

INSURANCE COMMISSIONER OF  
THE STATE OF MARYLAND,

Petitioner,

v.

PARAMOUNT INSURANCE COMPANY,

Respondent.

\* IN THE  
\* CIRCUIT COURT OF MARYLAND  
\* FOR BALTIMORE CITY  
\* Case No. 24-C-18-005120  
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\* \* \* \* \*

**ORDER AUTHORIZING LIQUIDATION OF PARAMOUNT INSURANCE COMPANY**

Upon the Motion of Risk & Regulatory Consulting, Inc. (“RRC” or the “Receiver”), the Court appointed Receiver for Paramount Insurance Company (“Paramount”), requesting that the Court, pursuant to Md. Code Ann., Ins. Art. §§ 9-212(c) and 9-213, enter an Order (a) authorizing and directing the Receiver to liquidate Paramount, and (b) cancelling all Paramount policies; and it appearing that the relief requested in the Motion is warranted by good and sufficient cause and is in the best interest of the receivership estate, policyholders, creditors and parties of interest, the Court hereby finds and concludes as follows:

- A. Paramount is insolvent and impaired. The issuance of an Order authorizing the Receiver to liquidate Paramount pursuant to Md. Code Ann. Ins. Art. §§ 9-212 (c) and 9-213 is in the best interest of the receivership estate, members, creditors and parties of interest.
- B. The approval of the cancellation of all Paramount insurance policies effective as of the earlier of (i) 11:59 p.m. Eastern Time on the date that is thirty (30) days after the date of this Order, or (ii) the date that such policy is cancelled pursuant to Md. Code Ann.,

Ins. Art. § 9-306(a) or otherwise, is necessary to protect policyholders in light of the company's insolvency.

C. Proper, timely and sufficient service of the Motion was served on all required persons and entities.

NOW, THEREFORE, based on the findings set forth above and the pleadings and proceedings of record at any hearing on this Motion this 9<sup>th</sup> day of January, 2019, it is hereby:

1. ORDERED, that the Motion is GRANTED and the Receiver is authorized and directed to liquidate the business of Paramount. Pursuant to Md. Code Ann., Ins. Art. §§ 9-213(b)(2) and 9-218(b)(1), the Receiver shall continue to be vested with title to and may take possession of all property, contracts, rights of action, books, and records of Paramount, wherever located and shall have the authority to conduct public or private sales of the property of Paramount; and it is further

2. ORDERED, that the Receiver shall continue to 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 Paramount, 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.

3. ORDERED, that the Receiver shall continue to have the power to enter into such contracts as are determined by the Receiver to be necessary to carry out this Order.

4. ORDERED, that 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, shall continue to 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.

5. ORDERED, that 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.

6. ORDERED, that 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.

7. ORDERED, that the Receiver shall continue to 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 the Receiver having done so in writing. The entry of this Order does not constitute an anticipatory breach of any contract by or of the Receiver.

8. ORDERED, that any data processing service which continues to have 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.

9. ORDERED, that all attorneys employed by Paramount shall continue to cooperate with the Receiver on all files they are handling on behalf of Paramount. 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.

10. ORDERED, that all expenses of the Receiver made in taking possession of Paramount and its assets, and in conducting this delinquency proceeding, including attorney's fees, shall continue to be paid out of the assets of Paramount as administrative expenses without the necessity of further notice or Court approval; provided, however, that the Receiver's fees and expenses and the Receiver's attorney's fees and expenses shall be subject to approval by this Court.

11. ORDERED, that all persons asserting claims against Paramount continue to be enjoined until further Order of this Court from commencing or maintaining any action in the nature of an attachment, garnishment, or execution against Paramount 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 Paramount 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 as prescribed by this court. Nothing in this paragraph shall be construed as a limitation on the Receiver's rights to take any action (whether specified in this order or not).

12. ORDERED, that to allow for proper defense by the Property & Casualty Insurance Guaranty Corporation of pending causes of action, pursuant to Md. Code Ann., Ins. Art. § 9-315(a) each proceeding in which Paramount is a party or is obligated to defend a party in a court in the State shall be stayed for sixty (60) days after the date of entry of this Order.

13. ORDERED, that all agents, brokers, premium finance companies, governmental entity or any other person responsible for the payment of premium and unearned commission, as shown on the records of Paramount, shall pay to the Receiver any unpaid, earned premium or any unearned premium and unearned commissions due Paramount at the time of the entry of this Order.

No credit or set off shall be allowed in favor of such person against his/her/its account with Paramount for the unearned portion of the premium on a cancelled policy unless such policy was cancelled prior to the date of the entry of this Order.

14. ORDERED, that the Receiver is authorized to prosecute any action which may exist of behalf of policyholders, certificate holders, subscribers, enrollees, members, creditors or shareholders of Paramount against any director and/or officer or trustee of Paramount or any other person.

15. ORDERED, 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.

16. ORDERED, that pursuant to Md. Code Ann. Ins. Art. § 9-205, that there shall be no liability on the part of, and that no cause of action of any nature shall exist against RRC in their capacity as Receiver of Paramount, and/or their representatives, managing general agents, agents, employees, or attorneys, for any statement made or actions taken or not taken by them when acting in the good faith exercise of their powers under law and/or in accordance with the orders of a Court as Receiver of Paramount, and that such actions shall be barred.

17. ORDERED, that all policies issued by Paramount that are presently in force are cancelled effective as of the earlier of (a) 11:59 p.m. Eastern ~~Daylight~~ Time on

February 8, 2019, 2019 (the date that is thirty (30) days from the date of this Order), or (b) the date that such policy is cancelled pursuant to Md. Code Ann., Ins. Art. § 9-306(a) or otherwise. The Receiver shall notify all affected policyholders by first class mail of the cancellation provisions of this Order within five (5) business days of the date of entry of this Order.

18. ORDERED, any credit card processor or premium processor that has in its possession or control premiums or other funds belonging to Paramount shall provide a written report to the Receiver within 15 days of the entry of this Order with the following information:

- a. The total amount of premiums or other funds withheld from the Receiver since the date of the entry of the order of rehabilitation;
- b. A listing of any premiums or other funds disbursed from the amounts withheld, including complete identification of the party receiving the disbursement, the date of the disbursement, and a justification for the disbursement;
- c. A justification for the amount of premiums or other funds currently being withheld from the Receiver;
- d. Any fees assessed as a result of withholding the funds; and
- e. The date by which all remaining premiums or other funds withheld will be turned over to the Receiver.

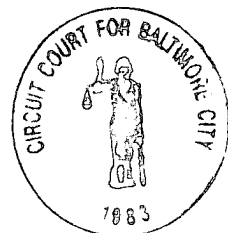
*The Hon. Michael A. DiPietro*  
Judge's signature appears only on original.

Honorable Michael A. DiPietro  
Judge, Circuit Court for Baltimore City

TRUE COPY  
TEST

*Marilyn Bentley*  
11/9/19 AKC

MARILYN BENTLEY, CLERK





cc:

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