IN THE COURT OF COMMON PLEAS
FRANKLIN COUNTY, OHIO

MARY JO HUDSON,
Superintendent of Insurance,
Ohio Department of Insurance,

Plaintiff,

vs.

The Physicians Assurance Corporation,

Defendant.

CASE NO. 09CVH 08 12492

JUDGE Beatty

FILED
COMMON PLEAS COURT
FRANKLIN CO. OHIO
2009 AUG 18 PM 3:34
CLERK OF COURTS

AGREED ORDER OF LIQUIDATION AND ORDER APPOINTING LIQUIDATOR

This cause came before this Court on the Complaint of Mary Jo Hudson, Ohio Superintendent of Insurance of the State of Ohio, pursuant to Ohio Revised Code (R.C.) 3903.12(A) and (L). Plaintiff appeared by and through the Ohio Attorney General. Defendant The Physicians Assurance Corporation ("TPAC") appeared by and through counsel.

After having heard and considered the facts set forth in the Complaint, this Court finds that the facts and the law are as Plaintiff has alleged in her Complaint and that there exists a present and urgent necessity for the immediate entry of this Order. This Court also finds that Defendant TPAC has voluntarily and knowingly agreed to waive formal service of the Complaint and has agreed to accept service through counsel, which service has been accomplished. This Court further finds that Defendant TPAC has knowingly and voluntarily waived any and all rights Defendant TPAC has to file and answer to Plaintiff's Complaint and that Defendant TPAC has knowingly and voluntarily waived any and all rights Defendant TPAC has to a formal hearing on the Complaint or to otherwise contest the facts or the law as alleged in

the Complaint, all of which are admitted by Defendant TPAC, and that Defendant TPAC has thereby agreed to allow this matter to proceed immediately to judgment.

This Court further FINDS, ORDERS, ADJUCICATES and DECLARES as follows:

Jurisdiction

1. This Court has personal jurisdiction over Defendant TPAC. Defendant TPAC is an Ohio domiciled insurance company with offices in Franklin County, Ohio brought under the jurisdiction of the Ohio Department of Insurance pursuant to R.C. Chapter 3903.

2. This Court has subject matter jurisdiction pursuant to R.C. 3903.04(E). Defendant TPAC is a domestic "insurer" as that term is defined in R.C. 3903.01(L) and an "insurer doing business in this state," as referenced in R.C. 3903.03. Defendant TPAC is therefore subject to proceedings authorized by R.C. 3903.01 through R.C. 3903.59, entitled the "Insurer's Supervision, Rehabilitation and Liquidation Act."

3. 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.

Basis For Liquidation Order

4. Defendant TPAC failed to achieve the minimum capital and surplus requirements as set forth in R.C. 3907.05 on or before August 12, 2009 and is insolvent as described in R.C. 3903.01 (K) and 3903.17 (B).

5. Defendant TPAC is in such condition that its further transaction of business would be financially hazardous to its policyholders, creditors and/or the public, as described under R.C. 3903.17(C).

6. Defendant TPAC, through its board of directors, properly consents to liquidation

and to entry of this Liquidation Order under sections 3903.01 to 3903.59 of the Ohio Revised Code and TPAC and its Directors have waived all rights to intervene in these proceedings or to defend against or attempt to appeal this Liquidation Order.

7. Sufficient cause exists for the liquidation of Defendant TPAC and entry of this Order to facilitate the Liquidator taking possession of and control of assets of and pertaining to Defendant TPAC and to protect against such assets being subject to waste, dissipation or preferential claims of creditors, all causing irreparable and immediate injury of the policyholders, creditors and the general public.

Liquidation Order

8. For the reasons set forth above, Defendant TPAC is ordered in liquidation pursuant to R.C. Chapter 3903 and this Order. An Order of Liquidation is hereby entered against Defendant TPAC. Mary Jo Hudson, Superintendent of the Ohio Department of Insurance, including her successors in office, is appointed Liquidator of Defendant TPAC pursuant to the provisions of R.C. Chapter 3903. Lynda G. Loomis is hereby appointed Chief Deputy Liquidator with all powers set forth in this Order and as may be delegated from time to time by the Liquidator.

9. Defendant TPAC is insolvent as that term is defined in R.C. 3903.01(K).

10. The Liquidator and Chief Deputy Liquidator are hereby bestowed with all of the powers and authority granted to a liquidator under any and all statutes and under the common laws of this State and under this Order and are particularly granted and given all powers and authority contained in R.C. Chapter 3903, including but not limited to, confirmation that the Liquidator and Chief Deputy Liquidator have all of the powers enumerated in R.C. 3903.21 and, in her discretion may, as she considers necessary or appropriate for the liquidation of Defendant

TPAC:

(a) appoint one or more special deputies to act for her under R.C. Sections 3903.01 to 3903.59, 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) without prior notice to or approval by the Court, employ personnel and agents, actuaries, accountants, appraisers, consultants and such other personnel as they may consider necessary to assist in the liquidation;

(c) fix the reasonable compensation of employees and agents, actuaries, accountants, appraisers, consultants and other personnel with the approval of the Court, which approval shall be obtained by the Court's approval of the Liquidator's accountings filed pursuant to R. C. §3903.18(E) which shall be submitted semi-annually to the Court in the form of a statement of receipts and disbursements of the Liquidator;

(d) pay reasonable compensation to persons appointed and employed from the funds or assets of Defendant TPAC, as well as all other administrative expenses incurred in taking possession of, conserving, collecting, conducting, liquidating, disposing of or otherwise dealing with, the business and property of Defendant TPAC, as administrative expenses under 3903.42 . In the event that the property of Defendant TPAC does not contain sufficient cash or liquid assets to defray the administrative costs incurred, the Superintendent of Insurance may advance the administrative costs so incurred out of any appropriation for the maintenance of the Department of Insurance. Any amounts so advanced for administrative expenses shall be repaid to the Superintendent for the use of the Department of Insurance out of the first available money of Defendant TPAC;

(e) adopt such Administrative Operating Procedures, from time to time, as are necessary to aid in the efficient, economic and effective administration of the liquidation of Defendant TPAC, subject to the approval of such procedures by the Court;

(f) hold hearings and take depositions, subpoena witnesses to compel their appearance, administer oaths, examine any person under oath and compel any person to subscribe to its 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;

(g) collect all debts and monies due and claims belonging to Defendant TPAC, wherever located, which in the judgment of the Liquidator are

economically feasible to collect. For this purpose, the Liquidator may do any of the following:

(i) institute timely actions in other jurisdictions, including any actions necessary to forestall garnishment and attachment proceedings against such debts;

(ii) do such other acts as are necessary or expedient to collect, conserve or protect Defendant TPAC's assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection and settle claims of Defendant TPAC or its estate upon such terms and conditions as the Liquidator considers best;

(iii) pursue any creditors' remedies available to enforce claims of Defendant TPAC or its estate;

(h) conduct public or private sales of the property of Defendant TPAC;

