

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0103-MI-000617

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the State of Indiana,)
)
Petitioner,)
)
v.)
)
PARADIGM INSURANCE COMPANY,)
)
Respondent.)

FILED
161 JAN 25 2013
Elizabeth A. White
CLERK OF THE MARION CIRCUIT COURT

**LIQUIDATOR'S FINAL ACCOUNTING AND RECOMMENDATIONS
AS TO CONDITIONS AND PROCEDURES FOR CLOSING THE ESTATE**

Indiana Insurance Commissioner Stephen W. Robertson, as Liquidator of Paradigm Insurance Company ("Paradigm"), files with the Court this Final Accounting and Recommendations as to Conditions and Procedures for Closing the Estate ("Final Accounting/Recommendations"). In support thereof, the Liquidator states as follows:

I.
BACKGROUND AND OVERVIEW

1. On March 13, 2001, this Court entered both an Order of Rehabilitation and a Seizure Order as against Paradigm. On May 11, 2001, the Rehabilitator filed a First Accounting and Petition for an Order of Liquidation and Related Relief ("Liquidation Petition"). The Liquidation Petition was set for hearing on August 6, 2001 and the Rehabilitator provided notice, both by mailings and publication as ordered by the Court, of the pending Petition and the hearing as scheduled thereon. On July 27, 2001, the Rehabilitator also filed Recommendations Concerning Liquidation Procedures, Claims and Notices ("Recommended Procedures"),

requesting that these recommendations also be heard and considered at the August 6, 2001 hearing.

2. After the hearing in open Court, an Order of Liquidation and a separate Order Approving the Recommended Procedures were entered on August 10, 2001. Pursuant to those Orders and consistent with Ind. Code 27-9-3: (i) the Commissioner of the Department of Insurance of the State of Indiana (and her successors in office) was appointed Liquidator of Paradigm;¹ (ii) the Liquidator was directed to undertake and complete the liquidation of Paradigm in accordance with Ind. Code 27-9-3 and under the general supervision of this Court; and (iii) July 31, 2002 was established as the “Bar Date” by which any claimant or creditor of Paradigm was to file their Proof of Claim with the Liquidator.

3. Paradigm is a stock insurance company domiciled in the State of Indiana, which previously operated primarily out of offices located in Jefferson County, Kentucky and Oakland County, Michigan. Given the company’s state of domicile and pursuant to Ind. Code 27-9-1-3(f) and 27-9-3-22, this Court has exclusive subject matter and personal jurisdiction over all proceedings and matters related to the liquidation of the company and has summary jurisdiction to hear and determine the rights of any parties arising under Ind. Code 27-9-3.

4. Pursuant to Ind. Code 27-9-3-9(b) and the Order of Liquidation, the Liquidator was authorized to appoint a Special Deputy, employ employees and agents, legal counsel, actuaries, accountants, appraisers and consultants and such other personnel as considered necessary to assist in the liquidation of Paradigm. The Liquidator, by statute and Order of the Court, also has the authority to fix the compensation and expenses of such personnel, with such

¹ Stephen W. Robertson, as the current Commissioner of the Insurance Department of the State of Indiana, now serves as Liquidator of Paradigm.

costs to be paid out of the funds or assets of Paradigm as a Class 1 administrative expense pursuant to Ind. Code 27-9-3-40.

5. Elizabeth A. Lovette, Executive Director of Indiana Insolvency Inc., was initially appointed and continues to serve as Special Deputy Liquidator in the Paradigm proceeding. The Special Deputy maintains offices at 445 N. Pennsylvania Street, Suite 500, Indianapolis, Indiana 46204. Indiana Insolvency Inc. employs certain individuals who, under the direction and control of the Special Deputy, have provided administrative services necessary for the Paradigm liquidation. The Liquidator has also employed, from time to time, certain third party independent contractors (“Consultants”) to provide necessary administrative services for the liquidation proceeding, as authorized and directed by the Special Deputy. The time which the Special Deputy, other employees of Indiana Insolvency Inc. and the Consultants devote to the Paradigm proceeding are paid as a Class 1 administrative expense pursuant to Ind. Code 27-9-3-40.

6. Bingham Greenebaum Doll LLP has and continues to provide legal services to the Liquidator and the Special Deputy, with such services also being paid as a Class 1 administrative expense pursuant to Ind. Code 27-9-3-40.

7. As more fully described below, the Liquidator reports that all available assets and/or property of Paradigm have been collected by the Liquidator and all Proofs of Claim filed against Paradigm have been identified and processed in accordance with Ind. Code 27-9-3 and Orders of this Court. While no Proofs of Claim have been received by the Liquidator from any department, agency or other office or division of the Federal Government, the Liquidator intends to provide certain information to the United States Department of Justice regarding the Paradigm liquidation proceeding, with the intent of entering into a Release From Federal Priority Statute Liability with the United States (“Release Agreement”) as part of closing the Paradigm estate.

(See Section IV below.) Once an acceptable Release Agreement is reached, the Liquidator recommends that the Paradigm estate should thereafter promptly be closed, in the manner described in this Final Accounting/Recommendations.

8. The Liquidator will outline herein all the recommended procedures necessary to close the estate. By proceeding in this fashion, the Liquidator believes that the remaining administrative costs and expenses necessary to close the estate, which are outlined in Section V of this Final Accounting/Recommendations, will be minimized.

II. MARSHALLING OF ASSETS

9. Pursuant to the laws of this State, the Order of Liquidation and other Orders as issued by this Court, the Liquidator took possession of and was vested by operation of law with title to all of the property, contracts, rights of action and all of the books and records of Paradigm.

10. Not only did the Liquidator take control of all assets that were in the possession of Paradigm at the time it was placed into proceedings under Ind. Code 27-9-3, the Liquidator also pursued claims and obtained recovery of payments and assets to which Paradigm was entitled, including the following:

- (a) Working in conjunction with Paragon Risk Management Services Inc. ("Paragon"), the Liquidator reviewed, evaluated and pursued recovery of all reinsurance payments to which Paradigm was entitled under various reinsurance contracts and treaties to which the company was party, including recovery from Lloyd's syndicates in London. The total of all reinsurance payments ultimately recovered on behalf of the Paradigm estate was nine million nine hundred ninety three thousand three hundred twenty six and 43/100 Dollars (\$9,993,326.43), which significantly exceeded the amount of reinsurance recoveries that were reasonably projected during the initial years of the liquidation proceeding. Paragon provided its services on a contingency fee basis, pursuant to which it was paid twelve and one-half percent (12.5%) of the reinsurance recoveries actually received by the Paradigm estate as compensation for its services. The Liquidator reports that all available reinsurance payments owed to

Paradigm have now been received and that the contingency payments owed to Paragon have been made.

- (b) The Liquidator filed certain claims against Queensway Financial Holdings, Inc. (“QFHI”) and Queensway Holdings, Inc. (“QHI”) who, along with Paradigm Acquisitions Corp. (“PAC”), were upstream affiliates of Paradigm.² These claims were based on certain obligations and commitments made by QFHI and/or QHI regarding the financial solvency of Paradigm. A Receivership Order was previously entered against both QFHI and QHI by the Superior Court of Justice in Ontario Canada, pursuant to Section 47 of the applicable Canadian Bankruptcy and Insolvency Act. The Liquidator’s claims were, therefore, filed in the Canadian receivership proceeding. The receiver appointed by the Canadian Court (“Canadian Receiver”) initially denied and contested the claims and, therefore, an adversary proceeding to resolve the claims was opened in the Canadian receivership proceeding. The Liquidator and the Canadian Receiver ultimately agreed to settle the disputed claim, with the Settlement Agreement being submitted to and approved by both this Court and the Canadian Receivership Court. Pursuant to the approved settlement: (i) the Paradigm estate received \$250,000 from the Canadian estate; and (ii) a late filed Class 9 shareholder claim was accepted in the Paradigm estate and was approved by this Court in favor of the Canadian Receiver.

III.

REVIEW AND ADJUDICATION OF CLAIMS

11. The Liquidator has completed the review and adjudication of all Proofs of Claim filed against the Paradigm estate. Paradigm wrote business on a surplus lines basis and, therefore, no guaranty association was found to have any obligations with respect to policyholder claims as against Paradigm.

12. Certain Proofs of Claim as filed with the Liquidator included a narrative description of the claim being asserted, but did not specify the claim in terms of a specific dollar amount. Of the Proofs of Claim which identified a monetary amount (including Proofs of Claim

² PAC is the sole shareholder of Paradigm; QHI is the sole shareholder of PAC; and QFHI is the sole shareholder of QHI.

received both before and after the Bar Date), the total of such claims, before the Liquidator's review and adjudication, was \$66,392,989. The Liquidator ultimately determined, however, that certain claims had been filed in duplicate, including the same claim being reasserted under different legal theories.

13. Consistent with the Recommended Procedures approved by the Court, the Liquidator's personnel reviewed and adjudicated all Proofs of Claim. When the Liquidator's personnel completed its review of each Proof of Claim, a letter was sent to the claimant setting forth the Liquidator's determination as to whether the claim should be approved, approved in part or denied ("Claim Recommendation"). To the extent the Liquidator determined that the claim should be approved, in whole or in part, the Claim Recommendation also identified the distribution priority class ("Class") to which the Liquidator recommended the claim should be assigned under Ind. Code 27-9-3-40.

14. Consistent with Ind. Code 27-9-3-37, all claimants were advised that if they disagreed with the Claim Recommendation they had sixty (60) days in which to provide the Liquidator written notice of their objection ("Claim Response") and, failing to do so, the Claim Recommendation would be submitted to the Court for approval without any further right to object. To the extent that a claimant timely asserted an objection, the Liquidator conferred with the claimant to determine if a settlement could be reached, with any such settlement then being submitted to the Court for review and approval. All claims which could not be settled ("Disputed Claims") were submitted to the Court for resolution in accordance with Ind. Code 27-9-3-37(b) and procedures established by the Court. The Liquidator reports that all Disputed Claims have previously been resolved, in accordance with the above procedure and as reviewed and approved by the Court.

