

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ALBANY

-----X
In the Matter of

Index No.: 97/06

the Liquidation of

AFFIRMATION

FRONTIER INSURANCE COMPANY.
-----X

Holly Sutton, 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 (“NYLB”), which serves as the staff of Adrienne A. Harris, Superintendent of the Department of Financial Services of the State of New York (“Superintendent”), in her capacity as liquidator (“Liquidator”) of Frontier Insurance Company (“Frontier”). I submit this affirmation upon information and belief, based on my review of the Frontier files maintained by the NYLB and the conversations I have had with employees of the Liquidator, in support of the Liquidator’s application for an order approving the Liquidator’s report on the status of and request to close the Frontier liquidation proceeding (“Closing Report”) and the financial transactions therein detailed.

2. A copy of the proposed order is annexed hereto as Exhibit 1.

3. The Closing Report is annexed hereto as Exhibit 2.

4. The Liquidator proposes to give notice of the return date of the accompanying Order to Show Cause by (i) posting the Order to Show Cause and its supporting papers on the NYLB Internet web page at <https://www.nylb.org>, under Legal and Estate Notices, within five (5) days following the Liquidator's receipt of a signed copy of the Order to Show Cause; and (ii) mailing same by United States First-Class Mail to the recipients listed on Schedule A and Schedule B,

annexed hereto, within ten (10) days following the Liquidator's receipt of a signed copy of the Order to Show Cause. Schedule A lists the entities that were served with the Initial Court Report, dated December 20, 2013, which includes the entities that submitted answering papers at the inception of the liquidation proceeding, and Schedule B lists the claimants with allowed Class Two claims that are not covered by a security fund or guaranty association.

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

WHEREFORE, it is respectfully requested that the Court grant an order substantially in the form of the proposed order annexed hereto as Exhibit 1: (i) approving the Closing Report and the financial transactions detailed therein, annexed hereto as Exhibit 2; (ii) allowing the claim of the Pennsylvania Workers' Compensation Security Fund in the amount of \$6,555,090.59, submitted to this Court on December 5, 2023, with an accompanying proposed order identified as Order No. 386; (iii) authorizing the continued payment of actual and necessary administrative expenses incurred by the Liquidator in the administration of the Frontier liquidation proceeding, including such expenses pertaining to the closing of the liquidation proceeding; (iv) authorizing the Liquidator to distribute Frontier's assets, consistent with the priorities set forth in Insurance Law § 7434, to the former policyholders and creditors of Frontier with allowed claims; (v) terminating and closing the liquidation proceeding; (vi) authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation proceeding; (vii) authorizing the Liquidator, after termination of the liquidation proceeding and without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Frontier

estate; (viii) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, including the NYLB, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding; and (ix) for such other and further relief that this Court deems just and proper.

Dated: New York, New York
December 21, 2023



Holly Sutton

Schedule A

Entities that were served with the Initial Court Report, which includes the entities that submitted answering papers at the inception of the liquidation proceeding, and their current addresses.

1. John A. Petrilli, Esq.
Senior Vice President and General Counsel
Lancer Financial Group, Inc.
370 West Park Avenue
Long Beach, NY 11561

2. Jonathan L. Gay, Esq.
Walther, Roark & Gay, PLC
163 East Main Street, Suite 200
P.O. Box 1598
Lexington, KY 40588-1598
*Attorneys for Commonwealth of Kentucky
Department of Workers' Claims and Kentucky Coal
Employers' Self-Insurance Guaranty Fund*

3. Mark Kook, Esq.
Law Office of Mark R. Kook
1180 Avenue of the Americas, 8th Floor
New York, NY 10036
*Attorneys for Callon Petroleum, The Martin Family
Charitable Trust and Logo Holdings, LLC*

4. Frances M. McLaughlin, Esq.
United States Department of Justice
P.O. Box 875
Ben Franklin Station
Washington, D.C. 20044

5. Sharon Williams, Esq.
United States Department of Justice
P.O. Box 875
Ben Franklin Station
Washington, D.C. 20044

6. Logo Holdings, LLC
c/o Joseph F. Scognamiglio
131 Roses Grove Road
Southampton, NY 11968

7. Margaret A. Wharton, Esq.
Wharton Law Group
456 South Central Avenue
P.O. Box 621172
Oviedo, FL 32762-1172
Attorneys for The Martin Family Charitable Trust

8. Richard G. Liskov, Esq.
Arentfox Schiff LLP
1301 Avenue of the Americas, Floor 42
New York, NY 10019-6040

9. Y. David Scharf, Esq.
Morrison & Cohen LLP
909 Third Avenue
New York, NY 10022
Attorneys for Unit 82 Joint Venture

10. Gary A. Pagliarello, Esq.
Patrick F. Adams, P.L.L.C.
3500 Sunrise Highway, Building 300
Great River, NY 11739
Attorneys for St. John the Baptist Diocesan High School

11. Laszlo Komjathy, Jr., Esq.
California Department of Insurance
1901 Harrison Street
6th Floor
Oakland, CA 94612

12. Thomas W. Jenkins, Esq.
Locke Lord, LLP,
111 South Wacker Drive
Chicago, IL 60606
*Attorneys for Frontier Insurance Company
Coordinating Committee*

Schedule B

Claimants with allowed Class Two claims that are not covered by a security fund or guaranty association. There are seventy-nine non-fund, allowed Class Two claims held by thirty-seven claimants; some claimants have more than one such claim.

