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**ADVANCING ITS REFORM, NYLB SEEKS FIRST DISTRIBUTION
IN 22-YEAR-OLD ESTATE**

An insurance company that has been in receivership for more than 22 years without a distribution is moving closer to paying its creditors for the first time thanks to the New York Liquidation Bureau's court filing this week. By filing a petition and initial court report on the Union Indemnity Insurance Company of New York liquidation proceeding, the Bureau is attempting to pay creditors an initial distribution in the coming months.

The NYLB's new administration has been implementing a vigorous reform agenda in order to increase the Bureau's operational efficiencies and to address the long-standing concerns of creditors. In its latest reform step, the Bureau yesterday asked the Supreme Court of the State of New York to sign -- and the Court later signed -- an order permitting the Bureau to notify all creditors of its plan to pay out a distribution and setting December 18, 2007, as the hearing date to decide whether to allow a distribution. The Court's order, along with the petition and initial court report, is available at www.nylb.org.

"These court filings will enable the Court to permit distributions to creditors. The fact that Union Indemnity has been in liquidation for over 22 years without a court report or payment of dividends is completely unacceptable, but something that we are aggressively addressing. Upon approval by the Court, we will begin paying distributions to Class One and Two creditors immediately," said Mark G. Peters, Special Deputy Superintendent in Charge of the NYLB.

Union Indemnity, licensed in New York as a property and casualty insurer, was placed into liquidation on July 16, 1985 and has not paid a single distribution since that date. Under the 1985 Liquidation Order, the Bureau was charged with identifying Union Indemnity's creditors, notifying them to present their claims, marshalling Union's assets and adjudicating claims pursuant to Article 74 of the New York Insurance Law. As of March 31, 2007, 31,299 claims had been filed in this proceeding and the estate had over \$106 million in assets for distribution. At the hearing, the Court will also decide whether to bar the presentment of new claims after November 15, 2007.

Typically, an initial court report is filed after a company is determined to be impaired or insolvent and is placed into liquidation. In the case of Union Indemnity, the Bureau's troubled past -- which includes both alleged criminal conduct by certain past senior executives and poor management -- contributed to the extensive delay in filing the court report. The Bureau's new management took office on April 2, 2007 and immediately launched an intensive reform and housecleaning effort, which includes a top-to-bottom financial audit, the revamping of procurement systems (including a new attorney panel), and the restructuring and potential privatization of various estates. The Union Indemnity estate was also identified as a priority by the Bureau's new management due to its long state of limbo.

The Bureau will this week begin notifying creditors that the Bureau is seeking a distribution to be paid in the near future. Recognizing that some creditors might, in their frustration at past delays, be tempted to sell their claims for less than full value, the Bureau is advising all creditors to carefully review all available information and to ascertain all of their rights before they consider any proposals offering to buy their claims.

The New York Liquidation Bureau is a non-governmental entity, independent of the New York State Insurance Department, which carries out the responsibilities of the New York State Superintendent of Insurance in his role as receiver, and acts on his behalf to discharge his statutory duties to protect the interests of policyholders and creditors of insurance companies that have been declared impaired or insolvent. For more information, visit www.nylb.org.