agreement no later than two business days after the Agreement has been executed and request court approval as soon as reasonably possible. GRIC and ACM each reserve the right to terminate this Agreement in all respects if an Order which approves this Agreement is not entered by the Court on or before June 16, 2010, unless the parties hereafter mutually agree in writing to extend this deadline.

9. ACM's Group Business

ACM and GRIC, on behalf of United Healthcare ("United"), agree that United and ACM will work together in good faith to develop a separate agreement to offer coverage to all of ACM's existing in-force group medical business.

10. Miscellaneous:

- a) Notices. Any notices, demands or other communication required or permitted hereunder to be in writing shall be delivered personally, sent by overnight courier or sent by certified, registered, or express mail. Postage prepaid. Any such notice shall be deemed given when so delivered personally; or one (1) day following the date such notice is sent by overnight courier; or if mailed, three (3) days following the date of deposit in the United States mail, as follows:

If to GRIC, to: Golden Rule Insurance Company
7440 Woodland Drive,
Indianapolis, IN 46278-1719
Attention: James M. Gabriel, Senior
Vice-President and Chief Actuary

With a copy to: Julie Van Straten, General Counsel
3100 AMS Blvd.
Green Bay, WI 54313

If to American
Community, to: American Community Mutual Insurance
Company
39201 Seven Mile Road
Livonia, MI 48152
Attention: James Gerber
Deputy Rehabilitator

With a copy to: Michigan Attorney General's Office
Corporate Oversight Division
P.O. Box 30755
Lansing, MI 48909
Attention: Christopher Kerr

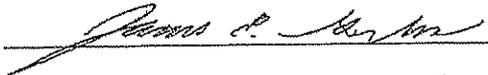
Any party may by notice given in accordance with this Section to the other parties designate another address or person for receipt of notices

hereunder.

- b) Applicable Law and Venue. The terms of this Agreement shall be governed by and construed in accordance with the laws of the State of Michigan and the parties acknowledge and consent to the exclusive jurisdiction of the Ingham County Circuit Court to hear and resolve any matters relating thereto.
- c) Successors and Assigns. This Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the heirs, executors, administrators, successors, and assigns of the parties hereto.
- d) Entire Agreement; Modification. This Agreement sets forth the entire understanding of the parties hereto with respect to the subject matter hereof. It shall not be changed, amended, modified or terminated orally, but only in writing executed by the parties hereto.
- e) Severability. The invalidity or unenforceability of any provision or portion of this Agreement shall not affect the validity or enforceability of any other provision or portion.
- f) Counterparts; Facsimiles. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Facsimile copies hereof shall be deemed to be originals.
- g) Court Approval. As ACM is in rehabilitation, this Agreement is contingent upon receipt of approval of the Ingham County Circuit Court, State of Michigan, at no cost to GRIC.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the date first written above.

AMERICAN COMMUNITY MUTUAL
INSURANCE COMPANY



Printed: James F. Gauder

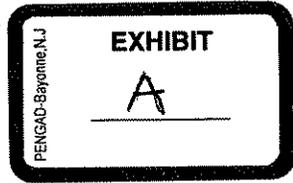
Title: Deputy Rehabilitator

GOLDEN RULE INSURANCE COMPANY



Printed: Steven Pollack

Title: President



HIPAA BUSINESS ASSOCIATE AGREEMENT

The parties hereby agree to the following HIPAA Business Associate Agreement ("Agreement") as of this 3rd day of June, 2010:

