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CIRCUIT COURT FOR
BALTIMORE CITY
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CIVIL DIVISION

**INSURANCE COMMISSIONER OF
THE STATE OF MARYLAND**

The Maryland Insurance Administration
200 St. Paul Place
Baltimore, Maryland 21202

Petitioner,

v.

**PARAMOUNT INSURANCE
COMPANY**

NAIC# 16128
7101 Millford Industrial Road, Suite A
Pikesville, Maryland 21208

Respondent.

* IN THE
* CIRCUIT COURT
* FOR
* BALTIMORE CITY

Case No. 24-C-18-005120

* * * * *

ORDER OF REHABILITATION BY CONSENT

On behalf of the State of Maryland, Petitioner, Alfred W. Redmer, Jr., the Insurance Commissioner for the State of Maryland (the "Commissioner") and Paramount Insurance Company ("Paramount" or "Respondent") hereby represent and agree to the entry of this Order of Rehabilitation by Consent by the Court as follows:

EXPLANATORY STATEMENT

1. Authority over the licensing and regulation of insurance companies is vested with the Maryland Insurance Administration, an independent unit of the State. The Commissioner is the head of the Administration and is charged with enforcement of the Insurance Article.

2. Paramount is a stock property and casualty insurance company licensed to conduct business in the state of Maryland and the District of Columbia. Paramount was incorporated under the laws of Maryland on October 10, 1938. Paramount was issued a

Certificate of Authority by the State of Maryland on December 19, 1938. All of the outstanding capital stock of Paramount is owned by Motts Holdings, Inc.

3. Motts Holdings, Inc. is a Connecticut C-Corporation.

4. Paramount writes private passenger auto liability and auto physical damage lines of business.

5. Section 9-208 of the Insurance Article, *Annotated Code of Maryland*, provides that a delinquency proceeding may be brought against an insurer or other entity that, among other things, does or had done, any of the acts of an insurance business specified in §4-205 of the Insurance Article.

6. Pursuant to §9-211 of the Insurance Article, *Annotated Code of Maryland*, the Commissioner may apply for an order directing the Commissioner to rehabilitate or liquidate a domestic insurer, or other entity, if the domestic insurer, or any other entity, amount other things: (1) is impaired; or (2) consents to the order of conservation or rehabilitation, and the Commissioner has in fact filed for such an order.

7. Paramount by written authorization by the Board of Directors (a copy of which is attached as Exhibit 1 to the Complaint and Petition for Immediate Order of Receivership by Consent), consents to the rehabilitation, and the parties agree that Respondent is an impaired insurer. The grounds for receivership are more fully set forth in the Complaint and Petition for Immediate Order of Receivership by Consent filed with the Order of Rehabilitation.

NOW THEREFORE, with the consent of the parties to this Order, it is **ORDERED**,
ADJUDGED AND DECREED THAT:

1. Until further Order of the Court, Risk & Regulatory Consulting, LLC is appointed as Receiver to rehabilitate or liquidate the businesses of Respondent, Paramount, pursuant to the provisions of Title 9, Subtitle 2 of the Insurance Article, *Annotated Code of Maryland*.
2. Paramount 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 Title 9, Subtitle 1, of the Insurance Article, *Annotated Code of Maryland*.
3. The Receiver shall have the powers and duties vested in a Receiver by the provisions of Title 9, Subtitle 2 of the Insurance Article, *Annotated Code of Maryland*, and shall immediately take possession of the properties of Respondent and shall conduct the business of Respondent under the general supervision of the Court and permitted pursuant to the Receivership requirements of the Insurance Article, and shall take such steps toward the removal of the causes and conditions that have made rehabilitation necessary as the Court may direct.
4. Pursuant to §§ 9-212 and 9-213 of the Insurance Article, *Annotated Code of Maryland*, the Receiver is vested by operation of law with the title to and is hereby ordered to take and secure possession and control of all of the assets and property of Paramount, of every kind and form whatsoever and wherever located whether in the possession of Respondent or any other person, including but not limited to, real property, personal 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. The Receiver shall take possession and control of the premises occupied by Respondent for the transaction of business.

5. Paramount, its agents and assigns, shall immediately cease from issuing any new policies, renewing any existing policies or issuing any binder or other contract of insurance without the prior approval of Receiver and the Commissioner. Paramount shall cease the renewal of existing contracts of insurance by issuing notices of non-renewal that meet the procedural and content requirements of Title 27, subtitle 6 of the Insurance Article. Paramount shall prepare and submit a notice for approval to the Commissioner within 5 calendar days of the date of this Order.

6. Paramount shall cease the renewal of existing contracts of insurance in the District of Columbia by issuing notices of non-renewal that meet the procedural and content required of the laws of the District of Columbia.

7. The Receiver shall have the general authority to hire or terminate personnel and pay all charges which in the Receiver's judgment, are incident to the administration, operation and management of Respondent, including, but not limited to, payment of employee payroll, expenses and payment of any and all reasonable claims, whether contingent or liquidated, which have been or which will be made under any contract, which have been entered into or are to be entered into on behalf of Paramount.

8. The Receiver shall have the power to enter into such contracts as are determined by the Receiver to be necessary to carry out this Order to Rehabilitate by Consent.

