

1. Reliable Insurance Company is a stock company, incorporated in the State of Ohio with principal offices at 407 South Dearborn Street, Suite 1675, Chicago, Illinois 60605, and that Reliable is licensed to transact the business of insurance in the State of Ohio. Reliable is a domestic insurer as defined by R.C. Chapter 3902.

2. Further attempts to rehabilitate Reliable would substantially increase the risk of loss to creditors, policyholders or the public, or would be futile.

3. Reliable is insolvent as defined in R.C. 3903.01(K).

4. Reliable is in such condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors or the public.

5. Reliable is an insolvent insurer as that term is defined in R.C. 3955.01(C).

6. Reliable, its members, officers, directors, agents, employees, partners, representatives and those acting in concert with it should be enjoined and restrained from conducting, operating or engaging in the business of insurance or any other business of Reliable under any charter, permit, license, registration, certificate of authority, power or privilege of Reliable, and that all banks, savings and loan associations, corporations, depositors, employers' welfare trusts, unions, agents or other legal entities should be enjoined and restrained from removing or disposing of any of the assets, books, records or

property of Reliable, or of any debt or claim owed to, by or for said Reliable, without the express written authorization of the Liquidator.

7. Without the appointment of a Liquidator, Reliable is not in a condition to continue its insurance business and may cause harm to the interests of its policyholders, creditors or the public in general, and that unless restrained, Reliable will be forced to operate in a condition contrary to the best interests of Reliable's creditors, policyholders and the general public.

8. Without the appointment of a Liquidator, the assets of Reliable may become dissipated, causing irreparable and immediate injury of the policyholders, Reliable creditors and the general public.

NOW, THEREFORE, it is ORDERED and ADJUDGED that:

1. Sufficient cause exists for the Liquidation of Reliable and the Plaintiff's Motion for an Order of Liquidation be and hereby is GRANTED.

2. George Fabe, Superintendent of Insurance for the State of Ohio, and his successors in office, be and hereby is appointed Liquidator of Reliable for the purpose of liquidation of Reliable pursuant to the provisions of R.C. Chapter 3903.

3. The Liquidator shall forthwith take possession of all assets and property of Reliable, of every kind whatsoever and wherever located whether in the possession of Reliable or its officers, directors, employees, consultants, attorneys, agents,

parents, subsidiary or affiliated corporations or those acting in concert with any of these persons, including, but not limited to, all property, offices maintained by Reliable, contracts, deposits, securities, rights of action, accounts, documents, papers, evidences of debt, bonds, debentures, mortgages, furniture, fixtures, office supplies, safe deposit boxes and books and records of Reliable, wherever located, and administer them under the general supervision of this Court.

4. The Liquidator shall and is hereby vested by operation of law with the title to all property, deposits, securities, contracts, rights of action, accounts, documents, papers, evidences of debt, bonds, debentures, mortgages, furniture, fixtures, office supplies, books, records and other assets of Reliable wherever located as of the date of the entry of this Order of Liquidation and is authorized to deal with same in his own name as Liquidator.

5. The Liquidator is directed to liquidate the assets of the Company, including, but not limited to, funds held by the Company's agents, subagents, producing agents, brokers, reinsurers and reinsurance pools, solicitors, reinsurers and reinsurance pools service representatives, or others under agency contracts or otherwise, which are due and unpaid to Reliable, including premium, unearned commissions, agents' balances and agents' reserve funds.

6. The Liquidator is vested with the right, title and interest in all funds recoverable under treaties, contracts and agreements of reinsurance heretofore entered into by Reliable as the ceding insurer, and that all reinsurance companies involved with Reliable are restrained from making any settlements with any claimant or policyholder other than the Superintendent as Liquidator, without the written permission or consent of the Liquidator.

7. The Liquidator is authorized to take such action as he considers necessary or appropriate to liquidate Reliable, including, but not limited to, the following:

(a) Appoint one or more special deputies to act for him under Sections 3903.01 to 3903.59 of the Revised Code, and determine the deputies' reasonable compensation. Special deputies have all the powers of the Liquidator and shall serve at the pleasure of the Liquidator.

(b) Employ employees and agents, actuaries, accountants, appraisers, consultants, and such other personnel as he may consider necessary to assist in the liquidation.

(c) Fix the reasonable compensation of employees and agents, actuaries, accountants, appraisers and consultants with the approval of the Court.

(d) Pay reasonable compensation to persons appointed and defray from the funds or assets of Reliable all expenses of taking possession of, conserving, conducting, liquidating, disposing of

or otherwise dealing with the business and property of the insurer. In the event that the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the Superintendent of Insurance may advance the costs so incurred out of any appropriation for the maintenance of the Department of Insurance. Any amounts so advanced for expenses of administration shall be repaid to the Superintendent for the use of the Department out of the first available money of Reliable.

(e) Hold hearings, subpoena witnesses to compel their appearance, administer oaths, examine any person under oath and compel any person to subscribe to his testimony after it has been correctly reduced to writing, and in connection therewith require the production of any books, papers, records or other documents which he considers relevant to the inquiry.

(f) Collect all debts and moneys due and claims belonging to the insurer, wherever located. For this purpose, the Liquidator may do any of the following:

(i) Institute timely actions in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts.

(ii) Do such other acts as are necessary or expedient to collect, conserve or protect its assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon such terms and conditions as he considers best.

(iii) Pursue any creditor's remedies available to enforce his claims.

(g) Conduct public or private sales of the property of Reliable.

(h) Use assets of the estate of Reliable to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under R.C. 3903.42.

(i) Acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon or otherwise dispose of or deal with, any property of Reliable at its market value or upon such terms and conditions as are fair and reasonable. The Liquidator may execute, acknowledge and deliver any and all deeds, assignments, releases and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation.

(j) Borrow money on the security of Reliable's assets or without security and to execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation.

(k) Enter into such contracts as are necessary to carry out this Order to Liquidate, and to affirm or disavow any contract to which Reliable is a party.

(l) Continue to prosecute and to commence in the name of Reliable or in his own name any and all suits and other legal proceedings, in this state or elsewhere, and to abandon the

prosecution of claims he considers unprofitable to pursue further; if Reliable is dissolved under R.C. 3903.20, to apply to any court in this state or elsewhere for leave to substitute himself for Reliable as plaintiff.

