

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, SS.

SUPREME JUDICIAL COURT
FOR SUFFOLK COUNTY
NO. SJ-2000-0475

LINDA L. RUTHARDT, as she is)
 COMMISSIONER OF INSURANCE of the)
 COMMONWEALTH OF MASSACHUSETTS,)
)
 Plaintiff,)
 v.)
)
 LUMBER MUTUAL INSURANCE COMPANY,)
 SEACO INSURANCE COMPANY, and)
 NORTH AMERICAN LUMBER INSURANCE)
 COMPANY.)
)
 Defendants.)

**INJUNCTION AND ORDER
APPOINTING RECEIVER**

This matter came before the Court upon a verified complaint praying for an injunction and order appointing receiver to which the defendants assented. Upon consideration thereof, it is ORDERED, ADJUDGED AND DECREED, UNTIL FURTHER ORDER OF THIS COURT, that:

1. Linda L. Ruthardt, as the Commissioner of Insurance of the Commonwealth of Massachusetts, and her successors in office ("Commissioner"), is hereby appointed as the Receiver of Lumber Mutual Insurance Company, SEACO Insurance Company and North American Lumber Insurance

Company ("the Defendants") for the purposes of their conservation and rehabilitation pursuant to G.L. c. 175, § 180B.

2. The Commissioner, as Receiver, is directed to take immediate control of the property and assets of the Defendants (including their subsidiaries which are not directly the subject of this Order) and to administer them under the general supervision of this Court.

3. The Defendants, their directors, officers, employees and agents are hereby enjoined from further proceeding with their business, except upon the order or direction of the Receiver.

4. To the full extent of the jurisdiction of the Court and the comity to which the orders of the Court are entitled, all persons, other than persons prosecuting claims for unpaid benefits under policies of insurance, are hereby enjoined and restrained from instituting or continuing to prosecute any suit, action or other proceeding against the Defendants, their directors, officers, employees or agents, or against the Commissioner as Receiver; or from executing or issuing or causing the execution or issuance of any writ, process, summons, attachment, subpoena, replevin, execution or other proceeding for the purpose of impounding or taking

possession of or interfering with any property owned by or in the possession of the Defendants, or owned by them and in the possession of any of their directors, officers, employees or agents, or owned by them and in the possession of the Commissioner as Receiver.

5. Pursuant to G.L. c. 175, § 179 and § 180B, the Commissioner, as Receiver, is authorized to employ or to continue to employ such special counsel, including counsel in other jurisdictions, and consultants as she deems necessary, and to fix and pay or to continue to fix and pay the compensation of such special counsel and consultants and all other necessary expenses of taking possession of the Defendants and of conducting this proceeding out of their funds or assets as appropriate.

6. The Commissioner, as Receiver, is hereby authorized to cancel all of the Defendants' policies of insurance presently in effect, with such cancellations to be effective 12:01 a.m., January 1, 2001. The Receiver shall mail the form of cancellation notice attached hereto as Exhibit "A" by first class mail to the last known address of the policyholder, mortgagee, lienholder or additional named insured of record.

7. The Commissioner, as Receiver, is hereby authorized to terminate the reinsurance agreement between

the Defendants and Forest Products Insurance Exchange effective 12:01 a.m., January 1, 2001.

8. The letter attached hereto as Exhibit "B" is hereby approved to provide notice of the appointment of the Receiver to policyholders.

9. The Commissioner, as Receiver, is directed to report to the Court with recommendations for further action within sixty days of this order.

10. The Commissioner, as Receiver, is authorized to take such other action as she deems appropriate to effectuate the purposes of this order.

11. The Court retains jurisdiction to issue such further orders as may be appropriate.

By the Court (_____, J.)

Clerk

Entered: November ____, 2000

Exhibit "B"

November ____, 2000

To the policyholders of
Lumber Mutual Insurance Company
SEACO Insurance Company
North American Lumber Insurance Company
(collectively, "the Companies"):

I have been appointed Receiver of the Companies, pursuant to an Order of the Massachusetts Supreme Judicial Court for Suffolk County entered on November ____, 2000. The Companies assented to my appointment. Since their records reflect that you hold a policy issued by the Companies, Massachusetts law requires that I notify you of this step. (You may receive more than one copy of this letter if you have more than one of the Companies' policies.)

I have concluded that the Companies are in hazardous financial condition and that a receivership proceeding is necessary to protect the interests of their policyholders and other creditors.

In light of the Companies' financial condition, all policies in force are being cancelled as of 12:01 a.m., January 1, 2001. The Companies will not be renewing or extending any policies either. You should contact your agent or broker to learn how to make arrangements for insurance with another company. No penalty will be applied if you choose to replace your policy before its cancellation or expiration. We have recorded information which you may access by calling the Division's Consumer Help Line at (617) 521-7777.

Sincerely,

Linda L. Ruthardt,
Commissioner of Insurance, as
Receiver of Lumber Mutual
Insurance Company, SEACO Insurance
Company, North American Lumber
Insurance Company

Exhibit "A"

Notice of Cancellation

[Date]

Insured (or Mortgagee):

[Name]

[Address]

Policy No.:

Effective:

Dear Policyholder:

As noted in my letter of November __, 2000, I was appointed Receiver of Lumber Mutual Insurance Company, SEACO Insurance Company and North American Lumber Insurance Company (the "Companies") on November __, 2000 for the purposes of conservation and rehabilitation. By its order entered November __, 2000, the Massachusetts Supreme Judicial Court for Suffolk County approved the cancellation of all insurance policies issued by the Companies.

THIS LETTER WILL SERVE AS NOTICE THAT THE CAPTIONED INSURANCE POLICY IS HEREBY CANCELED EFFECTIVE AS OF 12:01 A.M. ON JANUARY 1, 2001. YOU SHOULD CONTACT YOUR INSURANCE AGENT OR BROKER TO REPLACE YOUR INSURANCE COVERAGE.

Sincerely,

Linda L. Ruthardt,
Commissioner of Insurance,
as Receiver of Lumber Mutual
Insurance Company, SEACO
Insurance Company and North
American Lumber Insurance
Company

cc: All Mortgagees, Lienholders, and Additional Named Insureds
of Record