(i) use assets of the estate of Defendant TPAC to transfer policy obligations to a solvent assuming insurer or health insuring corporation, if the transfer can be arranged without prejudice to applicable priorities under R.C. 3903.42;

(j) acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon or otherwise dispose of or deal with, any property of Defendant TPAC 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) borrow money on the security of Defendant TPAC's assets or without security and execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation;

(l) enter into such contracts as are determined by the Liquidator to be necessary to carry out this Order to Liquidate;

(m) affirm or disavow continue or cause to be re-written any contract to which Defendant TPAC is a party, provided however that Liquidator shall not be deemed to have affirmed any contract without his having done so in a writing;

(n) continue to prosecute and to commence in the name of Defendant TPAC 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;

(o) if Defendant TPAC is dissolved under R.C. 3903.20, may apply to any court in this state or elsewhere for leave to substitute herself for Defendant TPAC as plaintiff;

(p) prosecute any action which may exist on behalf of the policyholders, certificate holders, subscribers, enrollees, members, creditors or shareholders of Defendant TPAC against any director and/or officer or trustee of Defendant TPAC or any other person;

(q) remove any or all records and property of Defendant TPAC to the offices of the Liquidator or to such other place as may be convenient to the purposes of efficient and orderly administration of the liquidation. Guaranty associations and foreign guaranty associations shall have such reasonable access to the records of Defendant TPAC as is necessary for them to carry out their statutory obligations;

(r) deposit in one or more banks in this state such sums as are required for meeting current administration expenses;

(s) invest all sums not currently needed, unless the Court orders otherwise;

(t) 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 Defendant TPAC is located;

(u) assert all defenses available to Defendant TPAC as against third persons, including, but not limited to, statutes of limitations, statutes of frauds and the defense of usury; a waiver of any defense by Defendant TPAC after a complaint in liquidation has been filed does not bind the Liquidator;

(v) exercise and enforce all the rights, remedies and powers of any creditor, shareholder, policyholder, certificate holder, or enrollee, 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;

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

(x) enter into agreements with any receiver, conservator, rehabilitator, liquidator, or superintendent of insurance of any other state relating to the rehabilitation, liquidation, conservation or dissolution of an insurer doing

business in both states;

(y) 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;

(z) apply to this Court for permission to sell Defendant TPAC as a going concern or to sell, assign or transfer the corporate charter, license and certificate or authority of defendant TPAC in such a method and manner as may be approved by this Court;

(aa) apply for and/or receive any tax refunds, credits tax loss carry-forwards or other tax benefit that would be available to Defendant TPAC but for the Order of Liquidation;

(bb) take possession of all of defendant TPAC's securities and deposits filed or on deposit with the Superintendent of Insurance for the State of Ohio, and any other state superintendent of insurance or any other public official;

(cc) all other things permitted by law to effectuate liquidation of Defendant TPAC.

11. The Liquidator is hereby granted and given all powers and authority under any and all statutes and under the common law of receivers of this state authorizing the appointment of insurance liquidators and is granted and given all powers and authority in R.C. Chapter 3903, including, without limitation:

(a) the authority to avoid fraudulent transfers under R.C. 3903.26, 3903.27 and 3903.28;

(b) the power to collect all debts and monies due, claims, accounts' receivables, premiums, agent balances, reinsurance proceeds and all other amounts owing or belonging to Defendant TPAC, wherever located, which, in the judgment of the Liquidator are economically feasible to collect, and shall bring such actions as are necessary, in their discretion, to collect the same and shall settle and compromise any of such claims, or other amounts owing to Defendant TPAC whenever she shall deem it advisable to do so, upon such terms and conditions as appear to her to be justifiable;

(c) the authority to compromise any obligation of Defendant TPAC where it appears appropriate or necessary;

12. The enumeration of the above described powers and authority of the Liquidator shall not be construed as a limitation upon her, nor shall it exclude in any manner her 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 of Defendant TPAC.

13. All directors and officers of Defendant TPAC are hereby removed.

14. The Liquidator is hereby ordered to take and secure possession and control of all of the assets and property of Defendant TPAC, of every kind and form whatsoever and wherever located (whether in the possession of Defendant TPAC or any other person, including but not limited to, its current or former owners, shareholders, officers, directors, employees, consultants, attorneys, agents, parents, subsidiaries, affiliated corporations, or those acting in concert with any of these persons, or any other persons), including, but not limited to, real property, property, offices, records, books, contracts, deposits, securities, rights of action, accounts, bank accounts, documents, papers, evidences of debt, bonds, debentures, mortgages, letters of credit, certificates of deposit, furniture, fixtures, office supplies, safe deposit boxes, claims files, underwriting files, legal/litigation files, broker and agent files, correspondence, papers, computers, computer networks, computer databases and computerized and electronically stored data of the insurer, and administer them under the general supervision of this Court.

15. The Liquidator is ordered to take possession of the premises occupied by Defendant TPAC for transaction of its business and the Liquidator's possession and control shall include, but not be limited to, the authority to inventory property and image computers and other electronic devices that contain information of or pertaining to the insurer.

16. The Liquidator is vested by operation of law with the title to all assets of Defendant TPAC, including but not limited to, all real property, property, offices, records, books, contracts, deposits, securities, rights of action, accounts, bank accounts, documents, papers, evidences of debt, bonds, debentures, mortgages, letters of credit, certificates of deposit, furniture, fixtures, office supplies, safe deposit boxes, claims files, underwriting files, legal/litigation files, broker and agent files, correspondence, papers, computers, computer networks, computer databases and computerized and electronically stored data of the insurer, wherever located, as of the date of the entry of this Order and is authorized to deal with same in her own name as Liquidator.

17. The Liquidator is directed to collect the assets of Defendant TPAC which are economically feasible to collect, including any premiums, funds held by agents, subagents, brokers, insurers, reinsures, reinsurance pools, solicitors, service representatives or any other person, which are dues and unpaid to Defendant TPAC, including but not limited to premium, unearned commissions, agents' balances and agents' reserve funds.

18. The Liquidator is vested by operation of law with all right, title and interest in all funds recoverable under the treaties, contracts and agreements of reinsurance heretofore entered into by Defendant TPAC, as the ceding insurer, and all reinsurers and reinsurance pools, brokers, agents, solicitors, service representatives, adjusters, attorneys nor any other persons involved with Defendant TPAC or such treaties, contracts or agreements, are hereby permanently restrained and enjoined from making any settlements with any claimant, policyholder or any person other than the Liquidator, or taking any other action with respect to such treaties, contracts or agreements, without the written permission or consent of the Liquidator.

19. The Liquidator is authorized to consult and cooperate with the Ohio Life and

Health Guaranty Association and any other applicable guaranty association to promote the orderly and efficient (a) liquidation of Defendant TPAC; and (b) discharge of the obligations of those guaranty associations in accordance with their enabling statutes and other applicable law. This Court hereby authorizes the exchange and delivery of any and all information relating to TPAC and its insureds as necessary to accomplish the liquidation of Defendant TPAC and to discharge the obligations of the guaranty associations.