RECITALS

- A. Ken Ross is the duly appointed Commissioner ("Commissioner") of the Michigan Office of Financial and Insurance Regulation ("Department"). References in this Agreement to the "Department" shall include the Commissioner, employees of the Department and consultants, counsel and other assistants that have been retained by and are serving under the direction and control of the Commissioner relative to the subject matter of this Agreement.
- B. American Community Mutual Insurance Company ("ACM") is a Michigan mutual insurance company that is licensed and writes insurance in multiple states, involving personal health insurance coverage for some of its insureds.
- C. The Commissioner has reviewed and evaluated the financial and business condition of ACM and, for the protection of ACM's policyholders, creditors and the public at large, has obtained a Rehabilitation Order (the "Order") governing ACM, which was entered on April 8, 2010 by the Ingham County Circuit Court ("Court"), Case No. 10-397-CR, by the Honorable William E. Collette.
- D. Golden Rule Insurance Company ("GRIC") is a health insurer whose product line includes health insurance policies for individuals and their families.
- E. GRIC and the ACM have been in discussions on a potential plan whereby GRIC would issue offers for individual market health insurance coverage to most individual primary insureds and their dependents now having coverage with ACM (which offers would be premised on GRIC policy forms and policy rates) and to thereafter issue coverage to all current ACM primary insureds and their dependents that timely accept such offers. GRIC's offers will cover all the individual insureds of ACM who are under the age of 65¹, except those individual insureds residing in the states of where GRIC does not have any products available² (the ACM individual insureds eligible for the offers under this Transition Plan will hereafter collectively be referred to as "Eligible ACM Insureds"). GRIC's offers will not include any limited-benefit or other ancillary products. This plan will hereafter be referred to as the "Transition Plan".
- F. GRIC and ACM anticipate entering into a formal Transition Plan Agreement ("Transition Agreement") to implement the Transition Plan. The proposed Transition Agreement requires the parties to first enter into this Agreement, which will be an attachment to the Transition Agreement.

NOW, THEREFORE, in consideration of the mutual promises set forth below, ACM and GRIC enter into this Agreement.

¹ Under the federal Medicare program, it is unlawful for insurers like GRIC to offer coverage which duplicates benefits under Medicare to individuals who are eligible for coverage under Medicare Part A or enrolled under Medicare Part B (both of which first occur when an individual turns age 65). See 42 U.S.C. §1395ss (d)(3)(A). There are both civil and criminal penalties that can be assessed for violations of this requirement. *Id.*

² Golden Rule does not offer health insurance products (and will be unable to provide coverage to current ACM primary insureds and their dependents) in the following states: California, Hawaii, Idaho, Maine, Massachusetts, Minnesota, Montana, New Hampshire, New York, North Dakota, Oregon, Rhode Island, Utah, Vermont, and Washington.

1. DEFINITIONS

1.1 All capitalized terms used in this Agreement not otherwise defined in this Agreement have the meanings established for purposes of the Health Insurance Portability and Accountability Act of 1996 and its implementing regulations (collectively, "HIPAA") and ARRA, as each is amended from time to time. To the extent a term is defined in both the Transition Agreement and in this Agreement, or in HIPAA or ARRA, the definition in this Agreement, or in HIPAA or ARRA, shall govern.

1.2 "Affiliate" as used in this Agreement, means any subsidiary of UnitedHealth Group Inc.

1.3 "ARRA" means Subtitle D of the Health Information Technology for Economic and Clinical Health Act provisions of the American Recovery and Reinvestment Act of 2009, 42 U.S.C. §§17921-17954, and any and all references in this Agreement to sections of ARRA shall be deemed to include all associated existing and future implementing regulations, when and as each is effective.

1.4 "Breach" means the acquisition, access, use or disclosure of PHI in a manner not permitted by the Privacy Rule that compromises the security or privacy of the PHI as defined, and subject to the exceptions set forth, in 45 C.F.R. 164.402.

1.5 "Compliance Date" means, in each case, the date by which compliance is required under the referenced provision of ARRA and/or its implementing regulations, as applicable; provided that, in any case for which that date occurs prior to the effective date of this Agreement, the Compliance Date shall mean that effective date of this Agreement.

1.6 "Electronic Protected Health Information" ("ePHI") means PHI as defined in Section 1.7 that is transmitted or maintained in electronic media.

1.7 "PHI" means Protected Health Information, as defined in 45 C.F.R. § 160.103, and is limited to the Protected Health Information received from, or received or created on behalf of ACM (for itself and/or applicable ACM customers) by GRIC pursuant to performance of the Services.

1.8 "Privacy Rule" means the federal privacy regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45 C.F.R. Parts 160 and 164 (Subparts A & E).