1. A Child's Dream, Inc.
c/o James A. Maass
26732 Cadiz Circle
Mission Viejo, CA 92691
2. Alexander Termite & Pest Control Company, Inc.
P.O. Box 47490
Doraville, GA 30362
3. Allan R. Brewer-Carias
20 East, 68th St. Apt 7E
New York, NY 10065
4. Angel Bernardo Viso
c/o Law Offices of Field Lomenza, P.C.
260 Madison Avenue, 22nd Floor
New York, NY 10016
Attn: David Field
5. Bank of America N.A.,
as Successor to Fleet Bank, N.A.
Special Assets Group Business Banking/CDG
99 Founder's Plaza, CT2-547-05-22
East Hartford, CT 06108
Attn: Nanette C. Franco, SVP & Market Manager
6. Bethany Rastok
11567 Decatur Street, #B
Westminster, CO 80234
7. Carmen Cecilia Lopez Lugo
c/o Law Offices of Field Lomenza, P.C.
260 Madison Avenue, 22nd Floor
New York, NY 10016
Attn: David Field
8. City of Westminster
Office of the City Attorney
4800 W. 92nd Avenue
Westminster, CO 80031

9. Clark County Office of the District Attorney
500 S. Grand Central Parkway
P.O. Box 552215
Las Vegas, NV 89155-2215
Re: Bond # SD00066876
Attn: Laura C. Rehfeldt

10. Debra Cripe
4644 Sunsail Circle
Destin, FL 32541

11. Dr. Carlos J. Estrada Gutierrez
c/o Manuel Porro - Vizcarra Law Offices
382 Escorial Avenue
Urb Caparra Heights
San Juan, PR 00920

12. Equity Trust Company FBO Liquidity Solutions, Inc.
401k David Fishel Trustee
1 Equity Way
Westlake, OH 44145

13. Estate of Thomas R. Spencer, Curtis Spencer,
Cameron M. Evans c/o Curtis M. Spencer
as Personal Representative of the Estate of Thomas R. Spencer
732 Mattison Avenue
Sumter, SC 29150

14. Estes Express Lines
1504 Appalachee Street
Birmingham, AL 35234-1422
Attn: Ryan Barrier, Manager

15. First State Bank of Eldorado
c/o Mr. Casey Heitz
Parker Heitz & Cosgrove PLLC
401 N. 31st Street, Suite 805
Billings, MT 59103-7212

16. Friendship House Children's Center
c/o Tom MacNeely, Esq.
Rosenn, Jenkins & Greenwald, LLP
1065 Highway 315, Suite 200
Wilkes-Barre, PA 18702

17. Gary Ray Parker and Professionals Real Estate Office, Inc.
c/o Boackle Law Firm, PLLC
700 Avignon Drive, Suite C
Ridgeland, MS 39157-5159
18. Illinois Environmental Protection Agency
c/o Mr. Christopher Grant
Asst. Atty. General Environmental Bureau
69 West Washington Street, Suite 1800
Chicago, IL 60602
19. Judy B. Hayman Homes Inc.
4693 Main Street Powell
Fyffe, AL 35971-5143
20. Labor Cabinet, Department of Workers' Claims
Attn: Workers' Claims Legal Division
657 Chamberlin Avenue
Frankfort, KY 40601
21. Liquidity Solutions, Inc.,
as Assignee of John Randy Danielson
1 University Plaza, Suite 508
Hackensack, NJ 07601
Attn: Jonathan Owens
22. Logo Holdings, LLC
c/o Joseph F. Scognamiglio
131 Roses Grove Road
Southampton, NY 11968
23. Madison County Alabama
100 Northside Square, Suite 700
Huntsville, AL 35801-4820
Attn: Jeff Rich, County Attorney
24. Ms. Charon Hare, as the Personal Representative
in the Estate of Marcel D. Hare, Deceased
7653 Dacosta
Redford, MI 48239
25. Robert Charles Enterprises, Inc.
300 Harmon Meadow Boulevard
Secaucus, NJ 07094

26. Russ Hill
c/o Dentons US LLP
1221 Avenue of the Americas
New York, NY 10020
27. Sharena Payne
c/o Preston J. Fields, PA
11211 Prosperityn Farms Road, C3011
Palm Beach Gardens, FL 33410
28. Stark County Dept. of Job & Family Services
c/o Ross A. Rhodes, Chief of the Civil Division
Stark County Office Bldg.
110 Central Plaza South, Suite 510
Canton, OH 44702
29. Stephanie Lucero
1728 E. 83rd Drive
Denver, CO 80229
30. The Martin Family Charitable Trust
as Assignee for Florida Desk Inc.
c/o Wharton Law Group, Attorneys
456 South Central Avenue
P.O. Box 621172
Oviedo, FL 32762-1172
31. The Village of Cary
c/o Laffan & Laffan, LLP
259 Mineola Boulevard
Mineola, NY 11501-2371
Attn: Maura V. Laffan
32. Town of Sutton
Sutton Town Hall
4 Uxbridge Road
Sutton, MA 01590
Attn: Robert S. Largess, Jr., Planning Board & Dept.
33. U.S. Customs Service
c/o Ms. Sharon C. Williams, Trial Attorney
Department of Justice
1100 L Street NW, Room 10016
Washington, DC 20005

34. U.S. Department of Justice
Department of Homeland Security,
Immigration & Customs
c/o Ms. Frances McLaughlin, Trial Attorney
1100 L Street, NW, Room 10020
Washington, DC 20005

35. William Abbott & Warren Woo
d/b/a Abbott & Woo PLC
4790 Geary Blvd.
San Francisco, CA 94118-2909

36. Williamson Industries Inc.
c/o George M. Snellings, Esq.
Zentner, Sartor & Snellings LLP
1507 Royal Avenue
P.O. Box 14420
Monroe, LA 71207-4420

37. Zurich American Insurance Company
c/o Ms. Karen Lee Turner
Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

Exhibit 1 – Proposed Order

At IAS Part 15 of the Supreme Court of the State of New York, County of Albany, at the Courthouse, 16 Eagle Street, Albany, New York, on the ____ day of _____, 2024.