20. Any bank, savings and loan association, financial institution, trust company, brokerage firm, third party administrator or other person which has on deposit, or in its possession, custody and control, any funds, accounts or other assets of Defendant TPAC, are hereby instructed that the Liquidator has exclusive title and control over such funds, property accounts and other assets. The Liquidator shall take all steps necessary to place bank accounts, trust accounts, moneys, stock certificates, securities, certificates of deposit, letters of credit and other financial instruments of Defendant TPAC into her own name and shall use the any accounts of Defendant TPAC as an operating fund for the business of the liquidation of Defendant TPAC. All banks, savings and loan associations, financial institutions, trust companies, brokerage firms, third party administrators or other persons that have on deposit, or in their possession, custody and control, any funds, accounts or other assets of Defendant TPAC are hereby restrained from allowing to be withdrawn or concealed in any manner any funds, property, accounts or other assets of Defendant TPAC, except with the express and written authorization of the Liquidator, or from exercising any form of set-off, alleged set-off, lien, or any form of self-help, or from refusing to transfer funds to the Liquidator's control.

21. All attorneys/law firms who are either providing or have provided representation or other legal services to Defendant TPAC, shall tender over possession and control to the

Liquidator within ten (10) days from the receipt of notice of this Order, without charge to the Liquidator or the Estate, all legal/litigation files and all other pleadings, memoranda, discovery, motions, notes, photographs, videotapes, physical evidence, property, documents, records, reports and files which are in its possession or control and which are related to the providing of representation or other legal services to Defendant TPAC.

22. To the extent not already set forth in Defendant TPAC's contracts, any physician, hospital, pharmacy benefits manager, or other health care facility or health professional who or which, at the time of this Order, has a contract in effect with Defendant TPAC to furnish medical or hospital services and or other health benefits and services to policyholders, certificate holders, enrollees or persons covered under individual or group contracts with Defendant TPAC under the terms of an applicable TPAC health benefits plan, policy or certificate ("network provider") and all non-network providers who are providing medical or hospital services and or other health benefits or services to policyholders, certificate holders, enrollees or persons covered under individual or group contracts with Defendant TPAC under the terms of an applicable TPAC health benefits plan, policy or certificate, are hereby estopped pursuant to R.C. 3903.05(A)(11) from discontinuing covered health services and from cancelling provider contracts. All network and non-network providers are directed to continue to provide covered health services to policyholders, certificate holders, enrollees and insureds as needed to complete any medically necessary procedures commenced but unfinished at the time of this Order up to the sum of the benefits for which the Ohio Life and Health Insurance Guaranty Association or other applicable IGA may become liable, which sum shall not exceed the lesser of contracted obligations for which Defendant TPAC is liable or would have been liable if it were not insolvent or One Hundred Thousand Dollars ($100,000) in covered health insurance benefits

including any net cash surrender and net cash withdrawal values. The completion of a medically necessary procedure shall include the rendering of all covered health services that constitute medically necessary follow-up care for that procedure. If a policyholder, certificate holder, enrollee or person persons covered under individual or group contracts, policies or certificates with defendant TPAC is receiving necessary inpatient care at a hospital, the provider may limit the required provision of covered health care services relating to that inpatient care until the earliest occurrence of any of the following:

(a) The enrollee's, policyholder's, certificate holder's, or person covered under individual or group contracts with Defendant TPAC is discharged from the hospital;

(b) The determination by the enrollee's, policyholder's, certificate holder's, or person covered under individual or group contracts with Defendant TPAC attending physician that inpatient care is no longer medically indicated for the enrollee; however, nothing in this Order precludes the Liquidator or the applicable IGA from engaging in utilization review as described in the evidence of coverage;

(c) The policyholder, certificate holder, enrollee or person covered under individual or group contracts with Defendant TPAC reaching the limit for contractual benefits;

(d) The effective date of any new coverage;

(e) The policyholder's, certificate holder's, enrollee's or person covered under individual or group contracts with Defendant TPAC reaching the sum of the benefits for which the Ohio Life and Health Insurance Guaranty Association or other applicable IGA may become liable.

All network and non-network providers are further estopped from billing, charging, collecting a deposit from, seeking remuneration or reimbursement from, or having any recourse against, a subscriber, enrollee, person to whom covered health services have been provided, or person acting on behalf of the covered person, for covered health services provided pursuant to this Order. This does not prohibit the provider from collecting co-insurance, deductibles, or copayments as specifically provided in the evidence of coverage, or fees for uncovered health

services delivered to persons referenced above.

23. No legal action or other action (including, but not limited to, any action or claim for relief, counterclaim, setoff, cross claim, third party complaint, motion for return of assets or other motion, complaint, demand or petition) shall be taken or filed by any creditor or person against Defendant TPAC or the Liquidator for any amounts due on any transaction, agreement, contract, transfer of property. The proof of claim process is the exclusive remedy for all claimants.

24. All brokers, agents or agencies of Defendant TPAC are enjoined from, and ordered to cease, issuing policies, contracts, certificates, renewals and commitments on behalf of Defendant TPAC.

25. (a) All agents, brokers, premium finance companies, or any other person responsible for the payment of premium and unearned commission, as shown on the records of Defendant TPAC, shall pay to the Liquidator any unpaid, earned premium or any unearned premium and unearned commissions due defendant TPAC at the time of the entry of this Order. No credit or set off shall be allowed in favor of such person against his/her/its account with Defendant TPAC for the unearned portion of the premium on any cancelled policy unless such policy was cancelled prior to the date of the entry of this Order. (b) An insured shall be obligated to pay to the Liquidator any unpaid premium due Defendant TPAC, as shown by the records of Defendant TPAC, which would not otherwise be payable by any agent, broker, premium finance company or any other person.

26. All persons, including but not limited to, all agents and brokers of Defendant TPAC, are enjoined and restrained from returning any unearned premium, or any money in their possession collected for premium or any other obligation due to Defendant TPAC, to

policyholders or their assigns or to any person other than the Liquidator, and all premium finance companies that have entered into contracts to finance a premium for a policy which was issued by defendant TPAC are enjoined and restrained from returning any such premiums or monies due on an obligation of or to defendant TPAC and in their possession to anyone other than the Liquidator, and all such persons shall immediately turn over such funds in their possession to the Liquidator.