15. Based on the above, the Liquidator reports that all Proofs of Claim asserted against Paradigm have now been finally resolved in accordance with procedure set forth in Ind. Code 27-9-3, including Orders issued by this Court, and consistent with the claim distribution priority set forth in Ind. Code 27-9-3-40. A summary of the Proofs of Claim filed against Paradigm, including the manner in which they have previously been resolved or are now recommended to be resolved, is set forth below:

Previously Denied Claims – As described in the Second, Third, Fourth, Fifth and Sixth Accountings, the Liquidator recommended that certain Proofs of Claim be denied in their entirety, on the basis that Paradigm did not owe any obligation to these claimants. The total of these claims was in excess of \$21,000,000. The Liquidator's recommendations on these claims were submitted to the Court only after: (i) a Claim Recommendation was sent to the claimant and there was no objection raised within sixty (60) day; or (ii) to the extent an objection was timely raised, the issue was thereafter resolved by settlement or Court Order, in accordance with the procedures for Disputed Claims. The Court approved the Liquidator's recommendations and denied all the Proofs of Claim referenced herein in their entirety.

Final Claims Recommended for Denial – Attached hereto as Exhibit A is a final list of ten (10) Proofs of Claim which the Liquidator has also determined do not constitute valid claims as against Paradigm. The total of these claims is in excess of \$6,000,000. A Claim Recommendation was sent to each of these claimants providing notice of the Liquidator's determination that the Proof of Claim should be denied. More than 60 days passed since the Claim Recommendations were sent without any objection being received by the Liquidator from these claimants. The Liquidator, therefore, recommends that all Proofs of Claim listed on Exhibit A be denied in their entirety.

Class 1 – As explained in Section I above, the costs and expenses of administration have been paid and continue to be paid by the Liquidator out of the general assets of the Paradigm estate. This will include the remaining costs and expenses to be incurred by the Liquidator, the Special Deputy, employees of Indiana Insolvency Inc., Bingham Greenebaum Doll LLP and other Consultants as necessary to close-out the estate, consistent with this Final Accounting/Recommendations and as more specifically described in paragraph 34 below.

Class 2 – As described in the Second, Third, Fourth, Fifth and Sixth Accountings and in five Interim Claims Reports all filed with the Court, the Liquidator recommended that certain Proofs of Claim be approved as Class 2 claims. The total of these claims as originally filed was in excess of \$38,000,000. Based on the Liquidator's review and adjudication of the Class 2 claims, including resolution of certain Disputed Claims that fell within Class 2, the Liquidator recommended to the Court the specific dollar amount at which each Proof of Claim should be approved. The Liquidator's recommendations on these claims was submitted to the Court only after: (i) a Claim Recommendation was sent to the claimant and there was no objection raised within sixty (60) days; or (ii) to the extent an objection was timely raised, the issue had been resolved by settlement or Court Order, in accordance with the procedures for Disputed Claims. The Court approved the Class 2 claims as recommended by the Liquidator and the Court also previously authorized and directed that the Liquidator pay all approved Class 2 Claims in full. Consistent with such Orders, the Liquidator has previously paid a total of \$15,292,876.48 in full satisfaction and discharge of all approved Class 2 claims. No other Proof of Claim qualified for Class 2 status and, therefore, the Liquidator does not recommend any further payment from the estate under Ind. Code 27-9-3-40(a)(2).

Class 3 – The Internal Revenue Service (at both its Regional and National Offices), the United States Attorney for the Southern District of Indiana and the Department of Justice were all provided written notice of the Order of Liquidation entered against Paradigm, a copy of the Proof of Claim form, notice of the Bar Date and information as to the procedure for filing Proofs of Claim against Paradigm. The Liquidator did not receive any Proof of Claim filed on behalf of any department, agency, office or other division of the federal government and, therefore, no Class 3 claim has been recommended to the Court under Ind. Code 27-9-3-40(a)(3).³

Class 4 – As set forth in the Sixth Accounting, there were two Proofs of Claim filed by former employees of Paradigm that qualified as valid Class 4 claims (such claims are statutorily

³ The Liquidator received two letters from the IRS regarding certain filings made by the company before the Order of Liquidation was entered. The Liquidator responded to the IRS, advising that the company was being liquidated and providing notice of the Bar Date and a copy of the Proof of Claim form. No Proof of Claim was thereafter submitted by the IRS. As mentioned in paragraph 7 above and as further described in Section IV, the Liquidator intends to provide certain information to the U.S. Department of Justice seeking to confirm that there are no Class 3 claims, with the intent of entering into a Release Agreement with the United States in advance of the estate being closed.

limited to \$1,000 for each employee). The Liquidator sent Claim Recommendations to both claimants, no objection was raised within sixty (60) days and the Liquidator recommended that the Court approve these Class 4 claims. The Court approved both claims and authorized and directed that the Liquidator make payment thereon (limited to \$1,000 per employee). Accordingly, the Liquidator has previously paid a total of \$2,000 in full discharge of Class 4 claims. No other Proof of Claim qualified for Class 4 status and, therefore, the Liquidator does not recommend any further payment from the estate under Ind. Code 27-9-3-40(a)(4).

Class 5 – As described in the Sixth Accounting the Liquidator recommended that certain Proofs of Claim be approved as Class 5 claims. The total of these claims as originally filed (to the extent the Proof of Claim included a monetary amount) was in excess of \$618,000. Based on the Liquidator's review and adjudication of the Class 5 claims, including the resolution of certain Disputed Claims that fell within Class 5, the Liquidator recommended to the Court the specific dollar amount at which each Proof of Claim should be approved. The Liquidator's recommendations on these claims were submitted to the Court only after: (i) a Claim Recommendation was sent to the claimant and there was no objection raised within sixty (60) days; or (ii) to the extent an objection was timely raised, the issue had been resolved by settlement or a Court Order, in accordance with the procedure for Disputed Claims. The Court approved the Class 5 claims arising out of the Paradigm estate and the Court also previously authorized and directed that the Liquidator pay all approved Class 5 claims in full. Consistent with the Court's prior Order, the Liquidator has previously paid a total of \$603,216.52 in full satisfaction and discharge of all approved Class 5 claims. No other Proof of Claim qualified for Class 5 status and, therefore, the Liquidator does not recommend any further payment from the estate under Ind. Code 27-9-3-40(a)(5).

Class 6 – As listed on Exhibit B attached hereto, the Liquidator received a Proof of Claim from the Jefferson County Kentucky Revenue Commission. The Liquidator determined that the claim should be approved in the amount of \$6,089.67 as a Class 6 claim under Ind. Code 27-9-3-40. A Claim Recommendation was sent to the claimant providing notice of the Liquidator's determination and more than 60 days passed without any objection being received by the Liquidator from the claimant. The Liquidator, therefore, recommends that the Proof of Claim listed on Exhibit B be approved as a Class 6 claim in the amount of \$6,089.67 and that such claim be paid as part of the final distribution of assets, as

recommended and described in paragraph 35(a) below. No other Proof of Claim qualified for Class 6 status and, therefore, the Liquidator does not recommend any further payment from the estate under Ind. Code 27-9-3-40(a)(6).

Class 7 – Attached hereto as Exhibit C is a list of five (5) Proofs of Claim which the Liquidator determined should be assigned to Class 7 (late filed claims) under Ind. Code 27-9-3-40. The total value of these claims (to the extent the Proofs of Claim included a monetary amount), was in excess of \$146,000. After review and adjudication, the Liquidator determined that each of the individual claims listed on Exhibit C should be approved (in whole or in part) in the amounts specifically set forth on Exhibit C (which collectively total \$87,138.07).⁴ A Claim Recommendation was sent to each of these claimants providing notice of the Liquidator's determination and more than 60 days passed without any objection being received by the Liquidator from the claimants. The Liquidator, therefore, recommends that the Proofs of Claim listed on Exhibit C be approved as Class 7 claims, in the amounts specifically listed on Exhibit C, and that such claims then be paid as part of the final distribution of assets, as recommended and described in paragraph 35(a) below. No other Proof of Claim qualified for Class 7 status and, therefore, the Liquidator does not recommend any further payment from the estate under Ind. Code 27-9-3-40(a)(7).

Class 8 – There were no Proofs of Claim filed against Paradigm seeking payment on a surplus or contribution note or similar obligation, nor did Paradigm owe premium refunds on assessable policies. Accordingly, no Class 8 claim has been recommended to the Court under Ind. Code 27-9-3-40(a)(8).

Class 9 – As explained in paragraph 10(b) above, pursuant to the settlement reached with the Canadian Receiver of QFHI and QHI, the Liquidator recommended, and the Court approved, a Class 9 shareholder claim in favor of the Canadian estate. Consistent with that settlement and once all claims approved by this Court against Paradigm (which fall within a higher priority Class) have been paid

⁴ Although these Proofs of Claim were not delivered to the Liquidator or postmarked on or before the Bar Date, the Liquidator is authorized, pursuant to Ind. Code 27-9-3-33(d), to consider late filed claims and to permit them to receive distributions that are subsequently declared on any claims of the same or lower priority, if the payment does not prejudice the orderly administration of the estate. Assuming an acceptable Release Agreement is reached with the United States and the Court, thereafter, approves the final distribution of assets as recommended herein, all approved claims which fall within Classes 1 through 6 will be paid in full and (even after payment of the Class 7 claims as recommended herein) a distribution will also be made on a Class 9 shareholder claim (there are no claims which fall within Class 8). Accordingly the Liquidator has determined that the payment of Class 7 claims, as recommended above, will not prejudice the orderly administration of the estate.

in full, the Liquidator recommends, as described in paragraph 35(d) below, that any and all remaining surplus or assets of the Paradigm estate be paid, as part of the final distribution of assets, to Paradigm Acquisitions Corp. (“PAC”), with the commitment that PAC will distribute such payment to the Receiver of QHI (its sole shareholder).