P R E S E N T:

HON. RICHARD M. PLATKIN, J.S.C.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF ALBANY

-----x
In the Matter of

Index No.: 97/06

the Liquidation of

ORDER

FRONTIER INSURANCE COMPANY.
-----x

Upon the motion of the Superintendent of the Department of Financial Services of the State of New York, as liquidator (“Liquidator”) of Frontier Insurance Company (“Frontier”), for an order, *inter alia*: (i) approving the Liquidator’s report on the status of and request to close the Frontier liquidation proceeding (“Closing Report”), and the financial transactions detailed therein, annexed as Exhibit 2 to the affirmation of Holly Sutton; (ii) allowing the claim of the Pennsylvania Workers’ Compensation Security Fund in the amount of \$6,555,090.59, submitted to this Court on December 5, 2023, with an accompanying proposed order identified as Order No. 386; (iii) authorizing the continued payment of actual and necessary administrative expenses incurred by the Liquidator in the administration of the Frontier liquidation proceeding, including such expenses pertaining to the closing of the liquidation proceeding; (iv) authorizing the Liquidator to distribute Frontier’s assets, consistent with the priorities set forth in Insurance Law § 7434, to the former policyholders and creditors of Frontier with allowed claims; (v) terminating and closing the liquidation proceeding; (vi) authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation

proceeding; (vii) authorizing the Liquidator, after termination of the liquidation proceeding and without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Frontier estate; (viii) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, including the NYLB, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding; and (ix) for such other and further relief that this Court deems just and proper;

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

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

ORDERED, that the Closing Report and the financial transactions detailed therein are approved; and it is further

ORDERED, that the Liquidator's recommendation to allow the claim of the Pennsylvania Workers' Compensation Security Fund in the amount of \$6,555,090.59, as set forth in the papers filed with this Court on December 5, 2023, with the accompanying proposed order identified as Order No. 386, is approved and confirmed; and it is further

ORDERED, that continued payment of actual and necessary administrative expenses, if any, including such expenses pertaining to the closing of the Frontier liquidation proceeding, is authorized; and it is further

ORDERED, that the Liquidator is authorized to distribute Frontier's assets, consistent with the priorities set forth in Insurance Law § 7434, to the former policyholders and creditors of Frontier with allowed claims; and it is further

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

ORDERED, that the Liquidator's receipt and disbursement, without further application to this Court, of any receipts that are received after the termination of the liquidation proceeding, is authorized; and it is further

ORDERED, that the Liquidator, after termination of the liquidation proceeding and without further order of this Court, is authorized to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Frontier estate; and it is further

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

E N T E R

J.S.C.

Exhibit 2 – Closing Report

**FINAL REPORT ON THE STATUS OF AND REQUEST TO CLOSE
THE LIQUIDATION PROCEEDING OF
FRONTIER INSURANCE COMPANY**

INTRODUCTION

Adrienne A. Harris, Superintendent of the Department of Financial Services of the State of New York (“Superintendent”), as liquidator (“Liquidator”) of Frontier Insurance Company (“Frontier”), reports that she has completed her duties regarding the liquidation of Frontier.¹

The Liquidator submits this final report to apprise the Court of the status of the liquidation proceeding (“Closing Report”) and to respectfully request that the Court enter an order substantially in the form of the proposed order annexed as Exhibit 1 to the accompanying affirmation of Holly Sutton, *inter alia*, approving the Closing Report and the financial transactions detailed herein and terminating and closing the Frontier liquidation proceeding.

BACKGROUND

On November 16, 2012, the Supreme Court of the State of New York, Albany County, entered an order placing Frontier into liquidation and appointing the Superintendent of Financial Services of the State of New York as Liquidator of Frontier. A copy of the order (“Liquidation Order”) is annexed hereto as Exhibit A. Since that time, the Liquidator has been carrying out the mandate of the Liquidation Order, marshalling the assets of Frontier, administering claims, and resolving disputes.

The bar dates for claims against Frontier passed in 2013 and 2014, and no additional claims or evidence in support of claims against Frontier or its insureds may be presented to the Liquidator. All timely claims filed within the Class Two priority class under Insurance Law § 7434(a)(1) were

¹ The Liquidator has appointed David Axinn as Special Deputy Superintendent and Agent of the Liquidator and other agents to carry out through her staff at the New York Liquidation Bureau (“NYLB”) the responsibilities of the Liquidator.

adjudicated in accordance with the adjudication procedure established for the liquidation proceeding, and this Court has reviewed and approved all proposed claims payments for amounts requiring court approval with the exception of a pending recommended allowance of \$6,555,090.59 for a Pennsylvania Workers' Compensation Security Fund claim (the "PA WC Claim"), as discussed below. The Liquidator refrained from adjudicating claims in classes below Class Two to avoid incurring unnecessary administrative expense since Frontier has insufficient assets to pay Class Two claims in full and is unable to pay any claims below Class Two.

This Closing Report provides an update on the status of the Frontier liquidation since the Interim Report, which set forth Frontier's financial condition as of June 30, 2023, and was approved by this Court by order dated September 29, 2023.² The Closing Report is limited to changes in Frontier's financial condition since June 30, 2023.

