



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN THE MATTER OF)
THE LIQUIDATION OF) C.A. No. 12789-VCL
CONSUMERS UNITED INSURANCE COMPANY)

**ORDER CONCERNING
RECEIVER'S NINTH CLAIM RECOMMENDATION REPORT
AND PETITION SEEKING HEARING ON DISPUTED CLAIMS**

WHEREAS, pursuant to 18 Del. C. §5917(c), the Receiver of Consumers United Insurance Company in Liquidation (herein "Receiver") filed the Ninth Claim Recommendation Report pertaining to certain health, life and annuity claims that were paid by an applicable state guaranty association, are not covered by any applicable state guaranty association or CUIC, or are otherwise not valid claims, and which the Receiver believes should be disallowed in their entirety or only allowed in the amount recommended by the Receiver (the "Disputed Policy Claims");

WHEREAS, this Court entered an Order to Show Cause dated February 3, 2010, which set the date and time for the hearing on the Disputed Policy Claims which are the subject of the Petition. By letter dated March 15, 2010, the Court rescheduled the hearing on the Recommendation Report and

Petition to Wednesday, March 31, 2010, at 2:00 p.m. The Order to Show Cause further required each claimant to notify the Court in writing of their intent to appear at the hearing by March 22, 2010, or their claim would be considered abandoned and the Receiver's recommendation would be adopted by the Court;

WHEREAS, the Receiver has filed proof that each of the claimants received due notice at their last known address of the Recommendation Report and Petition, related pleadings, Receiver's exhibits pertaining to each individual claimant, the hearing date and time, and the requirement to notify the Court of their intent to appear by the March 22, 2010, deadline; and

WHEREAS, none of the claimants notified the Court in writing of their intent to appear at the hearing, and none of the claimants appeared at the hearing, or the claimants appeared at the hearing and, after having heard from the Claimant, this Court overruled the basis for their objection to the Receiver's recommendation.

NOW, THEREFORE, the Court finds that all of the claimants have either abandoned their appeals by failing to appear at the hearing or have not provided a sufficient

basis for the Court to reject the Receiver's recommendation as to the classification and/or value to be assigned to their claim;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. The Receiver's recommendation that the claim of BARBARA C. RUDD (proof of claim number 530) be assigned to the policyholder priority class (class 3) and valued at \$0 is hereby adopted by the Court, and Barbara C. Rudd's claim is HEREBY DISALLOWED IN ITS ENTIRETY pursuant to 18 DEL. C. §5917(d). This disallowance shall not affect any amounts already paid to or on behalf of Ms. Rudd by the applicable state life and health insurance guaranty association or any other benefits received by her from the guaranty association directly or through an assuming insurer.

2. The Receiver's recommendation that the claim of PAUL B. SMITH (proof of claim number 302) be assigned to the policyholder priority class (class 3) and valued at \$0 is hereby adopted by the Court, and Paul B. Smith's claim is HEREBY DISALLOWED IN ITS ENTIRETY pursuant to 18 DEL. C. §5917(d). This disallowance shall not affect any amounts already paid to or on behalf of Mr. Smith by the applicable state life and health insurance guaranty association or any

other benefits received by him from the guaranty association directly or through an assuming insurer.

3. The Receiver's recommendation that the claim of KATRINA S. SPARKS (proof of claim number 534) be assigned to the policyholder priority class (class 3) and valued at \$0 is hereby adopted by the Court, and Katrina S. Sparks' claim is HEREBY DISALLOWED IN ITS ENTIRETY pursuant to 18 Del. C. §5917(d). This disallowance shall not affect any amounts already paid to or on behalf of Ms. Sparks by the applicable state life and health insurance guaranty association or any other benefits received by her from the guaranty association directly or through an assuming insurer.

4. The allowance, disallowance in whole, disallowance in part, and/or priority classification of each claim subject to this Order constitutes a separate matter and this Order shall be deemed a separate Order with respect to each such claim. Any appeal from this Order and any stay of this Order pending appeal concerning one claim shall not act as an appeal of or stay of this Order as to any other claim.

5. Within three (3) business days of receipt of this Order, the Receiver's counsel shall serve, by United States certified mail, postage prepaid, return receipt requested, to the claimant's last known address in the Receiver's file, a copy of this Order to each claimant whose claim is subject to this Order.

6. There is no just reason for delay, and this Order, pursuant to Court of Chancery Rule 54(b), is entered as a final judgment. EACH OF THE ABOVE CLAIMANTS WHOSE CLAIMS HAVE BEEN ALLOWED, DISALLOWED IN THEIR ENTIRETY, DISALLOWED IN PART, OR CLASSIFIED MAY APPEAL THIS ORDER TO THE SUPREME COURT OF THE STATE OF DELAWARE. SUCH APPEAL MUST BE FILED WITH (RECEIVED BY) THE CLERK OF THE DELAWARE SUPREME COURT WITHIN THIRTY (30) DAYS OF THE DATE OF THIS ORDER. IF YOU FAIL TO FILE A TIMELY APPEAL, THIS DECISION WILL BECOME FINAL. Any stay of this Order pending appeal by any of the Claimants whose claims are subject to this Order shall apply only to such claim and shall not act to stay the applicability and/or finality of this Order with respect to any other Claim subject to this Order.

7. This Court shall retain jurisdiction over any matters relating to the implementation, interpretation or enforcement of this Order.



Vice-Chancellor

Dated: 3/31/2010