

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

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In the Matter of
the Liquidation of

Index No.: 452965/15

AFFIRMATION

DRIVERS INSURANCE COMPANY.
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Lauren M. Reber, an attorney at law, duly admitted to practice before the Courts of the State of New York, hereby affirms the following to be true under penalties of perjury:

1. I am an attorney with the New York Liquidation Bureau (the "NYLB"), which acts as the staff of Maria T. Vullo, Superintendent of Financial Services of the State of New York ("Superintendent") in her capacity as liquidator (the "Liquidator") of Drivers Insurance Company ("Drivers"), and submit this affirmation, upon information and belief based on my review of the Drivers files maintained by the NYLB and the conversations I have had with employees of the Liquidator, in support of the Liquidator's application to, *inter alia*: (a) approve the Liquidator's recommendation to allow the remaining unallowed portion of the claim of the New York Property/Casualty Insurance Security Fund (the "PC Fund") in the amount of \$419,825 for claim payments made and expenses the PC Fund incurred from June 30, 2017 to June 30, 2018 ("Final Claim"); (b) approving the Liquidator's report on the status of the Drivers liquidation proceeding (the "Liquidation Proceeding") and the financial transactions detailed therein (the "Closing Report"); and (c) closing the Liquidation Proceeding. A copy of the Closing Report is attached as Exhibit "3".

The Liquidation Order

2. By a memorandum order and order of liquidation entered by the New York Supreme Court, Queens County on May 15, 2015 (“Liquidation Order Date”) and August 7, 2015, respectively, Drivers was placed into liquidation and the Superintendent was appointed Liquidator (the “Liquidation Order”). By order entered August 26, 2015, the Liquidation Proceeding was transferred from the Supreme Court, Queens County, to Supreme Court, New York County.

The Final Claim of the PC Fund Claim Should Be Allowed

3. As further detailed in the Closing Report, all Class two claims under Drivers’ policies were referred by the Liquidator to the PC Fund and were adjudicated in accordance with the adjudication procedures approved by the Court. The PC Fund is a statutory fund that pays eligible claims of insolvent insurers up to the lesser of the policy limit or a statutory cap. The PC Fund paid claims owed by Drivers, and, as such, to the same extent, has a valid claim against the Drivers estate for the reimbursement of its payments plus expenses. *See* N.Y. Ins. L. §7609(a).

4. This Court, in prior court orders, has approved the PC Fund’s claims in the total amount of \$3,535,468. However, the Final Claim¹ has not yet been approved by this Court. The Liquidator has reviewed the PC Fund’s claim and determined that the claims paid, and expenses incurred were proper or are being properly reserved to pay valid claims under Drivers’ insurance policies and, therefore should be allowed.

¹ Included in the Final Claim are monies that PC Fund reserved to pay nine claims, which have been settled or will settle for \$25,000 or less under the coverage limit of the Drivers policies. These claims will be paid as Superintendent Allowances in accordance with N.Y. Ins. Law § 7602(g) and do not require Court approval.

6. If this Court approves the Final Claim of the PC Fund, then all claims eligible to share in the distribution of assets in the proceeding will have been adjudicated and paid or reserved.

The Liquidation Process Has Been Completed

A. The Bar Date

7. The Liquidation Order established May 15, 2016, as the date by which all claims by any claimant against Drivers or its insureds, other than the Liquidator's claim for administrative expenses, must have been actually received by the Liquidator, including all evidence supporting the liquidation of such claims (the "Bar Date"). Accordingly, no additional claims can be made against the estate and, as detailed above, all claims that can receive a distribution have been adjudicated and either have been paid or will be paid by the PC Fund.

B. Claims Asserted Against the Drivers Estate

8. During the pendency of this proceeding, all claims under Drivers' policies were referred by the Liquidator to the PC Fund. The PC Fund received from the Liquidator for handling a total of 410 policy claims in accordance with the adjudication procedures approved by the Court. All claims handled by the PC Fund have now been settled and paid with the exception of nine claims that have been settled or will be settled and paid within the \$25,000 policy limits of the policies and the reserves have been accepted by the Liquidator as part of the final allowance of the PC Fund.