(m) Prosecute any action which may exist on behalf of the creditors, members, policyholders or shareholders of Reliable against any officer of Reliable or any other person.

(n) Remove any or all records and property of Reliable to the offices of the Superintendent or to such other place as may be convenient for the purposes of efficient and orderly execution of the liquidation. Guaranty associations and foreign guaranty associations shall have such reasonable access to the records of Reliable as is necessary for them to carry out their statutory obligations.

(o) Deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions.

(p) Invest all sums not currently needed, unless the Court orders otherwise.

(q) File any necessary documents for record in the office of any recorder of deeds or record office in this state or elsewhere where property of Reliable is located.

(r) Assert all defenses available to Reliable as against third persons, including, but not limited to, statutes of limitation, statutes of frauds, and the defense of usury. A

waiver of any defense by Reliable after a complaint in liquidation has been filed does not bind the Liquidator. Whenever a guaranty association or foreign guaranty association has an obligation to defend any suit, the Liquidator shall give precedence to such obligation and may defend only in the absence of a defense by such guaranty association.

(s) Exercise and enforce all the rights, remedies and powers of any creditor, shareholder, policyholder or member, including any power to avoid any transfer or lien that may be given by the general law and that is not included under R.C. 3903.26 to R.C. 3903.28.

(t) Intervene in any proceeding wherever instituted that might lead to the appointment of a receiver, conservator, rehabilitator, liquidator, or trustee, and to act as the receiver, conservator, rehabilitator, or trustee whenever the appointment is offered;

(u) Enter into agreements with any receiver, conservator, rehabilitator, liquidator, or superintendent of any other state relating to the rehabilitation, liquidation, conservation or dissolution of an insurer doing business in both states;

(v) Exercise all powers now held or hereafter conferred upon receivers, conservators, rehabilitators, or liquidators by the laws of this state not inconsistent with the provisions of R.C. 3903.01 to R.C. 3903.59;

(w) Take possession of all of the Company's securities and deposits filed or on deposit with Plaintiff;

(x) Collect all debts and money due and claims belonging to Reliable, wherever located, which are economically feasible to collect;

(y) The enumeration of the above described powers and authority of the Liquidator shall not be construed as a limitation upon him, nor shall it exclude in any manner his right to do such other acts not herein specifically enumerated, or otherwise provided for, as may be necessary or appropriate for the accomplishment of or in aid of the purpose of liquidation.

8. The Liquidator is hereby granted and given all powers and authority under any and all statutes and under the common laws of this state authorizing the appointment of Insurance Liquidators, and, particularly, be and hereby is granted and given all powers and authority contained in R.C. Chapter 3903, including, without limitation, those enumerated herein.

9. All officers, directors, trustees, employees or agents of Reliable, or any other person, firm, association, partnership, corporation or other entity in charge of any aspect of Reliable's affairs, including, but not limited to, banks, savings and loan associations, financial or lending institutions, brokers, stock or mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any other representative acting in concert with Reliable, shall cooperate with the Liquidator in the

performance of his duties. The directive of "to cooperate" shall include, but not be limited to, a duty to do both of the following as required by law:

(a) Reply promptly in writing to any inquiry from the Liquidator requesting such a reply; and

(b) Make available to the Liquidator any books, accounts, documents, records, information or property of, or pertaining to, Reliable in his possession, custody or control.

10. No member, officer, director, employee, consultant, attorney, parent, subsidiary or affiliated corporation, partner, agent, representative of Reliable, or any other person acting in concert with Reliable, shall obstruct or interfere with the Liquidator in the conduct of his duties as Liquidator, and these persons are hereby restrained, except under the express authorization of the Liquidator or by the further order of this Court, from doing, operating and conducting the business of insurance of Reliable under any charter, permit, license, power or privilege, belonging to or heretofore issued by or to said Reliable, and from in any manner conducting, doing or engaging in the business of insurance on behalf of Reliable; from dealing with or permitting to be done any action which might waste or dispose of the property or assets of Reliable; from disposing of, using, transferring, selling, assigning, cancelling, hypothecating or concealing in any manner or in any way, any books, records, equipment, money, accounts receivable, stocks, bonds, assets,

notes, funds or any other property or other assets of Reliable, whether real, personal or mixed or of any kind or nature, wherever situated, including any claims or causes of action that Reliable might have against any person, firm, association or corporation, belonging to, owned by, in the possession of, or claimed by Reliable; and disposing of any account, debt, deposit, share account, trust account, or any other asset owned, owed to, or held for the benefit of Reliable, or any account held individually, jointly, or severally for Reliable, whether such account, debt, deposit, share account, trust account, or any other asset is owned or held for such Reliable in the name of or for the benefit of Reliable or under any other name.

11. All officers, directors, employees, agents, servants, representatives of Reliable and those acting in concert with Reliable, shall, by sworn written statement, upon the request of the Liquidator, inform the Liquidator of the nature, description and location of all assets or other property of Reliable not located on the premises of Reliable including, but not limited to, all bank accounts, safe deposit boxes, safes, stock certificates, bonds, certificates of deposit, cash, security or any other property, real, personal or mixed and these persons are specifically ordered and enjoined from disposing of, using or concealing in any manner or in any way any of the assets, books, property, records or reports of Reliable, except under the express authorization of the Liquidator or by the further Order of this Court.

12. All banks, savings and loan associations, trust companies or any other persons, firms, corporations, associations, depositories, employers, unions, brokerage houses, welfare trusts, or other legal entities, are hereby restrained as follows:

(a) From disposing of, using, releasing, transferring, withdrawing, allowing to be withdrawn or concealing in any manner or in any way any of the property or assets of Reliable, of any kind or nature whatsoever, wherever situated, or from disposing of any account, debt, deposit, share account, trust account, or any other asset owned, owed to or held for the benefit of Reliable, or any account, debt, share account, trust account, or other assets owned or held individually, jointly, or severally, for Reliable, whether such account, debt, deposit, share account, trust account, or any other asset is owned or held for such Reliable in the name of or for the benefit of said Reliable, or under any other name, except under the express written authorization of the Liquidator or by the further order of this Court.

(b) From doing anything, directly or indirectly, to prevent the Liquidator from gaining access to, acquiring, examining or investigating any books, documents or records pertaining to or concerning Reliable or its affairs, under whatever name such books, documents or records may be filed or found wheresoever such books, documents or records may be found or situated.