IV.
RECOMMENDED RELEASE AGREEMENT

16. Indiana’s Supervision; Rehabilitation; Liquidation Act sets forth a specific procedure for identifying and processing claims against an insolvent insurance company:

Ind. Code 27-9-3-10 – The Liquidator is required to provide broad notice, by mailing and publication, when an order of liquidation is entered, including notice of the Bar Date by which claims must be filed against the insolvent estate;

Ind. Code 27-9-3-33 – Proofs of Claim must be filed with the Liquidator on or before the Bar Date and Claims filed after the Bar Date are to be assigned to Class 7 (late filed claims) under Ind. Code 27-9-3-40;⁵

Ind. Code 27-9-3-34 – Sets forth the information to be included in a Proof of Claim and the information which the Liquidator can request and consider in reviewing the claim.

Ind. Code 27-9-3-37 – Directs that each claimant be provided written notice of the Liquidator’s determination as to their Proof of Claim and requires the claimant, if the claimant disagrees with the determination, to file an objection within sixty (60) days and, if no filing is made within that period, the claimant may not further object to the determination. If an objection is timely raised and the Liquidator and claimant are not able to settle their differences, the dispute is to be resolved by the Marion Circuit Court or by a referee appointed by the Court.

Ind. Code 27-9-3-40 – Establishes the following priority of distribution by which approved Proofs of Claims are to be paid from the available assets of the estate:

- Class 1 – Costs and expenses of administration;
- Class 2 – Policyholder claims and claims of the guaranty associations;
- Class 3 – Claims of the federal government;
- Class 4 – Certain debts to employees;
- Class 5 – Claims of general creditors;
- Class 6 – Claims of any state or local government;
- Class 7 – Late filed claims;

⁵ Late filed claims may share in distributions from the estate under certain circumstances as described in Ind. Code 27-9-3-33.

Class 8 – Claims on surplus or contribution notes; and
Class 9 – Claims of shareholders/owners.

17. The above referenced statutes were all enacted by the Indiana General Assembly for the purpose of regulating the business of insurance and, under operation of the McCarran-Ferguson Act, 15 U.S.C. §§ 1011, 1012, these statutes reverse preempt the Federal Priority Statute found at 31 U.S.C. § 3713.

18. The statutory claim procedures described above were all adopted and utilized as part of the Paradigm liquidation proceeding. The Liquidator provided written and published notice, as directed by the Court, that the Order of Liquidation had been entered and that the Bar Date for filing claims was July 31, 2002. (See, Certificate of Compliance filed October 14, 2003.) Specifically, a Notice packet was mailed to approximately 4,820 interested parties, on or before August 30, 2001, including but not limited to:⁶

- The Internal Revenue Service, at both its national and local offices;
- The United States Attorney for the Southern District of Indiana; and
- The Department of Justice.

19. The Notice packet mailed by the Liquidator stated, in part, as follows:

If you have a claim against Paradigm, then you must follow the procedures described in the paragraphs below or be forever barred from asserting your claim. THE LIQUIDATION COURT HAS ESTABLISHED JULY 31, 2002 AS THE “CLAIM BAR DATE” FOR THE FILING OF CLAIMS AGAINST THE ESTATE OF PARADIGM. TO HAVE YOUR CLAIM CONSIDERED IN THE PARADIGM LIQUIDATION, IT MUST BE COMPLETED, MAILED AND POSTMARKED NO LATER THAN JULY 31, 2002.

⁶ The Notice was also published in the Courier Journal in Louisville, Kentucky and the Detroit Free Press in Detroit, Michigan.

20. The Notice packet also included the Proof of Claim form as approved by the Court and certain instructions as to how it should be completed and submitted in order to assert a claim against the estate.

21. The Liquidator submitted a written determination on each Proof of Claim received and all claimants were advised that they had sixty (60) days to object to the determination and, failing to do so, their right to further object would be waived. On Proofs of Claim to which no objection was raised, the claim was submitted to and approved by the Court in accordance with the Liquidator's determination. Claims to which objections were raised were ultimately resolved either through settlements, which were reviewed and approved by the Court, or by Orders as issued by the Court in accordance with the procedures to hear and resolve Disputed Claims.

22. The Liquidator reports that no Proof of Claim was received, either before or after the Bar Date, from any department, agency, office or other division of the United States Federal Government. Pursuant to the statutes and procedures governing claims against the Paradigm estate, the Federal Government (including all its departments, agencies, offices or other divisions) has waived the opportunity to timely assert a claim against the Paradigm estate.

23. Should the Federal Government hereafter seek to file a Proof of Claim against Paradigm, the Liquidator expressly reserves the right to assert and rely upon Indiana's statutes governing insurance insolvency proceedings and all Orders as issued by this Court in responding to any such claim. However, the Liquidator recognizes that the Federal Government has in the past taken the position that it is not bound to follow or adhere to certain insurance liquidation procedures. The Liquidator does not accept the Federal Government's position and reserves the right to challenge any such assertion if raised in this proceeding. Nevertheless, the Liquidator believes that it is in the best interest of all interested parties to confirm that the Federal

Government has no claim as against the Paradigm estate and, thereby, avoid any dispute at a later date or any assertion that the Liquidator or Special Deputy Liquidator is liable to the federal government under the Federal Priority Statute. The Liquidator, therefore, intends to submit certain information to the United States Department of Justice regarding the Paradigm liquidation and is seeking to enter into a Release Agreement with the United States prior to the Paradigm estate being closed.

24. Assuming that the federal government does not hereafter assert any claim against Paradigm and that an acceptable Release Agreement is reached with the United States, the Liquidator believes that the estate should then be promptly closed in accordance with the recommended procedures set forth in Section V below. The Liquidator will promptly advise the Court, in writing, once the Release Agreement is signed and will request in that filing that the Court then set a hearing on this Final Accounting/Recommendations in accordance with the recommended procedures set forth in Section V below. If an acceptable Release Agreement is reached with the United States as outlined herein, the Liquidator does not contemplate or see the need for any further Court filings beyond the notice and request for hearing and the filing of a final Certificate of Compliance (if the Court approves the Final Accounting/Recommendations and once the assets of the estate have been disbursed). By proceeding as outlined herein, the Liquidator believes that further costs and expenses of administration will be held to a minimum, thus preserving as many assets as possible for final distribution to the remaining creditors of the estate as recommended in Section V below.

25. In the event the federal government does hereafter assert a claim, if the Liquidator is not able to reach an acceptable Release Agreement with the United States or if there is some other development which the Liquidator does not currently contemplate, the Liquidator reserves the right to: (a) file a supplement to this Final Accounting/Recommendations recommending

how the matter should be addressed; and/or (b) request that this Court (as the Court having sole and exclusive jurisdiction over the liquidation of Paradigm) hear, consider, approve or otherwise resolve any such development, issue or dispute that may arise, in order to allow for the final distribution of assets and closing of the estate. By proceeding in this manner, the Liquidator will only expend administrative time and costs to address issues which actually arise, if any, and which are necessary to ultimately close the estate. This approach will again minimize the costs and expenses of administration and, thereby, preserve assets for the benefit of Paradigm's creditors.

26. The Liquidator cannot now identify the length of time which will be required to pursue and hopefully obtain a Release Agreement with the United States. The Liquidator will, however, promptly advise the Court as to the status of communications with the Department of Justice and the progress made towards entering into a Release Agreement, should the Court hereafter request that a report be provided on such efforts.

V.
RECOMMENDATION TO CLOSE THE ESTATE

27. As described in this Final Accounting/Recommendations, the Liquidator believes that all of Paradigm's assets have been accounted for and recovered and all Proofs of Claim filed against the estate have been processed and resolved in accordance with Ind. Code 27-9-3-40 and Orders of this Court. Accordingly, once the Release Agreement is entered into with the United States, as described in Section IV above, the Liquidator recommends that the Court approve all actions necessary to close the estate as specifically set forth below.

Retention and Destruction of Paradigm's Records

28. Pursuant to Ind. Code 27-9-3-46, when it appears to the Liquidator that records of a company being liquidated are no longer useful, the Liquidator may recommend to the Court

that the records be destroyed. The Liquidator believes that Paradigm's records should be maintained for a period of time after the estate is closed and should then be destroyed. The Liquidator specifically recommends that the Court review and approve the following recommendations with respect to the retention and destruction of all Paradigm records in the possession of the Liquidator:

- (a) Liquidator shall make necessary arrangements for, and shall pay the costs of: (i) storing all the records of Paradigm in the possession of the Liquidator (in a safe and secure environment) for a period of one year following the Court's entry of a Final Judgment directing that the Paradigm estate be closed ("Destruction Date"); and (ii) destroying all such Paradigm records (in a safe and secure manner) on or promptly after the Destruction Date; and
- (b) While such records are held in storage, the Commissioner (and his designated representatives) shall be authorized to access and review such records.

Financial Statements/Final Distribution of Assets

29. The Liquidator's representatives have prepared summary Financial Statements for Paradigm as of November 30, 2012, a copy of which is attached hereto as Exhibit D.⁷ The Liquidator also reports that there has been no material change in Paradigm's assets since that date.