27. All officers, managers, directors, trustees, owners, shareholders, employees, agents and brokers of Defendant TPAC, and any other person, firm, association, partnership, corporation or other entity or person with authority over or in charge of any segment or aspect of Defendant TPAC's affairs, property, or assets, including but not limited to, insurers, brokers, agents, trusts, banks, savings and loan associations, financial or lending institutions, stock or mutual associations, reinsurers, third-party administrators, attorneys representing Defendant TPAC, and any person who exercises control directly or indirectly over activities of Defendant TPAC through any holding company or affiliate of Defendant TPAC (all of the foregoing are collectively referred to as "Other Persons"), shall cooperate with the Liquidator, the Chief Deputy Liquidator and all Deputy Liquidators in the performance of their duties. The directive "to cooperate" shall include, but not be limited to, a duty to do all of the following:

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

(b) immediately make available and immediately deliver to and not withhold from the Liquidator any and all property, books, accounts, documents, agreements, records, legal/litigation files, computers, computer networks, computer databases and computerized and electronically stored data and other electronic devices of or pertaining to Defendant TPAC;

(c) disclose verbally or in writing, the exact whereabouts of such items and information referenced in paragraph (b) above, if not in possession, custody or control of the officers, directors, trustees, employees or agents

of Defendant TPAC, or any other person, firm, association, partnership, corporation or other entity in charge of any aspect of Defendant's affairs; and

(d) refrain from obstructing or interfering with the Liquidator in the conduct of this case and proceeding or any case or proceeding incidental thereto.

28. All officers, directors, employees, trustees, agents, servants, representatives of Defendant and those acting in concert with Defendant TPAC, shall, by sworn written statement, inform the Liquidator of the nature, description and location of all assets or other property of Defendant not located on the premises of Defendant, including, but not limited to, all bank accounts, lockbox accounts, trust accounts, custodial 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 (a) disposing of any of such property; (b) authorizing distributions, withdrawals or transfers from any bank account, lockbox account, trust account, custodial account, safe deposit box, safes, stock certificates, bonds, certificates of deposit, cash or securities; and (c) the destruction, deletion or modification of Defendant TPAC's records, databases, computer files or other property, except under the expressed written authorization of the Liquidator or by the further order of this Court.

29. No current and former officers, managers, directors, trustees, owners, shareholders, employees, agents and brokers of Defendant TPAC and no Other Persons shall obstruct or interfere with the Liquidator in the conduct of her duties as Liquidator, and all of these persons and all persons except the Liquidator are hereby restrained, except under the express authorization of the Liquidator or by the further order of this Court, from doing, operating and conducting any business of or on behalf of Defendant TPAC, including under any charter, permit, license, contract, power or privilege, belonging to or heretofore issued by or to said Defendant TPAC, and from in any manner conducting, doing or engaging in the business of

insurance on behalf of Defendant TPAC.

30. All current and former owners, officers, directors, employees, consultants, attorneys, parents, subsidiaries, affiliated corporations, partners, agents, reinsurers, third party administrators and representatives of Defendant TPAC and all Other Persons are hereby permanently enjoined and restrained from:

(a) dealing with or permitting to be done any action which might waste or dispose of the property or assets of Defendant TPAC;

(b) disposing of, using, transferring, selling, assigning, canceling, releasing, withholding, withdrawing, hypothecating, concealing in any manner or in any way, or exercising any alleged right of set off with respect to, any books, records, claims files, underwriting files, broker and agent files, closing files, legal/litigation files, equipment, money, accounts, accounts receivable, deposit, share accounts, bank accounts, trust accounts, custodial accounts, lockbox accounts, stocks, bonds, assets, notes, funds, debts, claims or causes of action that Defendant TPAC might have against any person, whether real, personal or mixed, of any kind or nature, and wherever situated, that belongs to Defendant TPAC; or is owned by or owed to Defendant TPAC; or is in the possession of Defendant TPAC; or is held individually, jointly, or severally by or for the benefit of Defendant TPAC or its policyholders, certificate holders, creditors and the public; or is claimed by Defendant TPAC, regardless of whether any such account, property or asset is titled or otherwise in the name of Defendant TPAC or any other name;

(c) from withholding and doing anything, directly or indirectly, to prevent the Liquidator from acquiring all books, accounts, documents or other records relating to the business of Defendant TPAC;

(d) from withholding and doing anything, directly or indirectly, to prevent the Liquidator from acquiring all books, accounts, documents, claims files, underwriting files, legal/litigation files or records which are the property or assets of Defendant TPAC, and/or have been ordered to be tendered to the Liquidator by the provisions of this Order or other order of this Court, under whatever name such books, documents, claims files, underwriting files, legal/litigation files or records may be filed or found or wheresoever such books, documents, claims files, underwriting files, legal/litigation files or records may be found or situated; and from doing anything, directly or indirectly, to prevent the Liquidator from gaining access to, acquiring, examining or investigating all other books, documents, legal/litigation files or records pertaining to or concerning Defendant

TPAC or its affairs, under whatever name such books, documents, claims files, underwriting files, legal/litigation files or records may be filed or found or wherever such books, documents, legal/litigation files or records may be found or situated;

(e) from in any way interfering with the Liquidator's conduct of the business of Defendant TPAC, or from obtaining preferences, judgments, attachments, or other like liens or the making of any levy against Defendant TPAC or its property and assets while in possession and control of the Liquidator, or from in any way interfering with the Liquidator in her gaining possession or control of or in her right, title and interest to the property, books, records and all other assets of Defendant TPAC.

31. No action, claim for relief, counterclaim, setoff, cross claim, third party complaint, motion for return of assets, or other petition shall be commenced against Defendant TPAC or the Liquidator, whether in this State or elsewhere, nor shall any such existing actions be maintained or further prosecuted as against Defendant TPAC or the Liquidator after the entry of this Order. Nor shall the Liquidator be obligated to defend claims of any kind or nature brought by, for or against policyholders.

32. Any action or proceeding pending in any Court in which Defendant TPAC is a party or is obligated to defend a party, is hereby stayed. The Liquidator shall take such action respecting such pending litigation, as she considers necessary in the interests of justice and for the protection of policyholders, creditors and the public.

33. All persons, including policyholders, obligees, principals, creditors, stockholders of Defendant TPAC 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 workmen's 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 Liquidator's exclusive right, title and interest to funds recoverable under treaties and agreements of

reinsurance heretofore entered into by Defendant TPAC as the ceding Insurer.

34. Pursuant to R.C. 3903.19(C), all insurance policies, certificates, bonds, and other similar obligations or contracts of Defendant TPAC now in force that are covered by a guaranty association or foreign guaranty association shall continue in force for such period and under such terms as is provided for by the applicable guaranty association's enabling statute and other applicable law. Pursuant to R.C. 3903.19(D), all insurance policies, certificates, bonds, and other similar obligations or contracts of Defendant TPAC now in force that are not covered by a guaranty association or foreign guaranty association shall continue in force only for the lesser of any of the following:

(a) a period of thirty (30) days from the date of entry of this Liquidation Order;

(b) the expiration of the policy coverage;

(c) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or health insuring corporation or otherwise terminated the policy;

(d) the liquidator has effected a transfer of the policy obligations.