9. Paragraph 16 of the Liquidation Order permitted the Liquidator to defer adjudication of claims below Class two priority unless the Liquidator determined that sufficient funds would be available to pay such claims or that adjudication of such claims would be beneficial to the estate. Because sufficient funds are not available to pay claims below Class

two, the Liquidator has followed its general practice of refraining from adjudicating claims falling below Class two claims. This practice reduces administrative expenses of the estate, and increases monies available for distribution to claimants with allowed Class two claimants.

Accordingly, with the approval of the Final Claim, all claims to be adjudicated are complete and the Liquidator recommends that the Liquidation Proceeding be closed.

The Liquidation Proceeding Should Now Be Closed

11. The Liquidation Proceeding has been completed and the Liquidator has fulfilled her obligations. Therefore, it is respectfully submitted that the this Court should approve the Final Claim; approve the Closing Report and enter an order, substantially in the form of the order attached as Exhibit "1", closing this Liquidation Proceeding.

12. The Liquidator also requests that this Court issue the accompanying Order to Show Cause approving a return date for a hearing on the Liquidator's application to be held before the Court 45 days after the date of issuance of the Order to Show Cause, or as soon after such 45-day period as the Court determines to be reasonably practicable.

13. The Liquidator proposes to give notice to all interested persons and entities by posting the Order to Show Cause and its supporting papers on the NYLB website at least 15 days prior to the hearing on the Order to Show Cause, and publication of the notice, substantially in the form attached hereto as Exhibit "2", in the *New York Newsday*, such publication to occur within 30 days following the date of this Order to Show Cause.

14. No previous application for the relief sought herein has been made to this or any other court of judge thereof.

WHEREFORE, it is respectfully requested that the Court enter an order: (1) approving the Liquidator's recommendation to allow the Final Claim of the PC Fund in the amount of

\$419,825 for claim payments made and expenses the PC Fund incurred from June 30, 2017 to June 30, 2018; (2) approving the Closing Report and the financial transactions delineated in the report; (3) authorizing the continued payment of administrative expenses, if any, including such expenses for the closing of the Liquidation Proceeding; (4) terminating and closing the Liquidation Proceeding; (5) authorizing the NYLB, after the termination of the Liquidation Proceeding and without further order of the Court, to receive any additional assets of Drivers that may be delivered to the NYLB and to use such assets, first, to pay any administrative expenses incurred in connection with the receipt and distribution of such assets, and then to distribute them *pro rata* to allowed Class two claimants; (6) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and (7) granting the Liquidator such other and further relief as this Court deems appropriate and just.

Dated: New York, New York
August 2, 2018

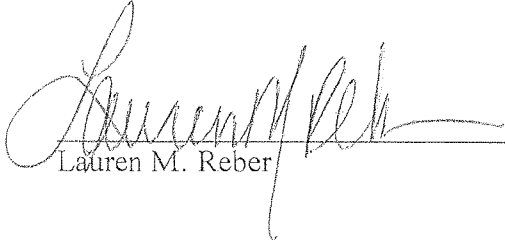

Lauren M. Reber

EXHIBIT 1

At IAS Part _____ of the Supreme Court of the State of New York, County of New York, at the Courthouse, _____ Centre Street, in the County, City and State of New York, on the ____ day of _____, 2018.

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

-----X

In the Matter of

Index No.: 452965/15

the Liquidation of

ORDER

Drivers Insurance Company.

