

At IAS Part 8 of the Supreme Court of the State of New York, County of New York, at the Courthouse, 71 Thomas Street, in the County, City and State of New York, on the 4 day of MARCH, 2010.

P R E S E N T:

HON. JOAN M. KENNEY, J.S.C.
-----X

In the Matter of

Index No. 401477/09

the Application of

**ORDER OF
LIQUIDATION**

JAMES J. WRYNN, Superintendent of Insurance of the State of New York, for an order to take possession of and liquidate the business and affairs of

THE INSURANCE CORPORATION OF NEW YORK.
-----X

Petitioner, James J. Wrynn, Superintendent of Insurance of the State of New York ("Superintendent"), moved this Court by order to show cause ("Order to Show Cause"), which was returnable on February 23, 2010 (the "Return Date"), for an order to convert the rehabilitation proceeding of The Insurance Corporation of New York ("INSCORP") to a liquidation proceeding. Pursuant to the Order to Show Cause, the Rehabilitator provided INSCORP claimants and creditors with notice, by posting at the Internet web page maintained by the New York Liquidation Bureau at least 30 days prior to the Return Date, of the Superintendent's application and Return Date, and were directed to serve all objections on the Superintendent and submit the same to this Court, at least seven days prior to the Return Date.

In the absence of objections to the Superintendent's application and upon reading and filing the petition of the Superintendent, duly verified the 15th day of December, 2009, and the exhibits attached thereto; this Court finds that:

1. INSCORP was placed into rehabilitation and the Superintendent was appointed rehabilitator (the "Rehabilitator") by order of this Court (the "Rehabilitation Order") entered June 30, 2009;

2. The Rehabilitation Order found that INSCORP consented to the entry of the Rehabilitation Order;

3. Further efforts to rehabilitate INSCORP would be futile;

4. INSCORP is insolvent;

5. INSCORP is subject to the New York Insurance Law ("Insurance Law") and, particularly, to Article 74 thereof; and

6. It is in the best interest of all persons concerned that the Superintendent be vested with title to all INSCORP's property, contracts and rights of action and directed to liquidate its business and affairs;

NOW, on motion of the Honorable Andrew M. Cuomo, Attorney General of the State of New York, it is hereby ORDERED as follows:

1. The petition is granted and INSCORP is found to be insolvent;
2. The rehabilitation proceeding of INSCORP instituted in the Supreme Court, New York County, is terminated;
3. This order shall constitute a final order of liquidation for purposes of triggering the property and casualty guaranty associations in the respective states in which INSCORP previously did business;
4. The Superintendent, and his successors in office, are appointed liquidator ("Liquidator") of INSCORP and are: (i) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in this Order; (ii) vested with title to INSCORP's property, contracts, rights of action and all its books and records, wherever located, as of the date of entry of this Order; and (iii) directed to liquidate INSCORP's business and affairs in accordance with Insurance Law Article 74;

5. The Liquidator may deal with the property and business of INSCORP in its name or in the name of the Liquidator;
6. The Liquidator shall provide notice of this order to all creditors, claimants and other interested persons by: (a) service of a copy of this Liquidation Order upon Bruce Shulan, former General Counsel of INSCORP, as designated agent for service of process, by regular mail and certified mail, return receipt requested, on or before 12 day of MARCH, 2010; (b) posting on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 30 days after the entry of this Liquidation Order; (c) publication in *Business Insurance* once a week in two consecutive publication weeks, commencing within four weeks of entry of this Order.
7. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered.
8. The notice prescribed in decretal paragraph 6 hereof is sufficient notice to all persons interested in INSCORP;
9. In accordance with Insurance Law Section 7405, all contracts and agreements, including all leases, tax sharing agreements and employment contracts of INSCORP, however described, shall terminate and all liability thereunder shall cease and be fixed as of the date of entry of this Order unless expressly assumed in writing by the Liquidator;
10. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or securities of INSCORP at market price or better, or if there is no market price, 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 INSCORP, and he is further authorized to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments;
11. INSCORP, its officers, directors, shareholders, members, depositories, policyholders, trustees, agents, servants, employees, attorneys, managers and affiliates, and all firms, corporations, associations, and other persons or entities: (i) having any property, records, books or papers belonging to INSCORP, wherever located, including but not limited to insurance policy, loss claim and legal files, shall preserve all of them and are directed to promptly assign, transfer, turn over and deliver them to the Liquidator; and (ii) having any property, records, books or papers relating to INSCORP, wherever located, shall preserve all of them and are directed, upon the Liquidator's request, to promptly submit them to the Liquidator for examination and copying;