35. The entry of this Order does not constitute an anticipatory breach of any contract of Defendant TPAC.

36. Any person wishing to obtain copies of documents from the Liquidator or the TPAC Liquidation Estate shall make this request in writing to the Liquidator of TPAC, 50 West Town Street, Suite 350, Columbus, Ohio 43215. Each written request, subpoena or application shall be accompanied by a Two Hundred Dollar ($200.00) non-refundable certification fee payable by check or money order made payable to "The Physicians Assurance Corporation, In Liquidation." Expenses related to the search and copying for documents shall be born by the requesting party at the rate of Twenty Five Dollars ($25.00) per hour per person per search for

search, review and assembly of non-privileged documents and Fifty Cents ($.50) per page for photocopies, paid by check or money order made payable to "The Physicians Assurance Corporation, In Liquidation" prior to the release of documents to the requesting party.

37. The Ohio Superintendent of Insurance, the Liquidator, the Chief Deputy Liquidator, any deputy liquidator, any employee of the Ohio Department of Insurance, any employee of the Office of the Ohio Insurance Liquidator appointed by or serving under the Liquidator or the Chief Deputy Liquidator are provided the indemnification specified in R.C. 3903.07.

38. If any provision of this Liquidation Order is or the application thereof is for any reason held to be invalid, the remainder of this Order and the application thereof to other persons or circumstances shall not be affected thereby.

39. All third persons dealing with interests in real property or other property of Defendant TPAC are charged with notice of this order as provided in R.C. 3903.18(A).

Notice to Claimants

40. Defendant TPAC is in liquidation effective today and the form and contents of the notices of Defendant TPAC's liquidation order attached hereto and incorporated herein by reference as Exhibit A, is hereby approved.

41. The Liquidator shall notify all persons which Defendant TPAC's books and records reveal have, or may have, claims against Defendant TPAC, its property or assets, of the Liquidation Order. The Liquidator shall also provide notice by publication by causing a notice to be published once a week for three (3) consecutive weeks in *The Columbus Dispatch.*

42. The most appropriate time to set a "bar date" for the filing of proofs of claims and to provide notice of such bar date and requiring claimants to file proofs of claims with the

Liquidator before such bar date under R.C. 3903.36 will be after the six (6) month period immediately following entry of this Liquidation Order. By proceeding in this manner, the Liquidator believes that the volume of proofs of claims needed to be filed in the Liquidation Case will be reduced due to the potential that many claims may be resolved by applicable insurance guaranty associations. Accordingly, the Liquidator shall, not later than seven (7) months from entry of this Order of Liquidation, file with this Court a motion which seeks to: (a) approve a proof of claim form; (b) recommend the establishment of an absolute final bar date for the submittal of proofs of claims against TPAC; (c) approve a notice of the absolute bar date to be mailed to all remaining claimants and all other persons which Defendant TPAC's books and records reveal have, or may have, claims against Defendant TPAC, its property or assets, procedure for filing proofs of claims

Notice of Future Hearings

44. In the event the Court will hold future hearings concerning this Liquidation, this Court will notify Plaintiff that a hearing is scheduled, whereupon, the Plaintiff shall post advance Notice of the date and time of the hearing on the Liquidator's website. No further notice of these hearings will be given.

Full Faith and Credit

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

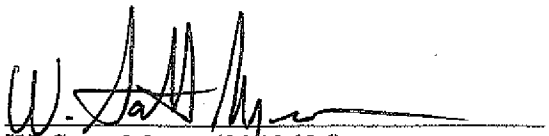
IT IS SO ENTERED THIS _____ DAY OF AUGUST, 2009.

_____

JUDGE

CONSENTED TO AND APPROVED:

OHIO ATTORNEY GENERAL RICHARD CORDRAY



W. Scott Myers (0040686)
Assistant Attorney General
Health and Human Services Section
30 East Broad Street, 26th Flr.
Columbus, Ohio 43215-3428
(614) 466-8600

THE PHYSICIANS ASSURANCE CORPORATION

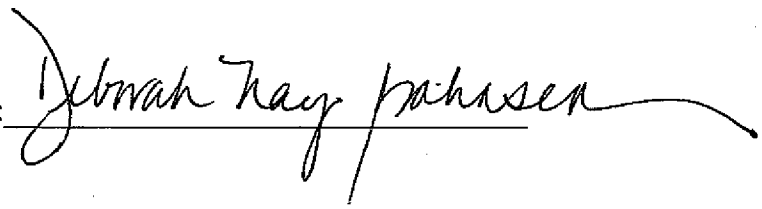
By: 

EXHIBIT A

THE PHYSICIANS ASSURANCE CORPORATION, IN LIQUIDATION
NOTICE TO POLICYHOLDERS / SUBSCRIBERS / CERTIFICATE HOLDERS / ENROLLEES / MEMBERS / INSUREDS

On August 18, 2009, The Physicians Assurance Corporation ("TPAC") was determined to be insolvent and ordered liquidated by Judge ____ of the Court of Common Pleas, Franklin County, Ohio, Case No. 09 CVH_____. Mary Jo Hudson, Ohio Superintendent of Insurance, was appointed as Liquidator pursuant to Ohio Revised Code Chapter 3903 (the "Liquidator"). It is the Liquidator's responsibility to collect all of the assets of TPAC and distribute them to policyholders and other creditors of TPAC according to priorities established under Ohio law.

Information about Guaranty Associations and Termination of Coverage

TPAC was licensed to do business in the State of Ohio. Ohio has created a life and health guaranty association to provide important, but limited protection to policyholders and beneficiaries of insolvent insurance companies like TPAC, subject to statutory provisions in Ohio Revised Code Chapter 3956.

To the extent that a TPAC policy is in effect as of the date of liquidation and is a policy that is covered by a guaranty association, then the policy will remain in force for such period and under such terms as is provided by the guaranty association's enabling statute and other applicable laws. However, the Liquidator has been advised that guaranty associations may cancel the policies for which they are responsible as permitted under the contract/policy or in accordance with the guaranty association's statutes and other applicable law. The time period for this cancellation is no less than thirty (30) days and is expected to be 45 days for most TPAC policies. Moreover, during the time in which coverage is provided by a guaranty association, it will be subject to certain statutory caps and limitations that may be less than the benefits specified in the TPAC policy. The minimum guaranty association limit is the lesser of contracted obligations for which TPAC is liable or would have been liable if it were not insolvent or One Hundred Thousand Dollars ($100,000) in covered health insurance benefits per Policyholder. If the TPAC policy is not covered by a guaranty association, the policy will automatically terminate at the earliest of (1) thirty (30) days from the date of entry of this Liquidation Order; (2) the expiration of the policy by the policy's own terms; (3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or health insuring corporation or otherwise terminated the policy. **In order to assure the continuation of any coverage to be provided by the guaranty association (or for the coverage provided after the Liquidation Order if the policy is not covered by a guaranty association), the TPAC insured must continue to pay premium in the same manner as prior to the Liquidation Order for the period of such coverage.**

The guaranty association will take responsibility for the processing and payment of any of your policyholders' covered and unpaid health claim(s) up to its statutory cap and coverage limits. The guaranty association will be responsible also for handling claim appeals or claims in litigation. Some claim processing delays may occur, although every effort is being made to keep the process going forward in a timely manner. Please do not resubmit claims you have already sent to TPAC as this will only delay the processing and payment of claims.