CURRENT STATUS OF FRONTIER CLAIMS

There have been no changes regarding claims in the liquidation proceeding since the Interim Report other than the following:

A. Adjudicated Claims -- Class Two -- Guaranty Funds

All claims of out-of-state policyholders that the Liquidator identified as eligible for coverage by funds of other states were referred to those funds ("Guaranty Funds"). Thirty-nine Guaranty Funds presented Class Two claims against Frontier resulting in a total allowance of \$58,517,436.96. An additional recommended allowance of \$6,555,090.59 for the PA WC Claim

² The order approving the Interim Report is available on the NYLB website at [frontier \(nylb.org\)](https://www.nylb.org/interim-report). The Interim Report provides additional background regarding Frontier and its liquidation and is available on the NYLB website at [Frontier_SupportingPapers\(47 pages\)_08042023.pdf \(nylb.org\)](https://www.nylb.org/supporting-papers).

is before the Court,³ and if approved will bring the total allowance to \$65,072,527.55 and resolve the last of the Guaranty Fund claims. This total allowance will be offset by special deposit funds (described below) and subrogation recoveries that reduce the total claim amount by approximately \$14,110,996, leaving an anticipated net Class Two Guaranty Funds allowance of approximately \$50,961,531.

B. Special Deposits

Five states, including Arizona, Georgia, Idaho, Massachusetts and Virginia, have open special deposits with Frontier. A special deposit is a sum that a state requires an out-of-state insurer to pay to it in trust to transact business in the state. The special deposit is intended to provide added protection for the state's policyholders and creditors if a Guaranty Fund is triggered by the out-of-state insurer's insolvency.

With respect to the Arizona and Virginia special deposits, the Liquidator has applied the open special deposits to pending claims and reduced the related Guaranty Fund allowance by the amount of the special deposit retained. With regard to three states, Georgia, Massachusetts and Idaho, balances are owed back to Frontier in the amount of approximately \$161,716. These amounts will be credited to Frontier estate assets and included in the final distribution.

³ The application to allow the PA WC Claim was submitted to the Court on December 5, 2023, with the accompanying proposed order identified as Order No. 386, and is incorporated by reference in this Closing Report.

UPDATED FINANCIAL REPORT

Frontier's financial books and records were closed on December 20, 2023 (the "Closing Date").⁴ Frontier's Statement of Assets, Liabilities, and Receipts and Disbursements for the period from the Liquidation Order, entered November 16, 2012, to December 20, 2023, are attached hereto as Exhibit B.

A. As of the Closing Date

As of the Closing Date, Frontier's records reflect total unrestricted assets of \$37,256,705 and total Class One and Two liabilities of \$194,576,190, resulting in an insolvency regarding Class Two creditors of \$157,319,485.

1. Assets

As of the Closing Date, Frontier's records reflect total assets of \$39,143,221, consisting of \$37,256,705 in unrestricted assets (i.e., \$37,200,459 in cash and cash equivalents, and bonds at fair market value, plus \$56,246 in accrued investment income), and \$161,716 in restricted assets (i.e., in statutory deposits). As part of the total assets, the Liquidator is separately holding \$1,724,800, consisting of funds pledged in connection with surety bonds by the principals as security for their obligations under the bonds. The Liquidator has determined that there are no claims against the bonds and that the funds should be returned to the principals.⁵

⁴ Frontier's books and records were closed subject to the Liquidator's recommended allowance of \$6,555,090.59 for the claim of the PA WC Claim that is before the Court for approval. For purposes of the Closing Report, this claim is reflected as an allowed claim and included in Class Two liabilities.

⁵ The Liquidator has sent a letter to each principal, notifying them of the funds to be returned to them, but in many cases has not received a response. As noted below, any unclaimed funds will be escheated to New York State pursuant to the Abandoned Property Law.

2. Liabilities

As of the Closing Date, Frontier's records reflect total liabilities for Class One and Class Two claims of \$194,576,190, consisting of Class One administrative claims of \$891,431, and Class Two claims under policies of \$193,684,769.

3. Receipts and Disbursements

a. Receipts

As of the Closing Date, the Liquidator has collected assets in the amount of \$34,053,625, consisting of \$6,424,091 in net investment income (including proceeds for sale of headquarters property), \$18,349,850 in reinsurance recovered, \$356,458 in premiums collected, \$537,995 in salvage and subrogation recoveries, \$1,180,016 in litigation damages awarded, \$4,739,419 from the release of statutory deposits, and \$2,465,796 in miscellaneous receipts.

b. Operating Expenses

As of the Closing Date, the Liquidator has incurred and paid \$22,154,510 in operating expenses, consisting of \$7,233,318 for the salaries of the Liquidator's staff, \$4,261,513 for employee relations and welfare (e.g., payroll taxes, health insurance and pension contributions), \$3,292,088 in rent and related expenses, \$1,722,358 in professional fees (e.g., accountants, attorneys and other consultants), \$960,602 in general and administrative expenses (e.g., IT services and general office maintenance), and \$4,684,631 in miscellaneous expenses (e.g., insurance and bank fees).

c. Reinsurance Claims

As of the Closing Date, Frontier's records reflect reinsurance recoverables on paid losses of \$50,163. The Liquidator anticipates that approximately \$28,804 in reinsurance collection currently in progress will be collected in the weeks following the close. Any additional reinsurance proceeds received following the close of estate will be included in the distributable assets.

4. Distributions to Claimants

As of the Closing Date, no distribution of assets has been made. The Liquidator has verified the contact and payment information of creditors with allowed Class Two claims, and anticipates being able to make a final distribution within ninety days of the final closing order.