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Upon the motion of the Superintendent of Financial Services of the State of New York, as liquidator (the "Liquidator") of Drivers Insurance Company ("Drivers"), for an order, *inter alia*, (i) approving the Liquidator's recommendation to allow the remaining unallowed portion of the claim of the New York Property Casualty Insurance Security Fund ("PC Fund") in the amount of \$419,825 for claim payments made and expenses incurred by the PC Fund from June 30, 2017 to June 30, 2018 ("Final Claim"); (ii) approving the Liquidator's report and request to close the liquidation proceeding of Drivers Insurance Company, dated August 2, 2018 (the "Closing Report"), and (iii) terminating and closing the Drivers liquidation proceeding;

NOW, on motion of the Liquidator, and no opposition having been filed with the Court, it is

ORDERED, that the motion is granted; and it is further

ORDERED, that the Final Claim of the PC Fund in the amount of \$419,825 is allowed; and it is further

ORDERED, that the Closing Report and the financial transactions delineated in such report are approved; and it is further

ORDERED, that the Liquidator is authorized to continue paying administrative expenses, if any, including such expenses for the closing of the Drivers liquidation proceeding; and it is further

ORDERED, that the Drivers liquidation proceeding is terminated and closed; and it is further

ORDERED, that the New York Liquidation Bureau ("NYLB"), which acts as the staff of the Liquidator, is authorized, after the termination of the Drivers liquidation proceeding and without further order of this Court, to receive any additional assets of Drivers that may be delivered to the NYLB, and to use such assets, first, to pay administrative expenses incurred in connection with the receipt and distribution of such assets, and then to distribute them *pro rata* to allowed Class two claimants; and it is further

ORDERED, that the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, are released and discharged from any and all liability arising from their acts or omissions in connection with the Drivers liquidation proceeding.

ENTER

J.S.C.

EXHIBIT 2

**IN THE MATTER OF THE LIQUIDATION OF
DRIVERS INSURANCE COMPANY
Supreme Court County of New York
Index No.: 452965/15**

NOTICE

Pursuant to a memorandum order entered on May 15, 2015 and order of liquidation entered on August 7, 2015, by the New York Supreme Court, Queens County, Drivers was placed into liquidation and the Superintendent of Financial Services of the State of New York was appointed Liquidator. (“Drivers”) and, as such, has been directed to take possession of Drivers’ property and liquidate its business and affairs pursuant to Article 74 of the New York Insurance Law (“Insurance Law”). The Liquidator has, pursuant to Insurance Law Article 74, appointed David Axinn, Special Deputy Superintendent (“Special Deputy”), as her agent to liquidate the business of Drivers. The Special Deputy carries out his duties through the New York Liquidation Bureau (“NYLB”), 110 William Street, New York, New York 10038. The Liquidator has submitted an application to the Court seeking an order: (1) approving the Liquidator’s recommendation to allow the remaining unallowed portion of the claim of the New York Property/Casualty Insurance Security Fund (“PC Fund”) in the amount of \$419,825 for claim payments made and expenses incurred by the PC Fund from June 30, 2017 to June 30, 2018; (2) approving the Liquidator’s report and request to close the Drivers liquidation proceeding (the “Liquidation Proceeding”) and the financial transactions delineated in the report; (3) authorizing the continued payment of administrative expenses, if any, including such expenses for the closing of the Liquidation Proceeding; (4) terminating and closing the Liquidation Proceeding; (5) authorizing the NYLB, after the termination of the Liquidation Proceeding and without further order of the Court, to receive any additional assets of Drivers that may be delivered to the NYLB, and to use such assets, first, to pay administrative expenses incurred in connection with the receipt and distribution of such assets, and then to distribute them *pro rata* to allowed Class two claimants; (6) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and (7) granting the Liquidator such other and further relief as this Court deems appropriate and just.

A hearing is scheduled on the Liquidator’s application on the 14th day of November 2018, at 10:00 a.m. (“Return Date”) before the Court at the Courthouse, IAS Part 15, 71 Thomas Street, Room 304, New York, New York 10013. If you wish to object to the Liquidator’s application, you or your counsel must serve a written statement setting forth your objection(s) and all supporting documentation (“Answering Papers”) upon the Liquidator at least seven (7) days prior to the Return Date and file any Answering Papers, together with an affidavit of service, with the Court on or before the Return Date. Service on the Liquidator shall be made by first class mail at the following address:

Superintendent of Financial Services of the State of New York as
Liquidator of Drivers Insurance Company
110 William Street, 15th Floor
New York, New York 10038
Attention: General Counsel

The Liquidator's application is available for inspection at <http://www.nylb.org>. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the NYLB, c/o Creditor and Ancillary Operations, at (212) 341-6728.

