

At IAS Part 44 of the Supreme Court of the State of New York, County of Suffolk, at the Courthouse, 210 Center Drive, in the County of Suffolk, Town of Riverhead and State of New York, on the 19 day of October, 2010.

P R E S E N T:

HON. ELIZABETH HAZLITT EMERSON, J.S.C
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In the Matter of

Index No. 10-25168

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 and dissolve the corporate charter of

FILED

OCT 19 2010

LONG ISLAND INSURANCE COMPANY.
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Judith A. Pascale
CLERK OF SUFFOLK COUNTY

Petitioner, James J. Wrynn, Superintendent of Insurance of the State of New York ("Superintendent"), having moved this Court for an order to take possession of the property of Long Island Insurance Company ("LIIC"), liquidate its business and affairs and dissolve its corporate charter, and upon reading and filing the petition of the Superintendent, duly verified the 30th day of June, 2010, the affidavit of Eugene Bienskie, sworn to on June 21, 2010 and the exhibits annexed thereto, the Stipulation of the Superintendent and LIIC dated August 12, 2010, and the Supplemental Affidavit of Eugene Bienskie dated October 13, 2010, this Court finds that:

1. LIIC was incorporated under the laws of the State of New York on or about July 14, 1998;

2. LIIC was licensed to conduct the business of insurance under the laws of the State of New York on April 1, 1999. LIIC is licensed under New York Insurance Law ("Insurance Law") Sections 1113(a)(13), (14) and (19);

3. LIIC's principal place of business is located at 425 Broadhollow Road, Melville, New York 11747.

4. Based upon the Annual Statement of LIIC, dated as of December 31, 2009, and filed with the New York State Insurance Department ("Insurance Department"), LIIC is insolvent;

5. The Superintendent and LIIC entered into a stipulation, with a resolution of LIIC's Board of Directors attached thereto, dated August 12, 2010, ("Stipulation"), wherein LIIC consented to the entry of an order of liquidation, without further notice or hearing if, among others, the Superintendent determined that LIIC did not implement an approved restoration plan ("Restoration Plan") by the dates specified therein. The Stipulation was so ordered by this Court.

6. LIIC submitted a Restoration Plan to the Insurance Department on September 10, 2010. The Restoration Plan was not initially accepted by the Insurance Department. On September 24, 2010, LIIC submitted a revised Restoration Plan ("Revised Restoration Plan"), which was accepted by the Insurance Department by letter dated September 29, 2010.

7. The Revised Restoration Plan imposed strict deadlines on LIIC including, among others, a deposit of \$4,200,000.00 in an escrow account by October 8, 2010. LIIC failed to meet the aforesaid deadline. LIIC has not met the requirements of the Stipulation and therefore has consented to the entry of an order of liquidation.

8. The Insurance Department has determined that the further transaction of business by LIIC would be hazardous to LIIC's policyholders, its creditors or the public.

9. LIIC is subject to the Insurance Law and, particularly, to Article 74 thereof;

10. LIIC should be dissolved and its corporate charter annulled and forfeited; and

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

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 relief requested in the petition for an order of liquidation ("Liquidation Order") is granted and LIIC is found to be insolvent;
2. The Superintendent, and his successors in office, are appointed liquidator ("Liquidator") of LIIC 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 Liquidation Order; (ii) vested with title to LIIC's property, contracts, rights of action and all its books and records, wherever located, as of the date of entry of this Liquidation Order; and (iii) directed to liquidate LIIC's business and affairs and dissolve its corporate charter in accordance with Insurance Law Article 74;
3. The Liquidator may deal with the property and business of LIIC in its name or in the name of the Liquidator;
4. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of LIIC and all other persons other than the Liquidator and his agents are permanently enjoined and restrained, except as authorized by the Liquidator, from: (i) transacting LIIC's business (including the issuance of new or renewal insurance policies), (ii) wasting or disposing of or permitting to be done any act or thing that might waste or dispose of LIIC's property; (iii) interfering with the Liquidator in the possession, control and management of LIIC's property or in the discharge of his duties; and (iv) disclosing the name, address or contact information of LIIC's policyholders, or any other information that is proprietary to LIIC's or not in the public domain, except as may be authorized by the Liquidator;