1.9 "Security Rule" means the federal security regulations issued pursuant to the Health Insurance Portability and Accountability Act of 1996, as amended from time to time, codified at 45 C.F.R. Parts 160 and 164 (Subparts A & C).

1.10 "Services" as used in this Agreement, means, to the extent and only to the extent they involve the creation, use or disclosure of PHI, the services provided by GRIC to ACM under the Transition Agreement and Transition Plan.

2. RESPONSIBILITIES OF GRIC

With regard to its use and/or disclosure of PHI, GRIC agrees to:

2.1 use and/or disclose PHI only as necessary to provide the Services, as permitted or required by the Transition Agreement or this Agreement, and in compliance with each applicable requirement of 45 C.F.R. § 164.504(e) or as otherwise Required by Law.

2.2 implement and use appropriate administrative, physical and technical safeguards to (i) prevent use or disclosure of PHI other than as permitted or required by the Transition Agreement or this Agreement; (ii) reasonably and appropriately protect the confidentiality, integrity, and availability of the ePHI that GRIC creates, receives, maintains, or transmits on behalf of the ACM ; and (iii) as of the Compliance Date of 42 U.S.C. § 17931, comply with the Security Rule requirements set forth in 45 C.F.R. §§ 164.308, 164.310, 164.312, and 164.316.

2.3 without unreasonable delay, report to ACM (i) any use or disclosure of PHI not provided for by the Transition Agreement or this Agreement of which it becomes aware in accordance with 45 C.F.R. § 164.504(e)(2)(ii)(C); and/or (ii) any Security Incident of which GRIC becomes aware in accordance with 45 C.F.R. § 164.314(a)(2)(C).

2.4 with respect to any use or disclosure of Unsecured PHI not permitted by the Privacy Rule that is caused solely by GRIC's failure to comply with one or more of its obligations under this Agreement, ACM hereby delegates to GRIC the responsibility for determining when any such incident is a Breach and for providing all legally required notifications to Individuals, HHS and/or the media, on behalf of ACM . GRIC shall provide these notifications in accordance with the data breach notification requirements set forth in 42 U.S.C. §17932 and 45 C.F.R. Parts 160 & 164 subparts A, D & E as of their respective Compliance Dates, and shall pay for the reasonable and actual costs associated with such notifications. In the event of a Breach, without unreasonable delay, and in any event no later than sixty (60) calendar days after Discovery, GRIC shall provide ACM with written notification that includes a description of the Breach, a list of Individuals (unless ACM is a plan sponsor ineligible to receive PHI) and a copy of the template notification letter to be sent to Individuals.

2.5 require all of its subcontractors and agents that create, receive, maintain, or transmit PHI to agree, in writing, to the same restrictions and conditions on the use and/or disclosure of PHI that apply to GRIC; including but not limited to the extent that GRIC provides ePHI to a subcontractor or agent, it shall require the subcontractor or agent to implement reasonable and appropriate safeguards to protect the ePHI consistent with the requirements of the Transition Agreement or this Agreement.

2.6 make available its internal practices, books, and records relating to the use and disclosure of PHI to the Secretary for purposes of determining ACM's compliance with the Privacy Rule.

2.7 document, and within thirty (30) days after receiving a written request from ACM , make available to ACM , information necessary for ACM to make an accounting of disclosures of PHI about an Individual, in accordance with 45 C.F.R. § 164.528.

2.8 notwithstanding Section 2.7, in the event that GRIC in connection with the Services uses or maintains an Electronic Health Record of PHI of or about an Individual, then GRIC shall when and as directed by ACM , make an accounting of disclosures of PHI directly to an Individual within thirty (30) days, in accordance with the requirements for accounting for disclosures made through an Electronic Health Record in 42 U.S.C. 17935(c), as of its Compliance Date.

2.9 provide access, within thirty (30) days after receiving a written request from ACM to PHI in a Designated Record Set about an Individual, to ACM , sufficient to allow ACM to comply with the requirements of 45 C.F.R. § 164.524.