(c) From interfering in any way with the lawful acts of the Liquidator who has been appointed herein or from disposing of, converting, dissipating, or concealing in any manner or in any any of the assets, books, property, records, or reports of Reliable.

13. The Liquidator shall take all steps necessary to place all bank accounts, stock certificates, securities, certificates, certificates of deposit and other financial instruments of Reliable into his own name, and shall use any accounts of Reliable as an operating fund for the liquidation of Reliable and shall keep a true and correct account of any and all receipts or expenditures which he shall make as Liquidator in the course of the liquidation of said business.

14. All agents, brokers, premium finance companies, or any other persons responsible for the payment of a premium and unearned commission, as shown on the records of Reliable, shall pay to the Liquidator any unpaid earned premium or unearned commission due Reliable at the time of the entry of this Order. All insureds of Reliable shall pay to the Liquidator any unpaid earned premium due Reliable, as shown on the records of Reliable, at the time of the entry of this Order.

15. All agents and brokers of Reliable are enjoined from returning any unearned premiums, or any money in their possession collected for premiums or enrollment contributions to policy holders or subscribers and all premium finance companies which have entered into contracts to finance a premium for a policy

which has been issued by Reliable are enjoined from returning any such premiums or any money in their possession and that such agents, brokers and premium finance companies shall turn over all such funds in their possession to the Superintendent as Liquidator.

16. Reliable and its respective officers, directors, agents and employees and all other persons are enjoined from bringing or further prosecuting any action or claim for relief, counterclaim, set-off, cross-claim, third party complaint, or otherwise, at law or in equity or other proceeding against Reliable or the Liquidator, or from in any way interfering with the Liquidator's conduct of the business of Reliable, or from obtaining preferences, judgments, attachments, or other like liens or the making of any levy against Reliable or its property and assets while in possession and control of the Liquidator, or from in any way interfering with the Liquidator in his possession or control of or in his right, title and interest to the property, books, records and all other assets of Reliable.

17. No civil action shall be commenced against Reliable or Liquidator, whether in this state or elsewhere, nor shall any such existing actions be maintained or further prosecuted after the entry of this Order. Whenever in the Liquidator's judgment, protection of the estate of Reliable that is pending outside this state, he may intervene in the action. The Liquidator may defend any action in which he intervenes under this section at the expense of estate of Reliable.

18. The Liquidator is authorized to, upon or after this Order for Liquidation, within two years or such time in addition to two years as applicable law may permit, commence an action or proceeding on behalf of the estate of Reliable upon cause of action against which the period of limitation fixed by applicable law has not expired at the time of the filing of Plaintiff's Motion for an Order of Liquidation. Where, by any agreement, a period of limitation is fixed for commencing a suit or proceeding upon any claim, or for filing any claim, proof of claim, proof of loss, demand, notice or the like, or where in any proceeding, judicial or otherwise, a period of limitation is fixed, either in the proceeding or by applicable law, for taking any action, filing any claim or pleading, or doing any act, and where in any such case the period had not expired at the date of the filing of the Motion for an Order of Liquidation, the Liquidator may, for the benefit of Reliable, take any such action or do any such act, required of or permitted to Reliable, within a period of one hundred eighty days subsequent to the entry of this Order for liquidation, or within such further period as is shown to the satisfaction of the Court not to be unfairly prejudicial to the other party.

19. Any guaranty association or foreign guaranty association shall have standing to appear in any court proceeding concerning the liquidation of Reliable if such association is or may become liable to act as a result of the liquidation.

20. All persons, including policyholders, insureds, obligees, principals, creditors, stockholders of Reliable and all persons asserting claims against such policyholders, are enjoined from instituting or pursuing any action or proceeding in any court or before any administrative agency, including boards and commissions administering workmens' compensation or occupational diseases or similar laws of the State of Ohio or of any other states, or of the United States, which seeks in any way, directly or indirectly, to contest or interfere with the Superintendents' exclusive right, title and interest to funds recoverable under treaties and agreements of reinsurance hereto fore entered into by Reliable as the ceding insurer.

21. All insurance policies, bonds, and other similar obligations or contracts of Reliable now in force shall stand cancelled as of the 30th day after the date of the Entry of this Order of Liquidation, except that those policies, surety bonds or other similar obligations or contracts with normal expiration dates prior thereto and policies terminated by insureds or lawfully cancelled by Reliable before such date, shall stand cancelled as of such earlier date.

22. The Liquidator is authorized to cancel all executory contracts, except the contracts of insurance, surety bonds and other similar obligations and contracts which are cancelable as provided in paragraph 21 herein, that all liability thereunder

shall cease and be fixed as of the date of the Entry of this Order of Liquidation, except as provided in R.C. 3903.19 and 33903.37 and 3903.28 to avoid fraudulent or preferential transfers.

24. The Liquidator is hereby authorized to do all other things permitted by law to effectuate the Liquidation of Reliable.

25. All third persons dealing with interests in real property or other property of Reliable are charged with notice of this Order as provided in R.C. 3903.18(A).

26. The Liquidator is directed to give or cause to be given notice of this Liquidation Order as required by R.C. 3903.22.

27. As soon as practical after the Entry of this Order, but not later than on hundred twenty days thereafter, the Liquidator shall prepare in duplicate a list of inventory of all property of Reliable or submit to the Court a plan for disbursement of assets in accordance with R.C. 3903.34. and shall submit an accounting to this court at such intervals as ordered by this Court.

28. Upon the issuance of this Order, the rights and liabilities of Reliable and of its creditors, policyholders, shareholders, members and all other parties interested in the estate of Reliable shall become fixed as of the date of this Order, except as provided in R.C. 3903.19 and R.C. 3903.37.

29. Upon the Motion of Plaintiff requesting that William F. Rossbach be appointed as Chief Deputy Rehabilitator and James M. Young and Richard R. Clayton be appointed as Deputy Rehabilitators, the same are hereby appointed until such further Order of this Court.

30. George Fabe, the Superintendent of Insurance, State of Ohio, or any successor in office as Superintendent, is hereby authorized, permitted and allowed to sell, assign and transfer the Corporate Charter of Reliable and any and all insurance licenses or certificates of authority to write insurance in such a method and manner as may be approved by this Court.

31. This Court requests that, in all actions or proceedings pending or hereafter filed outside of the State of Ohio involving Reliable, full faith and credit be given to this Order.

32. This Court shall retain jurisdiction in this case for the purpose of granting such other and further relief as the nature of this case or on the interests of the policyholders, creditors, stockholders or the members of the public may require.

