



2. Primehealth, as of February 18, 2004, was insolvent. Efforts to rehabilitate Primehealth have not succeeded and Primehealth is in such financial condition that the continuation of its rehabilitation and the further transaction of its business thereunder would be hazardous to its enrollees, creditors and the public.

3. As Receiver, Denise B. Azar, is hereby directed to liquidate Primehealth in accordance with §27-32-12, *et. seq.*, *Code of Alabama* (1975), and to take such action as the nature of the cause and the interest of the enrollees, creditors and the public may require. As Receiver, Denise B. Azar is further authorized to employ such legal counsel, accountants, appraisers, experts, clerks and assistants of her own choosing pursuant to §27-32-15(f), *Code of Alabama* (1975).

4. As Receiver, Denise B. Azar is further vested with title to all property, assets, contracts and rights of action of Primehealth, wherever located, whether tangible or intangible, including, without limitation, all stock, equity securities, partnership interests or other ownership interests of any kind in any other corporation, partnership (limited or otherwise), trust or other entity which is beneficially or legally owned or held by or attributable to Primehealth, as of the date of this Order.

5. As Receiver, Denise B. Azar is further authorized to institute and prosecute, in the name of Primehealth or in her own name as Receiver, any and all suits or other legal proceedings, defend suits in which Primehealth is a party, in this State or elsewhere, whether or not such suits are pending as of the date of this Order; abandon the prosecution or defense of such suits, legal proceedings, or claims where to do so would be in the best interest of the enrollees and creditors of Primehealth; prosecute any action which may exist on behalf of the enrollees and creditors of Primehealth against any person, controlling parties of Primehealth,

partnership, corporation or other entity, or any other person; and apply, on her own behalf, to have any default or default judgment set aside and to defend on the merits and assert all defenses available to Primehealth as against third parties.

6. All directors, officers and managers of Primehealth, if any, are hereby discharged and removed, and all authority of such directors, officers and managers is revoked, except as such persons may be appointed or reappointed by the Receiver, in her sole discretion, after entry of this Order.

7. All banks, brokerage houses, or other companies or persons having in their possession assets which are, or may be, the property of Primehealth are hereby ordered to deliver the possession of the same immediately to the Receiver and are further ordered not to disburse the same without the written consent of, or unless directed in writing by, the Receiver. Such persons and entities, and all other persons and entities, are further enjoined from disposing of or destroying any records pertaining to any business transactions between Primehealth and banks, brokerage houses or their persons or companies having done business with Primehealth, or having in their possession assets which are or were the property of Primehealth.

8. All agents, brokers or other persons having sold certificates of health coverage and/or collected premiums on behalf of Primehealth, shall account for and, to the extent due and owing, shall pay all unearned premiums and commissions owed to Primehealth as a result of policies canceled by this Order, or in the normal course of business, directly to the Receiver within thirty (30) days after demand by the Receiver, or appear before this Court to show good cause, if any they may have, as to why they should not be required to account to the Receiver. All agents, brokers or other persons are enjoined and restrained from returning any unearned premiums, or any money in their possession collected for premiums, to enrollees or others. The

Receiver shall serve a copy of this Order on all agents, brokers or other persons which shall constitute notice of its injunctive provisions.

9. All attorneys employed by Primehealth as of this date shall, within thirty (30) days after notice of this Order, report to the Receiver with respect to the name, company claim number and status of each file they are handling on behalf of Primehealth. Said report shall also include an accounting of any funds received from or on behalf of Primehealth. All attorneys described herein are hereby discharged as of the date of this Order unless their services are retained by the Receiver after entry of this Order.

10. Each data processing service or other entity that has custody or control of any data processing information and records, including but not limited to, source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Primehealth shall transfer custody and control of such records to the Receiver upon demand.

11. All contracts, treaties and agreements or reinsurance wherein Primehealth was the assuming or retrocessional reinsurer, are canceled, on a "cut-off" basis, such cancellations to be effective upon the entry of this Order. All other treaties, contracts and agreements of reinsurance, wherein Primehealth is the ceding company, shall remain in full force and effect pending a determination and recommendation by the Receiver as to when and upon what terms cancellation is appropriate.

12. All contracts, executory or otherwise, to which Primehealth was/is a party, including all agents' contracts, general agents' contracts, brokers' contracts, retirement and "golden parachute" agreements, are hereby canceled unless specifically adopted by the Receiver within thirty (30) days after the date of this Order. Any cancellation under this provision shall

not be treated as an anticipatory breach of such contracts. All other contracts, policies and direct insurance, with obligations that have been assumed by respective state guaranty funds, shall remain in full force and effect. Persons and entities suffering real damages or loss as a result of said contract cancellations shall retain the right to file claim(s) with the Receiver which claim(s) shall be, if proven, allowed, allowed in part or disallowed in accordance with Alabama's Liquidation Act, §27-32-1, *et. seq.*, *Code of Alabama 1975*, the Uniform Insurers Liquidation Act, §27-32-22, *et. seq.*, *Code of Alabama 1975*, and other applicable laws of the State of Alabama.