2.10 notwithstanding Section 2.9, in the event that GRIC in connection with the Services uses or maintains an Electronic Health Record of PHI of or about an Individual, then GRIC shall provide an electronic copy of the PHI within thirty (30) days, to ACM, sufficient to allow ACM to comply with 42 U.S.C. § 17935(e) as of its Compliance Date.

2.11 to the extent that the PHI in GRIC's possession constitutes a Designated Record Set, make available, within thirty (30) days after a written request by ACM, PHI for amendment and incorporate any amendments to the PHI as directed by ACM, all in accordance with 45 C.F.R. § 164.526.

2.12 request, use and/or disclose only the minimum amount of PHI necessary to accomplish the purpose of the request, use or disclosure; provided, that GRIC shall comply with 42 U.S.C. § 17935(b) as of its Compliance Date.

2.13 not directly or indirectly receive remuneration in exchange for any PHI as prohibited by 42 U.S.C. § 17935(d) as of its Compliance Date.

2.14 not make or cause to be made any communication about a product or service that is prohibited by 42 U.S.C. § 17936(a) as of its Compliance Date.

2.15 not make or cause to be made any written fundraising communication that is prohibited by 42 U.S.C. § 17936(b) as of its Compliance Date.

2.16 accommodate reasonable requests by Individuals for confidential communications in accordance with 45 C.F.R. § 164.522(b).

3. RESPONSIBILITIES OF ACM

In addition to any other obligations set forth in the Agreement, including in this Agreement, ACM:

3.1 shall identify which of the records it furnishes to GRIC it considers to be PHI for purposes of this Agreement.

3.2 shall provide to GRIC only the minimum PHI necessary to accomplish the Services.

3.3 in the event that ACM honors a request to restrict the use or disclosure of PHI pursuant to 45 C.F.R. § 164.522(a) or makes revisions to its notice of privacy practices of ACM in accordance with 45 C.F.R. § 164.520 that increase the limitations on uses or disclosures of PHI or agrees to a request by an Individual for confidential communications under 45 C.F.R. § 164.522(b), ACM agrees not to provide GRIC any PHI that is subject to any of those restrictions or limitations to the extent any may limit GRIC's ability to use and/or disclose PHI as permitted or required under this Agreement unless ACM notifies GRIC of the restriction or limitation and GRIC agrees to honor the restriction or limitation.

3.4 shall be responsible for using administrative, physical and technical safeguards at all times to maintain and ensure the confidentiality, privacy and security of PHI transmitted to GRIC pursuant to the Agreement, including this Agreement, in accordance with the standards and requirements of HIPAA, until such PHI is received by GRIC.

3.5 shall obtain any consent or authorization that may be required by applicable federal or state laws and regulations prior to furnishing GRIC the PHI.

4. PERMITTED USES AND DISCLOSURES OF PHI

Unless otherwise limited in this Agreement, in addition to any other uses and/or disclosures permitted or required by this Agreement, GRIC may:

4.1 make any and all uses and disclosures of PHI necessary to provide the Services to ACM.

4.2 use and disclose to subcontractors and agents the PHI in its possession for its proper management and administration or to carry out the legal responsibilities of GRIC, provided that any third party to which GRICs discloses PHI for those purposes provides written assurances in advance that: (i) the information will be held confidentially and used or further disclosed only as Required by Law; (ii) the information will be used only for the purpose for which it was disclosed to the third party; and (iii) the third party promptly will notify GRIC of any instances of which it becomes aware in which the confidentiality of the information has been breached;

4.3 De-identify any and all PHI received or created by GRIC under this Agreement, which De-identified information shall not be subject to this Agreement and may be used and disclosed on GRIC's own behalf, all in accordance with the De-identification requirements of the Privacy Rule;

4.4 provide Data Aggregation services relating to the Health Care Operations of the ACM in accordance with the Privacy Rule.

4.5 identify Research projects conducted by GRIC, its Affiliates or third parties for which PHI may be relevant; obtain on behalf of ACM documentation of individual authorizations or an Institutional Review Board or privacy board waiver that meets the requirements of 45 C.F.R. 164.512(i)(1) (each an "Authorization" or "Waiver") related to such projects; provide ACM with copies of such Authorizations or Waivers, subject to confidentiality obligations ("Required Documentation"); and disclose PHI for such Research provided that GRIC does not receive ACM's disapproval in writing within ten (10) days of ACM's receipt of Required Documentation.