Albert L. Bell

 JUDGE

1971S

THE STATE OF OHIO }
 Franklin County }
 I THOMAS J. ENRIGHT, Clerk
 OF THE COURT OF COMMON
 PLEAS WITHIN AND
 FOR SAID COUNTY.
 HEREBY CERTIFY THAT THE ABOVE AND
 FOREGOING IS THE ORIGINAL
 FILED WITH MY OFFICE.
 WITNESS MY HAND AND SEAL OF SAID COURT THIS
 19. 88
 A.D. THOMAS J. ENRIGHT, Clerk
 By *R. Clayton* Civil Deputy

Approved
[Signature]
 George Fabe
 Superintendent of Insurance

[Signature]
 11/2/87
 11/29/88
 Attorney For Reliable Ins Co

3. As a result of that finding, this Court appointed Plaintiff George Fabe, Superintendent of Insurance, State of Ohio, to be Rehabilitator of Reliable and ordered him to take possession of the property, business and affairs of Reliable for the purpose of rehabilitation and to administer Reliable's assets under the general supervision of this Court.

4. Upon assuming the duties and responsibilities as Rehabilitator, Plaintiff has ascertained and determined that:

a. Reliable is a stock company, incorporated in the State of Ohio with principal offices at 407 South Dearborn Street, Suite 1675, Chicago, Illinois 60605. Reliable is licensed to transact the business of insurance in the State of Ohio. Reliable is a domestic insurer as defined by R.C. Chapter 3903.

b. Reliable is insolvent as defined in R.C. 3903.01(K).

c. Pursuant to the provisions of R.C. 3903.16, Rehabilitation of Reliable would substantially increase the risk of loss to creditors, policyholders or the public, or would be futile.

d. Reliable is an insolvent insurer as that term is defined in R.C. 3955.01(C).

e. Reliable is in such condition that further transaction of business without a Liquidator being appointed would be hazardous, financially or otherwise, to its policyholders, its creditors or the public.

5. Because of the insolvent condition of Reliable, Plaintiff requests that a Liquidator be appointed as provided in R.C. 3903.17 and R.C. 3903.18.

6. Plaintiff further requests approval to appoint William F. Rossbach as Chief Deputy Liquidator and James M. Young and Richard R. Clayton as Deputy Liquidators.

7. Plaintiff further states that this matter has been discussed and reviewed with Reliable and that Reliable has given consent to its liquidation if deemed necessary by Plaintiff. See Attachment A. Reliable has read and examined this Motion, consented to the appointment of a liquidator, and waives service of process against it and further waives the holding of a formal hearing to show cause in connection with the granting of this Motion. See Attachment B.

WHEREFORE, Plaintiff, pursuant to provisions of R.C. Chapter 3903 and, specifically R.C. 3903.18, prays for the following relief:

1. A Finding that Reliable is a stock company, incorporated in the State of Ohio with principal offices at 407 South Dearborn Street, Suite 1675, Chicago, Illinois 60605, and that Reliable is licensed to transact the business of insurance in the State of Ohio.

2. A Finding that sufficient cause exists for the Liquidation of Reliable and appointment of Plaintiff as Liquidator.

3. A Finding that continued attempts at rehabilitation would substantially increase the risk of loss to creditors, policyholders, or the public, or would be futile.

4. A Finding that Reliable is insolvent as defined in R.C. 3903.01(K).

5. A Finding that Reliable is an insolvent insurer as that term is defined in R.C. 3955.01(C).

6. An Order appointing George Fabe as Liquidator, William F. Rossbach as Chief Deputy Liquidator and James M. Young and Richard R. Clayton as Deputy Liquidators.

7. An Order that the Liquidator shall forthwith take possession of all assets and property of Reliable, of every kind whatsoever and wherever located whether in the possession of Reliable or its officers, directors, employees, consultants, attorneys, agents, parents, subsidiary or affiliated corporations or those acting in concert with any of these persons, including, but not limited to, all property, offices maintained by Reliable, contracts, deposits, securities, rights of action, accounts, documents, papers, evidences of debt, bonds, debentures, mortgages, furniture, fixtures, office supplies, safe deposit boxes and books and records of Reliable, wherever located, and administer them under the general supervision of this Court.

8. An Order that the Liquidator shall and is hereby vested by operation of law with the title to all property, deposits, securities, contracts, rights of action, accounts, documents,

papers, evidences of debt, bonds, debentures, mortgages, furniture, fixtures, office supplies, books, records and other assets of Reliable wherever located as of the date of the entry of this Order of Liquidation and is authorized to deal with same in his own name as Liquidator.

9. An Order that the Liquidator is directed to liquidate the assets of the Company, including, but not limited to, funds held by Company's agents, subagents, producing agents, brokers, reinsurers and reinsurance pools, solicitors, service representatives, or others under agency contracts or otherwise, which are due and unpaid to Reliable, including premiums, unearned commissions, agents' balances and agents' reserve funds.

10. An Order that the Liquidator is vested with the right, title and interest in all funds recoverable under treaties and agreements of reinsurance heretofore entered into by Reliable as the ceding insurer, and that all reinsurance companies involved with Reliable be restrained, without the written permission or consent of the Liquidator, from making any settlements with any claimant or policyholder other than the Superintendent as Liquidator.

11. An Order that the Liquidator is authorized to take such action as he considers necessary or appropriate to liquidate Reliable, including, but not limited to, the following:

a. Appoint one or more special deputies to act for him under Sections 3903.01 to 3903.59 of the Revised Code, and determine the deputies' reasonable compensation. Special deputies

have all the powers of the Liquidator granted by this Section. Special deputies shall serve at the pleasure of the Liquidator.

b. Employ employees and agents, actuaries, accountants, appraisers, consultants, and such other personnel as he may consider necessary to assist in the liquidation.

c. Fix the reasonable compensation of employees and agents, actuaries, accountants, appraisers and consultants with the approval of the Court.

d. Pay reasonable compensation to persons appointed and defray from the funds or assets of Reliable all expenses of taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business and property of the insurer. In the event that the property of the insurer does not contain sufficient cash or liquid assets to defray the costs incurred, the Superintendent of Insurance may advance the costs so incurred out of any appropriation for the maintenance of the Department of Insurance. Any amounts so advanced for expenses of administration shall be repaid to the Superintendent for the use of the Department out of the first available money of Reliable.

e. Hold hearings, subpoena witnesses to compel their appearance, administer oaths, examine any person under oath and compel any person to subscribe to his testimony after it has been correctly reduced to writing, and in connection therewith require the production of any books, papers, records or other documents which he considers relevant to the inquiry.

f. Collect all debts and moneys due and claims belonging to the insurer, wherever located. For this purpose, the Liquidator may do any of the following:

(i) Institute timely action in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts.