13. The Receiver shall give notice by first-class mail to all persons (including, but not limited to, individuals, aggregations of individuals, partnerships, corporations, associations, estates, trusts, and governmental units, to include all entities not named), having claims against Primehealth and shall advise such persons to present and file with the Receiver proper proofs of claim, or where applicable to file said claims with the Alabama Health Maintenance Organization Guaranty Association.

14. The deadline for filing such claim(s) against Primehealth shall be 5:00 p.m., Central Day Light Savings Time, on May 1, 2005. The Receiver's notice shall specify the deadline for filing claims and further direct all claimants to file their claims with the Receiver at the address designated in such notice. Said notice shall be made by first-class mail to all claimants at their last known address, where available, but if sufficient information for notification by first-class mail is not available, the Receiver shall give notice by publication in at least two newspapers of general circulation in this state covering those counties where Primehealth is currently licensed to transact business, or by any other method reasonably calculated to give actual notice to the claimants of Primehealth.

15. The Receiver shall have drafted and printed appropriate proof of claim forms to be used by enrollees and creditors filing claims against Primehealth.

16. The Receiver shall be and is hereby authorized to pay all routine administrative expenses incurred by the Receiver without prior approval of the Court provided no one expenditure exceeds the sum of Ten Thousand Dollars (\$10,000.00). Specific accounting and certification of these expenses as reasonable and necessary will be made to the Court.

17. The Receiver is authorized to petition the Insurance Department for the State of Alabama on behalf of Primehealth for payment of the pro rata part of the administrative expenses and salaries of the Receivership Division in the event the administrative expenses and salaries cannot be paid from the Primehealth estate funds, pursuant to §27-2-52, *Code of Alabama* 1975.

18. The Receiver is further granted the authority to dissolve the corporate existence of Primehealth in accordance with the provisions of §27-32-12(b), *Code of Alabama* 1975, at such time as she deems appropriate.

19. The Receiver will make a written report to the Court by the \_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_, documenting the progress being made in carrying out the mandates of this Order and any recommendations which the Receiver feels are in the best interest of the enrollees and creditors of Primehealth.

20. The injunctive provisions contained in this Court's February 18, 2004, Consent Order of Rehabilitation, Permanent Injunction, Appointment of Receiver, and Other Relief are continued in effect until further order of this Court, including paragraphs 4.D. and 4.H. of said Order, which provide that all persons are restrained and enjoined from:

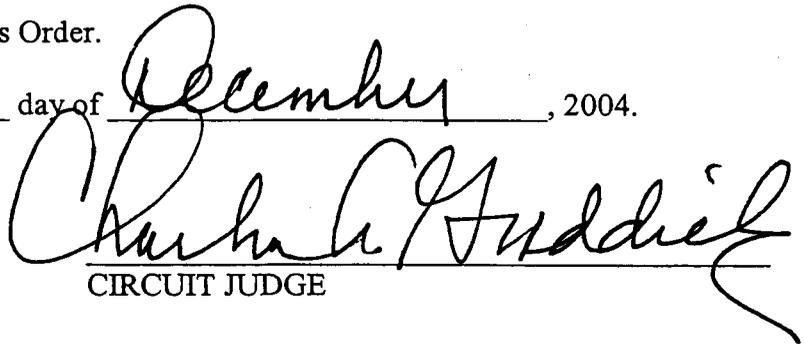
4.D. Commencing or further prosecuting of any action in law or equity or administrative proceedings against Primehealth except in this Court; obtaining any preferences, judgments, attachments, or other liens against any of the property, personal or real, of Primehealth; commencing or continuing any action

in the nature of an attachment, garnishment or execution against any of the property, personal or real, of Primehealth; or the making of any levy, garnishment or execution of any of the property, personal or real, of Primehealth or its assets or any part thereof except in this Court.

4.H. Collecting or attempting to collect payment of the costs of basic health care services from enrollees in violation of the health care providers' contract with Primehealth, as required pursuant to §27-21A-3(b)(4), *Code of Alabama* 1975.

21. This Court shall retain exclusive jurisdiction over this matter for all purposes necessary to effectuate and enforce this Order.

DONE this the 14<sup>th</sup> day of December, 2004.

  
CIRCUIT JUDGE

cc: **Robert F. Northcutt, Esq.**  
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