4.6 make PHI available for reviews preparatory to Research and obtain and maintain written representations in accord with 45 C.F.R. 164.512(i)(1)(ii) that the requested PHI is sought solely as necessary to prepare a Research protocol or for similar purposes preparatory to Research, that the PHI is necessary for the Research, and that no PHI will be removed in the course of the review.

4.7 use the PHI to create a Limited Data Set ("LDS") in compliance with 45 C.F.R. 164.514(e).

4.8 use and disclose the LDS referenced in Section 4.7 solely for Research or Public Health purposes; provided that, GRIC shall (1) not use or further disclose the information other than as permitted by this Section 4.8 or as otherwise Required by Law; (2) use appropriate safeguards to prevent use or disclosure of the information other than as provided for by this Section 4.8; (3) report to ACM any use or disclosure of the information not provided for by this Section 4.8 of which GRIC becomes aware; (4) ensure that any agents, including a subcontractor, to whom GRIC provides the LDS agrees to the same restrictions and conditions that apply to GRIC with respect to such information; and (5) not identify the information or contact the Individuals.

5. TERMINATION AND COOPERATION

5.1 Termination. If either Party knows of a pattern of activity or practice of the other Party that constitutes a material breach or violation of this Agreement then the non-breaching Party shall provide written notice of the breach or violation to the other Party that specifies the nature of the breach or violation. The breaching Party must cure the breach or end the violation on or before thirty (30) days after receipt of the written notice. In the absence of a cure reasonably satisfactory to the non-breaching Party within the specified timeframe, or in the event the breach is reasonably incapable of cure, then the non-breaching Party may do the following:

- (i) if feasible, terminate the Transition Agreement; or
- (ii) if termination of the Transition Agreement is infeasible, report the issue to HHS.

5.2 Effect of Termination or Expiration. Within sixty (60) days after the expiration or termination for any reason of the Transition Agreement and/or this Agreement, GRIC shall return or destroy all PHI, if feasible to do so, including all PHI in possession of GRIC's agents or subcontractors. In the event that GRIC determines that return or destruction of the PHI is not feasible, GRIC shall notify ACM in writing and may retain the PHI subject to this Section 5.2. Under any circumstances, GRIC shall extend any and all protections, limitations and restrictions contained in this Agreement to GRIC's use and/or disclosure of any PHI retained after the expiration or termination of the Transition Agreement and/or this Agreement, and shall limit any further uses and/or disclosures solely to the purposes that make return or destruction of the PHI infeasible.

5.3 Cooperation. Each Party shall cooperate in good faith in all respects with the other Party in connection with any request by a federal or state governmental authority for additional information and documents or any governmental investigation, complaint, action or other inquiry.

6. MISCELLANEOUS

6.1 Contradictory Terms; Construction of Terms. Any other provision of the Transition Agreement that is directly contradictory to one or more terms of this Agreement ("Contradictory Term") shall be superseded by the terms of this Agreement to the extent and only to the extent of the contradiction, only for the purpose of ACM and GRIC's compliance with HIPAA and ARRA, and only to the extent reasonably impossible to comply with both the Contradictory Term and the terms of this Agreement. The terms of this Agreement to the extent they are unclear shall be construed to allow for compliance by ACM and GRIC with HIPAA and ARRA.

6.2 Survival. Sections 4.8, 5.2, 5.3, 6.1, 6.2, and 6.3 shall survive the expiration or termination for any reason of the Agreement and/or of this Agreement.

6.3 No Third Party Beneficiaries. Nothing in this Agreement shall confer upon any person other than the Parties and their respective successors or assigns, any rights, remedies, obligations, or liabilities whatsoever.

