

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

IN AND FOR NEW CASTLE COUNTY

IN THE MATTER OF THE)
REHABILITATION OF NATIONAL) C.A. No. 13530
HERITAGE LIFE INSURANCE)
COMPANY)

SUPPLEMENTAL REHABILITATION ORDER

WHEREAS, the Honorable Donna Lee Williams, the Insurance Commissioner of the State of Delaware (the "Commissioner") was appointed as Rehabilitator of National Heritage Life Insurance Company ("National Heritage") pursuant to a Rehabilitation and Injunction Order issued by this Court on May 25, 1994 (the "Order");

WHEREAS, the Order: (i) authorized the Commissioner "to take such actions as the nature of this cause and the interest of the policyholders, creditors and stockholder[] of National Heritage and the public may require"; (ii) retains jurisdiction in this Court "in this cause for the purpose of granting such other and further relief as this cause, the interests of the policyholders, creditors, stockholder of National Heritage and the public may require"; and (iii) permits the Commissioner to "at any time make application for such other and further relief as [she] sees fit"; and

WHEREAS, the nature of this cause and the interest of the policyholders, creditors and stockholder of National Heritage and the public require that the Commissioner have the power to reject any executory contract to which National Heritage is a party that the Commissioner in her discretion determines is burdensome to National Heritage or is otherwise not in its best interest, NOW

IT IS HEREBY ORDERED BY THE COURT as follows:

1. The Commissioner may reject any executory contract to which National Heritage is a party that the Commissioner may in her discretion determine is burdensome to National Heritage or is otherwise not in its best interest.
2. Any party to a contract with National Heritage that is rejected pursuant to paragraph 1 above may file a claim for damages only arising from such rejection in the rehabilitation proceedings of National Heritage pursuant to paragraph 16 of the Order.
3. All claims enumerated in Title 18 Del. C. § 5918(e) shall have priority over any claims arising from the rejection of an executory contract pursuant to paragraph 1 above.
4. The Order and this Supplemental Rehabilitation Order shall remain in effect until otherwise further modified by this Court.

SO ORDERED this 27 day of June, 1994.


Chancellor