

COMMONWEALTH OF MASSACHUSETTS

SUFFOLK, ss: .

SUPREME JUDICIAL COURT
FOR SUFFOLK COUNTY
NO. 95-0278

LINDA L. RUTHARDT, as the
Commissioner of Insurance of the
Commonwealth of Massachusetts
Plaintiff,

v.

ABINGTON MUTUAL INSURANCE
COMPANY,
Defendant.

ORDER OF NOTICE

In the above-entitled case, the Commissioner of Insurance, having petitioned this Court for her appointment as Permanent Receiver to take possession of the assets of Abington Mutual Insurance Company ("Abington"), to settle its affairs, and to distribute its assets, it is

ORDERED, that said petition be and it hereby is set down for hearing before a Justice of this Court to be held in Boston on October.31, 1995 at .9:30 a.m.; and it is further

ORDERED, that the Receiver give notice to all interested persons, by causing a copy of the attached notice to be mailed by U.S. mail, first class and postage prepaid, to the chief insurance regulators of all jurisdictions in which Abington has

been licensed at any time during the past ten years, the guaranty funds or associations of such states, all agents of Abington, known creditors of Abington including its policyholders, and the directors of Abington; that they may then and there show cause, if any they have, why the prayers of said petition should not be allowed; and it is further

ORDERED, that notice of the aforesaid petition and hearing be given by publication once a week for two successive weeks, in one newspaper of general circulation in the capital city of all states in which Abington has been licensed at any time during the past ten years.

By the Court, (Lynch, J.)

Assistant Clerk

Entered: October 16, 1995

NOTICE
ABINGTON MUTUAL INSURANCE COMPANY

Notice is hereby given that a hearing will be held on October 31, 1995 at 9:30 a.m., before a Justice of the Supreme Judicial Court for Suffolk County, Massachusetts, in the Supreme Judicial Court Courtroom, 13th Floor, New Courthouse, Boston, Massachusetts, to consider and act upon the Petition for Order of Liquidation brought under G.L. c. 175, § 180C by the Commissioner of Insurance of the Commonwealth of Massachusetts. The Petition seeks to have the Court order the liquidation of Abington Mutual Insurance Company ("Abington"), approve the cancellation of certain of Abington's policies of insurance and all of its agency appointments and agreements, and approve two reinsurance agreements. Under the terms of one such agreement, Abington's Massachusetts personal lines policies would be assumed by Trust Insurance Company ("Trust"), effective November 1, 1995. Under the Petition, the Commissioner seeks Court approval for the Massachusetts Insurers Insolvency Fund to pay unearned premium directly to Trust following the entry of an order of liquidation, due to Trust's assumption of the obligations under such policies on and after November 1, 1995. Such unearned premium would otherwise be due to policyholders of Abington in the absence of the transactions with Trust for which court approval is sought.

The Petition seeks to terminate the prior proceedings brought under G.L. c. 175, § 180B, pursuant to which the Commissioner of Insurance of the Commonwealth of Massachusetts has acted as rehabilitator of Abington since June 5, 1995. Any party intending to object to the Petition shall file that objection with the Court at least two days prior to the hearing, and shall provide a copy to Counsel for the Receiver, J. David Leslie, Rackemann, Sawyer & Brewster, One Financial Center, Boston, Massachusetts 02111.

By order of the Court (Lynch, J.)

Assistant Clerk



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE OF CONSUMER AFFAIRS

DIVISION OF INSURANCE

470 ATLANTIC AVENUE

BOSTON, MA 02210-2208

(617) 521-7794

PRISCILLA H. DOUGLAS
SECRETARY

LINDA RUTHARDT
COMMISSIONER

October 18, 1995

To: Chief Insurance Regulators and Guaranty Fund Executive Directors
(CT, MA, ME, NH, NJ, NY, RI, VT)

Re: Receivership of Abington Mutual Insurance Company

As you may know, on June 5, 1995, I sought and obtained appointment from the Massachusetts Supreme Judicial Court for Suffolk County ("the Court") as Receiver of Abington Mutual Insurance Company ("Abington") for purposes of its rehabilitation and conservation. On October 13, 1995, I filed a petition with the Court to convert the Abington receivership to a liquidation proceeding; to cancel Abington's agency appointments and contracts; and to cancel Abington's policies of insurance other than its Massachusetts personal lines policies which would be subject to an assumption reinsurance agreement with Trust Insurance Company ("Trust") (as outlined in my letter of August 25, 1995, a copy of which is enclosed). The petition also seeks the Court's approval of the assumption reinsurance agreement with Trust for the Massachusetts personal lines policies, and an indemnity reinsurance agreement with Trust for Abington's Connecticut, New Hampshire and Rhode Island personal lines policies (which if approved, would be effective from November 1, 1995 - December 31, 1995).