6.4 Independent Contractor. GRIC and ACM are and shall remain independent contractors throughout the term. Nothing in this Agreement or otherwise in the Transition Agreement shall be construed to constitute GRIC and ACM as partners, joint venturers, agents or anything other than independent contractors

6.5 Potential rescission of this Agreement. Should the Transition Agreement not be executed by ACM and GRIC, or should the Transition Agreement be terminated before any PHI is provided to GRIC, this Agreement will be void.

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the date first written above

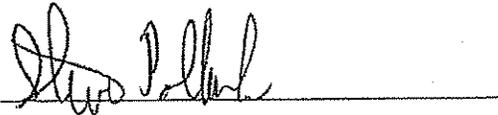
AMERICAN COMMUNITY MUTUAL INSURANCE CO.



Printed: MICHAEL D. HOGAN

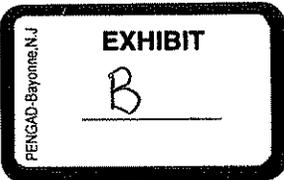
Title: DEPUTY REHABILITATOR

GOLDEN RULE INSURANCE COMPANY



Printed: Steven Pallack

Title: President



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
OFFICE OF FINANCIAL AND INSURANCE REGULATION
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH
STANLEY "SKIP" PRUSS, DIRECTOR

KEN ROSS
COMMISSIONER

OFIR Takes Action to Protect American Community Policyholders

FOR IMMEDIATE RELEASE

June XX, 2010

Contact: Jason Moon 517-335-1700

<http://twitter.com/miofir>

<http://www.youtube.com/miofir>

LANSING – Office of Financial and Insurance Regulation (OFIR) Commissioner Ken Ross has taken action to protect approximately 42,000 consumers who are insured by American Community Mutual Insurance Company. Ingham County Circuit Court Judge William Collette today approved Ross' Transition Plan Agreement between American Community and UnitedHealthcare's Golden Rule Insurance Company. On April 8th, 2010, Judge Collette issued a rehabilitation order placing American Community into rehabilitation and named Ross as the company's rehabilitator.

The Transition Plan Agreement approved today provides existing American Community individual medical policyholders the option to transfer their coverage to Golden Rule on an expedited, yet orderly, basis.

"The court's order allows us to protect Michigan consumers, as well as policyholders in at least 14 other states," Ross said. "This agreement provides consumers with an option to transfer their coverage from American Community to Golden Rule Insurance Company, a well-respected, well-known and financially sound insurer."

Consumers with questions regarding the transfer should contact American Community customer service toll-free at 800-991-2642. American Community's current individual medical policyholders will have the opportunity to transfer to Golden Rule on a guaranteed coverage basis.

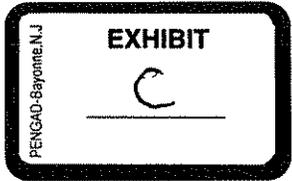
"Golden Rule is pleased to work with the Michigan Office of Financial and Insurance Regulation to help American Community customers with access to quality and affordable health care without lapses in coverage," Richard A. Collins, Golden Rule CEO said today. "For the first time, these new customers will also be able to take advantage of the additional savings offered by UnitedHealthcare's extensive national network of physicians and hospitals."

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-More-

About UnitedHealthcare's Golden Rule Insurance Company:
Media contact: Ellen Laden at 317-715-7843

UnitedHealthcare's Golden Rule Insurance Company has been a leading provider of health insurance for individuals and families for more than 60 years. Golden Rule offers consumers a wide range of health plans to meet both their budget and health care needs, including lower-cost high deductible plans, health savings account plans and traditional co-pay plans. Golden Rule is rated "A" (Excellent) by AM Best and "A +" (Strong) by Standard & Poor's. Golden Rule became a UnitedHealth Group company in 2003. UnitedHealthcare's individual line of business currently offers health plans in 38 states and the District of Columbia.



