

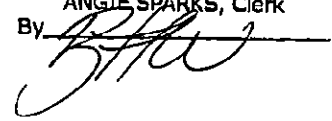
FILED

Clerk of District Court

OCT 12 2021

ANGIE SPARKS, Clerk

By



**MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY**

INDEXED

IN THE MATTER OF THE LIQUIDATION
OF AVIATION ALLIANCE INSURANCE
COMPANY, INC.,
a Special Purpose Captive Insurance Company,

Respondent.

Cause No. DDV 2021-1016

**ORDER COMMENCING LIQUIDATION
AND APPOINTING LIQUIDATOR**

The Montana State Auditor, Commissioner of Securities and Insurance (Commissioner), by and through counsel of record, filed an Uncontested Petition for Liquidation of Aviation Alliance Insurance Company, Inc. (Respondent) and for appointment of the Commissioner as the Liquidator.

WHEREAS, the Commissioner has provided this Court with evidence sufficient to support the conclusion that Respondent is insolvent as defined by § 33-2-1341, MCA, and that Respondent has consented to the entry of an Order commencing liquidation based on the same;

WHEREAS, sufficient grounds exist for the issuance of such an order pursuant to §§ 33-28-207 and 33-2-1341, MCA;

WHEREAS, a hearing on the Commissioner's uncontested petition is not necessary due to Respondent's consent to liquidation and waiver of a hearing on the uncontested petition:

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED:

1. Respondent is insolvent as defined by § 33-2-1303(11), MCA, and should be liquidated.
2. A liquidation proceeding is hereby commenced against Respondent under the supervision, rehabilitation, and liquidation provisions of Title 33, chapter 2, part 13, Montana Code Annotated.
3. The Commissioner, and any successor in office, is appointed as the Liquidator of the Respondent. § 33-2-1342(1), MCA.
4. The Commissioner as the Liquidator shall take possession of Respondent's assets and administer them under the general supervision of this Court. § 33-2-1342(1), MCA.
5. The Commissioner as the Liquidator is vested with the title to all the property, contracts, rights of action, and all of Respondent's books and records, wherever located. § 33-2-1342(1), MCA.
6. The filing or recording of this Liquidation Order with the clerk of the district court and the clerk and recorder of the county in which Respondent's principal office or place of business is located shall impart the same notice as a deed, bill of sale, or other evidence of title duly filed with that clerk and recorder would have imparted. § 33-2-1342(1), MCA.
7. Effective as of the date of entry of this Order, and except as provided in §§ 33-2-1343 and 33-2-1366, the rights and liabilities of Respondent and its creditors, policyholders, shareholders, members, and all other persons interested in Respondent's estate are fixed. § 33-2-1342(2), MCA.
8. Within six months from the date of entry of this Order and at least semi-annually thereafter, the Commissioner as the Liquidator shall file an accounting with this Court, pursuant to

§ 33-2-1342(5), MCA. The accountings shall include Respondent's assets and liabilities, and all funds received or disbursed by the Liquidator during the reporting period.

9. The Commissioner as the Liquidator is vested with the authority to appoint a special deputy to act for him regarding the liquidation, and who shall serve at the Commissioner's pleasure and shall have all the powers of the Liquidator. The Commissioner shall determine the special deputy's reasonable compensation and may defray the costs so incurred through reimbursement from the Respondent's estate. If the Commissioner appoints a special deputy, the Commissioner shall file a Notice of Appointment of Special Deputy Liquidator with this Court. Further, the Commissioner may employ or appoint personnel as necessary to assist in the liquidation and fix reasonable compensation for such personnel with the approval of this Court. The Commissioner may defray the costs incurred with any appointments or employment through reimbursement from the Respondent's estate. § 33-2-1345(1), MCA.

10. The Commissioner as the Liquidator is vested with the authority to hold hearings, subpoena witnesses to compel their attendance, administer oaths, examine any person under oath, and compel any person to subscribe to the person's testimony after it has been correctly reduced to writing and, in connection with the hearings, require the production of any books, papers, records, or documents that the Liquidator considers relevant to the inquiry. § 33-2-1345(1), MCA.

11. The Commissioner as the Liquidator shall collect all debts and money due and claims belonging to Respondent, wherever located. The Commissioner may take all actions necessary to this end including, but not limited to, acts necessary to collect, conserve, or protect Respondent's assets or property and to pursue of any creditor's remedies available to enforce the Liquidator's claims. § 33-2-1345(1), MCA.

12. The Commissioner as the Liquidator may enter into contracts necessary to carry out the liquidation, and to affirm or disavow any contracts to which Respondent is a party. § 33-2-1345(1), MCA.

13. The Commissioner as the Liquidator is authorized to continue to prosecute and institute in the name of the Respondent or in the Liquidator's own name any and all suits and other legal proceedings, in this state or elsewhere, to abandon the prosecution of claims that the Liquidator considers unprofitable to pursue further, to prosecute any action that may exist on behalf of Respondent's creditors, members, policyholders, or shareholders against any of Respondent's officers or any other person, and to assert all defenses available to Respondent as against third persons. § 33-2-1345(1), MCA.

14. The Commissioner is vested with all other powers and duties of a liquidator as described in §§ 33-2-1342 and 33-2-1345, MCA, not previously referenced, and with such other powers and duties as this Court may deem necessary and proper for the liquidation of Respondent. § 33-2-1345(2), MCA.

15. All actions and proceedings against Respondent are hereby enjoined and full faith and credit shall be given by the courts, whether in this state or elsewhere, to this Order of Liquidation. Further, no action at law or equity may be brought against Respondent, the Commissioner, or any special deputy liquidator, within this state or elsewhere, after issuance of this Order of Liquidation. § 33-2-1348(1), MCA.

16. The requirement under § 33-2-1363, MCA, for the Commissioner to submit a proposal to disburse assets to a guaranty association or foreign guaranty association is waived because no guaranty fund will incur an obligation due to Respondent's insolvency.

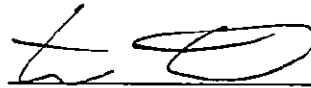
17. Respondent, its trustees, officers, directors, stockholders, agents, and employees, and all other persons having notice of these proceedings or the court's liquidation order are prohibited from transacting any business of Respondent or selling, transferring, destroying, wasting, encumbering, or disposing of any property or assets of Respondent without prior written approval of the Liquidator or any Special Deputy Liquidator, or until further order of this Court. § 33-2-1309(1), MCA.

18. All banks, brokerage houses, agents, reinsurers, or other companies or persons having in their possession assets or records that are or may be the property of Respondent, are hereby enjoined from disposing of, selling, wasting, encumbering, transferring, or destroying any such assets, property, or records of Respondent. This prohibition includes, but is not limited to, property, books, or records pertaining to any transaction between Respondent and any of the said parties. § 33-2-1309(1), MCA.

19. All actions and proceedings pending against any of Respondent's policyholders for unpaid claims are hereby stayed and all entities and persons are hereby enjoined from commencing or continuing any actions or proceedings against any of Respondent's policyholders for unpaid claims except with the express written consent of this Court. §§ 33-2-1309(1) and 33-2-1345(2), MCA.

20. All officers, managers, directors, owners, employees, insurance producers, or any other persons with authority over or connection with Respondent's affairs shall cooperate with the Commissioner in this liquidation proceeding, and no such persons may obstruct or interfere with the Commissioner in the conduct of this liquidation proceeding. § 33-2-1310, MCA.

ENTERED this 12th day of October, 2021.



District Court Judge