Any unclaimed distributions will be escheated to New York State pursuant to the Abandoned Property Law. To that end, the Liquidator is establishing an online portal through which Frontier creditors with allowed Class Two claims can search for unclaimed funds in their name. Notice of and accessibility to the unclaimed funds portal will be available on the NYLB website at www.nylb.org.

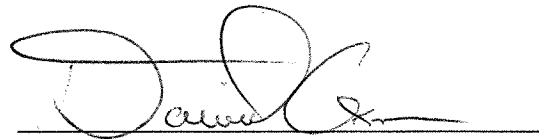
RELIEF SOUGHT

The Liquidator submits this Closing Report to report that the affairs of the Frontier liquidation proceeding have been completed and that it is in the best interests of the estate to close the liquidation proceeding under the terms and conditions herein outlined. Accordingly, the Liquidator respectfully requests that the Court issue an order:

1. Approving the Closing Report and the financial transactions detailed herein;
2. Allowing the claim of the PA WC Claim in the amount of \$6,555,090.59, submitted to this Court on December 5, 2023;
3. Authorizing the continued payment of actual and necessary administrative expenses, if any, including such expenses pertaining to the closing of the liquidation proceeding;

4. Authorizing the Liquidator to distribute Frontier's assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Frontier with allowed Class Two claims;
5. Terminating and closing the liquidation proceeding;
6. Authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation proceeding;
7. Authorizing the Liquidator, after termination of the liquidation proceeding and without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Frontier estate; and
8. Releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys, and employees, including the NYLB, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding.

Dated: New York, New York
December 21, 2023



David Axinn
Special Deputy Superintendent and
Agent of Adrienne A. Harris,
Superintendent of the Department of
Financial Services of the State of New York,
as Liquidator of Frontier Insurance
Company

Exhibit A – Liquidation Order

At the Supreme Court of the State of New York, County of Albany, at the courthouse, 16 Eagle Street, County and City of Albany, State of New York, on the 9th day of November, 2012.

PRESENT:

HON. RICHARD M. PLATKIN, J.S.C.
-----X

In the Matter of

Index No. 000097/2006

the Rehabilitation of

ORDER OF LIQUIDATION

FRONTIER INSURANCE COMPANY
-----X

Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York ("Superintendent"), having moved this Court by order to show cause ("Order to Show Cause") for an order converting the rehabilitation proceeding of Frontier Insurance Company ("Frontier") to a liquidation proceeding, and upon reading the petition of the Superintendent, duly verified the 18th day of July, 2012; the affidavit of Al Escobar, Chief Executive Officer of Frontier, sworn to July 17, 2012, and the exhibits annexed thereto; all answering and reply papers; all prior proceedings and papers in this proceeding, this Court finds that:

1. Frontier was placed into rehabilitation and the Superintendent and his successors in office were appointed Rehabilitator by order of the Supreme Court of the State of New York, County of New York ("Rehabilitation Order") entered October 15, 2001;
2. Frontier is insolvent;
3. Further efforts to rehabilitate Frontier would be futile;
4. Frontier is subject to the New York Insurance Law ("Insurance Law") and, particularly, to Article 74 thereof; and

Albany County Clerk
Document Number 11276357
Rcvd 11/16/2012 2:31:02 PM



5. It is in the best interest of all persons concerned that, based upon Article 74 of the Insurance Law, the Superintendent should be appointed Liquidator and vested with title to all of Frontier's property, contracts and rights of action and directed to liquidate its business and affairs;

NOW, on motion of the Honorable Eric T. Schneiderman, 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 is granted;
2. The rehabilitation proceeding of Frontier is converted to a liquidation proceeding;
3. The Superintendent, and his successors in office, are appointed Liquidator of Frontier 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 all of Frontier's property, contracts and rights of action as of the date of entry of this Order; and (iii) directed to liquidate Frontier's business and affairs in accordance with Insurance Law Article 74;
4. The Liquidator may deal with the property and business of Frontier in its name or in the name of the Liquidator;
5. The injunctions provided for in the Rehabilitation Order and in Insurance Law Section 7419 are continued and granted, including permanently enjoining and restraining all persons from: (i) transacting Frontier's business; (ii) wasting or disposing of Frontier's property; (iii) interfering with the Superintendent as Liquidator in the possession, control or management of Frontier's property or in the discharge of his duties; (iv) commencing or prosecuting any actions, lawsuits, or proceedings against Frontier or the Superintendent as Liquidator; and (v) obtaining preferences, judgments, attachments or other liens or making levy against Frontier's property or any part thereof;
6. All parties are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings, or efforts to collect on debts or judgments, against Frontier, the Liquidator or the New York Liquidation Bureau, their present or former employees or attorneys, with respect to this proceeding or the discharge of their duties under Insurance Law Article 74;

(RS) [6-a. The injunctions and restraints set forth in ~~para~~ paragraphs 5 and 6 of this Order shall not apply to applications brought before this Court or actions or proceedings commenced or prosecuted with the prior approval of this Court. (RS)