MARIA T. VULLO
Superintendent of Financial Services of the
State of New York as Liquidator of
Drivers Insurance Company

EXHIBIT 3

REPORT ON THE STATUS OF AND REQUEST TO CLOSE THE LIQUIDATION PROCEEDING OF DRIVERS INSURANCE COMPANY

Maria T. Vullo, Superintendent of Financial Services of the State of New York (“Superintendent”) as liquidator (the “Liquidator”) of Drivers Insurance Company (“Drivers”) has appointed certain agents to carry out, through the New York Liquidation Bureau (“NYLB”), the responsibilities of the Liquidator. The Liquidator, by David Axinn, Special Deputy Superintendent and Agent, submits this report (“Closing Report”) on the Drivers liquidation proceeding (“Liquidation Proceeding”) and respectfully requests that the proceeding be closed.

Introduction

Drivers was incorporated under the laws of the State of New York on or about January 26, 1995, as Spirit Insurance Company and commenced business on May 6, 1996. On December 6, 1999, the company’s name was changed to Drivers Insurance Company. Drivers was licensed to write several lines of insurance in New York. Drivers wrote primarily private passenger auto liability and physical damage insurance, plus a small amount of commercial auto insurance in downstate New York.

On March 30, 2009, the New York State Insurance Department (the “Insurance Department”)¹ approved a stock purchase agreement for the acquisition of control of 100 shares of Drivers’ common stock, constituting all outstanding shares of Drivers, by Hereford Holding Company Inc. (“Hereford”). The sale was finalized on August 26, 2009, and Drivers became a wholly-owned subsidiary of Hereford.

After Drivers incurred a negative surplus to its policyholders, Drivers’ Board of Directors unanimously passed a written consent for the entry of an order of liquidation pursuant to New York Insurance Law (“Insurance Law”) Article 74. Thereafter, the Superintendent made an

¹ In 2011, the Insurance Department and New York State Department of Banking merged to form the New York State Department of Financial Services.

application under Article 74 of the Insurance Law to liquidate Drivers. A memorandum order was entered by the New York Supreme Court, Queens County ("Queens Supreme Court"), on May 15, 2015, and an order of liquidation was entered on August 7, 2015 ("Liquidation Order Date"), placing Drivers into liquidation and appointing the Superintendent as Liquidator ("Liquidation Order"). By order entered August 26, 2015, the Liquidation Proceeding was transferred from Queens County to Supreme Court, New York County.

The Liquidation Order required the Liquidator to, among other things, marshal Drivers' assets, determine the amounts of valid claims against the estate by policyholders and other creditors, and wind up and liquidate the affairs of the company.

The Liquidator has fully discharged her duties under the Liquidation Order and submits this Closing Report to apprise the Court of the status of the Liquidation Proceeding and to respectfully request that the Court enter an order: (i) approving the Liquidator's recommendation to allow the remaining unallowed portion of the claim of the New York Property Casualty Insurance Security Fund ("PC Fund") in the amount of \$419,825 for claim payments and expenses incurred from June 30, 2017 to June 30, 2018 ("Final Claim"); (ii) approving the Liquidator's Closing Report and the financial transactions delineated herein; (iii) authorizing the continued payment of administrative expenses, if any, including such expenses for the closing of the Liquidation Proceeding; (iv) terminating and closing the Liquidation Proceeding; (v) authorizing the NYLB, after the termination of the Liquidation Proceeding and without further order of the Court, to receive any additional assets of Drivers that may be delivered to the NYLB and to use such assets, first, to pay any administrative expenses incurred in connection with the receipt and distribution of such assets, and then to distribute them *pro rata* to allowed Class two claimants; (vi) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and

all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and (vii) granting such other and further relief as the Court may deem just and proper.

