

**IN THE MATTER OF THE REHABILITATION OF
FRONTIER INSURANCE COMPANY**
Supreme Court of the State of New York, County of Albany
Index No. 000097/2006

NOTICE

By order of the Supreme Court of the State of New York, County of New York (the "Court"), entered October 15, 2001 ("Rehabilitation Order"), Frontier Insurance Company ("Frontier") was placed into rehabilitation and the then-Superintendent of Insurance of the State of New York and his successors in office ("Superintendent") were appointed rehabilitator of Frontier ("Rehabilitator"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Rehabilitator of Frontier. The Rehabilitator hereby gives notice that he has applied to the Court by order to show cause ("Order to Show Cause") for an order: (1) converting this rehabilitation proceeding to a liquidation proceeding; (2) appointing the Superintendent and his successors in office as liquidator of Frontier ("Liquidator"); (3) vesting title to all of Frontier's property, contracts and rights of action with the Liquidator; (4) continuing and granting the injunctions provided for in the Rehabilitation Order and in Insurance Law Section 7419, including permanently enjoining and restraining all persons from: (a) the transaction of Frontier's business; (b) the waste or disposition of its property; (c) interfering with the Superintendent as Liquidator in the possession, control or management of Frontier's property or in the discharge of his duties; (d) commencing or prosecuting any actions, lawsuits, or proceedings against Frontier or the Superintendent as Liquidator; and (e) obtaining preferences, judgments, attachments or other liens or making any levy against Frontier's property or any part thereof; (5) granting injunctions, in addition to the aforementioned injunctions previously granted in the Rehabilitation Order, permanently enjoining and restraining all parties from commencing or prosecuting any actions or proceedings, or efforts to collect on debts or judgments, against Frontier, the Liquidator or the New York Liquidation Bureau, their present or former employees or attorneys, with respect to this proceeding or the discharge of their duties under Insurance Law Article 74; (6) granting injunctions enjoining and restraining all parties to actions, lawsuits and special or other proceedings in which Frontier is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise, from proceeding with applications for judgment or proceedings on settlement or judgment and the making of all liens, levies or other efforts to execute or collect on debts or judgments, for a period of 90 days from the entry of the order of liquidation; (7) granting injunctions enjoining and restraining all persons who have first-party or New York Comprehensive Automobile Insurance Reparations Act (No Fault) policyholder loss claims against Frontier, from presenting and filing claims with the Liquidator for a period of 90 days from the entry of the order of liquidation; (8) vesting all rights in Frontier's contracts and agreements, including all leases, tax agreements, insurance policies and employment contracts, however described, with the Liquidator, unless the Liquidator expressly terminates such contracts or agreements, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of termination; (9) requiring that any bank, savings and loan association, other financial institution or any other entity or person, which has on deposit or in its possession, custody or control any of Frontier's funds, accounts or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution to a bank, savings and

loan association or other financial institution designated by the Liquidator; or (e) take any other action necessary for the proper conduct of the liquidation proceeding; (10) requiring that all persons or entities having property and/or information, including, but not limited to, insurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Frontier shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator; (11) authorizing, permitting and allowing the Liquidator to sell, assign or transfer any and all stocks, bonds or other securities, and any real or other property of Frontier at market price or at the best price obtainable at private sale, at such times and upon such terms and conditions as, in his discretion, he deems is in the best interest of the creditors of Frontier, and to take such steps as may be necessary to effect and carry out such sales, transfers and assignments; (12) authorizing the Liquidator to pay administrative costs, expenses and other obligations of Frontier out of the assets of Frontier; and (13) granting such other and further relief as the Court may deem just and proper.

The Order to Show Cause provides that pending the hearing and determination of the Rehabilitator's application: (1) the interim procedure order and the injunctions provided for in the Rehabilitation Order shall remain in effect; and (2) the payment of all claims other than workers' compensation claims shall be stayed.

A hearing is scheduled on the Order to Show Cause on the 28th day of September, 2012 ("Return Date") at 9:30 o'clock in the a.m., at Albany County Courthouse, located at 16 Eagle Street in the County and City of Albany, and State of New York.

If you wish to object to the petition, you must serve your objections and all supporting documentation ("Answering Papers") upon the Superintendent so as to be received by the Superintendent at least seven business days prior to the Return Date, and by submitting copies of the Answering Papers, with affidavits of service on the Superintendent, to the Court at the Albany County Courthouse, located at 16 Eagle Street in the County and City of Albany, and State of New York, seven days before the Return Date. Service of Answering Papers on the Superintendent shall be made by hand delivery, overnight mail or first class mail at the following addresses:

Superintendent of Financial Services of the State of New York
c/o Attorney General Eric T. Schneiderman
Office of the Attorney General
The Capitol
Albany, NY 12224
Attn: Assistant Attorney General Edward M. Scher

William Costigan, Esq.
Dornbush Schaeffer Strongin & Venaglia, LLP
747 Third Avenue
New York, NY 10017

This Notice, the Order to Show Cause and the papers upon which the Order to Show Cause has been granted is posted on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org>.

Requests for further information should be directed to Frontier Insurance Company in Rehabilitation at (845) 807-5250.

Dated: New York, New York
August 13, 2012

Benjamin M. Lawskey
Superintendent of Financial Services
of the State of New York as Rehabilitator
of Frontier Insurance Company