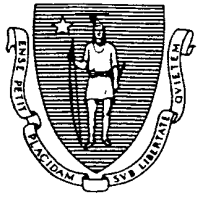
Enclosed is a notice of the hearing to be held on October 31, 1995 at 9:30 a.m., which is being mailed to all of Abington's agents, policyholders, and other known creditors. The notice will also be published in a newspaper of general circulation in the capital city of your state. If you should have any questions concerning this letter, or the Abington receivership in general, please feel free to contact Assistant Commissioner Kevin McAdoo (617) 521-7388, or my Special Counsel, David Leslie, (617) 951-1131.

We appreciate your continuing cooperation.

Sincerely,

Linda L. Ruthardt
Receiver of Abington Mutual Insurance Company

Enclosures



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE OFFICE OF CONSUMER AFFAIRS

DIVISION OF INSURANCE

470 ATLANTIC AVENUE

BOSTON, MA 02210-2223

(617) 521-7794

TTY/TDD (617) 521-7490

PRISCILLA H. DOUGLAS
SECRETARY
LINDA RUTHARDT
COMMISSIONER

August 25, 1995

To: Chief Insurance Regulators (CT, ME, NH, NJ, NY, RI, VT)

Re: Receivership of Abington Mutual Insurance Company

As you may know, on June 5, 1995, I sought and obtained appointment from the Massachusetts Supreme Judicial Court for Suffolk County ("the Court") as Receiver of Abington Mutual Insurance Company ("Abington") for purposes of its rehabilitation and conservation. In earlier letters, we advised that a process had been implemented to offer the assets of Abington for sale.

We have now entered into two significant agreements in principle. Both transactions are subject to due diligence, negotiation of definitive agreements, necessary regulatory approvals and authorization by the Court.

First, we have reached an agreement in principle with Medical Professional Mutual Insurance Company ("ProMutual"), the largest writer of medical malpractice insurance in Massachusetts, to transfer Abington's assets and liabilities into a liquidating trust and to then transfer control of the Company to ProMutual. ProMutual will recapitalize Abington. ProMutual's plan is to expand its writing of medical malpractice insurance beyond Massachusetts. Once definitive agreements are negotiated, we will once again be in contact with you to confirm Abington's authority to write medical malpractice insurance. Our goal is to close the transaction with ProMutual by the end of 1995.

The second transaction is with Trust Insurance Company, of Taunton, Massachusetts. Trust would assume all of Abington's Massachusetts personal lines policies effective as of November 1, 1995. Additionally, all of Abington's Massachusetts agents with in-force personal lines business as of the closing date will be offered agency agreements with Trust. Trust is prepared to assume all of Abington's personal lines policies in other states, but it is presently licensed only in Massachusetts. Trust will contact your office to discuss ways in which it might continue to support Abington's non-Massachusetts personal lines business. Absent some resolution in that regard, we will likely seek the Court's authority to cancel all of Abington's commercial lines and non-Massachusetts personal lines business prior to the end of 1995.

Trust's continued interest in Abington's personal lines business in your state would seem to provide an opportunity to avoid market disruption for consumers and agents, as well as an additional market for personal lines consumers. I would appreciate any consideration that you might give them in obtaining the requisite authority to transact business in your state.

For your information, Trust commenced insurance operations in 1988 and is now the eighth largest personal lines automobile insurer in Massachusetts. As of June 30, 1995 Trust reported admitted assets of \$149,927,000 and surplus of \$25,898,000.

Completion of these transactions would materially aid Abington's loss paying capacity. If you should have any questions concerning this letter, or the Abington receivership in general, please feel free to contact Assistant Commissioner Kevin McAdoo (617) 521-7388, or my Special Counsel, David Leslie, (617) 951-1131.

We appreciate your cooperation.

Sincerely,

Linda L. Ruthardt
Receiver of Abington Mutual Insurance Company