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# NEWS

## Illinois Department of Insurance

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### **Lumbermens Mutual Casualty Company and American Manufacturers Mutual Insurance Company Agree to Being Placed into Rehabilitation**

*Illinois Policyholders Will Continue to Receive Payments for Claims  
During Rehabilitation Period*

CHICAGO—July 3, 2012. An Agreed Order of Rehabilitation has been entered against Lumbermens Mutual Casualty Company (Lumbermens) and American Manufacturers Mutual Insurance Company (American Manufacturers) with the consent of their Boards of Directors by the Circuit Court of Cook County, Illinois. During the time that Lumbermens and American Manufacturers are in rehabilitation, the Illinois Department of Insurance (DOI) Director, as Rehabilitator, will continue the payment of policyholder claims.

On June 26, 2012, the Board of Directors of both Lumbermens, the lead company of the Lumbermens Mutual Group (LMG) and American Manufacturers consented to start rehabilitation proceedings and the entry of an Order of Rehabilitation. DOI Director Andrew Boron asked for the entry of an Agreed Order of Rehabilitation in his Verified Complaint filed by Illinois Attorney General Lisa Madigan. The rehabilitation became effective July 2, 2012.

Under Illinois law, DOI's Director is appointed statutory Rehabilitator of both companies involved. Generally, an Order of Rehabilitation allows DOI's Director to restructure an insurance company's business. This restructuring, or "run-off," involves taking over the affairs of a company but no longer taking on new obligations or issuing new or renewing policies. The Director is vested with title to the company's property, assets, rights of action or lawsuits, books, records and premises.

"As the administration of LMG moves to this next phase, I want to thank the companies' Boards and management for their professionalism during the run-off and their cooperation during this transition," said Director Boron. "I also thank Department of Insurance staff for their efforts and their leadership. I and my staff are committed to a smooth transition in the interest of LMG creditors."

Doug Andrews, CEO on behalf of the LMG Board and management added that, "the Department's supervision, judgment and cooperation during the run-off are to be commended, and we also appreciate the Department's cooperative approach to this transition which we believe serves the interests of policyholders well."

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The Director intends to use the rehabilitation period to work with the National Conference of Insurance Guaranty Funds' (NCIGF's) Lumbermens Working Group to prepare for the orderly transition of claim-handling responsibilities to the State Guaranty Funds and Associations once an Order of Liquidation is entered. After this process has been completed, the Director intends to file a Verified Complaint for Liquidation.

A copy of the Order of Rehabilitation is available at [www.osdchi.com](http://www.osdchi.com) or by calling 312-836-9500. The Office of the Special Deputy Receiver (OSD), located at 222 Merchandise Mart Plaza, Suite 1450, Chicago, IL, 60654, is assisting DOI Director Boron with the rehabilitation of Lumbermens and American Manufacturers.

Lumbermens is a mutual property and casualty insurer that was organized in 1912, and held licenses in 49 states and the District of Columbia. American Manufacturers is a mutual property and casualty insurer that was organized in 1837, and held licenses in 49 states and the District of Columbia. American Manufacturers is a member of LMG. Lumbermens and American Manufacturers commenced a voluntary run-off in 2003 and have been operating under a run-off plan filed with and approved by DOI in 2004.

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