5. All persons are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings against LIIC, the Liquidator or the New York Liquidation Bureau, its employees, attorneys and/or agents with respect to any claims against LIIC;
6. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against LIIC's assets or any part thereof;
7. All parties to actions, lawsuits, and special or other proceedings ("Litigation") in which LIIC is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from prosecuting, advancing or otherwise taking any action within such Litigation, including but not limited to trials, hearings conferences or other court proceedings, motions or other requests to the court of any nature, proceedings on default, settlements or judgments, service of documents, discovery or any other litigation tasks or procedures for a period of 180 days from the date of entry of this Liquidation Order;
8. All persons who have first-party policyholder loss claims pursuant to Article 51 of the Insurance Law against LIIC are enjoined from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of this Liquidation Order;
9. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or securities of LIIC 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 LIIC, 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;
10. The Liquidator is vested with all of LIIC's rights under all its contracts and agreements, including all leases, tax sharing agreements and employment contracts of LIIC, however described, unless the Liquidator expressly terminates any such contracts and agreements, in which case all liability under such contract or agreement shall cease and be fixed as of the date of termination;
11. All existing insurance policies of LIIC shall terminate no later than 45 days from the entry of this Liquidation Order or upon the policy termination date, whichever is sooner;
12. LIIC and each of its officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and

affiliates, and all firms, corporations, associations and other persons or entities having any property belonging to or relating to LIIC, including but not limited to business records, insurance policies, underwriting data, reinsurance contracts, claims files (electronic or paper), software programs, bank records or any tangible or intangible items of value, shall preserve such property and are directed, upon the Liquidator's request, to promptly assign, transfer, turn over and deliver such property to the Liquidator or his designees;

13. Any person or entity providing claims processing services, data processing services, electronic records retention services or other information technology services to LIIC shall maintain and preserve all information in its possession ("Information") relating in any way to LIIC, 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 or leased by LIIC and are directed, upon the Liquidator's request, to promptly submit all such Information to the Liquidator or his designees;
14. 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 LIIC'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;
15. In accordance with Insurance Law Section 7432(b), all claims against LIIC must be presented to the Liquidator within four months of the date of entry of this Liquidation Order;
16. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
17. The corporate charter of LIIC is relinquished, forfeited, surrendered and annulled, and LIIC is dissolved;
18. 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 Liquidation Order, or in the performance of their duties pursuant to Insurance Law Article 74;
19. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;

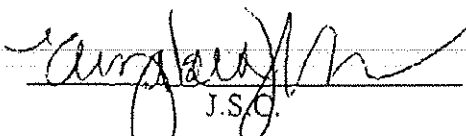
20. The Liquidator shall provide notice of this Liquidation Order to all creditors, claimants and interested persons by: (a) service of a copy of this Liquidation Order upon Lawrence Rogak, as Chief Executive Officer, by personally delivering a copy to 425 Broadhollow Road, Melville, New York 11747, Attention: Lawrence Rogak with an additional copy sent by certified mail, return receipt requested to such same address, within 15 days after the entry of this Liquidation Order; (b) by publication of the notice of this Liquidation Order in *Newsday*, Long Island Edition, the *New York Post* or a publication of similar circulation, once a week for two consecutive weeks, commencing within four weeks of entry of this Liquidation Order in a form substantially similar to the one attached hereto, and (c) by posting this Liquidation Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 15 days after the entry of this Liquidation Order;
21. Such notice shall inform all creditors, claimants and other interested persons that this Liquidation Order has been entered;
22. The notice prescribed in decretal paragraph 19 hereof is sufficient notice to all persons interested in LIIC;
23. This Court shall retain jurisdiction over this matter for all purposes;
24. All further papers in this proceeding shall bear the caption:

"In the Matter of
the Liquidation of

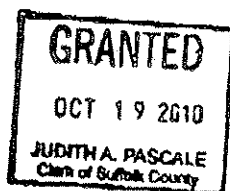
LONG ISLAND INSURANCE COMPANY."

ENTER

10/19/10


J.S.C.

HON. ELIZABETH HAZLITT EMERSON



NEW YORK LIQUIDATION BUREAU
123 WILLIAM STREET
NEW YORK, NEW YORK 10038-3889
(212) 341-6755
To all persons or entities
interested in the affairs of
LONG ISLAND INSURANCE COMPANY
Notice is Hereby Given:

- I. James J. Wrynn, Superintendent of Insurance of the State of New York, has been appointed by an order of the Supreme Court of the State of New York, Suffolk County ("Court"), entered October ____, 2010 (the "Liquidation Order"), as the liquidator (the "Liquidator") of Long Island Insurance Company ("LIIC") and, as such, has been: (i) vested with all powers and authority expressed or implied under New York Insurance Law ("Insurance Law") Article 74, in addition to the powers and authority set forth in the Liquidation Order; (ii) vested with title to LIIC's property, contracts, rights of action and all its books and records; and (iii) directed to liquidate LIIC's business and affairs and dissolve its corporate charter in accordance with Insurance Law Article 74. The Liquidator has, pursuant to Insurance Law Article 74, appointed Dennis J. Hayes, Special Deputy Superintendent of Insurance (the "Special Deputy") as his agent to liquidate the business of LIIC. The Special Deputy carries out his duties through the New York Liquidation Bureau, 123 William Street, New York, New York 10038-3889;
- II. The Liquidator may deal with the property and business of LIIC in its name or in the name of the Liquidator;
- III. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of LIIC and all other persons other than the Liquidator and his agents are permanently enjoined and restrained, except as authorized by the Liquidator, from: (i) transacting LIIC's business (including the issuance of new or renewal insurance policies), (ii) wasting or disposing of or permitting to be done any act or thing that might waste or dispose of LIIC's property; (iii) interfering with the Liquidator in the possession, control and management of LIIC's property or in the discharge of his duties; and (iv) disclosing the name, address or contact information of LIIC's policyholders, or any other information that is proprietary to LIIC's or not in the public domain, except as may be authorized by the Liquidator;
- IV. All persons are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings against LIIC, the Liquidator or the New York Liquidation Bureau, its employees, attorneys and/or agents with respect to any claims against LIIC;
- V. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against LIIC's assets or any part thereof;
- VI. All parties to actions, lawsuits, and special or other proceedings ("Litigation") in which LIIC is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from prosecuting, advancing or otherwise taking any action within such Litigation, including but not limited to trials, hearings conferences or other court proceedings; motions or other requests to the court of any nature, proceedings on default, settlements or judgments, service of documents, discovery or any other litigation tasks or procedures for a period of 180 days from the date of entry of the Liquidation Order;
- VII. All persons who have first-party policyholder loss claims pursuant to Article 51 of the Insurance Law against LIIC are enjoined from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of the Liquidation Order;

VIII. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or securities of LIIC 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 LIIC, 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;

IX. The Liquidator is vested with all of LIIC's rights under all its contracts and agreements, including all leases, tax sharing agreements and employment contracts of LIIC, however described, unless the Liquidator expressly terminates any such contracts and agreements, in which case all liability under such contract or agreement shall cease and be fixed as of the date of termination;

X. All existing insurance policies of LIIC shall terminate no later than 45 days from the entry of the Liquidation Order or upon the policy termination date, whichever is sooner;

XI. LIIC and each of its officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates, and all firms, corporations, associations and other persons or entities having any property belonging to or relating to LIIC, including but not limited to business records, insurance policies, underwriting data, reinsurance contracts, claims files (electronic or paper), software programs, bank records or any tangible or intangible items of value, shall preserve such property and are directed, upon the Liquidator's request, to promptly assign, transfer, turn over and deliver such property to the Liquidator or his designees;

XII. Any person or entity providing claims processing services, data processing services, electronic records retention services or other information technology services to LIIC shall maintain and preserve all information in its possession ("Information") relating in any way to LIIC, 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 or leased by LIIC and are directed, upon the Liquidator's request, to promptly submit all such Information to the Liquidator or his designees;

XIII. 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 LIIC'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;

XIV. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;

XV. In accordance with Insurance Law Section 7432(b), all claims against LIIC must be presented to the Liquidator within four months of the date of entry of the Liquidation Order;

XVI. The corporate charter of LIIC is relinquished, forfeited, surrendered and annulled, and LIIC is dissolved;

XVII. 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 the Liquidation Order, or in the performance of their duties pursuant to Insurance Law Article 74;

XVIII. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;

XIX. The Court shall retain jurisdiction over this matter for all purposes;

XX. All communications relating to LIIC and to the liquidation thereof should be addressed to:

New York Liquidation Bureau
123 William Street
New York, New York 10038-3889
(212) 341-6560

JAMES J. WRYNN
Superintendent of Insurance of
the State of New York as Liquidator
of Long Island Insurance Company

DENNIS J. HAYES
Special Deputy Superintendent of Insurance
and Agent for the Superintendent as
Liquidator of Long Island Insurance Company

Index No.: 25168/10

SUPREME COURT OF THE STATE OF NEW YORK COUNTY OF SUFFOLK

In the Matter of

the Liquidation of

LONG ISLAND INSURANCE COMPANY.

ORDER OF LIQUIDATION

JOHN PEARSON KELLY

Attorney for Superintendent of Insurance as Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau

123 William Street

New York, NY 10038-3889

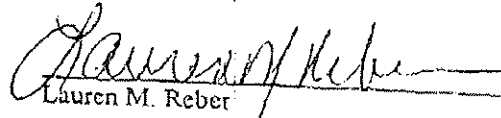
(212) 341-6755

Fax (212) 608-3398

ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York State, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated: October 18, 2010
New York, New York


Lauren M. Reber

NOTICE OF ENTRY

that the within is a (certified) true copy of a
duly entered in the office of the clerk of the within named court on the day of 20

NOTICE OF SETTLEMENT

that an order
settlement to the HON.

Dated: , on

of which the within is a true copy will be presented for
one of the judges of the within named court, at
20 at

Yours, etc.

JOHN PEARSON KELLY

Attorney for Superintendent of Insurance
as Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau

123 William Street

New York, NY 10038-3889

(212) 341-6755

Fax (212) 608-3398