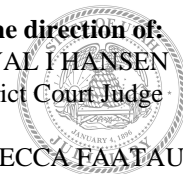


The Order of the Court is stated below:

Dated: January 13, 2016
10:38:23 AM

At the direction of:
ROYAL I HANSEN
District Court Judge



by

/s/ REBECCA FAATAU
District Court Clerk

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IN THE THIRD JUDICIAL DISTRICT COURT
IN AND FOR SALT LAKE COUNTY, STATE OF UTAH

In re:

ARCHES MUTUAL INSURANCE
COMPANY.

**ORDER GRANTING MOTION FOR
DECLARATION OF INSOLVENCY, FOR
TERMINATION OF REHABILITATION,
FOR LIQUIDATION, AND FOR
FURTHER RELIEF**

Case No. 150907803

Judge Royal I. Hansen

Todd E. Kiser, Utah Insurance Commissioner and court-appointed Rehabilitator of Arches Mutual Insurance Company (“Arches”), filed a Motion for Declaration of Insolvency, for Termination of Rehabilitation, for Liquidation, and for Further Relief with a supporting memorandum and the Declaration of Lennard Stillman. No opposition was filed, there being no

party to oppose the motion.

Having reviewed the motion papers and concluding that the motion is well-taken, the Court grants the motion and declares and orders as follows:

- (1) Arches insolvent because it is unable to pay its obligations when they are due;
- (2) The rehabilitation of Arches is terminated because further attempts to rehabilitate it would be futile;
- (3) Arches shall be liquidated because it is insolvent;
- (4) Utah Insurance Commissioner Todd E. Kiser and his successors in office are appointed as Liquidator of Arches Mutual Insurance Company (“the Liquidator”) under Utah Code Ann. § 31A-27a-401 with all powers conferred on the Liquidator by Utah Code Title 31A, Chapter 27a;
- (5) The Liquidator is authorized to take possession of the property of Arches and administer the property in accordance with Utah Code Ann. § 31A-27a-401(1);
- (6) Title to all of the assets, property, contracts, rights of action, and records of Arches, wherever located, as of the date of the Liquidation Order is vested in the Liquidator;
- (7) The Liquidator is authorized to take immediate possession of and to lawfully administer the assets, property, contracts, rights of action, and records of Arches;
- (8) The Liquidator is authorized to do all acts necessary or appropriate to accomplish the liquidation of Arches pursuant to the Utah Insurance Code;
- (9) The Liquidator is authorized to pursue all appropriate legal remedies on behalf of Arches and to assert all defenses available to Arches as against a third party;
- (10) The Liquidator is authorized to exercise any and all rights of Arches in connection with

any collateral or other assets being held for the benefit of Arches by any person or entity, including any and all trustee accounts and other accounts;

(11) The Liquidator is authorized to appoint one or more special deputy Liquidators, to serve at the Liquidator's pleasure with all powers and responsibilities of the Liquidator;

(12) The Liquidator is authorized to employ or contract with additional persons as provided by Utah Code Ann. § 31A-27a-209(3), with the Court retaining jurisdiction over compensation fixed by the Liquidator;

(13) The Liquidator is authorized to pay, at its discretion, the compensation of deputies and additional persons from Arches' funds or assets, said compensation not being subject to claim procedures;

(14) The Liquidator is authorized to appoint Stillman Consulting Services as a special deputy and that appointment is so ordered;

(15) The Liquidator is authorized to take one or more of the actions described in Utah Code § 31A-27a-403(2)(a) through (2)(g) to assure continuation of coverage for enrollees of Arches;

(16) The Liquidator is authorized to enter into contracts necessary to carry out the Liquidation and to accept or reject contracts to which Arches is a party.

(17) All proceedings against Arches in Utah, and elsewhere, are stayed pursuant to Utah Code Ann. § 31A-27a-108, subject to the limitations of Utah Code Ann. § 31A-27a-108(4)(b).

(18) The Court orders the continuance of the restraining orders set forth in the Rehabilitation Order that enjoin all persons and entities including, but not limited to, Arches' directors, officers, trustees, manager, agents, subagents, employees, affiliates, policyholders, attorneys, and any person

participating with them or acting in concert with them, from the following:

a. The commencement or continuation of a judicial or an administrative or arbitration proceeding, or other any action or proceeding, against Arches that was or could have been commenced before this proceeding, or to recover a claim against Arches that arose before the commencement of this proceeding (Utah Code § 31A-27a-108(3)(a), (4));

b. The enforcement against Arches or against property of Arches of a judgment obtained before this proceeding (Utah Code § 31A-27a-108(3)(b));

c. An act to transfer, waster, dissipate, obtain or retain any bank accounts, property, assets or records of Arches or an act that interferes with the Liquidator's possession, custody or control of same (Utah Code § 31A-27a-108(3)(c));

d. An act to maintain, create, perfect, or enforce a lien, preference, judgment, attachment or garnishment against property of Arches or to obtain possession or repossession of such property (Utah Code § 31A-27a-108(3)(c), (d));

e. An act to collect, assess or recover a claim against Arches that arose before the commencement of this proceeding (Utah Code § 31A-27a-108(3)(e));

f. The commencement or continuation of an action or proceeding against a reinsurer of Arches by the holder of a claim against Arches and seeking a reinsurance recovery that is contractually due Arches (Utah Code § 31A-27a-108(3)(f));

g. The commencement or continuation of an action or proceeding to terminate or revoke an insurance license (Utah Code § 31A-27a-108(3)(g));

h. An action, described in Utah Code § 31A-27a-108(3)(h)(ii), with respect to any contract,

whether or not Arches is a party, if the sole basis for the action is that Arches is the subject of Liquidation or that Arches' insurance license is suspended or revoked as a result of this proceeding;

i. An action that might lessen the value of Arches' assets or prejudice its rights in the administration of this proceeding (Utah Code § 31A-27a-108(1)).

(19) The Court orders the continuance of the restraining orders set forth in the Rehabilitation Order that enjoin all secured creditors or parties, pledgees, lien holders, collateral holders or other persons claiming a secured, priority, or preferred interest in any property or assets of Arches from taking any steps whatsoever to transfer, sell, encumber, attach, dispose of or exercise purported rights in or against any property or assets of Arches without the prior approval of the Liquidator;

(20) The filing, maintenance, or further prosecution of suits, actions, proceedings or claims at law or in equity of any kind on behalf of or in the name of Arches without proper authorization of the Liquidator are prohibited;

(21) The Liquidator and special deputy are granted immunity and indemnification as set forth in Utah Code Ann. § 31A-27a-114;

(22) All rights and liability of Arches and its creditors, policyholders, members and all other person are fixed as of the date of entry of the Rehabilitation Order in this proceeding;

(23) The Liquidator may dispose of records not necessary for the liquidation without further Court order;

(24) The Liquidator shall report to the Court on the status of Arches within 180 days after the date of this Order and every calendar quarter thereafter unless the Court orders otherwise, the quarterly report being due within 45 days after the end of the quarter unless otherwise ordered.

Rehabilitator's Statement Re: Certificate of Service

Because Arches Mutual Insurance Company is currently in possession of the court-appointed Rehabilitator, because the Arches Board of Directors has resigned, because the Arches CEO is no longer employed by Arches, and because no one has asked to receive notice of proceedings in this matter under Utah Code § 31A-27a-107(1), the Rehabilitator has determined that there is no “party” or person who can or should be served with a copy of this document under Utah R. Civ. P. 5(a)(1) or Utah Code § 31A-27a-107(1).

ISSUED under the seal of the court: Official signature appears at the top of the first page.

END OF ORDER