(ii) Do such other acts as are necessary or expedient to collect, conserve or protect its assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon such terms and conditions as he considers best.

(iii) Pursue any creditor's remedies available to enforce his claims.

g. Conduct public or private sales of the property of Reliable.

h. Use assets of the estate of Reliable to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under R.C. 3903.42.

i. Acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon or otherwise dispose of or deal with, any property of Reliable at its market value or upon such terms and conditions as are fair and reasonable. The Liquidator may execute, acknowledge and deliver any and all deeds, assignments,

releases and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation.

k. Enter into such contracts as are necessary to carry out this Order to Liquidate, and to affirm or disavow any contract to which Reliable is a party.

l. Continue to prosecute and to commence in the name of Reliable or in his own name any and all suits and other legal proceedings, in this state or elsewhere, and to abandon the prosecution of claims he considers unprofitable to pursue further; if Reliable is dissolved under R.C. 3903.20, to apply to any court in this state or elsewhere for leave to substitute himself for Reliable as plaintiff.

m. Prosecute any action which may exist on behalf of the creditors, members, policyholders or shareholders of Reliable against any officer of Reliable or any other person.

n. Remove any or all records and property of Reliable to the offices of the Superintendent or to such other place as may be convenient for the purposes of efficient and orderly execution of the liquidation. Guaranty associations and foreign guaranty associations shall have such reasonable access to the records of Reliable as is necessary for them to carry out their statutory obligations.

o. Deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions.

p. Invest all sums not currently needed, unless the Court orders otherwise.

q. File any necessary documents for record in the office of any recorder of deeds or record office in this state or elsewhere where property of Reliable is located.

r. Assert all defenses available to Reliable as against third persons, including, but not limited to, statutes of limitation, statutes of frauds, and the defense of usury. A waiver of any defense by Reliable after a complaint in liquidation has been filed does not bind the Liquidator. Whenever a guaranty association or foreign guaranty association has an obligation to defend any suit, the Liquidator shall give precedence to such obligation and may defend only in the absence of a defense by such guaranty association.

s. Exercise and enforce all the rights, remedies and powers of any creditor, shareholder, policyholder or member, including any power to avoid any transfer or lien that may be given by the general law and that is not included under R.C. 3903.26 to R.C. 3903.28.

t. Intervene in any proceeding wherever instituted that might lead to the appointment of a receiver, conservator, rehabilitator, liquidator, or trustee, and to act as the receiver, conservator, rehabilitator, or trustee whenever the appointment is offered.

u. Enter into agreements with any receiver, conservator, rehabilitator, liquidator, or superintendent of any other state relating to the rehabilitation, liquidation, conservation or dissolution of an insurer doing business in both states.

v. Exercise all powers now held or hereafter conferred upon receivers, conservators, rehabilitators, or liquidators by the laws of this state not inconsistent with the provisions of R.C. 3903.01 to R.C. 3903.59.

w. Take possession of all of the Company's securities and deposits filed or on deposit with Plaintiff.

x. Collect all debts and money due and claims belonging to the insurer, wherever located, which are economically feasible to collect.

y. The enumeration of the above described powers and authority of the Liquidator shall not be construed as a limitation upon him, nor shall it exclude in any manner his right to do such other acts not herein specifically enumerated, or otherwise provided for, as may be necessary or appropriate for the accomplishment of or in aid of the purpose of liquidation.

12. An Order that the Liquidator is hereby granted and given all powers and authority under any and all statutes and under the common laws of this state authorizing the appointment and authority of Insurance Liquidators, and, particularly, be granted and given all powers and authority contained in R.C. Chapter 3903, including, without limitation, those enumerated herein.

13. An Order that all officers, directors, trustees, employees or agents of Reliable, or any other person, firm, association, partnership, corporation or other entity in charge of any aspect of Reliable's affairs, including, but not limited to, banks, savings and loan associations, financial or lending institutions, brokers, stock or mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any other representative acting in concert with Reliable, shall cooperate with the Liquidator in the performance of his duties. The directive of "to cooperate" shall include, but not be limited to, a duty to do both of the following as required by law:

a. Reply promptly in writing to any inquiry from the Liquidator requesting such a reply; and

b. Make available to the Liquidator any books, accounts, documents, records, information or property of, or pertaining to, Reliable in his possession, custody or control.

14. An Order that no member, officer, director, employee, consultant, attorney, parent, subsidiary or affiliated corporation, partner, agent, representative of Reliable, or any other person acting in concert with Reliable, shall obstruct or interfere with the Liquidator in the conduct of his duties as Liquidator, and these persons are hereby restrained, except under the express authorization of the Liquidator or by the further order of this Court, from doing, operating and conducting the business of insurance of Reliable under any charter, permit,

license, power or privilege, belonging to or heretofore issued by or to said Reliable, and from in any manner conducting, doing or engaging in the business of insurance on behalf of Reliable; from dealing with or permitting to be done any action which might waste or dispose of the property or assets of Reliable; from disposing of, using, transferring, selling, assigning, cancelling, hypothecating or concealing in any manner or in any way, any books, records, equipment, money, accounts receivable, stocks, bonds, assets, notes, funds or any other property or other assets of Reliable, whether real, personal or mixed or of any kind or nature, wherever situated, including any claims or causes of action that Reliable might have against any person, firm, association or corporation, belonging to, owned by, in the possession of, or claimed by Reliable; and disposing of any account, debt, deposit, share account, trust account, or any other asset owned, owed to, or held for the benefit of Reliable, or any account held individually, jointly, or severally for Reliable, whether such account, debt, deposit, share account, trust account, or any other asset is owned or held for such Reliable in the name of or for the benefit of Reliable or under any other name.