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The enclosed bulletins, "What Happens When an Insurance Company Fails" and "Seven Key Questions About Guaranty Associations" explain insolvency related procedures and answer basic questions about guaranty association coverage for policyholders of insolvent insurance companies.

The guaranty associations are ready to respond to policyholders' claim needs. If you have any questions or concerns about this, please feel free to call TPAC's policyholder service number (614) _____. Specific guaranty association information is attached. Any changes in policyholder service phone numbers will be forwarded to you in the future.

Policyholders should promptly contact their agent, broker or another insurer to inquire in an effort to have TPAC policies transferred to or rewritten by another insurer or health insuring corporation.

Information about Claims Procedure

As explained above, the claims covered by a guaranty association will be processed in accordance with the policy terms by the applicable guaranty association subject to its statutory coverage limits.

Over the course of the next six (6) months, the guaranty associations (with respect to claims covered by guaranty associations) will work to resolve all claims arising out of TPAC policies, which will be cancelled as set forth above. If these claims cannot be finally or fully resolved in that time period, or of the policyholder's claim exceeds the statutory coverage limits of the guaranty association, the claimant will have the right to file a Proof of Claim and that claim will be, if necessary, adjudicated by the Liquidator.

The Liquidator will mail to the attention of policyholders and other claimants with unresolved claims within the next eight (8) months a proof of claim form, along with an explanation of how to submit a timely proof of claim form. At that time, claimants will also receive notice of the absolute final bar date (deadline) for submitting claims in order for the claim to be considered by the Liquidator as a possible claim against the TPAC Liquidation Estate. To the extent you are a TPAC insured or health care provider whose claims have been paid by a guaranty association prior to your receipt of the proof of claim form, there will be no need for you to file a proof of claim form. However, if you are a TPAC insured, health care provider or other creditor of TPAC and you believe upon receipt of the proof of claim form that you still have a claim against TPAC, then you must timely file the proof of claim form in accordance with the instructions and procedure that will be set forth in the proof of claim form or your claim will be forever barred.

If you have any questions about this Notice or other matters related to TPAC or the liquidation proceeding, please call (614) 487-9200 or write to TPAC@ohliq.com.

Lynda G. Loomis
Chief Deputy Liquidator
The Physicians Assurance Corporation, in Liquidation

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THE PHYSICIANS ASSURANCE CORPORATION
NOTICE OF LIQUIDATION ORDER

LIQUIDATION ORDER

On August 18, 2009, The Physicians Assurance Corporation ("TPAC") was determined to be insolvent and ordered liquidated by Judge ____ of the Court of Common Pleas, Franklin County, Ohio, Case No. 09 CVH_____. Mary Jo Hudson, Ohio Superintendent of Insurance, was appointed as Liquidator pursuant to Ohio Revised Code Chapter 3903 (the "Liquidator"). It is the Liquidator's responsibility to collect all of the assets of TPAC and distribute them to creditors of TPAC according to priorities established under Ohio law.

The Liquidation Order enjoins all persons from (1) instituting or continuing to prosecute any civil action or claim against TPAC or the Liquidator, (2) in any way interfering with the possession, control, title, rights, and interests of the Liquidator as provided by Ohio Revised Code Sections 3903.01 to 3903.99, inclusive, or (3) taking any action which tends to give rise to a waste of assets, preference, judgment, attachment, lien or the making of a levy against TPAC or its property or assets subject to the possession or control of the Liquidator.

To: **TPAC POLICYHOLDERS / SUBSCRIBERS / CERTIFICATE HOLDERS / ENROLLEES / MEMBERS / INSUREDS (collectively referred to as ("POLICYHOLDERS")**

Information about Guaranty Associations and Termination of Coverage

TPAC was licensed to do business in the State of Ohio. Ohio has created a life and health guaranty association to provide important, but limited protection to policyholders and beneficiaries of insolvent insurance companies like TPAC, subject to statutory provisions in Ohio Revised Code Chapter 3956.

To the extent that a TPAC policy is in effect as of the date of liquidation and is a policy that is covered by a guaranty association, then the policy will remain in force for such period and under such terms as is provided by the guaranty association's enabling statute and other applicable laws. However, the Liquidator has been advised that guaranty associations may cancel the policies for which they are responsible as permitted under the contract/policy or in accordance with the guaranty association's statutes and other applicable law. The time period for this cancellation is no less than thirty (30) days and is expected to be 45 days for most TPAC policies. Moreover, during the time in which coverage is provided by a guaranty association, it will be subject to certain statutory caps and limitations that may be less than the benefits specified in the TPAC policy. The minimum guaranty association limit is the lesser of contracted obligations for which TPAC is liable or would have been liable if it were not insolvent or One Hundred Thousand Dollars ($100,000) in covered health insurance benefits per Policyholder. If the TPAC policy is not covered by a guaranty association, the policy will automatically terminate at the earlier of (1) thirty (30) days from the date of entry of this Liquidation Order; (2) the expiration of the policy by the policy's own terms; (3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or health insuring corporation or otherwise terminated the policy. **In order to assure the continuation of any coverage to be provided by the guaranty association (or for the coverage provided after the Liquidation Order if the policy is not covered by a guaranty association), the TPAC insured must continue to pay premium in the same manner as prior to the Liquidation Order for the period of such coverage.**

The guaranty association will take responsibility for the processing and payment of any of your policyholders' covered and unpaid health claim(s) up to its statutory cap and coverage limits. The guaranty association will be responsible also for handling claim appeals or claims in litigation. Some claim processing delays may occur, although every effort is being made to keep the process going

forward in a timely manner. Please do not resubmit claims you have already sent to TPAC as this will only delay the processing and payment of claims.

Policyholders should promptly contact their agent, broker or another insurer to inquire in an effort to have TPAC policies transferred to or rewritten by another insurer or health insuring corporation.

Information about Claims Procedure

As explained above, the claims covered by a guaranty association will be processed in accordance with the policy terms by the applicable guaranty association subject to its statutory coverage limits.

Over the course of the next six (6) months, the guaranty associations (with respect to claims covered by guaranty associations) will work to resolve all claims arising out of TPAC policies, which will be cancelled as set forth above. If these claims cannot be finally or fully resolved in that time period, or of the policyholder's claim exceeds the statutory coverage limits of the guaranty association, the claimant will have the right to file a Proof of Claim and that claim will be, if necessary, adjudicated by the Liquidator.

The Liquidator will mail to the attention of policyholders and other claimants with unresolved claims within the next eight (8) months a proof of claim form, along with an explanation of how to submit a timely proof of claim form. At that time, claimants will also receive notice of the absolute final bar date (deadline) for submitting claims in order for the claim to be considered by the Liquidator as a possible claim against the TPAC Liquidation Estate. To the extent you are a TPAC insured or health care provider whose claims have been paid by a guaranty association prior to your receipt of the proof of claim form, there will be no need for you to file a proof of claim form. However, if you are a TPAC insured, health care provider or other creditor of TPAC and you believe upon receipt of the proof of claim form that you still have a claim against TPAC, then you must timely file the proof of claim form in accordance with the instructions and procedure that will be set forth in the proof of claim form or your claim will be forever barred.