30. In preparing to close the estate, the Liquidator has completed a review and evaluation of a specific bank account which, prior to the Order of Liquidation being entered, had been opened in the joint names of Summit Medical Company ("Summit") and Paradigm. The Liquidator has determined that this account was created to receive and hold funds deposited by

⁷ The Liability page of Exhibit D does not include an accrual for the estimated Class 1 costs and expenses that have been or will be incurred after November 30, 2012, including the final administrative costs and expenses to close the estate as described in paragraph 34 below.

Summit to cover and secure Summit's self-insured retention under a professional liability policy issued by Paradigm. There is no indication that Paradigm previously incurred, or has any exposure for, costs or claims falling within Summit's self-insured retention. The Liquidator also confirmed that the account has always been maintained under Summit's federal tax identification number. Based on the above, the Liquidator does not believe that the funds within this joint account constitute assets of the estate and, therefore, on the attached Financial Statement the joint bank account (in the amount of \$142,171, which includes accrued interest) is listed as funds held for Summit (see line 11 of the Asset page and line 12 of the Liabilities page). The Liquidator specifically recommends that the Court: (i) confirm that the funds held in this particular account do not constitute assets of the Paradigm estate; and (ii) authorize and direct the Liquidator to notify the financial institution holding these funds, that neither the Liquidator nor the Paradigm estate have any claim to or interest in said funds.

31. The \$93,228 of Losses listed on the Liabilities page of Exhibit D (Line 1), constitutes the total of the Class 6 and Class 7 Proofs of Claims which the Liquidator now recommends for approval.

32. The \$78,530 of Escheat items listed on the Liabilities page (Line 3), is the total of checks previously issued by the Liquidator which have either been returned to the Liquidator (due to a mailing address that is no longer valid) or have not been negotiated and cashed for some other reason (collectively "Current Unclaimed Funds"). Consistent with Ind. Code 27-9-3-43 and as part of closing the estate, the Liquidator recommends that all Unclaimed Funds ultimately be deposited with the Treasurer of the State of Indiana ("Treasurer") for the benefit of the claimant, creditor or other person entitled to such payment. This recommendation applies to both the Current Unclaimed Funds (in the amount of \$78,530), as well as checks, if any, which

are hereafter returned or otherwise not negotiated following the final distribution of assets as recommended in this Final Accounting/Recommendations. (See paragraph 37 below).

33. After the Release Agreement is entered into with the United States and a hearing is then scheduled and held on this Final Accounting/Recommendations, the Liquidator recommends that the Court enter an appropriate Order for the final distribution of the remaining assets of Paradigm pursuant to Ind. Code 27-9-3-40, 27-9-3-42 and 27-9-3-43. The Liquidator specifically recommends, after payment of or provision for the final Class 1 costs and expenses of administration necessary to close out the Paradigm estate (as set forth in paragraph 34 below), that the Court order the Liquidator to disburse all remaining assets of Paradigm (as set forth in paragraphs 35 and 37 below).

34. The Liquidator recommends that the following costs be paid by the Liquidator as the final costs and expenses of administration necessary to close out the Paradigm estate:

- (a) The costs incurred to pursue and obtain an acceptable Release Agreement with the United States;
- (b) The costs to store and ultimately destroy all the records of Paradigm which are in the possession of the Liquidator, or those operating under his direction and control (consistent with the specific recommendations set forth in paragraph 28 above);
- (c) All costs associated with providing notice (by mailings, publication and website postings as recommended in Section VI below) of both the filing of this Final Accounting/Recommendations and the hearing to be scheduled by the Court to consider the recommendations and relief as set forth herein;
- (d) The cost of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, including Bingham Greenebaum Doll LLP as legal counsel for Liquidator and Special Deputy Liquidator, to prepare for and participate in the hearing on this Final Accounting/Recommendations or any other hearing necessary to complete the liquidation of Paradigm and to close the estate;
- (e) The cost of the Liquidator, Special Deputy Liquidator and those operating under their direction and control, to prepare and file final tax returns with

the Internal Revenue Service and Indiana Department of Revenue, reflecting that the estate is being closed and that there are no tax obligations owed by the estate; and

- (f) The costs of the Liquidator, the Special Deputy Liquidator and those acting under their direction and control, to make the final distribution of assets from the Paradigm estate and to escheat all Unclaimed Funds (consistent with the Liquidator's recommendations set forth in paragraphs 32, 35 and 37.)

35. After payment of the remaining Class 1 administrative expenses as described in paragraph 34 above, it is recommended that the Liquidator disburse all funds or other surplus which constitute the remaining assets of the Paradigm estate and disclaim its interest in the funds held for Summit, all as specifically set forth below:

- (a) To the extent the Court approves the Class 6 and 7 claims as recommended by the Liquidator in paragraph 15 above, the Liquidator should be authorized and directed to pay such approved claims, in full, with the total of the Class 6 payment to be \$6,089.67 and the total of the Class 7 payments to be \$87,138.07;
- (b) As recommended in paragraph 32 above and consistent with Ind. Code 27-9-3-43, the Liquidator should be authorized and directed to deliver to the Treasurer the Current Unclaimed Funds in the amount of \$78,530, for the benefit of the claimant, creditor or other person entitled to such payment;
- (c) As recommended in paragraph 30 above, the Liquidator should advise the financial institution holding the joint bank account in the names of Summit and Paradigm, that neither the Liquidator nor the Paradigm estate have any claim to or interest in the funds held in that account; and
- (d) After all approved Class 6 and 7 claims have been paid in full (there being no approved Class 8 claims), after the Liquidator has delivered the current Unclaimed Funds to the Treasurer and after the Liquidator has disclaimed any interest in the funds now held for Summit, the Liquidator should then be authorized and directed to disburse any and all remaining surplus or assets of the Paradigm estate to PAC (either by check or by wire transfer as directed by the Canadian Receiver), with PAC to then distribute such payment to the Canadian Receiver of QHI (its sole shareholder).

The final distribution of Paradigm's assets and the Liquidator's disclaimer of interest in the funds held for Summit, should be authorized only after the Court has approved this Final

Accounting/Recommendations and after that Order has become final, binding and is no longer subject to appeal.

36. The Liquidator recommends that the Order of the Court directing final distribution of Paradigm's assets also require the Liquidator to file a Certificate of Compliance with the Court, once such distribution has been made, confirming that the final distribution has been completed in accordance with the Court's Order.

37. In addition to depositing the Current Unclaimed Funds (in the amount of \$78,530) with the Treasurer in accordance with paragraphs 32 and 35 above, if and to the extent any of the final disbursement checks issued by the Liquidator in accordance with the Court's approval of this Final Accounting/Recommendations are either returned to the Liquidator or otherwise have not been negotiated within thirty (30) days following the final disbursement of assets, it is recommended that the Liquidator also deposit such Unclaimed Funds with the Treasurer in accordance with Ind. Code 27-9-3-43.

Dissolution of Corporate Existence

38. As part of the Court's Order approving the Final Accounting/Recommendations and closing of the Paradigm estate, the Liquidator recommends (once the final distribution of assets has been made, the Certificate of Compliance has been filed, the final tax returns have been filed and Unclaimed Funds have been deposited with the Treasurer) that the corporate existence of Paradigm be dissolved in accordance with Ind. Code 27-9-3-9(a).

Release and Discharge of the Liquidator

39. Pursuant to Ind. Code 27-9-3-44, the Liquidator recommends that any Order of the Court approving this Final Accounting/Recommendations also provide (once the final distribution of assets has been made, the Certificate of Compliance has been filed, the final tax returns have been filed and Unclaimed Funds have been deposited with the Treasurer), that the

Liquidator, prior Liquidators, prior Rehabilitators, Special Deputy, Assistant Special Deputy, Consultants and Bingham Greenebaum Doll LLP (including all of their respective officers, employees, partners, agents, representatives, predecessors, successors and assigns) be completely and fully discharged and released from any and all further duties and obligations and any and all claims, demands, actions, causes of action, liabilities or any other exposure (direct or indirect, known or unknown, personal or otherwise, which now exist or may hereafter arise and whether based on statutory, contract, equitable or any other claim or theory) which in any manner arise out of or relate to Paradigm, the prior Rehabilitation proceeding, this Liquidation proceeding, claims which were or could have been asserted in this proceeding and any acts, omissions or other conduct related to the Rehabilitation and/or Liquidation of Paradigm.

VI. NOTICE AND HEARING

40. Once the Liquidator reaches an acceptable Release Agreement with the United States, the Liquidator will so advise the Court, in writing, and will also request in that filing that the Court then schedule a hearing to consider all recommendations as contained in this Final Accounting/Recommendations. It is further recommended that the hearing be scheduled at least forty-five (45) days after the date of the Order setting the hearing, to allow time for the Liquidator to provide notice, as set forth below, of this Final Accounting/Recommendations and the date of the scheduled hearing.

41. It is specifically recommended that the Liquidator be directed, within fifteen (15) days of the Court's Order scheduling the hearing on this Final Accounting/Recommendations, to mail (by U.S. First Class mail, postage pre-paid) a copy of the Notice (in substantially the form attached hereto as Exhibit E, with the date and time of the hearing inserted therein), to the last known address indicated in Paradigm's records to each of the following:

- (a) Former officers and directors of Paradigm;
- (b) The Receiver for Queensway Financial Holdings, Ltd. And Queensway Holdings, Inc.;
- (c) All persons or entities who filed a Proof of Claim against the Paradigm estate for all Claim Classes;
- (d) The Insurance Commissioners or Departments in each state or jurisdiction and the National Association of Insurance Commissioners;
- (e) The Indiana Secretary of State;
- (f) The Indiana Attorney General's Office;
- (g) The Indiana Department of Revenue;
- (h) The Auditor's Offices of Jefferson County, KY and Oakland County, MI;
- (i) The Internal Revenue Service, both at its national and local offices;
- (j) The United States Attorney for the Southern District of Indiana;
- (k) The Department of Justice; and
- (l) All who have filed their appearance in this proceeding.