[June 28, 2010]

RSVP # XXXXXX

ACMIC Member
Address
City State Zip

IMPORTANT NOTICE

Dear American Community Customer:

Your current health insurer, American Community Mutual Insurance Company, was recently placed under an Order of Rehabilitation issued by the Ingham County Michigan Circuit Court (Court). **The Michigan Office of Financial and Insurance Regulation (OFIR) asked us to send this letter, press release, and enclosures concerning the American Community rehabilitation order and an option for replacing your current health plan.**

UnitedHealthcare's Golden Rule Insurance Company and the Michigan OFIR are working together to offer you continuous quality health coverage. The Michigan OFIR recommended, and the Court approved, that Golden Rule offer replacement insurance coverage for American Community insurance plans. This provides you a simple, interruption-free transition of your health-insurance coverage. All you need to do is accept our offer and return the enclosed application with initial payment to Golden Rule.

The plan we are offering you has similar benefits to your American Community insurance and is guaranteed issue – you cannot be turned down because of your health. There will not be any preexisting conditions exclusions or any waiting periods on covered expenses.

Golden Rule plans offer the UnitedHealthcare Choice Plus network of doctors and hospitals, one of the nation's largest, and savings of up to 50% on quality health-care services. Visit [www.goldenrule.com/dr] to find out if your doctor is part of the UnitedHealthcare network.

[The Golden Rule rates below were calculated using the information we obtained from American Community. Rates will be validated and updated based on the details you provide on your application.]

Monthly payment effective August 15, 2010: \$XXX.XX

Tobacco use: Y/N

Deductible: \$XXXX

Deductible Type: Single or Family

Plan: Copay Selectsm or HSA 100[®]

Network: UnitedHealthcare Choice Plus

ZIP Code: XXXXX

Primary: (name) (DOB)

Spouse: (name) (DOB)

Child 1: (name) (DOB)

Child 2: (name) (DOB)

Child 3: (name) (DOB)

Child 4: (name) (DOB)

Child 5: (name) (DOB)

Child 6: (name) (DOB)

Child 7: (name) (DOB)

Child 8: (name) (DOB)

Child 9: (name) (DOB)

[This rate includes \$3 monthly FACT association dues.]

Golden Rule Insurance Company
7440 Woodland Dr.
Indianapolis, IN 46278

The replacement coverage is effective August 15, 2010, and we must receive your completed application with initial payment by [date] to qualify* for this guaranteed-issue plan.

In addition to our offer of guaranteed-issue coverage, other options may be available. These options require medical underwriting and not everyone will qualify. You won't lose the right to guaranteed-issue coverage if you apply for one of these plans. However, you must apply for the guaranteed-issue coverage within 30 days after we notify you of our underwriting decision.

If you have questions, please call one of our friendly, licensed product advisors at (866) 280-4855.

Monday – Thursday, 8 a.m. to 9:30 p.m. ET

Friday, 8 a.m. to 8 p.m. ET

Saturday, 9 a.m. to 6 p.m. ET

Sunday, noon to 5 p.m. ET

Please note: Call volumes are highest on Mondays and Tuesdays.

The best time to call is after 5 p.m. ET Wednesday through Friday.

[We understand that your current health plan qualifies for use with a Health Savings Account (HSA). Enclosed are materials with details on setting up a new HSA with OptumHealth Bank, member FDIC. OptumHealth Bank, like Golden Rule, is part of the UnitedHealth Group family of companies and administers more than \$600 million HSA deposits. For your convenience, HSA deposits to OptumHealth Bank can be included with your Golden Rule insurance premium. You make one payment, and we immediately forward your HSA contribution to OptumHealth Bank for deposit to your account.]

We know that changes to any health plan may be confusing. Please read the enclosed material carefully. Again, if you have questions, please call (866) 280-4855. Our product advisors are prepared to answer your questions and assist you in this transition.

Please remember – we must receive your completed application and initial payment by [date], to qualify for our guaranteed-issue health plan to replace your American Community coverage.

Sincerely,

[name]

[title]

*You must apply for replacement coverage for all family members currently covered by American Community, with two exceptions. Family members age 65 or older, or who reside in a state where Golden Rule does not offer products are not eligible for replacement coverage. You should contact the Michigan OFIR [(XXX) XXX-XXXX] for additional options.