All Policyholder Claims And Claims Against Drivers Policyholders Were Referred To And Handled By The PC Fund

During the liquidation proceeding, all claims under Drivers' policies were submitted by the Liquidator to the PC Fund. The PC Fund is a statutory fund created under Insurance Law Article 76 to pay eligible claims of insolvent insurers up to the lesser of the policy limit or a statutory cap. The PC Fund also covers loss adjustment expenses ("LAE") and the administrative expenses of processing and adjudicating claims covered by the PC Fund. Loss payments, LAE and administrative expenses are collectively referred to hereinafter as "PC Fund Covered Claims".

This Court Should Approve The Remaining Portion of the PC Fund Claim

The PC Fund, having paid claims owed by Drivers, has a claim against Drivers for reimbursement of the amount of such payments plus expenses. *See* N.Y. Ins. L §7609(a). The PC Fund's claim is a Class two priority, the same level of priority in the distribution of estate assets as claims under policies. *See* N.Y. Ins. L §§7434(a)(1)(ii) and 7609.

In prior orders, this Court has approved PC Fund claims in the amount of \$3,535,468. The Final Claim, in the amount of \$419,825² for the period from June 30, 2017 to June 30, 2018, has been submitted for the Court's consideration as part of this application. The Liquidator has reviewed the PC Fund's claim and determined that the claims paid, and expenses incurred, were proper, or are being properly reserved, to pay valid claims under Drivers' insurance policies, and therefore, should be allowed.

² Included in the Final Claim are monies that the PC Fund reserved to pay nine claims, which have been settled or will settle for \$25,000 or less under the coverage limit of the Drivers policies. These claims will be paid as Superintendent Allowances in accordance with N.Y. Ins. Law § 7602(g) and do not require Court approval.

The Liquidation Proceeding May Now Be Closed

Bar Date

The Liquidation Order established May 15, 2016, as the bar date ("Bar Date") by which all claims against Drivers or its insureds, other than the Liquidator's claim for administrative expenses, must have been received by the Liquidator, including all evidence supporting the liquidation of such claims. The Bar Date has now passed and no new claims can be made against Drivers.

The Adjudication of Claims

By order entered February 5, 2016, this Court approved procedures for the adjudication of claims against Drivers. Under the procedures, the Liquidator determined whether claims were covered by the PC Fund, classified claims under Insurance Law § 7434, and allowed or disallowed the claims. Claimants had the right to object to classification of a claim or to the Liquidator's recommendations of allowance or disallowance and have their objection heard by a court-appointed referee. No objections were received by the Liquidator.

Paragraph 16 of the Liquidation Order permitted the Liquidator to defer adjudication of claims below Class two priority unless the Liquidator determined that sufficient funds would be available to pay such claims or that adjudication of such claims would be beneficial to the estate. Because sufficient funds are not available to pay claims below Class two, the Liquidator has followed its general practice of refraining from adjudicating claims falling below Class two claims. This practice reduces administrative expenses of the estate, and increases monies available for distribution to claimants with allowed Class two claimants.

Current Status of Claims Presented

As of the Liquidation Order Date, there were 399 claims under Drivers policies. During the Liquidation Proceeding, 11 additional claims under Drivers policies were timely presented to

the Liquidator. All 410 claims under Drivers policies were referred to and administered by the PC Fund.

Pursuant to Insurance Law §7434, allowed claims are paid in order of priority and all members of a senior class must be paid in full before members of the next class may receive any payment. The Liquidator's administrative expenses are afforded the first priority and the second priority is given to the claims of policyholders, including the claims of security or guaranty funds. N.Y. Ins. L. §7434(a).

The only holder of an allowed Class two claim in the Drivers estate is the PC Fund. A *pro-rata* distribution of available assets of approximately \$575,928 will be made to the PC Fund upon Court approval of the Final Claim. This will amount to approximately 16.29% of the PC Fund's total claim of \$3,955,293. Because Drivers has insufficient assets to pay Class two claims in full, no distribution will be made to the 27 creditors with open and unadjudicated creditor claims with classifications below Class two. *See* N.Y. Ins. L. §7434. As discussed above, the Liquidator, in accordance with authority granted to it in the Liquidation Order, has not determined claims below Class two because there was no possibility that distributions would be made to claimants below Class two.