(RS)
In relation to Frontier or this proceeding

7. All parties to actions, lawsuits and special or other proceedings in which Frontier is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from proceeding with any applications for judgment or proceedings on settlement or judgment and the making of all liens, levies or other efforts to execute or collect on debts or judgments for a period of 90 days from the entry of this Order;
8. All persons who have first-party or New York Comprehensive Automobile Insurance Reparation Act (No Fault) policyholder loss claims against Frontier are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the entry of this Order;
9. The Liquidator is vested with all of Frontier's rights under all its contracts and agreements, including all leases, tax agreements, insurance policies and employment contracts, however described, unless the Liquidator expressly terminates such contracts or agreements, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of termination;
10. 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 Frontier'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) transfer funds from such bank, savings and loan association or other financial institution to a bank; savings and loan association or other financial institution designated by the Liquidator; or (v) take any other action necessary for the proper conduct of the liquidation proceeding;
11. All persons or entities having any property and/or information, including, but not limited to, insurance policies, claims files (electronic or paper), software programs, and/or bank records owned by, belonging to or relating to Frontier, shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
12. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or other securities, and any other personal property of Frontier at market price or 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 Frontier, and to take such steps as may be necessary to effect and carry out such sales, transfers and assignments;
13. In the event that the Liquidator shall seek to sell, assign or transfer any real property of Frontier, ~~and/or~~ enter into any agreement with either of Frontier

and/or otherwise sell or dispose of assets of Frontier exceeding \$2,500 in value, (RP)

Insurance Group, LLC or Lancer Financial Group, Inc., such sale, assignment, disposition, (RP) transfer, or the effectiveness of such agreement shall be subject to the approval of this Court; such approval shall be sought by motion of the Liquidator to this Court upon notice to counsel for those individuals and entities that submitted answering papers pursuant to the Order to Show Cause;

14. As set forth in Insurance Law Section 7433(b)(2), the Liquidator shall, within thirty days after the last day set for filing claims, make a list of all persons whose name appears on the books and records of the company as policyholders or claimants; each person whose name appears upon such list shall be deemed to have duly filed a proof of claim prior to the last day set for the filing of claims;
15. Subject to the provision of Insurance Law Section 7433(b)(2) referred to above, in accordance with Insurance Law Section 7432(b), all persons who may have claims against Frontier shall present the same to the Liquidator at the offices of the New York Liquidation Bureau, 110 William Street, New York, New York 10038, Attn: Creditor and Ancillary Operations Division, within four months of the date of entry of this Order, and proofs of claim (as described in Insurance Law Section 7433(a)(1)) may be filed subsequent to the date specified in Insurance Law Section 7432(b), but, no such claim shall share in the distribution of the assets until all allowed claims, proofs of which were filed (or deemed filed pursuant to Insurance Law Section 7433(b)(2)) before such specified date, have been paid in full with interest.
16. The Liquidator is authorized to pay actual and necessary administrative costs and expenses of Frontier out of the assets of Frontier;
17. If, within the rehabilitation proceeding that is hereby converted into a liquidation proceeding, a claim was previously adjudicated and allowed, such claim shall be an allowed claim for the purposes of the liquidation proceeding without further filing or proceeding;
- 17-a. *The Interim Procedure Order and all appointments made hereunder shall remain in effect* (RP)
18. Any person who has a cause of action against an insured of Frontier under a liability insurance policy issued by Frontier, shall have the right to file a claim in the proceeding, even though the claim is contingent, and such claim may be allowed in accordance with Article 74 of the Insurance Law;
19. Under the direction of this Court any distribution of assets, including payment in respect of claims, shall be in accordance with the priorities set forth in 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. The Liquidator shall serve a copy of this Order upon (i) Al Escobar, Chief Executive Officer of Frontier, 195 Lake Louise Marie Road, Rock Hill, NY 12775; (ii) Lancer Financial Group, Inc., 370 West Park Avenue, Long Beach, NY 11561; (iii) Walther, Roark & Gay, PLC, Attorneys for Commonwealth of Kentucky Department of Workers' Claims and Kentucky Coal Employers' Self-Insurance Guaranty Fund, (Jonathan L. Gay, of counsel), 163 East Main Street, Suite 200, P. O. Box 1598, Lexington, KY 40588-1598; (iv) Hargraves McConnell & Costigan, P.C., Attorneys for Commonwealth of Kentucky Department of Workers' Claims and Kentucky Coal Employers' Self-Insurance Guaranty Fund, (John McConnell, of counsel), The Helmsley Building, 230 Park Avenue, New York, NY 10169; (v) Stuart F. Delery, Acting Assistant Attorney General, Attorney for the United States, (Frances M. McLaughlin, of counsel), United States Department of Justice, Civil Division, P. O. Box 875, Ben Franklin Station, Washington, DC 20044; (vi) Ficara & Associates, P.C., Attorneys for Callon Petroleum, The Martin Family Charitable Trust and Logo Holdings, LLC, (Donald J. Cayea, of counsel), 155 Pinelawn Road, Suite 240N, Melville, NY 11747; (vii) Arnstein & Lehr, LLP, Attorneys for The Martin Family Charitable Trust, (Mary Cannon Veed, of counsel), 120 South Riverside Plaza, Suite 1200, Chicago, IL 60606, (viii) Wharton Law Group, Attorneys for Logo Holdings, LLC, (Margaret A. Wharton, of counsel), 456 South Central Avenue, P. O. Box 621172, Oviedo, FL 32762-1172; (ix) Chadbourne & Parke, LLP, (Richard G. Liskov, of counsel), 30 Rockefeller Plaza, New York, NY 10011, (x) Morrison Cohen LLP, Attorneys for Unit 82 Joint Venture, (Y. David Scharf, of counsel), 909 Third Avenue, New York, NY 10022; (xi) Patrick F. Adams, P.L.L.C., Attorney for St. John's the Baptist Diocesan High School, (Gary A. Pagliarello, of counsel), 3500 Sunrise Highway, Building 300, Great River, NY 11739; (xii) Lazlo Komjathy, Jr., Esq., Attorney for California Department of Insurance, Legal Division, Corporate Affairs Bureau, 45 Fremont Street, 24th Fl., San Francisco, CA 94105; (xiii) Locke Lord, LLP, Attorneys for Frontier Insurance Company Coordinating Committee, (Thomas W. Jenkins, of counsel), 111 South Wacker Drive, Chicago, IL 60606;
22. The Liquidator shall provide notice of this Order to all creditors, claimants and other interested persons by: (i) posting this 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 Order; and (ii) publication of notice of this Order in *Business Insurance* once a week in two consecutive publication weeks, commencing within four weeks of entry of this Order, in a form substantially similar to the one attached hereto; (confirmed to reflect the terms of the executed Order) (RP)
23. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered;
24. The notice prescribed in decretal paragraphs 21 and 22 hereof is sufficient notice to all persons interested in Frontier;

