

At IAS Part 5, of the Supreme Court of the State of New York, at the Courthouse thereof, 70 Centre Street in the Borough of Manhattan, City and State of New York, on the 14 day of December, 2001.

PRESENT:

HON. MICHAEL D. STALLMAN

JUSTICE.

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In the Matter of

Index No. 405987/01

the Application of

ORDER

GREGORY V. SERIO, as Superintendent of Insurance of the State of New York, for an Order of Appointment as Ancillary Receiver of

RELIANCE INSURANCE COMPANY

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FILED
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NEW YORK
COUNTY CLERK'S OFFICE

Upon reading and filing the Order to Show Cause of GREGORY V. SERIO, Superintendent of Insurance of the State of New York (the "Superintendent"), verified the 31st day of July, 2001, for an Order appointing him Ancillary Receiver for RELIANCE INSURANCE COMPANY (hereinafter referred to as "RIC"), and directing him to take possession of the property and assets of RIC located in the State of New York, pursuant to Article 74 of the Insurance Law of the State of New York; and it appearing to my satisfaction that:

1. RIC is domiciled in the Commonwealth of Pennsylvania, and licensed in the State of New York as a property and casualty insurer;
2. RIC's principal place of business is located in Philadelphia, Pennsylvania
3. RIC conducted an insurance business in the State of New York;

4. RIC was declared insolvent by a Court of competent jurisdiction of the Commonwealth of Pennsylvania on October 3, 2001, and placed in liquidation.;
5. The Commissioner of Insurance of the Commonwealth of Pennsylvania was appointed Liquidator of RIC;
6. RIC is amenable to the Insurance Laws of the State of New York and particularly to Article 74 thereof;
7. It is in the best interests of all policyholders, claimants, creditors, and other interested persons located in the State of New York that the Superintendent be appointed Ancillary Receiver of the property of said Company, subject to the order of this Court.

NOW, on motion of Hon. ELLIOT L. SPITZER, Attorney General of the State of New York, it is ORDERED that:

1. The petition of GREGORY V. SERIO, Superintendent of Insurance of the State of New York, is granted.
2. GREGORY V. SERIO, as Superintendent of Insurance of the State of New York, and his successors in office as Superintendent, be and he is and they are hereby appointed Ancillary Receiver of RIC, and are hereby authorized and directed forthwith to take possession of the property of RIC located in the State of New York, under and pursuant to the provisions of Article 74 of the Insurance Law of the State of New York and to deal with the property and business of RIC, and they are further directed to take and preserve all the other assets and claims which are the property of RIC and to protect same for the benefit of creditors, policyholders and other interested parties within the State of New York, and upon the authorization of this Court to pay such claims against RIC and/or its policyholders that are covered by the insurance security funds maintained in accordance with Article 76 of the Insurance Law and/or Article 6A of the Workers' Compensation Law.
3. RIC, its officers, directors, depositories, trustees, policyholders, attorneys, agents and employees and all other persons having any property or records relating to RIC located in the State of New York, including but not limited to claim files, legal files and insurance policy files, are hereby directed to assign, transfer and deliver to the Superintendent, as Ancillary Receiver, all of such property in the State of New York in whomsoever name the same may be, and that any persons, firms or corporations having any books, papers or records relating to the business of said company shall preserve the same and submit them to the Superintendent, as Ancillary Receiver, for examination at such place as he shall reasonably designate or, at his request, make them available for examination at all reasonable times.