1. Value and Payment of Claims

a) Class One Claims

From the Liquidation Order Date through June 30, 2018 (the "Closing Date"), the Liquidator has incurred and paid administrative expenses in the amount of \$970,350.

b) Class Two Claims

i. Total Value of all Class Two Claims

The PC Fund is the only holder of a Class two claim. The amount of the PC Fund's Class two claim is \$3,955,293, consisting of \$3,535,468 previously approved by this Court plus the Final Claim in the amount of \$419,825.

ii. Non-PC Fund Eligible Claims of Policyholders

There are no non-PC Fund claims in this estate. All Class two claims that have been filed in the Liquidation Proceeding as of the Closing Date are eligible for payment from the PC Fund.

iii. PC Fund Claims

As of the Closing Date, there is one aggregate Class two claim, inclusive of LAE and administrative expenses, of the PC Fund in the amount of \$3,955,293, which is inclusive of the Final Claim for \$419,825.

c) The Remaining Classes of Claims

The remaining claims are: four Class five claims in the amount of \$14,045, and twenty-one Class six claims in the amount of \$57,539.

FINANCIAL CONDITION OF DRIVERS

The Liquidator completed all activities related to this Liquidation Proceeding on the Closing Date, and the estate's financial books and records were closed on that date. Drivers' comparative statement of assets, the statement of liabilities and the statement of changes in cash and invested assets for the period between the Liquidation Order Date and the Closing Date (collectively, "Financial Statements") are annexed hereto as Exhibit "A."

A. As of the Liquidation Order Date

The Liquidator conducted a review of Drivers' financial position as of the Liquidation Order Date and found that Drivers had assets totaling \$1,604,763 and liabilities totaling \$1,932,919, rendering it insolvent in the amount of \$328,156.

1. Assets

Based upon the Liquidator's review of Drivers' books and records as of the Liquidation Order Date, the Liquidator has determined that Drivers had total cash and equivalents in the amount of \$192,545 and bonds at fair market value in the amount of \$852,945. Drivers' other assets consisted of \$12,497 in accrued investment income. Additionally, Drivers had statutory deposits held by New York State in the amount of \$546,776.

2. Liabilities

The Liquidator's review of Drivers' books and records, including its reserves, determined that as of the Liquidation Order Date, Drivers had total liabilities in the amount of \$1,932,919, which consisted of \$39,190 for outstanding checks, \$1,591,682 in loss reserves, \$15,827 in unearned and advance premium reserves, \$239,835 reported as LAE, and \$46,385 for general creditor unsecured claims.

B. As Of The Closing Date

As of the Closing Date, Drivers had total assets of \$786,299 and total liabilities of \$4,053,405, leaving it insolvent in the amount of \$3,267,106. Drivers' Financial Statements reflect the steps taken by the Liquidator since the Liquidation Date to collect assets and process claims as described in this Closing Report. *See Exhibit A.*

1. Assets

As of The Closing Date, Drivers had total assets of \$786,299, which is inclusive of cash and cash equivalents.

2. Liabilities

As of The Closing Date, Drivers' total liabilities were \$4,053,405 of which \$26,528 were Class one liabilities for operating and administrative expenses, \$3,955,293 were the Class two claim of the PC Fund, \$14,045 were Class five liabilities for state and local government claims, and \$57,539 were Class six general creditor unsecured claims. *See* Exhibit A. The increase in liabilities between the Liquidation Order Date and the Closing Date is attributable largely to the allowance of the PC Fund's Class two claim, which exceeded the Liquidator's initial reserves.

3. Collection of Assets

a) Cash Receipts

As of The Closing Date, the Liquidator had collected assets in the amount of \$195,926 consisting of \$60,212 in investment income, \$89,301 in salvage and subrogation recoveries, and \$46,413 in miscellaneous receipts.

b) Receipts from Statutory Deposits

As of The Closing Date, the Liquidator had received \$539,146 from the release of statutory deposits held by the New York State Department of Financial Services.