25. This Court shall retain jurisdiction over this matter for all purposes;
26. The caption to this proceeding is hereby amended as follows:

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

-----X
In the Matter of

the Liquidation of

FRONTIER INSURANCE COMPANY.
-----X

27. All further papers in this proceeding shall bear the above amended caption.
28. The Liquidator shall serve a conformed copy of this order upon the county clerk and the clerk of the trial support office for amendment of this Court and computer records.

ENTER



J.S.C.

HON. RICHARD PLATKIN, A.J.S.C.

Albany County Clerk
Document Number 11276357
Rcvd 11/16/2012 2:31:02 PM



**NEW YORK LIQUIDATION BUREAU
110 WILLIAM STREET
NEW YORK, NEW YORK 10038
(212) 341-6755**

To all persons or entities
interested in the affairs of

FRONTIER INSURANCE COMPANY

Notice is Hereby Given:

I. Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York ("Superintendent"), has been appointed by order of the Supreme Court of the State of New York, Albany County ("Court"), entered [Insert Date] (the "Liquidation Order"), as the liquidator (the "Liquidator") of Frontier Insurance Company ("Frontier") 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 all of Frontier's property, contracts and rights of action as of the date of entry of the Liquidation Order; and (iii) directed to liquidate Frontier's business and affairs in accordance with Insurance Law Article 74. The Liquidator has, under Insurance Law Article 74, appointed Michael J. Casey, Acting Special Deputy Superintendent (the "Acting Special Deputy") as his agent to liquidate the business of Frontier. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038.

II. The Liquidator may deal with the property and business of Frontier in its name or in the name of the Liquidator.

III. All persons are permanently enjoined and restrained from: (i) transacting Frontier's business; (ii) wasting or disposing of Frontier's property; (iii) interfering with the Superintendent as Liquidator in the possession, control or management of Frontier's property or in the discharge of his duties; (iv) commencing or prosecuting any actions, lawsuits, or proceedings against Frontier or the Superintendent as Liquidator; and (v) obtaining preferences, judgments, attachments or other liens or making levy against Frontier's property or any part thereof.

IV. All parties are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings, or efforts to collect on debts or judgments, against Frontier, the Liquidator or the New York Liquidation Bureau, their present or former employees or attorneys, with respect to this proceeding or the discharge of their duties under Insurance Law Article 74.

V. All parties to actions, lawsuits and special or other proceedings in which Frontier is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from proceeding with any applications for judgment or proceedings on settlement or judgment and the making of all liens, levies or other efforts to execute or collect on debts or judgments for a period of 90 days from the date of entry of the Liquidation Order.

Albany County Clerk
Document Number 11276357
Rcvd 11/16/2012 2:31:02 PM



VI. All persons who have first-party or New York Comprehensive Automobile Insurance Reparation Act (No Fault) policyholder loss claims against Frontier are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of the Liquidation Order.

VII. The Liquidator is vested with all of Frontier's rights under all its contracts and agreements, including all leases, tax agreements, insurance policies and employment contracts, however described, unless the Liquidator expressly terminates such contracts or agreements, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of termination.

VIII. 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 Frontier'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) transfer funds from such bank, savings and loan association or other financial institution to a bank; savings and loan association or other financial institution designated by the Liquidator; or (v) take any other action necessary for the proper conduct of the liquidation proceeding.

IX. All persons or entities having any property and/or information, including, but not limited to, insurance policies, claims files (electronic or paper), software programs, and/or bank records owned by, belonging to or relating to Frontier, shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator.

X. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or other securities, and any other personal property of Frontier at market price or 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 Frontier, and to take such steps as may be necessary to effect and carry out such sales, transfers and assignments.

XI. In the event that the Liquidator shall seek to sell, assign or transfer any real property of Frontier and/or enter into any agreement with either of Frontier Insurance Group, LLC or Lancer Financial Group, Inc., such sale, assignment, transfer, or the effectiveness of such agreement shall be subject to the approval of the Court; such approval shall be sought by motion of the Liquidator to the Court upon notice to counsel for those individuals and entities that submitted answering papers pursuant to the Order to Show Cause.

XII. As set forth in Insurance Law Section 7433(b)(2), the Liquidator shall, within thirty days after the last day set for filing claims, make a list of all persons whose name appears on the books and records of the company as policyholders or claimants; each person whose name appears upon such list shall be deemed to have duly filed a proof of claim prior to the last day set for the filing of claims.

XIII. Subject to the provision of Insurance Law Section 7433(b)(2) referred to above, in accordance with Insurance Law Section 7432(b), all persons who may have claims against Frontier shall present the same to the Liquidator at the offices of the New York Liquidation Bureau, 110 William Street, New York, New York, 10038, Attn.: Creditor and Ancillary Operations Division, within four months of the date of entry of the Liquidation Order, and proofs of claim (as described in Insurance Law Section 7433(a)(1)) may be filed subsequent to the date specified in Insurance Law Section 7432(b), but, no such claim shall share in the distribution of the assets until all allowed claims, proofs of which were filed (or deemed filed pursuant to Insurance Law Section 7433(b)(2)) before such specified date, have been paid in full with interest.