42. Notwithstanding the above, it is specifically recommended that the Liquidator should not be required to mail the Notice to any address where it is known, based on the return of prior mailings, that the addressee cannot be found.

43. The Liquidator further recommends that the Court direct the Liquidator, within fifteen (15) days of the date of the Court's Order setting the hearing on this Final Accounting/Recommendations, to publish a Notice (in substantially the form attached hereto as Exhibit E, with the date and time of the hearing inserted therein), in a newspaper of general circulation in Jefferson County, Kentucky, Oakland County, Michigan and Marion County, Indiana.

44. It is further recommended that within fifteen (15) days of the Court's Order scheduling a hearing on this Final Accounting/Recommendations, that a copy of the Final Accounting/Recommendations and a copy of the Notice (in substantially the form attached hereto as Exhibit E, with the date and time of the hearing inserted therein) be posted on the website of the Indiana Department of Insurance.

45. Upon completion of the mailings, publications and website posting as ordered by the Court, the Liquidator should be directed to file a Certificate of Compliance confirming that the required notice has been given.

46. The Liquidator's counsel should also be directed to mail a copy of the Final Accounting/Recommendations to any person who sends a written request therefore, along with a check made payable to "Paradigm Insurance Company, in Liquidation" in the amount of \$15.00 to cover the cost of handling, copying and postage, to the following address:

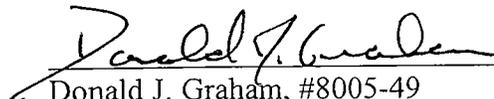
Donald J. Graham
Bingham Greenebaum Doll LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204

47. It is also recommended that the Order setting this Final Accounting/Recommendations for hearing, specifically require that if any person wishes to object to the Final Accounting/Recommendations, any of the recommendations of the Liquidator contained therein, any other matter regarding the proposed closing of the Paradigm estate or if such person otherwise intends to appear at the hearing, that person must file with the Court and serve upon Liquidator's counsel, no later than ten (10) days prior to the hearing, a written Notice of Intention to Appear or Object, together with a detailed statement of the objections to be raised and any other matters to be presented at the hearing.

48. Finally, if after the hearing the Court determines that this Final Accounting/Recommendations should be approved and enters an Order which grants relief in substantially the same form as herein recommended, the Liquidator respectfully requests that the Court also find and direct that no further notice (whether by mailing, publication or website posting) will be required as to the Court's approval of the Final Accounting/Recommendations or the authorization of and direction to the Liquidator to thereafter make the final distribution of Paradigm's assets and otherwise close the estate.

WHEREFORE, the Liquidator respectfully requests that the Court: (i) enter an Order in the form attached hereto as Exhibit F, authorizing the Liquidator to pursue the Release Agreement with the United States and directing the Liquidator to promptly advise the Court, in writing, when an acceptable Release Agreement is reached so the Court can, thereafter, set a hearing on this Final Accounting/Recommendations; (ii) after a hearing has been scheduled and held, approve this Final Accounting/Recommendations in all respects by the entry of a Final Judgment in the form attached hereto as Exhibit G; and (iii) enter all further relief the Court deems necessary and appropriate given the circumstances.

Respectfully submitted,


Donald J. Graham, #8005-49
Attorney for Liquidator

BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204-4900
(317) 635-8900

VERIFICATION

I, Elizabeth A. Lovette, as Special Deputy Liquidator of Paradigm Insurance Company, affirm under the penalties of perjury that the foregoing representations are true to the best of my knowledge and information.

A handwritten signature in cursive script, reading "Elizabeth A. Lovette", written over a horizontal line.

Elizabeth A. Lovette
Special Deputy Liquidator of
Paradigm Insurance Company

CERTIFICATE OF SERVICE

The undersigned hereby certifies on this 25th day of January, 2013, that a copy of the foregoing was duly served by placing same in the United States Mail, first class, postage prepaid, in envelopes addressed to all those listed on the Schedule of Appearances attached hereto.

A handwritten signature in cursive script, reading "Donald J. Guden", is written over a horizontal line.

SCHEDULE OF APPEARANCES

Donald J. Graham
BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204-4900

Gene Lynn Humphreys
OGDEN NEWELL AND WELCH, PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202

Peter T. Cahill
CAHILL & O'NEILL
2233 Vineyard Street, Suite D
Wailuku, Maui, HI 96793

Michael A. Kaiser, Esq.
LAW OFFICES OF ROBERT J. FENSTERSEIB
520 West Hollendale Beach Blvd.
Hollendale Beach, FL 33009

Nick Alexander
CLAUSEN MILLER
2100 Manchester Road, Suite 1700
P.O. Box 1265
Wheaton, IL 60189-1265

David W. Trench
BILZIN SUMBERG DUNN BAENA PRICE & AXELROD LLP
200 South Biscayne Boulevard, Suite 2500
Miami, FL 33131-2336

Anthony J. Cuva
AKERMAN, SENTERFITT & EIDSON, P.A.
100 South Ashley Drive, Suite 1500
Tampa, FL 33602

Alvin J. Dupre, Jr.
5150 Highway 22, Suite C13
Mandeville, LA 70471-2672

Lawrence M. Tylka
TYLKA LAW CENTER, P.C.
Heidenheimer Marine Building
305 – 21st (Moody), Suite 140
Galveston, TX 77550

Linda R. Dawson
4317 Hickoryview Drive
Louisville, KY 40299

Elias Anastasopoulos
Pelican Walk
1600 Gulf Blvd., Ph. 1
Clearwater, FL 33767

Nickolas C. Ekonomides
791 Bayway Blvd.
Clearwater, Florida 33767

Todd A. McDowell
550 Cidco Road
Cocoa, FL 32926

Alan B. Folger
ALAN B. FOLGER, P.C.
P.O. Box 610
Waller, TX 77484

Bradley Winston
BRADLEY WINSTON, P.A.
8211 West Broward Boulevard, Suite 420
Plantation, FL 33324

T.J. Segrest
Law Offices of Earl H. Lawson, Jr.
3000 Riverchase Galleria, Suite 610
Birmingham, Alabama 35244

Rahn Dodick
ERNST & YOUNG INC.
Ernst & Young Tower
Toronto-Dominion Centre
222 Bay St., Suite 1600
Toronto, Ontario M5K 1J7
Canada

Elizabeth Pillon
Stikeman Elliott, LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Canada

Richard J. Meehan, P.A.
1001 N. U.S. Highway One, Suite 604
Jupiter, FL 33477

**FINAL ACCOUNTING
PARADIGM INSURANCE COMPANY
PROOFS OF CLAIM DENIED BY THE LIQUIDATOR**

POC#	Claimed Amt	Approved Amt	Claimant Name and Address
A0021	\$0.00	\$0.00	Lawrence Agbele c/o Brett W. Batoff, Esq.
B0045	\$1,200,000.00	\$0.00	Hy-Tech Tile, Inc. Arthur B. Benner, Esq.
C0030	\$0.00	\$0.00	Coda Roofing, Inc. c/o Raul Gastesi, Esq.
D0027	\$0.00	\$0.00	Amy Hankins Duff, Esq. (formerly with Law Offices of Richard Wianecki)
J0013	\$0.00	\$0.00	Nick Jaberian Jaberian Roofing Company
M0035	\$15,000.00	\$0.00	Timothy McReynolds c/o Craig Dernis, Esq.
P0036	\$3,490.85	\$0.00	Regina Pleskov
S0044	\$5,000,000.00	\$0.00	John F. and Melinda G. Shega c/o Robert A. McGregor, Esq. MCGREGOR & GARRIE, LLP

S0045	\$30,000.00	\$0.00	Daniel J. Sullivan, individually and as Administrator of the Estate of Laura F. Sullivan c/o Wright & Associates
-------	-------------	--------	--

W0012	\$0.00	\$0.00	Joseph T. Wright, Jr., Esq. Wright & Associates
-------	--------	--------	--

\$6,248,490.85	\$0.00
-----------------------	---------------

**FINAL ACCOUNTING
PARADIGM INSURANCE COMPANY
CLASS 6 PROOFS OF CLAIM APPROVED BY THE LIQUIDATOR**

POC#	Claimed Amt	Approved Amt	Claimant Name and Address
L0033	\$6,089.67	\$6,089.67	Louisville-Jefferson County Revenue Commission Attention: Kim G. Johnson

\$6,089.67	\$6,089.67
------------	------------

**FINAL ACCOUNTING
PARADIGM INSURANCE COMPANY
CLASS 7 PROOFS OF CLAIM APPROVED BY THE LIQUIDATOR**

POC#	Claimed Amt	Approved Amt	Claimant Name and Address
F0012	\$3,478.90	\$3,478.90	Alvaro Franco c/o Adrian D. Neiman, Esq. Mintz, Truppman, Clein & Higer, P.A.
G0026	\$61,286.78	\$61,286.78	Global Reinsurance Corp. of America Attention: Burton Henry
M0031	\$6,340.00	\$6,340.00	Victor Medina c/o Howard A. Taylor, Esq.
P0029	\$75,000.00	\$15,000.00	Estate of Sara Paneto c/o William Solvibile, Esq. Allen L. Rothenberg Law Firm
S0042	\$0.00	\$1,032.39	St. Paul Fire & Marine Insurance Co. Attention: Mary S. Washington