12. Any persons or entities providing claims processing services, data processing services, electronic records retention services or other information technology services to INSCORP shall maintain and preserve all information in its possession ("Information") relating to INSCORP, wherever located, including but not limited to all documents, data, electronic files and records, computer equipment (*i.e.*, servers and printers), software programs, and software licenses owned by INSCORP, and are directed, upon the Liquidator's request, to promptly submit all such information to the Liquidator for examination and copying;
13. 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 of any of INSCORP's funds, accounts or assets shall immediately, upon the Liquidator's request and direction: (i) turn over custody and control of such funds, accounts or assets to the Liquidator; (ii) transfer title of such funds, accounts or assets to the Liquidator; (iii) change the name of such accounts to the name of the Liquidator; (iv) withdraw funds from such bank, savings and loan association or other financial institution; or (v) take any lesser action necessary for the proper conduct of the liquidation proceeding;
14. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
15. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of INSCORP and all other persons other than the Superintendent and his agents are permanently enjoined and restrained from: (i) transacting INSCORP's business; (ii) wasting or disposing of, or permitting to be done any act or thing that might waste or dispose of, INSCORP's property; and (iii) interfering with the Liquidator in the possession, control or management of INSCORP's property or in the discharge of his duties;
16. All persons are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings against INSCORP, the Liquidator or the New York Liquidation Bureau, its employees, attorneys and/or agents with respect to any claims against INSCORP;
17. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against INSCORP's assets or any part thereof;

18. All persons who have first-party policyholder no-fault loss claims pursuant to Article 51 of the Insurance Law against INSCORP are enjoined from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of this Order;
19. Judicial immunity is extended to the Superintendent in his capacity as liquidator and his successors in office and their agents and employees and such immunity is extended to them for any cause of action of any nature against them, individually or jointly, for any action or omission by any one or more of them when acting in good faith, in accordance with this Order, or in the performance of their duties pursuant to Insurance Law Article 74;
20. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;
21. This Court shall retain jurisdiction over this matter for all purposes;
22. All further papers in this proceeding shall bear the caption:

"In the Matter of
the Liquidation of
THE INSURANCE CORPORATION OF NEW YORK"

ENTER



JOAN M. KENNEY
J.S.C.

SUPREME COURT OF THE STATE OF NEW YORK -- NEW YORK COUNTY

PRESENT: JOAN M. KENNEY
J.S.C. Justice

PART 8

*In the Matter of the Rehabilitation of
The Insurance Corporation of New York,
all*

INDEX NO. 401477/09

MOTION DATE _____

MOTION SEQ. NO. 002

MOTION CAL. NO. 2/23/10

The following papers, numbered 1 to 7 were read on this motion to for *petition for an order of liquidation*

verified petition
Notice of Motion/ Order to Show Cause -- Affidavits -- Exhibits ...
Answering Affidavits -- Exhibits _____
Replying Affidavits _____

PAPERS NUMBERED
<u>1-7</u>

Cross-Motion: Yes No

Upon the foregoing papers, it is ordered that this motion

FILED

MAR 10 2010

NEW YORK
COUNTY CLERK'S OFFICE

**MOTION IS DECIDED IN ACCORDANCE
WITH THE ATTACHED MEMORANDUM DECISION.**

Dated: March 4, 2010


JOAN M. KENNEY J.S.C.

Check one: FINAL DISPOSITION NON-FINAL DISPOSITION
Check if appropriate: DO NOT POST REFERENCE

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S):