4. Disbursement of Assets

As of The Closing Date, the Liquidator has incurred and paid \$970,350 in administrative expenses, which include: \$13,138 for salvage and subrogation collection fees, \$ 371,988 for the salaries of the Liquidator's staff; \$308,095 for employee relations and welfare (*e.g.*, payroll taxes, health insurance and pension contributions); \$107,170 for rent and related expenses; \$35,414 for general and administrative expenses (*e.g.*, IT services and general office maintenance); \$94,255 for professional fees (*e.g.*, accountants and other consultants) and \$40,290 for other miscellaneous expenses (*e.g.*, insurance and bank fees).

5. Payments to Claimants

No distribution has been made to any class of claimant other than Class one. The Drivers estate does not have sufficient assets to pay Class two claims in full and no payment will be made to claimants holding claims below Class two. In the unlikely event that additional funds should be received by the NYLB that could enable the payment of claims below Class two, the Liquidator may, in her discretion, petition to re-open the Liquidation Proceeding for the limited purpose of adjudicating such claims.

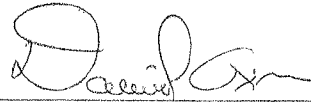
Relief Sought

The Liquidator submits this Closing Report in order to inform the Court of the status of the Liquidation Proceeding and to report that the affairs of the Drivers estate have been wound up, permitting the Liquidation Proceeding to be terminated. In support of the Liquidator's recommendations, the Liquidator has submitted the Affirmation of Lauren M. Reber. Based on the Liquidator's compliance with her statutory mandate, including the marshaling of assets of Drivers, together with the fulfillment of all of her duties and obligations as set forth in the Liquidation Order, the Liquidator requests that the Court issue an order:

- a. Approving the Liquidator's recommendation to allow the Final Claim in the amount of \$419,825;
- b. Approving this Closing Report and the financial transactions delineated herein;
- c. Authorizing the continued payment of administrative expenses, if any, including such expenses for the closing of the Liquidation Proceeding;
- d. Terminating and closing the Liquidation Proceeding;
- e. Authorizing the NYLB, after the termination of the Liquidation Proceeding and without further order of the Court, to receive any additional assets of Drivers that may be delivered to the NYLB and to use such assets, first, to pay any administrative expenses incurred in connection with the receipt and disbursement of any such assets, and then to distribute them *pro rata* to allowed Class two claimants;

- f. Releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees. from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; and
- g. Granting such other and further relief as the Court may deem just and proper.

Dated: New York, New York
August 2, 2018



David Axinn
Special Deputy Superintendent and Agent of
Maria T. Vullo, Superintendent of Financial
Services of the State of New York as
Liquidator of Drivers Insurance Company

EXHIBIT A

DRIVERS INSURANCE COMPANY IN LIQUIDATION
STATEMENT OF ASSETS

	<u>Jun. 30, 2018</u>	<u>May 15, 2015</u>
Unrestricted Assets		
Cash-Unrestricted	\$ 786,299	\$ 192,545
Bonds at fair market value	<u>-</u>	<u>\$ 852,945</u>
Total Cash and Invested Assets	\$ 786,299	\$ 1,045,490
Investment in Subsidiary	-	-
Other Invested Assets	-	-
Reinsurance Recoverables on Paid Losses and LAE	-	-
Less: Allowance for Uncollectible Reinsurance Recoverable	<u>-</u>	<u>-</u>
Net Reinsurance Recoverable on Paid Losses and LAE	-	-
Reinsurance Recoverables on Unpaid Losses and Unpaid LAE	-	-
Less: Allowance for Uncollectible Reinsurance Recoverable	<u>-</u>	<u>-</u>
Net Reinsurance Recoverable on Unpaid Losses and LAE	-	-
Premiums in course of collection	-	-
Accrued Investment Income	-	12,497
Other Assets	<u>-</u>	<u>-</u>
Total Unrestricted Assets	786,299	1,057,987
Restricted Assets:		
Restricted - Statutory Deposits in This or Other States	-	546,776
Restricted - Funds held by or deposited with Reinsurance Companies	-	-
Restricted - Other	<u>-</u>	<u>-</u>
Total Restricted Assets	-	546,776
Total Assets	<u>\$ 786,299</u>	<u>\$ 1,604,763</u>