To: TPAC BROKERS, AGENTS, AGENCIES, EMPLOYEES, AND OTHER CREDITORS KNOWN OR REASONABLY EXPECTED TO HAVE CLAIMS AGAINST THE PHYSICIANS ASSURANCE CORPORATION

If the records of TPAC indicate that you are a general creditor or other person who is not a policyholder that is owed money from TPAC, you must file your claims with the Liquidator on a Proof of Claim Form prior to the absolute final bar date in order to be considered for any distribution or payment of claims from the Liquidator. The Liquidation Court has not established an absolute final bar date, and the Liquidator has not issued Proof of Claim Forms. An absolute final bar date will be established in approximately seven (7) months. At that time, the Liquidator will send a notice to you informing you of the absolute final bar date and the procedures for submitting a timely Proof of Claim Form.

TPAC agents are not permitted to credit or refund unearned premium resulting from cancellations with effective dates after August 18, 2009.

If you have any questions about this Notice or other matters related to TPAC or the liquidation proceeding, please call (614) 487-9200 or write to TPAC@ohliq.com.

Lynda G. Loomis
Chief Deputy Liquidator
The Physicians Assurance Corporation, in Liquidation

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THE PHYSICIANS ASSURANCE CORPORATION, IN LIQUIDATION
NOTICE TO BROKERS, AGENTS AND AGENCIES

On August 18, 2009, The Physicians Assurance Corporation ("TPAC") was determined to be insolvent and ordered liquidated by Judge _____ of the Franklin County, Ohio, Court of Common Pleas in Case No. 09 CVH____. Mary Jo Hudson, Ohio Superintendent of Insurance, was appointed as Liquidator pursuant to Ohio Revised Code Chapter 3903 (the "Liquidator"). A copy of the Final Order and Judgment of Liquidation can be viewed at www.ohliq.com. It is the Liquidator's responsibility to collect all of the assets of TPAC and distribute them to policyholders and other creditors of TPAC according to priorities established under Ohio law.

TPAC Commissions Will Not Be Paid. Any unpaid commissions due you on TPAC policies will now be a claim in the liquidation proceedings. If you have a claim for unpaid commissions or any other amounts due from TPAC, you may file a Proof of Claim form in the liquidation proceeding.

Insurance Guaranty Fund Coverage. The Order of Liquidation triggered (or will trigger) certain obligations of state life and health insurance guaranty associations, including primarily the Ohio Life & Health Insurance Guaranty Association. These guaranty associations were established by the laws each state to provide important, but limited protection to policyholders against an insolvent insurance company's failure to perform its contractual obligations under its policies of insurance.

Cancellation of TPAC's Policies and Need to Arrange New Coverage. The Court ordered that all brokers, agents or agencies of TPAC are enjoined from, and ordered to cease, issuing policies, contracts, certificates, renewals and commitments on behalf of TPAC. All of TPAC's policies as to which a notice of cancellation was not given on or prior to the date of the Order of Liquidation and which are covered by a guaranty association or foreign guaranty association shall continue in force for such period of time and under such terms as are provided for by the applicable guaranty associations, which is typically not later than the earlier of the next renewal date under such policies or contracts or forty-five days, but in no event less than thirty days, after the date on which the association becomes obligated with respect to such policies. All policies not covered by a guaranty association or foreign guaranty association shall terminate pursuant to Ohio Revised Code 3903.19 upon the occurrence of the lesser of:

(a) A period of 30 days from the date of the entry of the Order of Liquidation;
(b) The expiration of the policy coverage;
(c) The date when the insured has replaced insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy; or
(d) The Liquidator has effected a transfer of the policy obligations pursuant to Ohio Revised Code 3903.21.

Brokers, agents and agencies are to use their best efforts to assist TPAC policyholders in securing new coverage with another insurance company within the next 30 to 45 days, or as soon thereafter as possible. If coverage is secured with another carrier, please send a copy of the certificate of coverage showing the effective date of the new policy to The Office of the Ohio Insurance Liquidator, Attn: TPAC, 50 W. Town Street, Third Floor, Suite 350, Columbus, Ohio 43215.

Premium Remittance. All premiums in your possession from or for the benefit of TPAC policyholders must now be immediately forwarded to The Physicians Assurance Corporation, in Liquidation, 50 W. Town St., Third Floor, Suite 350, Columbus, OH, 43215. Pursuant to the Liquidation Order, you are not permitted to retain premiums, or provide credits or refunds of premiums to TPAC policyholders. You are not permitted to offset premiums. For example:

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(a) If a broker, agent or agency (collectively the "Agent") received a customer's premium payment for TPAC coverage prior to the August 18, 2009 Order of Liquidation, all TPAC premium in the Agent's possession or control must be immediately forwarded to the Liquidator. Agents are not permitted to hold **any premium, whether earned or unearned**, or use any portion of such paid premium for purposes of now paying for new or replacement coverage from another insurance company. New or replacement coverage must be purchased with other funds and all TPAC premiums must be immediately forwarded to the Liquidator.

(b) TPAC's Agents are enjoined and restrained from returning any unearned premium, or any money in their possession collected for premium or any other obligation due to TPAC, to policyholders or their assigns or to any person other than the Liquidator, and all premium finance companies that have entered into contracts to finance a premium for a policy which was issued by TPAC are enjoined and restrained from returning any such premiums or monies due on an obligation of or to TPAC and in their possession to anyone other than the Liquidator, and all such persons shall immediately turn over such funds in their possession to the Liquidator.

(c) Transactions where an Agent issued a commitment for TPAC coverage prior to the August 18, 2009 Order of Liquidation, but a premium payment for a TPAC policy occurred after the August 18, 2009 Order of Liquidation, violate the Liquidation Order. The Liquidation Order prohibited TPAC and its Agents from placing insurance with TPAC. A TPAC policy cannot be issued. If you have not done so already, you should use your best efforts to obtain new coverage from another eligible carrier.

Notice to Policyholders. As an Agent who placed insurance with TPAC, **you are instructed to contact your customers to advise them of TPAC's liquidation and the need to obtain new coverage.**

Continued Stay of Litigation. The Liquidation Order permanently enjoins all persons who have claims against TPAC from instituting or continuing to prosecute any lawsuit or take any other action that would interfere with the Liquidation proceeding or the possession, control, title, rights and interests of the Liquidator, as provided by Sections 3903.01 to 3903.59, inclusive of the Ohio Revised Code.

Proofs of Claim Seven months after the date of the Liquidation Order, the Liquidator will file with the Court a Proof of Claim process and establish an absolute final bar date for the filing of such claims against the TPAC estate.

