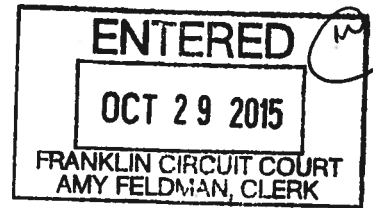


COMMONWEALTH OF KENTUCKY
FRANKLIN CIRCUIT COURT
DIVISION I
CIVIL ACTION NO. 15-CI 01144



SHARON P. CLARK, IN HER
CAPACITY AS COMMISSIONER OF
KENTUCKY OFFICE OF
INSURANCE

PETITIONER

V.

ORDER OF REHABILITATION

KENTUCKY HEALTH
COOPERATIVE, INC.

RESPONDENT

*** **

Petitioner Sharon P. Clark, Commissioner of Insurance for the Commonwealth of Kentucky (the "Commissioner") having filed a Verified Petition for Rehabilitation (the "Petition") as against Kentucky Health Cooperative ("KYHC"), and the Court having considered the Petition, is duly advised, and finds that the relief sought in the Petition should be immediately granted.

IT IS THEREFORE ORDERED, ADJUDGED and DECREED that:

1. KYHC is Ordered into rehabilitation under the exclusive jurisdiction of this Court, according to all applicable provisions of KRS 304.33, et. seq. and as further provided herein;
2. The Commissioner, including her successors in office, is hereby appointed as the Rehabilitator of KYHC and is bestowed with all authority and powers of a Rehabilitator as provided by KRS 304.33, including, but not limited to:
 - (a) all the powers of the directors, officers, and managers of KYHC, whose authority shall be suspended, except as they are re-delegated by the Rehabilitator;

(b) the power and authority to direct, manage, hire and discharge employees subject to any contract rights they may have;

(c) the power and authority to deal with the property and business of the insurer;

(d) the exclusive authority to prosecute any action that exists on behalf of members or policyholders of KYHC against any director or officers of KYHC or any other person or entity.

(e) the power and authority to employ and fix the compensation, with court approval, of any special deputy rehabilitators, counsel, clerks, and assistants, all of whom shall serve at the pleasure of the Rehabilitator; to pay all expenses of taking possession of KYHC and other costs and expenses of the administration of this proceeding; and, to pay such compensation and other costs and expenses of administration out of the funds or assets of the KYHC;

3. The Rehabilitator is directed to take possession of all assets of KYHC as soon as possible and to administer them under the general supervision of this Court;

4. The Rehabilitator is directed to take such action respecting pending litigation against KYHC as she considers necessary in the interests of justice and for the protection of policyholders and the public, and to consider all litigation pending outside Kentucky and to petition the courts having jurisdiction over that litigation for stays whenever necessary to protect KYHC;

5. Any court or tribunal in Kentucky before which any action or proceeding in which KYHC is a party or is obligated to defend a party is pending shall stay that action or proceeding for such time as is necessary for the Rehabilitator to obtain proper representation and prepare for further proceedings;

6. All third party vendor contracts and provider contracts with KYHC shall continue to be maintained and administered according to the terms of the agreements between KYHC and the third party vendor or provider, regardless of any prior notice of or attempt at cancellation,

until such time as the Rehabilitator or this Court directs otherwise, and any action by the parties to the contrary is stayed by entry of this order;

7. The Rehabilitator is directed to provide accountings to this Court at intervals of every 3 months;

8. The Rehabilitator is authorized to employ Jeff W. Gaither and David O. Hurt as a Special Deputy Rehabilitators and to compensate Mr. Gaither and Mr. Hurt at the hourly rate of \$150.

9. The Court retains jurisdiction to issue such further orders as it may deem appropriate.

Dated: _____

10-29-15
@ 3:09 p.m.

**Signature on file with
original document**

Judge, Franklin Circuit Court