15. An Order that all officers, directors, employees, agents, servants, representatives of Reliable and those acting in concert with Reliable, shall, by sworn written statement, inform the Liquidator of the nature, description and location of all assets or other property of Reliable not located on the premises of

MEMORANDUM IN SUPPORT

Plaintiff George Fabe, Superintendent of Insurance, State of Ohio and Court appointed Rehabilitator of Reliable Insurance Company, requests that this Court enter an Order of Liquidation against Reliable pursuant to the provisions of R.C. 3903.16 and 3903.18. Plaintiff represents that, based upon the financial information produced by the Company and additional information obtained by Department of Insurance employees, the condition of the Company is such that it is insolvent and unable to conduct its business without financial hazard to its policyholders, creditors and the public. Plaintiff further submits that he, his Deputy Rehabilitators and other employees of the Department of Insurance have attempted to rehabilitate the Company, but due to the insolvent condition of the Company, further rehabilitation will substantially increase the risk of loss to creditors, policyholders or the public and would be futile. Therefore, in the best interests of the policyholders, creditors and the public, Plaintiff hereby requests that an Order be entered declaring Reliable to be insolvent and ordering its liquidation, pursuant to R.C. Chapter 3903.

The Department of Insurance has closely monitored Reliable during the period of rehabilitation and has worked to improve the worsening financial position of the Company. The Department has attempted to obtain restructuring of the organization of the Company and its affiliates, and has attempted to get capital

infused into the Company, in addition to the capital previously contributed. In addition, the Department has worked with Reliable officials in an attempt to reduce its losses.

Reports of the financial condition of Reliable, as of November 30, 1987, indicate that the condition of the Company has continued to worsen and that the Company remains severely financially impaired. Indeed, from the financial data available, it is apparent that the financial condition of the Company is such that Reliable can not continue to operate in its insolvent condition.

Attached hereto as Attachment C is a financial report of the Company which includes data reflecting the insolvency of the Company. The Preliminary Balance Sheet indicates that, as of November 30, 1987, the Company has a net worth of negative \$8.295 million. Its net admitted assets are \$9.094 million with total liabilities of \$17.390 million.

Notwithstanding this bleak financial picture, the Superintendent and his Deputy Rehabilitators have attempted to rehabilitate the Company since the Entry of the Order of Rehabilitation on November 5, 1987. Plaintiff and his employees have diligently attempted to evaluate pending claims, claims reserves, reinsurance matters, litigation and other factors which affect the ability of the Company to operate as a solvent company. However, after evaluating these factors and attempting to ascertain the value of the assets and liabilities of the

Company, the Superintendent has determined that the Company is insolvent and that it would be futile to attempt to further rehabilitate the Company. While the full extent of the insolvent condition of the Company is not yet known by Plaintiff and the Department, the Company's financial condition is at least as bad as the preliminary date indicates.

While the Company has been in rehabilitation, Plaintiff has been unable to pay all of the financial obligations of the Company because of the insufficient assets of the Company. Moreover, because there are insufficient assets to cover these pending debts and the new claims that arise daily against the Company and its policyholders, Plaintiff is placed in a position where continued payment by him of any of these debts or claims would create improper preferences. In effect, if Plaintiff were to continue paying all claims and obligations of the Company he would be placed into the position where he would be forced to choose between which claims and obligations of the Company to pay, when claimants and creditors all stood on equal footing. Thus, a situation is created which is unfair to those unpaid claimants, creditors, policyholders and the public in general. The only way to avoid such an unfair situation is pursuant to liquidation order which would implement the proper priority of distribution of claims and expense payments, as provided in R.C. 3903.42.

While Reliable has been in rehabilitation, Plaintiff and his employees have done all they can to avoid liquidation of the Company. They have searched for and spoken with potential

purchasers of the Company in an attempt to locate a purchaser who might be willing to purchase the Company and assume its liabilities. However, due to the financial condition of the Company, no such purchaser or company is willing to purchase any part of the Company. In addition to the capital previously contributed by its owners, Plaintiff has also attempted without success to have additional cash or capital infused into the Company by its owners to rehabilitate the Company.

Plaintiff has discussed all of these matters with Company representatives, who agree that there is no alternative but for the Company to be placed into liquidation. Moreover, the Directors have previously consented to this liquidation and have waived service of process and notice of the hearing on this Motion.

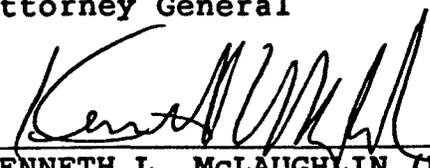
Rehabilitation of the Company cannot continue where the lack of an adequate cash flow precludes the equitable payment of the claims and obligations of the Company. Moreover, these claims and obligations of the Company continue to increase as policies of insurance remain in effect. Continuing to rehabilitate the Company would substantially increase the risk of loss to creditors, policyholders and the public and would be futile. In short, liquidation of the Company is required under the facts and circumstances of this case and would be in the best interests of the policyholders, creditors and the public.

By entering a liquidation order, a proper and organized procedure will be put into place that can fairly and equitably deal with the claims of the policyholders, creditors and the

public. Moreover, the state guaranty associations would be brought in to defend and pay those claims covered by state guaranty laws. Furthermore, the entering of a liquidation order would stop the mounting expenses of operating the Company and would preserve the remaining assets of the Company so that the just debts and claims of the Company can be paid in accordance with R.C. 3903.42. For all of these reasons, Plaintiff requests that this Court enter an Order declaring Reliable insolvent and appointing George Fabe, Superintendent of Insurance, to be the Liquidator of Reliable.

Respectfully submitted,

ANTHONY J. CELEBREZZE, JR.
Attorney General



KENNETH L. McLAUGHLIN (MCL12)
Assistant Attorney General
1680 State Office Tower
30 East Broad Street
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ROBERT S. WIENKE

November 2, 1967

Kenneth L. McLaughlin, Esq.
Assistant Attorney General
1680 State Office Tower
30 East Broad Street
Columbus, Ohio 43266-0410

Re: George Fabe, Superintendent of Insurance
v. Reliable Insurance Company

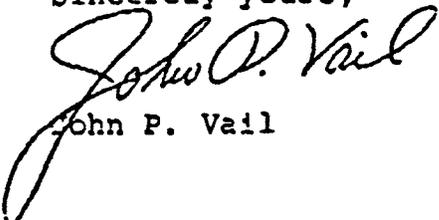
Dear Mr. McLaughlin:

I am writing to you as the duly authorized representative of Reliable Insurance Company ("Reliable"). Please be advised of the following:

1. Reliable has read and examined the Verified Complaint for Rehabilitation and the proposed Journal Entry and Order in the above-captioned case, in which Reliable has requested the rehabilitation of Reliable by the Ohio Department of Insurance pursuant to Section 3903.12(L) of the Ohio Insurance Code.
2. Reliable consents to the appointment of a Rehabilitator.
3. Reliable waives service of process against Reliable and waives the holding of a formal hearing to show cause in connection with the appointment of a Rehabilitator.