Inquiries regarding the liquidation should be addressed to: The Office of the Ohio Insurance Liquidator, Attn: TPAC, 50 W. Town Street, Third Floor, Suite 350, Columbus, OH 43215, (614) 487-9200 or sent by email to TPAC@ohliq.com.

We appreciate and thank you for your anticipated cooperation and early attention to these matters.

Lynda G. Loomis
Chief Deputy Liquidator
The Physicians Assurance Corporation, in Liquidation

SAMPLE

THE PHYSICIANS ASSURANCE CORPORATION
NOTICE TO PROVIDERS

On August 18, 2009, The Physicians Assurance Corporation ("TPAC") was determined to be insolvent and ordered liquidated by Judge ____ of the Court of Common Pleas, Franklin County, Ohio, Case No. 09 CVH_____. Mary Jo Hudson, Ohio Superintendent of Insurance, was appointed as Liquidator pursuant to Ohio Revised Code Chapter 3903 (the "Liquidator"). It is the Liquidator's responsibility to collect all of the assets of TPAC and distribute them to policyholders and other creditors of TPAC according to priorities established under Ohio law.

You are being sent this notice because you have been identified as a provider that has served The Physicians Assurance Corporation insureds in the past. As a provider you may have outstanding claims for those insureds. As a result of the Liquidation Order, the Ohio Life & Health Insurance Guaranty Association (OLHIGA) or other applicable IGA will assume responsibility for the payment of covered health claims up to its statutory and coverage limits. The guaranty association will fund the covered medical claims as soon as state statutes allow, subject to applicable statutory and coverage limits.

Continuation of Services. To the extent not already set forth in Defendant TPAC's contracts, any physician, hospital, pharmacy benefits manager, or other health care facility or health professional who or which, at the time of this Order, has a contract in effect with Defendant TPAC to furnish medical or hospital services and or other health benefits and services to policyholders, certificate holders, enrollees or persons covered under individual or group contracts with Defendant TPAC under the terms of an applicable TPAC health benefits plan, policy or certificate ("network provider") and all non-network providers who are providing medical or hospital services and or other health benefits or services to policyholders, certificate holders, enrollees or persons covered under individual or group contracts with Defendant TPAC under the terms of an applicable TPAC health benefits plan, policy or certificate, are hereby estopped pursuant to R.C. 3903.05(A)(11) from discontinuing covered health services and from cancelling provider contracts. All network and non-network providers are directed to continue to provide covered health services to policyholders, certificate holders, enrollees and insureds as needed to complete any medically necessary procedures commenced but unfinished at the time of this Order up to the sum of the benefits for which the Ohio Life and Health Insurance Guaranty Association or other applicable IGA may become liable, which sum shall not exceed the lesser of contracted obligations for which Defendant TPAC is liable or would have been liable if it were not insolvent or One Hundred Thousand Dollars ($100,000) in covered health insurance benefits including any net cash surrender and net cash withdrawal values. The completion of a medically necessary procedure shall include the rendering of all covered health services that constitute medically necessary follow-up care for that procedure. If a policyholder, certificate holder, enrollee or person persons covered under individual or group contracts, policies or certificates with defendant TPAC is receiving necessary inpatient care at a hospital, the provider may limit the required provision of covered health care services relating to that inpatient care until the earliest occurrence of any of the following:

(a) The enrollee's, policyholders, certificate holder's, or person covered under individual or group contracts with Defendant TPAC is discharge from the hospital;

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(b) The determination by the enrollee's policyholder's, certificate holder's, or person covered under individual or group contracts with Defendant TPAC attending physician that inpatient care is no longer medically indicated for the enrollee; however, nothing in this Order precludes the Rehabilitator or the applicable IGA from engaging in utilization review as described in the evidence of coverage;

(c) The policyholder, certificate holder, enrollee or person covered under individual or group contracts with Defendant TPAC reaching the limit for contractual benefits;

(d) The effective date of any new coverage;

(e) The policyholder's, certificate holder's, enrollee's or person covered under individual or group contracts with Defendant TPAC reaching the sum of the benefits for which the Ohio Life and Health Insurance Guaranty Association or other applicable IGA may become liable.

All network and non-network providers are further estopped from billing, charging, collecting a deposit from, seeking remuneration or reimbursement from, or having any recourse against, a subscriber, enrollee, person to whom covered health services have been provided, or person acting on behalf of the covered person, for covered health services provided pursuant to this Order. This does not prohibit the provider from collecting co-insurance, deductibles, or copayments as specifically provided in the evidence of coverage, or fees for uncovered health services delivered to persons referenced above.

Billing. Please continue to mail your claims to the same address you did prior to the Liquidation Order. **Do not send duplicates of previously submitted unpaid claims as this will only slow down the adjudication process.** Claims processing and payments may be delayed for a short period of time, but will soon be underway and your continued patience and understanding is respectfully requested.

Claims Processing. The guaranty association will take responsibility for the processing and payment of any of covered and unpaid health claim(s) up to its statutory cap and coverage limit. The claims covered by a guaranty association will be processed by the guaranty association in accordance with the policy terms by the guaranty association subject to its statutory coverage limits. The guaranty association will be responsible also for handling claim appeals or claims in litigation. Some claim processing delays may occur, although every effort is being made to keep the process going forward in a timely manner. Please do not resubmit claims you have already sent to TPAC as this will only delay the processing and payment of claims.

Information About Guaranty Associations and Termination of Coverage. TPAC was licensed to do business in the State of Ohio. Ohio has created a life and health guaranty association to provide important, but limited protection to policyholders and beneficiaries of insolvent insurance companies like TPAC, subject to statutory provisions in Ohio Revised Code Chapter 3956.

To the extent that a TPAC policy is in effect as of the date of liquidation and is a policy that is covered by a guaranty association, then the policy will remain in force for such period and under

such terms as is provided by the guaranty association's enabling statute and other applicable laws. However, the Liquidator has been advised that guaranty associations may cancel the policies for which they are responsible as permitted under the contract/policy or in accordance with the guaranty association's statutes and other applicable law. The time period for this cancellation is no less than thirty (30) days and is expected to be 45 days for most TPAC policies. During this time, coverage is provided by a guaranty association, subject to certain statutory caps and limitations that may be less than the benefits specified in the TPAC policy. The minimum guaranty association limit is the lesser of contracted obligations for which TPAC is liable or would have been liable if it were not insolvent or One Hundred Thousand Dollars ($100,000) in covered health insurance benefits per Policyholder. If the TPAC policy is not covered by a guaranty association, the policy will automatically terminate at the earlier of (1) thirty (30) days from the date of entry of this Liquidation Order; (2) the expiration of the policy by the policy's own terms; (3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or health insuring corporation or otherwise terminated the policy.

Contact Information. The Liquidator is ready to respond to providers. If you have any questions or concerns about this, please feel free to call TPAC at (614) _____, or the Liquidator at 614-487-9200. You may also email inquiries to TPAC@ohliq.com.

Lynda G. Loomis
Chief Deputy Liquidator
The Physicians Assurance Corporation, in Liquidation

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