\$146,105.68	\$87,138.07
---------------------	--------------------

ASSETS

	Current Statement Date				Prior Year
	1	2	3	4	5
	Ledger Assets	Non-Ledger Assets	Assets Not Admitted	Net Admitted Assets (Columns 1+2+3)	Net Admitted Assets
1. Bonds (less liability for asset transfers with put options, Schedule D, Part 1)				0	0
2. Stocks:					
2.1 Preferred stocks (Schedule D, Part 2, Section 1)				0	
2.2 Common Stocks (Schedule D, Part 2, Section 2)				0	
3. Mortgage loans on real estate (Schedule B):					
3.1 First liens				0	
3.2 Other than first liens				0	
4. Real estate (Schedule A):					
4.1 Properties occupied by the company (less \$.....encumbrances)				0	
4.2 Other properties (less \$.....encumbrances)				0	
5. Cash (\$..... 806,240.90 Schedule E, Part 1) and short-term investments (\$.....)	806,241		0	806,241	845,406
6. Other invested assets (Schedule BA)				0	
7. Receivable for securities				0	
8. Aggregate write-ins for invested assets	0			0	0
9. Subtotals, cash and invested assets (Lines 1 to 8)	806,241	0	0	806,241	845,406
10. Agents' balances or uncollected premiums (net as to commissions and dividends):					
10.1 Premiums and agents' balances in course of collection (after deducting ceded reinsurance balances payable of (\$.....))					
10.2 Premiums, agents' balances and installments booked but deferred and not yet due (after deducting ceded reinsurance balances payable of \$.....) (Including \$..... earned but unbilled premiums)					
11. Funds held - Summit Medical Company	142,171			142,171	144,310
12. Liquidation Claim Settlement Agreement offsets					
13. Reinsurance recoverables on loss and loss adjustment expense payments (Schedule F, Part 3, Columns 2 and 3)	0			0	0
14. Federal income tax recoverable and interest thereon					
14A. Guaranty funds receivable or on deposit					
15. Electronic data processing equipment					
16. Interest, dividends and real estate income due and accrued	0			0	0
17. Receivable from parent, subsidiaries and affiliates	0			0	0
18. Equities and deposits in pools and associations				0	0
19. Amounts rec. relating to uninsured accident and health plans					
20. Other assets nonadmitted (Exhibit 1)					
21. Aggregate write-ins for other than invested assets	0	0	0	0	49,310
22. TOTALS (Lines 9 through 21)	948,412	0	0	948,412	1,039,026
DETAILS OF WRITE-INS					
0801. Accounts Receivable	0			0	0
0899. TOTALS (Line 8 above)	0			0	0
2101. Prepaid expense, Indiana Insolvency, Inc.	0			0	49,310
2102				0	
2103				0	
2199. TOTALS (Line 2101) (Line 21 above)	0	0	0	0	49,310

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Period	2 Prior Year
1. Losses (Part 3a, Line 32, Column 5) See note 1	93,228	93,228
1A. Reinsurance payable on paid loss and loss adjustment expenses (Schedule F, Part 1, Column 2)		
2. Loss adjustment expenses (Part 3A, Line 32, Column 6)	0	0
3. Escheats Items	78,530	
4. Other expenses (excluding taxes, licenses and fees)	11,448	50,638
5. Taxes, licenses and fees (excluding federal and foreign income taxes)		
6. Federal and foreign income taxes (excluding deferred taxes)		
7. Borrowed money		
8. Interest, including \$..... on borrowed money		
9. Unearned premiums (Part 2A, Line 34, Column 5) (after deducting ceded reinsurance unearned premiums of \$.....)		
10. Dividends declared and unpaid:		
A. Stockholders		
B. Policyholders		
11. Funds held by company under reinsurance treaties (Schedule F, Part 3, Column 14)		
12. Amounts withheld or retained by company for accounts of others - Summit Medical Company	142,171	144,310
13. Remittances and items not allocated		
14. Provision for reinsurance (Schedule F, Part 7)		
15. Excess of statutory reserves over statement reserves (Schedule P Interrogatories)		
16. Net adjustments in assets and liabilities due to foreign exchange rates		
17. Drafts outstanding		
18. Payable to parent, subsidiaries and affiliates		
19. Payable for securities		
20. Liability for amounts held under uninsured accident and health plans		
21. Capital notes \$..... and interest thereon \$.....		
22. Aggregate write-in for liabilities	0	0
23. TOTAL liabilities (Lines 1 through 22)	325,377	288,176
24. Aggregate write-ins for special surplus funds		
25A. Common capital stock	4,381,000	4,381,000
25B. Preferred capital stock		
25C. Aggregate write-ins for other than special surplus funds		
26A. Surplus notes		
26B. Gross paid in and contributed surplus	21,738,719	21,738,719
26C. Unassigned funds (surplus)	(25,496,684)	(25,368,870)
26D. Less treasury stock, at cost:		
(1) shares common (value included in Line 25A \$.....)		
(2) shares preferred (value included in Line 25B \$.....)		
27. Surplus as regards policyholders (Lines 24 to 26C, less 26D) (Page 4, Line 32)	623,035	750,850
28. TOTALS (Page 2, Line 22, Column 4)	948,412	1,039,026
DETAILS OF WRITE-INS		
2201		
2202		
2299. TOTALS (Lines 2201 through 2202) (Line 22 above)	0	0
2401. NONE		
2499. TOTALS (Line 24 above)		
25C01 NONE		
25C99. TOTALS (Line 25C above)		

UNDERWRITING AND INVESTMENT EXHIBIT

STATEMENT OF INCOME	1 Current Period	2 Prior Year
UNDERWRITING INCOME		
1. Premiums earned (Part 2, Line 32, Column 4)	0	0
DEDUCTIONS		
2. Losses incurred (Part 3, Line 32, Column 7)	0	0
3. Loss expenses incurred (Part 4, Line 22, Column 1)	0	0
4. Other underwriting expenses incurred (Part 4, Line 22, Column 2)	129,590	53,410
5. Aggregate write-ins for underwriting deductions	0	0
6. Total underwriting deductions (Lines 2 through 5)	129,590	53,410
7. Net underwriting gain or (loss) (Line 1 minus Line 6)	(129,590)	(53,410)
INVESTMENT INCOME		
8. Net investment income earned (Part 1, Line 14)	1,775	4,124
9. Net realized capital gains or (losses) (Part 1A, Line 10)		(34)
9A. Net investment gain or (loss) (Line 8 plus 9)	1,775	4,090
OTHER INCOME		
10. Net gain or (loss) from agents' or premium balances charged off (amount recovered \$..... amount charged off \$.....)		
11. Finance and service charges not included in premiums		
12. Aggregate write-ins for miscellaneous income	0	7,730
13. Total other income (Lines 10 through 12)	0	7,730
14. Net income before dividends to policyholders and before federal & foreign income taxes (Lines 7 plus 9A plus 13)	(127,815)	(41,590)
14A. Dividends to policyholders (Exhibit 2, Line 16, Column 1 plus Page 3, Line 10B, Column 1 minus Column 2)		
14B. Net income, after dividends to policyholders but before federal and foreign income taxes (Line 14 minus Line 14A)	(127,815)	(41,590)
15. Federal and foreign income taxes incurred		
16. Net income (Line 14B minus Line 15) (to Line 18)	(127,815)	(41,590)
CAPITAL AND SURPLUS ACCOUNT		
17. Surplus as regards policyholders, December 31 prior year (Page 4, Line 32, Column 2)	750,850	792,868
GAINS AND (LOSSES) IN SURPLUS		
18. Net Income (from Line 16)	(127,815)	(41,590)
19. Net unrealized capital gains or (losses) (Part 1A, Line 11)	0	0
20. Change in nonadmitted assets (Exhibit 1, Line 6, Column 3)		146,397
21. Change in provision for reinsurance (Page 3, Line 14, Column 2 minus Column 1)		
22. Change in foreign exchange adjustment		
23. Change in excess of statutory reserves over statement reserves (Page 3, Line 15, Column 2 minus Column 1)		
23A. Change in surplus notes		
24. Capital changes:		
A. Paid in (Exhibit 2, Line 6, Column 1)		
B. Transferred from surplus (Stock Dividend)		
C. Transferred to surplus		
25. Surplus adjustments:		
A. Paid in (Exhibit 2, Line 7, Column 1)		
B. Transferred to capital (Stock Dividend)		
C. Transferred from capital		
26. Net remittances from or (to) Home Office (Exhibit 2, Line 4B minus Line 12B, Column 1)		
27. Dividends to stockholders (cash)		
28. Change in treasury stock (Page 3, Line 26D (1) and (2), Column 2 minus Column 1)		
29. Extraordinary amounts of taxes for prior years		
30. Aggregate write-ins for gains and losses in surplus	0	(146,825)
31. Change in surplus as regards policyholders for the year (Lines 18 through 30)	(127,815)	(42,018)
32. Surplus as regards policyholders, Nov. 30 current year (Line 17 plus Line 31) (Page 3, Line 27)	623,036	750,850
DETAILS OF WRITE-INS		
0501. Provisional Liquidation Claims Incurred		
0599. Totals (Lines 0501 through 0502) (Line 5 above)	0	0
1201. Miscellaneous Income		8,271
1202. Accrued Income		(541)
1299. Totals (Lines 1201 through 1202) (Line 12 above)	0	7,730
3001. Change in Not Admitted & Retained Earnings to clean up ledger		(146,825)
3002		0
3099. Totals (Line 30 above)	0	(146,825)