Enclosures

ACMIC-[HSA]

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STATE OF MICHIGAN
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT
INGHAM COUNTY

KEN ROSS, COMMISSIONER OF THE OFFICE
OF FINANCIAL AND INSURANCE
REGULATION,

Petitioner,

No. 10-397-CR

v

HON. WILLIAM E. COLLETTE

AMERICAN COMMUNITY MUTUAL
INSURANCE COMPANY,

Respondent.

**ORDER APPROVING REHABILITATOR'S PLAN
TO ENTER INTO A TRANSITION PLAN AGREEMENT WITH
GOLDEN RULE INSURANCE COMPANY
RELATIVE TO AMERICAN COMMUNITY MUTUAL INSURANCE COMPANY'S
INDIVIDUAL HEALTH INSURANCE POLICIES**

At a session of said Court held in the
Circuit Courtrooms for the
County of Ingham, State of Michigan
on the ____ day of June, 2010

PRESENT: HONORABLE _____
Circuit Court Judge

WHEREAS, Ken Ross, the Commissioner of the Michigan Office of Financial and Insurance Regulation and duly appointed Rehabilitator of American Community Mutual Insurance Company (the "Rehabilitator") has filed a Petition for Approval of the Rehabilitator's Plan to Enter into a Transition Plan Agreement with Golden Rule Insurance Company Relative to American Community Mutual Insurance Company's Individual Health Insurance Policies (the "Petition"); and

WHEREAS, the Rehabilitator has served the Petition, together with the attached Exhibits (which included a copy of this proposed Order) and a Notice of Hearing: (a) via e-mail and regular mail on American Community's two surplus note holders and their trustee; and (b) on other potentially interested parties (beyond the two surplus note holders and their trustee) by posting electronic copies on the "American Community" section of OFIR's website; and

WHEREAS, MCL 500.8114(4) authorizes the Rehabilitator, upon making a determination that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of American Community is appropriate, to prepare a plan to effect such changes and to apply for this Court's approval of the plan; and

WHEREAS, the Rehabilitator has determined that entering into a Transition Plan Agreement with Golden Rule Insurance Company ("Golden Rule") relative to all American Community Individual policyholders is necessary and appropriate for the effective and efficient administration of this rehabilitation proceeding and will assist in providing the maximum protection to American Community's creditors, policyholders, and the public; and

WHEREAS, the Rehabilitator has determined that consistent with the Rehabilitation Order, the Transition Plan Agreement with Golden Rule will also maintain, to the greatest extent possible, a continuity of health care services for American Community's Individual policyholders; and

WHEREAS, the Court having reviewed the Petition and any objections or responses filed thereto, having heard oral arguments on June 9, 2010 at 9:00 a.m., and being otherwise fully advised;

NOW, THEREFORE, IT IS HEREBY ORDERED that the Court APPROVES the Rehabilitator's plan to enter into the Transition Plan Agreement with Golden Rule in the form attached as Exhibit A to the Petition;

IT IS FURTHER ORDERED that the Court authorizes, approves, and/or ratifies the Rehabilitator's service of the Petition, together with the attached Exhibits (including this proposed Order) and a Notice of Hearing, via e-mail and regular mail on American Community's two surplus note holders and their trustee only;

IT IS FURTHER ORDERED that due to the difficulty and prohibitive cost associated with providing personalized notice of the Petition, Notice of Hearing, and this Order to all other parties having a general interest in the American Community rehabilitation, the Court authorizes, approves, and/or ratifies the Rehabilitator's service of these papers on other potentially interested parties (beyond the two surplus note holders and their trustee) by posting electronic copies on the OFIR website, www.michigan.gov/ofir, under the section "Who We Regulate", and the subsection "American Community." The Court finds that service in this manner is reasonably calculated to give these other potentially interested parties actual notice of these proceedings and is otherwise reasonable under the circumstances.

IT IS FURTHER ORDERED that because time was of the essence in securing Court approval of the Transition Plan Agreement with Golden Rule, the Court heard this matter on June 9, 2010 at 9:00 a.m., irrespective of the time for service and filing requirements provided in MCR 2.119(C).

IT IS SO ORDERED.

Circuit Court Judge