DRIVERS INSURANCE COMPANY IN LIQUIDATION
STATEMENT OF LIABILITIES

	<u>Jun. 30, 2018</u>	<u>May 15, 2015</u>
Secured Claims	-	\$ 39,190
Class I - Administrative Claims:	\$ 26,528	-
Class II - Claims and Related Costs:		
Guaranty Fund Claims:		
Allowed Claims:		
Administrative Claims Expenses	-	-
Loss Adjustment Expenses (LAE)	\$ 2,327,415	-
Loss Claims	1,208,053	-
Unearned and Advance Premium Claims	-	-
Total Allowed Claims	<u>3,535,468</u>	-
Less Advance Dividends	-	-
Total Allowed Claims	3,535,468	-
Non - Allowed Claims:		
Administrative Claims Expenses	-	-
Loss Adjustment Expenses (LAE)	211,278	\$ 239,835
Loss Claim Reserves	208,547	1,591,682
Unearned and Advance Premium Claims	-	<u>15,827</u>
Total Non-Allowed Claims	\$ 419,825	\$ 1,847,344
Total Guaranty Fund Claims:	3,955,293	1,847,344
Creditor Claims:		
Allowed Claims:		
Loss Claims	-	-
Unearned and Advance Premium Claims	-	-
Total Allowed Claims	-	-
Less Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims:		
Loss Claims Reserves	-	-
Unearned and Advance Premium Claims	-	-
Loss Adjustment Expenses (LAE)	-	-
Total Non-Allowed Claims	-	-
Total General Creditor Claims	-	-
IBNR	-	-
Total Class II Claims and Related Costs:	\$ 3,955,293	\$ 1,847,344
Class III - Federal Government Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class III Claims	-	-
Class IV - Employee Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class IV Claims	-	-

DRIVERS INSURANCE COMPANY IN LIQUIDATION
STATEMENT OF LIABILITIES

	<u>Jun. 30, 2018</u>	<u>May 15, 2015</u>
Class V - State and Local Government Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	\$ 14,045	-
Total Class V Claims	\$ 14,045	-
Class VI - General Creditors:		
Allowed General Unsecured Creditor Claims (Other than	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non Allowed General Unsecured Creditor Claims (Other than	-	-
Reinsurance Related)	57,539	\$ 46,385
Total General Unsecured Creditor Claims (Other than Reinsurance	\$ 57,539	\$ 46,385
Reinsurance Related Unsecured Claims	-	-
Less: Dividends	-	-
Total Reinsurance Related Unsecured Claims	-	-
Total Class VI Claims	57,539	\$ 46,385
Class VII - Late Filed Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class VII Claims	-	-
Class VIII - Section 1307 (Shareholder) Loans:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class VIII Claims	-	-
Class IX - Share Holder Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class IX Claims	-	-
Other Liabilities	-	-
Total Liabilities	4,053,405	1,932,919
Deficit of Assets over Liabilities	(3,267,106)	(328,156)
Total Liabilities and Deficit of Assets over Liabilities	\$ 786,299	\$ 1,604,763

DRIVERS INSURANCE COMPANY IN LIQUIDATION
STATEMENT OF CHANGES IN CASH AND INVESTED ASSETS
FROM MAY 15, 2015 TO JUNE 30, 2018

Receipts:		
Investment Income	\$	60,212
Salvage and Subrogation		89,301
Release from Statutory Deposits		539,146
Miscellaneous		46,413
Total Receipts		735,072
Disbursements:		
Salvage and Subrogation Fees		13,138
Salaries		371,988
Employee Relations & Welfare		308,095
Rent and Related Expenses		107,170
Professional Fees		94,255
General and Administrative Expenses		35,414
Other Expense		40,290
Total Disbursements		970,350
Net Increase (Decrease) of Receipts Over Disbursements		(235,278)
Cash and Invested Assets (Unrestricted) at fair market value, as of May 15, 2015		1,045,490
Unrealized Gain / (Loss) on Investments		(23,913)
Cash and Invested Assets (Unrestricted), as of June 30, 2018		\$ 786,299