

COMMONWEALTH OF KENTUCKY  
FRANKLIN CIRCUIT COURT  
DIVISION JK  
CIVIL ACTION NO. 13-1297

ENTERED  
NOV 15 2013  
FRANKLIN CIRCUIT COURT  
SALLY JUMP, CLERK

SHARON P. CLARK, in her capacity as  
COMMISSIONER  
KENTUCKY DEPARTMENT OF INSURANCE

PETITIONER

vs.

ORDER OF REHABILITATION

KENTUCKY SCHOOL BOARD INSURANCE  
TRUST PROPERTY AND LIABILITY FUND

RESPONDENTS

AND

KENTUCKY LEAGUE OF CITIES

\* \* \* \* \*

Petitioner Sharon P. Clark, Commissioner of Insurance for the Commonwealth of Kentucky (the "Commissioner") filed a Verified Petition for Rehabilitation (the "Petition") against Kentucky School Boards Insurance Trust Property and Liability Fund (the "KSBIT Liability Fund"). The Court has 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. The Commissioner, including her successors in office, is hereby appointed as the Rehabilitator of the KSBIT Liability Fund and is bestowed with all authority and powers of a Rehabilitator as provided by KRS 304.33, including, but not limited to:

EXHIBIT  
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6

(a) all the powers of the directors, officers, and managers of the KSBIT Liability Fund, 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 ;

(d) the exclusive authority to prosecute any action that exists on behalf of members or policyholders of the Fund against any director or officers of the Fund 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 the KSBIT Liability Fund 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 KSBIT Liability Fund.

2. The Rehabilitator is directed to take possession of all assets of KSBIT Liability Fund as soon as possible and to administer them under the general supervision of this Court.

3. The Rehabilitator is directed to take such action respecting pending litigation against the KSBIT Liability Fund 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 the KSBIT Liability Fund.

4. Pursuant to KRS 304.33-160, Joseph N. Pope, Jr. hereby appointed as the Special Deputy Rehabilitator. The Rehabilitator is authorized to employ Joseph N. Pope as a Special Deputy Rehabilitator and to compensate Mr. Pope at a rate of \$175.

5. Any court or tribunal in Kentucky before which any action or proceeding in which the Fund 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. The KSBIT Liability Fund's fiscal administration and day-to-day operation shall continue to be maintained and administered by Kentucky League of Cities and third-party administrator Collins & Co. according to the terms of the agreements between them, 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 \_\_\_\_ months.

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

**Signature on file with  
original document**

Dated: 11/15/2013

\_\_\_\_\_  
Judge, Franklin Circuit Court