Please do not hesitate to contact me if you need any additional information with regard to this matter.

Sincerely yours,


John P. Vail

JPV:rm

ATTACHMENT A

b. From doing anything, directly or indirectly, to prevent the Liquidator from gaining access to, acquiring, examining or investigating any books, documents or records pertaining to or concerning Reliable or its affairs, under whatever name such books, documents or records may be filed or found or wheresoever such books, documents or records may be found or situated.

c. From interfering in any way with the lawful acts of the Liquidator who has been appointed herein or from disposing of, converting, dissipating, or concealing in any manner or in anyway any of the assets, books, property, records, or reports of Reliable.

17. An Order that the Liquidator shall take all steps necessary to place all bank accounts, stock certificates, securities, certificates of deposit and other financial instruments of Reliable into his own name, and shall use any accounts of Reliable as an operating fund for the liquidation of Reliable, and shall keep a true and correct account of any and all receipts or expenditures which he shall make as Liquidator in the course of the liquidation of said business.

18. An Order that all agents, brokers, premium finance companies, or any other persons responsible for the payment of a premium or unearned commission, as shown on the records of Reliable, shall pay to the Liquidator any unpaid earned premium or unearned commission due Reliable at the time of the entry of this

Order. All insureds of Reliable shall pay to the Liquidator any unpaid premium due Reliable as shown on the records of Reliable, at the time of the entry of the Order of Liquidation.

19. An Order that all agents and brokers of Reliable are enjoined from returning any unearned premiums, or any money in their possession collected for premiums or enrollment contributions to policyholders or subscribers and all premium finance companies which have entered into contracts to finance a premium for a policy which has been issued by Reliable are enjoined from returning any such premiums or any money in their possession and that such agents, brokers and premium finance companies shall turn over all such funds in their possession to the Superintendent as Liquidator.

20. An Order that Reliable, and its respective officers, directors, agents and employees and all other persons are enjoined from bringing or further prosecuting any action by claim for relief, counterclaim, set-off, cross-claim, third party complaint, or otherwise, at law or in equity or other proceeding against Reliable or the Liquidator, or from in any way interfering with the Liquidator's conduct of the business of Reliable, or from obtaining preferences, judgments, attachments, or other like liens or the making of any levy against Reliable or its property and assets while in possession and control of the Liquidator, or from in any way interfering with the Liquidator in his possession or control of or in his right, title and interest to the property, books, records and all other assets of Reliable.

21. An Order that no civil action shall be commenced against Reliable or Liquidator, whether in this state or elsewhere, nor shall any such existing actions be maintained or further prosecuted after the entry of this Order. Whenever in the Liquidator's judgment, protection of the estate of Reliable necessitates intervention in an action against Reliable that is pending outside this state, he may intervene in the action. The Liquidator may defend any action in which he intervenes under this section at the expense of the estate of Reliable.

22. An Order that the Liquidator is authorized to, upon or after this Order for Liquidation, within two years or such time in addition to two years as applicable law may permit, commence an action or proceeding on behalf of the estate of Reliable upon any cause of action against which the period of limitation fixed by applicable law has not expired at the time of the filing of Plaintiff's Motion for an Order of Liquidation. Where, by any agreement, a period of limitation is fixed for commencing a suit or proceeding upon any claim, or for filing any claim, proof of claim, proof of loss, demand, notice or the like, or where in any proceeding, judicial or otherwise, a period of limitation is fixed, either in the proceeding or by applicable law, for taking any action, filing any claim or pleading, or doing any act, and where in any such case the period had not expired at the date of the filing of the Motion for an Order of Liquidation, the Liquidator may, for the benefit of Reliable, take any such action

or do any such act, required of or permitted to Reliable, within a period of one hundred eighty days subsequent to the entry of this Order for Liquidation, or within such further period as is shown to the satisfaction of the Court not to be unfairly prejudicial to the other party.

23. An Order that any guaranty association or foreign guaranty association shall have standing to appear in any court proceeding concerning the liquidation of Reliable if such association is or may become liable to act as a result of the liquidation.

24. An Order that all persons, including policyholders, insureds, obligees, principals, creditors, and stockholders of Reliable and all persons asserting claims against such policyholders, are enjoined from instituting or pursuing any action or proceeding in any court or before any administrative agency, including boards and commissions administering workmens' compensation or occupational diseases or similar laws of the State of Ohio or of any other states, or of the United States, which seeks in any way, directly or indirectly, to contest or interfere with the Superintendents' exclusive right, title and interest to funds recoverable under treaties and agreements of reinsurance heretofore entered into by Reliable as the ceding insurer.

25. An Order that all insurance policies, bonds and other similar obligations or contracts of Reliable, other than life or health insurance or annuities, now in force shall stand cancelled

as of the 30th day after the date of the Entry of the Order of Liquidation, except that those policies, bonds or other similar obligations or contracts with normal expiration dates prior thereto and policies terminated by insureds or lawfully cancelled by Reliable before such date, shall stand cancelled as of such earlier date.

26. An Order that the Liquidator is authorized to cancel all executory contracts, except the contracts of insurance, bonds and other similar obligations and contracts which are cancelable as provided in paragraph 25 herein, that all liability thereunder shall cease and be fixed as of the date of the Entry of the Order of Liquidation, except as provided in R.C. 3903.19 and 3903.37 and that such impending cancellations not be treated as anticipatory or other breach of contracts.

27. An Order that the Liquidator shall have the power and authority under R.C. 3903.26, 3903.27 and 3903.28 to avoid fraudulent or preferential transfers.

28. An Order that the Liquidator is hereby authorized to do all other things permitted by law to effectuate the Liquidation of Reliable.

29. An Order that all third persons dealing with interests in real property or other property of Reliable are charged with notice of this Order as provided in R.C. 3903.18(A).

30. An Order that the Liquidator is directed to give or cause to be given notice of this Liquidation Order as required by R.C. 3903.22.