XIV. The Liquidator is authorized to pay actual and necessary administrative costs and expenses of Frontier out the assets of Frontier.

XV. If, within the rehabilitation proceeding that has been converted into a liquidation proceeding, a claim was previously adjudicated and allowed, such claim shall be an allowed claim for the purposes of the liquidation proceeding without further filing or proceeding.

XVI. Any person who has a cause of action against an insured of Frontier under a liability insurance policy issued by Frontier, shall have the right to file a claim in the proceeding, even though the claim is contingent, and such claim may be allowed in accordance with Article 74 of the Insurance Law.

XVII. Under the direction of the Court any distribution of assets, including payment in respect of claims, shall be in accordance with the priorities set forth in Insurance Law Article 74.

XVIII. The Liquidator may at any time make further application to the 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 Frontier and to the liquidation thereof should be addressed to:

New York Liquidation Bureau
110 William Street
New York, New York 10038
Attn.: General Counsel
(212) 341-6560

BENJAMIN M. LAWSKY
Superintendent of Financial Services of
the State of New York as Liquidator
of Frontier Insurance Company

MICHAEL J. CASEY
Acting Special Deputy Superintendent
and Agent for the Superintendent as Liquidator of
Frontier Insurance Company

Exhibit B – Financial Report

Frontier Insurance Company

Assets

	December 20, 2023
Unrestricted Assets:	
Cash and Cash Equivalents	\$ 376,355
Bonds, at fair market value	36,824,104
Total Cash, Cash Equivalents and Investments	<u>37,200,459</u>
Reinsurance Recoverable on Paid Losses and LAE	50,163
Less: Allowance for Uncollectable Reinsurance Recoverables	<u>(50,163)</u>
Net Reinsurance Recoverables on Paid Losses and LAE	<u>-</u>
Accrued Investment Income	56,246
Restricted Assets:	
Statutory Deposits	161,716
Collateral Held on Various Bonds	1,724,800
Total Assets	<u>\$ 39,143,221</u>

Note 1: Frontier is holding \$1,724,800 of collateral from surety bondholders who have not requested a return of their collateral. Any unclaimed funds will be escheated to New York State pursuant to the Abandoned Property Law. The Liquidator is establishing an online portal through which Frontier creditors can search for unclaimed funds in their name. Notice of and accessibility to the unclaimed funds portal will be available on the NYLB website.

Frontier Insurance Company

Liabilities

	December 20, 2023
Class I - Administrative Claims	\$ 891,421
Class II - Claims and Related Costs	
Adjudicated	187,129,678
Non-Adjudicated	6,555,091
Total Class II - Claims and Related Costs	193,684,769
Class III - Federal Government Claims	-
Class IV - Employee Claims	-
Class V - State and Local Government Claims	10,060,199
Class VI - General Creditor Claims	22,625,325
Class VII - Late Filed Claims	-
Class VIII - Section 1307 (Shareholder) Loans	-
Class IX - Shareholder Claims	10,584
Secured Claims	1,724,800
Total Liabilities	228,997,098
(Deficit) Surplus	(189,853,877)
Total Liabilities and (Deficit) Surplus	\$ 39,143,221

Frontier Insurance Company
Schedule of Receipts and Disbursements
For The Period November 16, 2012 to December 20, 2023

Receipts:

Net Investment Income	\$ 6,424,091
Reinsurance Recovered	18,349,850
Premiums Collected	356,458
Salvage and Subrogation Recoveries	537,995
Litigation Recoveries	1,180,016
Release from Statutory Deposits	4,739,419
Miscellaneous	2,465,796
Total Receipts	<u>34,053,625</u>

Operating Expenses:

Salaries	7,233,318
Employee Relations & Welfare	4,261,513
Rent and Related Expenses	3,292,088
Professional Fees	1,722,358
General and Administrative Expenses	960,602
Miscellaneous	4,684,631
Total Operating Expenses	<u>22,154,510</u>

Other Disbursements:

Loss & Loss Adjusting Expenses	<u>680,256</u>
--------------------------------	----------------

Total Disbursements	<u>22,834,766</u>
----------------------------	-------------------

Receipts over Disbursements	<u>11,218,859</u>
------------------------------------	-------------------

Cash and Cash Equivalents; Beginning of Period	21,700,771
---	------------

Unrealized Gain on Investments	4,280,829
---------------------------------------	-----------

Cash and Cash Equivalents; End of Period	<u>\$ 37,200,459</u>
---	----------------------

Index No. 97

Year 2006

SUPREME COURT OF THE STATE OF NEW YORK COUNTY OF ALBANY

In the Matter of

the Liquidation of

Frontier Insurance Company.

ORDER TO SHOW CAUSE AND SUPPORTING PAPERS

STEPHANIE BLATTMACHR

Attorney for Superintendent of Financial Services as Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau

180 Maiden Lane, 14th Floor

New York, NY 10038

legal@nylb.org

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: December 21, 2023
New York, New York

Holly Sutton

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 2023

NOTICE OF SETTLEMENT

that an order
settlement to the HON.

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

Dated:

, on

Yours, etc.

STEPHANIE BLATTMACHR

Attorney for Superintendent of Financial Services as
Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau

180 Maiden Lane, 14th Floor

New York, NY 10038

legal@nylb.org