

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 PAYMENT OF VENDOR CLAIMS, AGENT COMMISSIONS,
BENEFITS EQUALIZATION PAYMENTS, AND SEVERANCE PAYMENTS**

At a session of said Court held in the
Circuit Courtrooms for the
County of Ingham, State of Michigan
on the 4th day of January, 2012.

PRESENT: HONORABLE WILLIAM E. COLLETTE, CIRCUIT COURT JUDGE

WHEREAS, R. Kevin Clinton, 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 to Pay Vendor Claims, Agent Commissions, Benefits Equalization Payments, and Severance Payments (the "Petition");
and

WHEREAS, the Rehabilitator has served the Petition, together with the attached Exhibits (which included a copy of this Order) and a Notice of Hearing: (a) via regular mail on American Community's two surplus note holders and their trustee; and (b) via regular mail on the

vendors identified in Exhibit A of the Petition, the insurance agents with claims over \$25,000 identified in Exhibit B of the Petition, and the five former American Community executives who have agreed to settle their benefits equalization and severance agreements identified in Exhibits C and D of the Petition; and (c) on other potentially interested parties by posting electronic copies on the "American Community" section of OFIR's website; and

WHEREAS, MCL 500.8114(4) authorizes the Rehabilitator take such action as he considers necessary or appropriate to reform or revitalize American Community; and

WHEREAS, all Creditor claims against American Community are within the exclusive jurisdiction of this Court and will be determined, resolved, paid, and/or discharged, in whole or in part, according to the terms and conditions approved by the Court; and

WHEREAS, after marshaling all the assets of American Community and reviewing the books and records of American Community, the Rehabilitator has determined that there are sufficient assets available to pay the vendor claims, agent commissions, benefits equalization payments, and severance payments specified in Exhibits A, B, C, and D of the Petition, while leaving sufficient reserve funds to pay all other currently-accrued policyholder and Creditor claims and all anticipated future policyholder and Creditor claims; and

WHEREAS, the Rehabilitator believes that payment of the Creditor claims specified in the Petition is an appropriate and necessary step in the ongoing process to reform and revitalize American Community; and

WHEREAS, the Court having reviewed the Petition and any objections or responses filed thereto, having heard oral arguments on January 4, 2012 at 10:00 a.m., and being otherwise fully advised;

NOW, THEREFORE, IT IS HEREBY ORDERED that the Court APPROVES the Rehabilitator's Petition for Approval to Pay Vendor Claims, Agent Commissions, Benefits Equalization Payments, and Severance Payments;

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 Order) and a Notice of Hearing, via regular mail on American Community's two surplus note holders and their trustee, and via regular mail on the vendors identified in Exhibit A of the Petition, the insurance agents with claims over \$25,000 identified in Exhibit B of the Petition, and the five former American Community executives who have agreed to settle their benefits equalization and severance agreements identified in Exhibits C and D of the Petition;

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 an 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 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 SO ORDERED.

WILLIAM E. COLLETTE

Honorable William E. Collette
Circuit Court Judge