31. An Order that as soon as practical after the Entry of the Order of Liquidation, but not later than one hundred twenty (120) days thereafter, the Liquidator shall prepare in duplicate a list of inventory of all property of Reliable or submit to the Court a plan for disbursement of assets in accordance with R.C. 3903.34 and shall submit an accounting to this Court at such intervals as ordered by this Court.

32. An Order that upon the issuance of the Order of Liquidation, the rights and liabilities of Reliable and of its creditors, policyholders, shareholders, members and all other parties interested in the estate of Reliable shall become fixed as of the date of such Order, except as provided in R.C. 3903.19 and R.C. 3903.37.

33. An Order that George Fabe, the Superintendent or any successor in office as Superintendent, is hereby authorized, permitted and allowed to sell, assign and transfer the Corporate Charter of Reliable and any and all insurance licenses or certificates of authority to write insurance in such a method and manner as is to be approved by this Court.

34. An Order that this Court requests that, in all actions or proceedings pending or hereafter filed outside of the State of Ohio involving Reliable, full faith and credit be given to this Order.

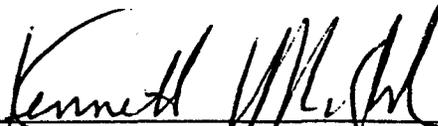
35. An Order that this Court shall retain jurisdiction in this case for the purpose of granting such other and further

relief as the nature of this case or the interests of the policyholders, creditors, stockholders or the members of the public may require.

For the reasons stated in the accompanying Memorandum in Support, Plaintiff requests that his motion for an order of liquidation be granted.

Respectfully submitted,

ANTHONY J. CELEBREZZE, JR.
Attorney General


KENNETH L. McLAUGHLIN (MCL12)
Assistant Attorney General
1680 State Office Tower
30 East Broad Street
Columbus, Ohio 43266-0410
(614) 466-8600

CERTIFICATE OF SERVICE

I hereby certify that a true and accurate copy of the foregoing Motion for an Order of Liquidation and Memorandum in Support was sent via regular U.S. Mail this 29 day of January, 1988, to John P. Vail, Suite 1000, 303 E. Wacker Drive, Chicago, Illinois 60601, Attorney for Reliable Insurance Company.



KENNETH L. McLAUGHLIN (MCL12)
Assistant Attorney General

1961S

BURKE, GRIFFIN, CHOMICZ & WIENKE, P.C.
ATTORNEYS AT LAW
Suite 1000
303 East Wacker Drive
Chicago, Illinois 60601

January 29, 1988

George Fabe
c/o Kenneth L. McLaughlin
Assistant Attorney General
1680 State Office Tower
30 East Broad Street
Columbus, Ohio 43266-0410

Re: Fabe v. Reliable Insurance Company
Franklin County Common Pleas Court
Case No. 87 CV-11-7072

Dear Superintendent Fabe:

I am writing to you as the duly authorized representative of Reliable Insurance Company. Please be advised of the following:

- (1) Reliable has read and examined the Motion for Order of Liquidation in the above-captioned case.
- (2) On October 23, 1987, the Board of Directors of Reliable requested, pursuant to R.C. 3903.12(L), rehabilitation of Reliable, and, if the Ohio Department of Insurance deemed necessary, the liquidation of the company.
- (3) On November 2, 1987, Reliable consented to your appointment as Rehabilitator.
- (4) Reliable now consents to your appointment as Liquidator.
- (5) Reliable waives service of process against it and waives the holding of a formal hearing in connection with the Motion for Order of Liquidation.

Please do not hesitate to contact me if you need additional assistance.

Sincerely yours,


JOHN P. VAIL
Burke, Griffin, Chomicz &
Wienke, P.C.
Attorneys for Reliable
Insurance Company

PRELIMINARY BALANCE SHEET

RELIABLE INSURANCE COMPANY
ANALYSIS OF ASSETS (1)
NOVEMBER 30, 1987

December 23, 1987
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ASSETS	LEDGER ASSETS	NON-LEDGER ASSETS	ASSETS NOT ADMITTED	NET-ADMITTED ASSETS
Bonds	3,820,536	-	-	3,820,536
Stocks	591,667	198,919	184,770	605,815
Collateral Loans	20,000	-	-	20,000
Cash on Hand	250	-	-	250
Cash on Deposit	1,348,792	-	-	1,348,792
Short Term Investments	1,146,977	-	-	1,146,977
Agents' Debit Balances	305,301	-	116,543	188,757
Reins Rec on Loss Pmts	1,049,546	-	-	1,049,546
Int & Dividends Accrued	-	61,219	-	61,219
Rec from Affiliates	2,402,786	-	1,549,993	852,793
Furniture & Equipment	2,574	-	2,574	0
Cash Advance	250	-	-	250
Total Assets	10,688,678	260,137	1,853,880	9,094,936

(1) Unaudited balance sheet

PRELIMINARY BALANCE SHEET

RELIABLE INSURANCE COMPANY
LIABILITIES AND SURPLUS (1)
NOVEMBER 30, 1987

December 23, 1987
09:50:14
RBAL8711.SSF

LIABILITIES

CURRENT
MONTH

LOSSES:

Direct	15,320,988	
IBNR	800,000	
Reinsurance Recoverable (2)	(4,387,364)	11,733,624

LOSS ADJUSTMENT EXPENSE:

Direct	2,280,213	
IBNR	119,064	
Reinsurance Recoverable (2)	(624,492)	1,774,785

Other Expenses		243,000
Taxes, Licenses & Fees		24,755
Federal Income Taxes		-

UNEARNED PREMIUM:

Direct	481,271	
Ceded Reinsurance	(120,086)	361,185

Agents' Credit Balances		9,935
Funds Held Under Reinsurance Treaties		1,991,515
Amounts Withheld for Acct of Others		3,047
Provisions for Unauthorized Reinsurers		373,302
Drafts Outstanding		525,301
Balances Due Underwriting Associations		349,766

Total Liabilities		17,390,214
		=====

Common Capital Stock		1,250,000
Subordinated Surplus Note & Accrued Interest		4,910,000
Gross Paid In and Contributed Surplus		4,210,221
Unassigned Funds		(18,665,499)

Surplus as Regards Policyholders		(8,295,278)
		=====

Totals		9,094,936
		=====

(1) Unaudited balance sheet

(2) Reserve adjustments made by examiners are allocated to treaties in proportion to each treaty's share of the case reserves