4. The officers, directors, trustees, depositories, policyholders, agents and employees of RIC, and all other persons, be and they are hereby enjoined and restrained from the further transaction of business or from dealing with or disposing of the property or assets of the company located in the State of New York, or doing or permitting to be done any act or thing which might waste its property or assets or allow or suffer the obtaining of preferences, judgments, attachments or other liens, or the making of any levy against said company, or its estate while in the possession and control of the Superintendent of Insurance, as Ancillary Receiver.
5. Pursuant to the order of liquidation of a court of competent jurisdiction in the Commonwealth of Pennsylvania, entered on October 3, 2001, and the relevant provisions of the Commonwealth of Pennsylvania insurance law, all policies or contracts of insurance issued by RIC are cancelled as of the lesser of:
 - a. thirty days from the date of entry of the liquidation order; (October 3, 2001);
 - b. the expiration of the policy or contract coverage;
 - c. the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy, or
 - d. the liquidator has effected a transfer of the policy obligation pursuant to section 221.23 (8).
6. The officers, directors, trustees, depositories, policyholders, agents and employees of RIC and all other persons, including but not limited to claimants, plaintiffs and petitioners who have claims against RIC, be and they are hereby enjoined and restrained from bringing or further prosecuting any action at law, suit in equity, special or other proceeding against the said company or estate, the Superintendent and his successors in office, as Ancillary Receiver thereof, or the New York State Insurance Department-Liquidation Bureau with respect to claims against RIC, or from making or executing any levy upon the property or estate of said company, or the Superintendent as Ancillary Receiver, or the New York State Insurance Department-Liquidation Bureau, or from in any way interfering with the Superintendent or his successors in office, in his or their possession, control or management of the property of said company, or in the discharge of his or their duties as Ancillary Receiver thereof, or in the liquidation of the business of said company.
7. All parties to law suits in this state are hereby enjoined and restrained from proceeding with any discovery, pre-trial conferences, trial, application for judgment or proceeding on judgments or settlements in such actions at law, suits in equity, special or other proceedings in which RIC is obligated to defend a party insured or any other persons it is legally obligated to defend by virtue of its insurance contract and in any other actions being defended by a primary or other underlying insurer where such primary or underlying insurer has tendered or offered its full policy limits or where said policy limits have been exhausted by payment of the underlying insurer's aggregate and RIC is the next excess or umbrella layer of insurance for a period of 180 days from the date of entry of this order.

8. Those persons who may have first-party or New York comprehensive automobile insurance reparations act (no-fault) policyholder loss claims against RIC coming within the purview of Article 76 of the Insurance Law, are enjoined from presenting and filing such claims in this proceeding for 90 days from the date of entry of this order.
9. Notice of making and entry of this Order be given by publication in the N.Y. Times, commencing three weeks from the date of entry of this order once a week for two successive weeks, and that said notice is sufficient notice to all persons interested in the assets of RIC.
10. The license of RIC to do business in the State of New York, be and the same is hereby revoked.
11. All further papers in this proceeding shall bear the caption and be entitled:

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

In the Matter of
The Ancillary Receivership of
RELiance INSURANCE COMPANY"

FILED
DEC 14 2001
NEW YORK
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in place and stead of the caption heretofore used,

ENTER


J. S. C.

HON. MICHAEL D. STALLMAN

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and it is further ordered that the Attorney General shall present a copy of this Order to the Clerk of the Supreme Court, who shall thereupon note the change of caption in the records of the Court.

Sir: Please take notice that the within is a true copy of duly filed and entered in the office of the clerk of the County, on the day of 20

Yours, etc.,
ELIOT SPITZER
Attorney General,

Attorney for
Office and Post Office Address
120 Broadway, New York, N.Y. 10271
, Esq.

To
301110 SP3710 ALN100
Attorney for MEN

100271301

Sir Please acknowledge that the within

will be presented for settlement and signature herein to the Hon. one of the judges of the within named Court, at

in the Borough of City of New York, on the , 20 , at M.

Date, N.Y.,
Yours, etc.,
ELIOT SPITZER
Attorney General,

Attorney for
Office and Post Office Address
120 Broadway, New York, N.Y. 10271

To , Esq.
Attorney for

In the Matter of
the Application of

GREGORY V. SERIO, as Superintendent of Insurance of the State of New York, for an Order of Appointment as Ancillary Receiver of

RELIANCE INSURANCE COMPANY

ORDER

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Tel. (212) 416-8658

Personal service of a copy of
within..... day of
is admitted this..... day of
.....20