9. All officers, managers, directors, trustees, owners, shareholders, employees, agents and brokers of Paramount, 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 Paramount'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 Paramount, and any person who exercises control directly or indirectly over activities of Paramount through any holding company or affiliate of Paramount (all of the foregoing are collectively referred to as "Other Persons"), shall cooperate with the Receiver in the performance of their duties. The directive "to cooperate" shall include, but is not limited to, a duty to do all of the following:

- a. reply promptly in writing to any inquiry from the Receiver requesting such reply;
- b. immediately make available and immediately deliver to and not withhold from the Receiver 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 Paramount;
- 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 employee or agents of Paramount, or any other person, firm, association, partnership, corporation or other entity in charge of any aspect of Paramount's affairs; and
- d. Refrain from obstructing or interfering with the Receiver in the conduct of this case and proceeding or any case or proceeding incidental thereto.

10. All officers, directors, employees, trustees, agents, servants, representatives of Paramount and those acting in concert with Paramount, shall, by sworn written statement, inform the Receiver of the nature, description and location of all assets or other property of Paramount not located on the premises of Paramount, including, but not limited to, all bank accounts, lockbox

accounts, trust accounts, custodial accounts, safe deposit box, safes, stock certificates, bonds, certificates of deposit, cash, security or other property, real personal or mixed, and, these persons are specifically ordered and prohibited from:

- a. disposing of any 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 Paramount's records, databases, computer files or other property, except under the expressed written authorization of the Receiver or by the future Order of this Court.

11. Due to the appointment of the Receiver, the authority of the directors and officers to act in the name of Paramount is hereby suspended unless re-delegated in writing by the Receiver or this Court.

12. Any Bank, savings and loan association, financial institution, trust company, brokerage firm, third party administrator, credit card transaction processor or other person which has on deposit, or in its possession, custody or control, any funds, accounts or other assets of Paramount, are hereby instructed that the Receiver has exclusive title and control over such funds, property, accounts and other assets. 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 Paramount are hereby restrained from allowing to be withdrawn or concealed in any manner any funds, property, accounts or other assets of Paramount, except with the express and written

authorization of the Receiver, 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 Receiver 's control.

13. The Receiver 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 Paramount, as the ceding insurer, and all reinsurers and reinsurance pools, brokers, agents, solicitors, service representatives, adjusters, attorneys nor any other persons involved with Paramount 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 Receiver, or taking any other action with respect to such treaties, contracts or agreements, without the written permissions or consent of the Receiver.

14. The Receiver shall have the power to affirm or disavow, continue or cause to be rewritten, any contract to which Paramount is a party, provided however that Receiver shall not be deemed to have affirmed any contract without her having done so in writing. The entry of this Order does not constitute an anticipatory breach of any contract of Receiver.

15. Any data processing service which has custody or control of any data processing information and records, including, but not limited to, source documents, input tapes, all types of storage information, master tapes or any other recorded information relating to Paramount shall transfer custody and control of such records to the Receiver. The Receiver shall compensate any such entity for the actual use of hardware and software, which the Receiver finds to be necessary to this proceeding. Compensation shall be based upon the monthly rate provided for in contracts or leases with Paramount which were in effect when this proceeding was instituted, or based upon such contracts as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

16. Subject to the approval of the Court, the Receiver may conduct an investigation into the causes of Paramount's financially hazardous condition.
17. All attorneys/law firms employed by Respondent as of the date of the Order, within 10 days of notice of the Order, are required to report to the Receiver on the name, company, claim number and status of each file they are handling on behalf of Respondent. 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 the possession or control of any counsel retained by Paramount and which are related to the providing of representation or other legal services to Paramount may not be destroyed without written permission of the Receiver.
18. The Receiver shall file quarterly reports with the Court pursuant to §9-213 of the Insurance Article, *Annotated Code of Maryland*, beginning December 15, 2018.
19. All expenses of Receiver, made in taking possession of Respondent and in conducting this delinquency proceeding, including attorney's fees, shall be paid out of the assets of Respondent, subject to approval by this Court.
20. All persons asserting claims against Respondent shall be enjoined from the date of this Order until further Order of this Court from commencing or maintaining any action in the nature of an attachment, garnishment, or execution against Respondent or its assets and from commencing, maintaining or prosecuting any actions or obtaining any preferences, judgments, attachments, liens, or the making of any levy against Respondent or against its assets or any part thereof, except that nothing in this Order shall prevent any person from filing a claim in this proceeding.

21. This Court shall retain jurisdiction over this matter and this Order shall be subject to further Order of this Court.

IT IS SO ORDERED THIS 13th DAY OF SEPTEMBER, 2018:

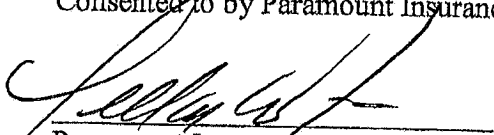
The judge's signature appears
on the original document

TRUE COPY
TEST

Marilyn Bentley

MARILYN BENTLEY, CLERK

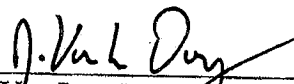
Approved as to form and
Consented to by Paramount Insurance Company:



Paramount Insurance Company

9-12-2018
Date

Approved as to form and legal sufficiency:



J. Van Lear Dorsey, Assistant Attorney General
On behalf of Alfred W. Redmer, Jr.
Insurance Commissioner for the
State of Maryland

9/12/2018
Date