CASH FLOW

CASH FROM OPERATING ACTIVITIES	1 Current Period	2 Prior Year
1. Premiums collected net of reinsurance	0	0
2. Loss and loss adjustment expenses paid (net of salvage and subrogation)	0	0
3. Underwriting expenses paid	129,590	53,410
4. Other underwriting income (expenses)	0	
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(129,590)	(53,411)
6. Net investment income	1,775	4,090
7. Other income (expenses):	0	0
7.1 Agents' balances charged off		
7.2 Net funds held under reinsurance treaties		
7.3 Net amount withheld or retained for account of others	0	0
7.4 Aggregate write-ins for miscellaneous items	0	(138,667)
7.5 TOTAL other income (Lines 7.1 to 7.4)	0	(138,667)
8. Dividends to policyholders on direct business, less \$..... dividends on reinsurance assumed or ceded (net)	0	0
9. Federal and foreign income taxes (paid) recovered		
10. Net cash from operations (Line 5 plus Line 6 plus Line 7.5 minus Line 8 plus Line 9)	(127,815)	(187,987)
Adjustments to reconcile Net Income to Net Cash provided by operations		
11. Proceeds from investments sold, matured or repaid:		
11.1 Bonds	0	202,411
11.2 Stocks	0	0
11.3 Mortgage loans	0	0
11.4 Real estate	0	0
11.5 Other invested assets		
11.6 Net gains or (losses) on cash and short-term investments	0	0
11.7 Miscellaneous proceeds		
11.8 Total investment proceeds (Lines 11.1 to 11.7)	0	202,411
12. Cost of investments acquired (long-term only):		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans		
12.4 Real estate		
12.5 Other invested assets	0	0
12.6 Miscellaneous applications		
12.7 TOTAL investments acquired (Lines 12.1 to 12.6)	0	0
13. Net Cash from investments (Line 11.8 minus Line 12.7)	0	202,411
CASH FROM FINANCING AND MISCELLANEOUS SOURCES		
14. Cash provided:		
14.1 Surplus notes, capital and surplus paid in		
14.2 Capital notes \$.....less amounts repaid \$.....		
14.3 Net transfers from affiliates		
14.4 Borrowed funds received		
14.5 Other cash provided	37,201	(130,568)
14.6 TOTAL (Lines 14.1 to 14.5)	37,201	(130,568)
15. Cash applied:		
15.1 Dividends to stockholders paid		
15.2 Net transfers to affiliates		
15.3 Borrowed funds repaid		
15.4 Other applications	(51,449)	(1,660)
15.5 TOTAL (Lines 15.1 to 15.4)	(51,449)	(1,660)
16. Net cash from financing and miscellaneous sources (Line 14.6 minus Line 15.5)	88,650	(128,908)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
17. Net changes in cash and short-term investments (Line 10, plus Line 13, plus Line 16)	(39,165)	(114,484)
18. Cash and short-term investments:		
18.1 Beginning of year	845,406	959,890
18.2 End of year (Line 17 plus Line 18.1)	806,241	845,406
DETAILS OF WRITE-INS		
07.401 Change in Not Admitted	0	(146,397)
07.402 Accrued Income	0	(541)
07.403 Miscellaneous Income	0	8,271
07.499 TOTALS (Lines 7.401 through 7.403 plus 7.498) (Line 7.4 above)	0	(138,667)

SCHEDULE E - PART 1 - CASH

1		2		3	4	5	
Depository		Rate of Interest		Amount of Interest Received During Year	Amount of Interest Accrued Nov. 30 of Current Year	Balance	
Open Depositories							
JP Morgan/Chase	Dallas, TX	Various		0	0	0	
PNC Bank	Indianapolis, IN	Various		1,775	0	806,241	
Central Bank	Jefferson City, MO	Various		0	0	0	
Totals - Open Depositories				1,775		806,241	
0199999							
Total Cash On Deposit						806,241	
0399999							
Cash In Company's Office							
0499999							
Total Cash						806,241	
0599999							
TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR							
January	818,281	July	849,700				
February	795,052	August	836,740				
March	865,518	September	825,711				
April	858,306	October	815,831				
May	858,443	November	806,241				
June	859,941	December					

The Liquidation Court has scheduled a hearing to consider the Final Accounting on _____, commencing at _____. The hearing will be held at the following location:

Marion Circuit Court
City-County Building
200 E. Washington Street, Room W-506
Indianapolis, IN 46204

At the hearing the Liquidation Court will consider the Final Accounting and the Liquidator's recommendations set forth therein, including but not limited to: (i) payment of the final Class 1 costs and expenses of administration necessary to close-out the Paradigm estate; (ii) distribution of all remaining assets of the Paradigm estate as set forth in the Final Accounting; (iii) dissolution of the corporate existence of Paradigm; and (iv) release and discharge of the Liquidator and those operating under the direction and control of the Liquidator. The hearing may be continued from day to day until complete without further notice, except as may be announced at the hearing.

If you wish to appear at the hearing and/or wish to object to the Final Accounting, any of the recommendations of the Liquidator contained therein or any other matter regarding the proposed Closing of the Paradigm estate, then you must send a written Notice of Intention to Appear or Object to the Liquidation Court (at the above referenced address for the Liquidation Court) and to the Liquidator's counsel (at the above referenced address for the Liquidator's counsel) by no later than _____. If you submit a Notice of Intention to Appear or Object, you must specifically identify and describe therein any and all objections which you intend to present to the Court, the basis of such objection(s) and any other matter which you wish to raise at the hearing.

BY ORDER OF THE LIQUIDATION COURT dated _____.

Indiana Insurance Commissioner Stephen W. Robertson,
as Liquidator of Paradigm Insurance Company

EXHIBIT E

Notice of Hearing

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0103-MI-000617

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the State of Indiana,)
)
Petitioner,)
)
v.)
)
PARADIGM INSURANCE COMPANY,)
)
Respondent.)

ORDER

On January 25, 2013, Indiana Insurance Commissioner Stephen W. Robertson, as Liquidator of Paradigm Insurance Company (“Paradigm”), filed a Final Accounting and Recommendations as to Conditions and Procedures for Closing the Estate (“Final Accounting/Recommendations”). Having reviewed the Final Accounting/Recommendations, the Court hereby ORDERS AND DECREES that:

- 1) The Liquidator is authorized and directed to pursue the Release Agreement with the United States as recommended in the Final Accounting/Recommendations;
- 2) The Liquidator is directed to promptly advise the Court, in writing, when an acceptable Release Agreement is reached with the United States, so that the Court can thereafter set a hearing on the Final Accounting/Recommendations; and
- 3) In the event any claim, dispute, issue or other development hereafter arises which is not addressed in the Final Accounting/Recommendations, the Liquidator is authorized to: (a) file a supplement to the Final Accounting/Recommendations setting forth how the Liquidator believes the matter should be resolved; and/or (b) request that this Court (as the Court having

sole and exclusive jurisdiction over the liquidation of Paradigm) hear, consider, approve or otherwise resolve any such development, issue or dispute that may arise, in order to allow for the final distribution of assets and closing of the estate.

Dated: _____

JUDGE, Marion County Circuit Court

Distribution:

Donald J. Graham
BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204-4900

Gene Lynn Humphreys
OGDEN NEWELL AND WELCH, PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202

Peter T. Cahill
CAHILL & O'NEILL
2233 Vineyard Street, Suite D
Wailuku, Maui, HI 96793

Michael A. Kaiser, Esq.
LAW OFFICES OF ROBERT J. FENSTERSEIB
520 West Hollendale Beach Blvd.
Hollendale Beach, FL 33009

Nick Alexander
CLAUSEN MILLER
2100 Manchester Road, Suite 1700
P.O. Box 1265
Wheaton, IL 60189-1265

David W. Trench
BILZIN SUMBERG DUNN BAENA PRICE & AXELROD LLP
200 South Biscayne Boulevard, Suite 2500
Miami, FL 33131-2336

Anthony J. Cuva
AKERMAN, SENTERFITT & EIDSON, P.A.
100 South Ashley Drive, Suite 1500
Tampa, FL 33602

Alvin J. Dupre, Jr.
5150 Highway 22, Suite C13
Mandeville, LA 70471-2672

Lawrence M. Tylka
TYLKA LAW CENTER, P.C.
Heidenheimer Marine Building
305 – 21st (Moody), Suite 140
Galveston, TX 77550

Linda R. Dawson
4317 Hickoryview Drive
Louisville, KY 40299

Elias Anastasopoulos
Pelican Walk
1600 Gulf Blvd., Ph. 1
Clearwater, FL 33767

Nickolas C. Ekonomides
791 Bayway Blvd.
Clearwater, Florida 33767

Todd A. McDowell
550 Cidco Road
Cocoa, FL 32926

Alan B. Folger
ALAN B. FOLGER, P.C.
P.O. Box 610
Waller, TX 77484

Bradley Winston
BRADLEY WINSTON, P.A.
8211 West Broward Boulevard, Suite 420
Plantation, FL 33324

T.J. Segrest
Law Offices of Earl H. Lawson, Jr.
3000 Riverchase Galleria, Suite 610
Birmingham, Alabama 35244

Rahn Dodick
ERNST & YOUNG INC.
Ernst & Young Tower
Toronto-Dominion Centre
222 Bay St., Suite 1600
Toronto, Ontario M5K 1J7
Canada

Elizabeth Pillon
Stikeman Elliott, LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Canada

Richard J. Meehan, P.A.
1001 N. U.S. Highway One, Suite 604
Jupiter, FL 33477

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT

CAUSE NO. 49C01-0103-MI-000617

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the State of Indiana,)
)
Petitioner,)
)
v.)
)
PARADIGM INSURANCE COMPANY,)
)
Respondent.)

**FINAL JUDGMENT APPROVING LIQUIDATOR'S FINAL ACCOUNTING
AND RECOMMENDATIONS TO CLOSE THE PARADIGM ESTATE**

On January 25, 2013, Indiana Insurance Commissioner, Stephen W. Robertson, as Liquidator of Paradigm Insurance Company ("Paradigm"), filed a Final Accounting and Recommendations as to Conditions and Procedures for Closing the Estate ("Final Accounting/Recommendations"). The Final Accounting/Recommendations was set for hearing and the Liquidator was directed to provide notice, (by mailings, publication and website postings) that the Final Accounting/Recommendations had been filed and the date, time and location at which the hearing would be held. The Liquidator thereafter confirmed that such notice had been provided, as indicated in the Certificate of Compliance filed on _____.

