

At IAS Part 63 of the Supreme Court of the State of New York, County of New York, at the Courthouse, 60 Centre Street, in the City, County, and State of New York, on the 29 day of March, 2022.

HON. LAURENCE L. LOVE
Laurence L. Love J.S.C.

PRESENT:

J.S.C.

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

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In the Matter of

Index No.: 450974/22

the Application of

ORDER TO SHOW CAUSE

Adrienne A. Harris, Superintendent of Financial Services of the State of New York, for an Order of Appointment as Ancillary Receiver of

*MS # 1 : OTHER:
COMMENCE
ANCILLARY
RECEIVERSHIP*

HIGHLANDS INSURANCE COMPANY.
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Upon the reading and filing of the annexed verified petition ("Verified Petition") of Adrienne A. Harris, Superintendent of Financial Services of the State of New York ("Superintendent"), duly verified on the 22nd day of March, 2022, and the affidavit of Joan Riddell, Deputy Chief Insurance Examiner, Property Bureau, New York State Department of Financial Services, sworn to on the 14th day of March, 2022;

NOW, on motion of Letitia James, Attorney General of the State of New York, attorney for the Superintendent, and after due deliberation having been had thereon;

LET Cassie Brown, the Texas Insurance Commissioner, as the duly-appointed Liquidator of Highlands Insurance Company ("Highlands") or any of her delegees and all creditors, claimants, and interested persons located in the State of New York show cause before this Court

at IAS Part _____ Room _____, thereof, at the Courthouse located at _____ Street in the City, County, and State of New York, on the 29 day of April, 2022, at 10 o'clock in the a.m., or as soon thereafter as counsel can be heard ("Return Date"), why an order, substantially in the form attached as Exhibit "1" to the Verified Petition ("Order"), should not be made, pursuant to Article 74 of the New York Insurance Law ("Insurance Law"), *inter alia*: (1) commencing a New York ancillary receivership proceeding for Highlands and appointing the Superintendent and her successors in office ancillary receiver of Highlands ("Ancillary Receiver"); (2) vesting the Ancillary Receiver with all rights and obligations granted to and imposed upon her pursuant to Insurance Law Article 74; (3) finding that the material provisions of the October 29, 2021, order of the State of Texas placing Highlands into liquidation ("Liquidation Order") including, but not limited to, the injunctions, restrictions, and directions set forth in sections IV and V, apply to this ancillary receivership proceeding; (4) permanently enjoining and restraining all persons from commencing or prosecuting any actions, lawsuits, or proceedings in the State of New York against Highlands, the Superintendent as Ancillary Receiver or as administrator of the New York security funds, the New York Liquidation Bureau, and their employees, attorneys, or agents, with respect to this proceeding or in the discharge of their duties; (5) enjoining and restraining all parties to actions, lawsuits, and special or other proceedings against insureds of Highlands or in which Highlands is obligated to defend an insured or provide a defense to a party pursuant to an insurance policy from obtaining any judgment or proceeding with any discovery, court proceedings, or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment, or proceedings on settlement or judgment, for a period of 180 days from the date of entry of the Order; (6) enjoining and restraining all persons who have first party policyholder loss claims

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against Highlands in the State of New York from presenting and filing such claims with the Ancillary Receiver for a period of 90 days from the date the Ancillary Receivership Order is signed; (7) extending judicial immunity to the Superintendent in her capacity as Ancillary Receiver of Highlands and as administrator of the New York security funds, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Articles 74 and 76; and (8) granting such other and further relief as the Court may deem just and proper;

AND sufficient cause having been shown therefor, it is hereby

ORDERED, that service of this Order to Show Cause and its supporting papers shall be deemed good and proper service if served by: (i) overnight delivery to Craig Koenig, President of Prime Temus, Inc., as Special Deputy Receiver, representing Cassie Brown, Texas Insurance Commissioner, in her capacity as Liquidator of Highlands Insurance Company, at 27310 Ranch Road 12, Dripping Springs, Texas 78620 at least 20 days before the Return Date; and (ii) posting on the Internet web page for Legal and Estates Notices maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least 15 days prior to the Return Date; and it is further

ORDERED, that any answering papers in support of or in opposition to this application ("Answering Papers") be served so as to be received by the Superintendent at least 7 days prior to the Return Date; that such service shall be made at the following addresses:

Letitia James
Attorney General of the State of New York
28 Liberty Street
New York, NY 10005

Attention: Roderick Arz
Assistant Attorney General

New York Liquidation Bureau
legal@nylb.org

and that the Answering Papers be filed with this Court on or before the Return Date; and it is further

ORDERED, that pursuant to Insurance Law § 7419(a), pending the ^{hearing} ~~determination~~ of this application, Highlands, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, and managers, and all other persons, are hereby restrained, except as authorized by the Superintendent, from transacting Highlands's business or disposing of Highlands's property located in the State of New York, and all persons are restrained from wasting any of Highlands's assets located in the State of New York; and it is further

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ORDERED, that pursuant to New York Insurance Law § 7419(b), pending a ^{hearing} ~~determination~~ on this application, Highlands, its officers, directors, shareholders, members, trustees, agents, servants, employees, attorneys, and managers, and all other persons are hereby restrained from obtaining preferences, judgments, attachments, or other liens, or making any levy or commencing or prosecuting any actions or proceedings within the jurisdiction of the courts of the State of New York against Highlands; and it is further

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ORDERED, that pending the hearing ~~and determination~~ of this motion, all actions or proceedings within the jurisdiction of the courts of the State of New York against Highlands and all actions or proceedings in which Highlands is obligated to defend a party in a proceeding are stayed.

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ENTER:

**ORAL ARGUMENT
DIRECTED**

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HON. LAURENCE L. LOVE JSC
J.S.C.