Having considered the Final Accounting/Recommendations, the arguments and evidence presented in conjunction therewith at the hearing held on the ____ day of _____, 2013 and being fully advised, the Court hereby makes and enters the following findings:

- a) Notice of the Final Accounting/Recommendations and the hearing scheduled thereon was provided by the Liquidator (by mailings, publication and website

postings as ordered by the Court) and such constitutes appropriate and sufficient notice and, considering the rights of interested parties, meets the requirements of due process;

- b) The Liquidator has pursued and recovered all assets and/or property of Paradigm;
- c) The Liquidator has identified, reviewed and processed all Proofs of Claim against the Paradigm estate, in accordance with Ind. Code 27-9, Ind. Code 27-13 and Orders issued by this Court;
- d) This Court has exclusive subject matter and personal jurisdiction, pursuant to Ind. Code 27-13-25-1, 27-9-1-3(f) and 27-9-3-22, over all proceedings related to the liquidation of Paradigm and has summary jurisdiction to hear and determine the rights of any parties arising under Ind. Code 27-9-3; and
- e) The Final Accounting/Recommendations, including all recommendations set forth therein, should be approved in all respects in order to complete the liquidation of Paradigm and to close out the Paradigm estate in accordance with Ind. Code 27-9 and 27-13.

IT IS, THEREFORE, ORDERED, ADJUDGED and DECREED that:

1. The Final Accounting/Recommendations, including all recommendations contained therein, is approved and granted in all respects.

2. The Proofs of Claim listed on Exhibit A to the Final Accounting/Recommendations do not constitute valid claims against Paradigm and, therefore, such Proofs of Claim are denied in their entirety.

3. The Proof of Claim listed on Exhibit B to the Final Accounting/Recommendations is approved as a Class 6 claim, under Ind. Code 27-9-3-40(6), in the amount of \$6,089.67.

4. The Proofs of Claim listed on Exhibit C to the Final Accounting/Recommendations are approved as Class 7 claims, under Ind. Code 27-9-3-40(7), in the specific amounts recommended by the Liquidator in Exhibit C, with the total approved amount of such claims being \$87,138.07 and the balance of such claims now being denied.

5. With respect to Paradigm's records, the Liquidator shall:
- a) Make necessary arrangements for, and shall pre-pay the cost of: (i) storing the records of Paradigm, in a safe and secure environment, for a period of one year following the date of this Final Judgment (the expiration of that period hereafter referenced as the "Destruction Date"); and (ii) destruction of all such Paradigm records, in a safe and secure manner, on or promptly after the Destruction Date; and
 - b) While such records are held in storage, the Commissioner (and his representatives designated in writing) shall be authorized to access and review such records.

6. The Court approves all Class 1 Claims for the costs and expense of administering the Paradigm estate which have been incurred to date. The Liquidator is further authorized and directed to pay the final costs and expenses of administration necessary to close out the Paradigm estate as Class 1 claims, pursuant to Ind. Code 27-9-3-40, including:

- a) The costs incurred to pursue and obtain an acceptable Release Agreement with the United States;
- b) The costs to temporarily store and ultimately destroy all the records of Paradigm as set forth in paragraph 5 above;
- c) All costs associated with providing notice, by mailings, publication and website postings, of the Final Accounting/Recommendations and the hearing scheduled thereon;
- d) The costs of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, including Bingham Greenebaum Doll LLP, to prepare for and participate in the hearing on the Final Accounting/Recommendations or any other hearing necessary to complete the liquidation of Paradigm and to close the estate;
- e) The costs of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, to prepare and file final tax returns with the Internal Revenue Service and the Indiana Department of Revenue, confirming that the estate is being closed and that there are no tax obligations owed by the estate; and
- f) The costs of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, to make the final distribution of assets from the Paradigm estate as authorized and directed in

paragraphs 7 and 9 below and to Escheat all Unclaimed Funds as set forth in paragraph 9 below.

7. After payment of the Class 1 administrative costs and expenses necessary to close out the Paradigm estate, the Liquidator shall:

- a) Pay the approved Class 6 claim in the amount of \$6,089.67 and the approved Class 7 claims in the total amount of \$87,138.07;
- b) Deliver to the Indiana State Treasurer ("Treasurer") the Current Unclaimed Funds in the amount of \$78,530, for the benefit of the claimant, creditor or other person entitled to such payment;
- c) Advise the financial institution holding the joint bank account in the names of Summit Medical Company ("Summit") and Paradigm, that neither the Liquidator nor the Paradigm estate have any claim to or interest in the funds held in that account; and
- d) After all approved Class 6 and 7 claims have been paid in full (there being no approved Class 8 claims), after the Liquidator has delivered the Current Unclaimed Funds to the Treasurer and after the Liquidator has disclaimed any interest in the funds now held for Summit, the Liquidator is then authorized and directed to disburse any and all remaining surplus and assets of the Paradigm estate to Paradigm Acquisitions Corp. (either by check or by wire transfer as directed by the Canadian Receiver), with Paradigm Acquisitions Corp. to then disburse such payment to the Canadian Receiver of Queensway Holding Inc. (its sole shareholder).

8. After the Liquidator has distributed all of Paradigm's assets as directed in paragraphs 6 and 7 above, the Liquidator shall file a Certificate of Compliance with the Court confirming that such final distribution has been completed in accordance with this Order. Service of that Certificate of Compliance shall only be made on those individuals currently listed on the schedule of service.

9. In addition to the delivery of the Current Unclaimed Funds as set forth in paragraph 7(b) above, the Liquidator shall deposit with the Indiana State Treasurer, in accordance with Ind. Code 27-9-3-43, any final disbursement checks which have not been

negotiated or other funds that are still unclaimed more than thirty (30) days following the final disbursement of Paradigm's assets.

10. Upon final distribution of Paradigm assets, the filing of the Certificate of Compliance as required in paragraph 8 above, the filing of final tax returns as required by paragraph 6(e) above and the delivery of any unclaimed funds to the Indiana State Treasurer as required in paragraph 9 above:

- a) The corporate existence of Paradigm shall be dissolved in accordance with Ind. Code 27-9-3-9(a); and
- b) The Liquidator, prior Liquidators, prior Rehabilitators, Special Deputy, Assistant Special Deputy, Consultants (as that term is defined in the Final Accounting/Recommendations) and Bingham Greenebaum Doll LLP (including all of their respective offices, employees, partners, agents, representatives, predecessors, successors and assigns) shall be completely and fully discharged and released from any and all further duties and responsibilities and from any and all claims, demands, actions, causes of action, liabilities or any other exposure (direct or indirect, known or unknown, personal or otherwise, which now exist or may hereafter arise and whether based on statutory, contract, equitable or any other claim or theory) which in any manner arise out of or relate to Paradigm, the prior Rehabilitation proceeding, this Liquidation proceeding, claims which were or could have been asserted in this proceeding and any act, omission or other conduct related to the Rehabilitation and/or Liquidation of Paradigm.

11. Other than the Liquidator's obligation to file and serve the Certificate of Compliance in accordance with paragraph 8 above, no further notice will be provided of the Court's approval of the Final Accounting/Recommendations, any of the actions to be performed as directed herein or the closing of this liquidation estate. Accordingly, this Order constitutes a FINAL JUDGMENT.

Dated: _____

JUDGE, Marion County Circuit Court

Distribution:

Donald J. Graham
BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204-4900

Gene Lynn Humphreys
OGDEN NEWELL AND WELCH, PLLC
1700 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202

Peter T. Cahill
CAHILL & O'NEILL
2233 Vineyard Street, Suite D
Wailuku, Maui, HI 96793

Michael A. Kaiser, Esq.
LAW OFFICES OF ROBERT J. FENSTERSEIB
520 West Hollendale Beach Blvd.
Hollendale Beach, FL 33009

Nick Alexander
CLAUSEN MILLER
2100 Manchester Road, Suite 1700
P.O. Box 1265
Wheaton, IL 60189-1265

David W. Trench
BILZIN SUMBERG DUNN BAENA PRICE & AXELROD LLP
200 South Biscayne Boulevard, Suite 2500
Miami, FL 33131-2336

Anthony J. Cuva
AKERMAN, SENTERFITT & EIDSON, P.A.
100 South Ashley Drive, Suite 1500
Tampa, FL 33602

Alvin J. Dupre, Jr.
5150 Highway 22, Suite C13
Mandeville, LA 70471-2672

Lawrence M. Tylka
TYLKA LAW CENTER, P.C.
Heidenheimer Marine Building
305 – 21st (Moody), Suite 140
Galveston, TX 77550

Linda R. Dawson
4317 Hickoryview Drive
Louisville, KY 40299

Elias Anastasopoulos
Pelican Walk
1600 Gulf Blvd., Ph. 1
Clearwater, FL 33767

Nickolas C. Ekonomides
791 Bayway Blvd.
Clearwater, Florida 33767

Todd A. McDowell
550 Cidco Road
Cocoa, FL 32926

Alan B. Folger
ALAN B. FOLGER, P.C.
P.O. Box 610
Waller, TX 77484

Bradley Winston
BRADLEY WINSTON, P.A.
8211 West Broward Boulevard, Suite 420
Plantation, FL 33324

T.J. Segrest
Law Offices of Earl H. Lawson, Jr.
3000 Riverchase Galleria, Suite 610
Birmingham, Alabama 35244

Rahn Dodick
ERNST & YOUNG INC.
Ernst & Young Tower
Toronto-Dominion Centre
222 Bay St., Suite 1600
Toronto, Ontario M5K 1J7
Canada

Elizabeth Pillon
Stikeman Elliott, LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Canada

Richard J. Meehan, P.A.
1001 N. U.S. Highway One, Suite 604
Jupiter, FL 33477