

At IAS Part 17 of the Supreme Court of the State of New York, County of New York, at the Courthouse, 60 Centre Street, in the County, City and State of New York, on the 24 day of June, 2016.

PRESENT: **SHLOMO HAGLER**
J.S.C.

HON. J.S.C.

-----x

In the Matter of

Index No.: 450674-16

the Application of

ORDER TO SHOW CAUSE

Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York, for an Order of Appointment as Ancillary Receiver of

LUMBERMEN'S UNDERWRITING ALLIANCE.

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Upon the reading and filing of the annexed verified petition ("Verified Petition") of Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York ("Superintendent"), duly verified on the 31st day of May, 2016, the affidavit of Marc Allen, Assistant Chief Examiner, Property Bureau, New York State Department of Financial Services, sworn to on the 31st day of May, 2016, and it appearing that the relief sought should be granted;

NOW, on motion of Eric T. Schneiderman, Attorney General of the State of New York, attorney for the Superintendent, and after due deliberation having been had thereon;

LET John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, as the duly-appointed liquidator of Lumbermen's Underwriting Alliance ("LUA"), Bruce E. Baty, the duly-appointed Special Deputy Receiver of LUA, and all creditors, claimants and interested persons located in the State

of New York show cause before this Court at IAS Part 17 Room 335, thereof, at the Courthouse located at 60 Centre Street in the County, City and State of New York, on the 25th day of July, 2016, at 10:00 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) finding that the Circuit Court of Cole County, Missouri has issued an Order of Liquidation with a Finding of Insolvency against LUA on May 23, 2016 ("Liquidation Order"); (2) appointing the Superintendent and her successors in office as ancillary receiver of LUA ("Ancillary Receiver"); (3) vesting the Ancillary Receiver with all rights and obligations granted to and imposed upon her pursuant to Insurance Law Article 74; (4) finding that the material provisions of the Liquidation Order as it pertains to this ancillary receivership proceeding, including the injunctions, restrictions and directions set forth in paragraphs 8, 14, 15, 16, 30, 49, and 52, apply to this ancillary receivership proceeding; (5) finding that in accordance with Insurance Law § 7412(a) the claims bar date of May 24, 2017, established in paragraphs 26 and 27 of the Liquidation Order, applies to this ancillary receivership proceeding and all New York claims under LUA policies; (6) permanently enjoining and restraining all persons from commencing or prosecuting any actions, lawsuits or proceedings in the State of New York against LUA, the Superintendent as Ancillary Receiver or as administrator of the New York security funds, the New York Liquidation Bureau (the organization that will carry out the duties of the Superintendent), and their employees, attorneys or agents, with respect to this proceeding or in the discharge of their duties; (7) extending judicial immunity to the Superintendent in her capacity as Ancillary Receiver of LUA, 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; 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 mail to John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, Truman State Office Building, Room 530, P.O. Box 690, Jefferson City, Missouri 65102 with a copy to Bruce E. Baty, Special Deputy Receiver, 4520 Main Street, Suite 1100, Kansas City, Missouri 64111 at least ²⁵~~10~~ days before the Return Date; and (ii) posting on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least 10 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 by overnight mail so as to be received by the Superintendent at least ¹⁰~~two~~ days prior to the Return Date, and that such service shall be made at the following addresses:

Eric T. Schneiderman
Attorney General of the State of New York
120 Broadway, 24th Floor
New York, NY 10271
Attention: _____

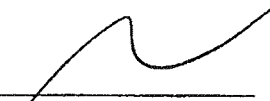
New York Liquidation Bureau
110 William Street, 15th Floor
New York, New York 10038
Attention: General Counsel

and by filing the Answering Papers with this Court on or before the Return Date; and it is further

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 LUA are stayed.

GGH
J.J.C.

ENTER



J.S.C.

SHLOMO HAGLER
J.S.C.

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

-----X

In the Matter of

Index No.:

the Application of

VERIFIED PETITION

Maria T. Vullo, Acting Superintendent of
Financial Services of the State of New York, for an
Order of Appointment as Ancillary Receiver of

LUMBERMEN'S UNDERWRITING ALLIANCE.

-----X

Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York (“Superintendent”), respectfully petitions the Court for an order, substantially in the form attached hereto as Exhibit 1 (the “Order of Ancillary Receivership”), appointing the Superintendent (and her successors in office), pursuant to Section 7407(c) of the New York Insurance Law (“Insurance Law”), ancillary receiver (“Ancillary Receiver”) of Lumbermen’s Underwriting Alliance (“LUA”) with all the rights and obligations granted to and imposed upon her pursuant to Insurance Law Article 74.

Background

1. LUA is a reciprocal inter-insurance exchange¹ organized under the laws of the State of Missouri, with its main administrative office located in Boca Raton, Florida. *See* Affidavit of Marc Allen, Assistant Chief Examiner, Property Bureau, New York State Department of Financial Services, sworn to May __, 2016 (“Allen Aff.”), which is attached hereto as Exhibit 2. LUA became licensed to do business as an authorized foreign insurer in the State of New York on or about May 7, 1999. (Allen Aff. ¶ 2).

¹ A reciprocal inter-insurance exchange is a form of insurance company that is an unincorporated association of subscribing members who exchange contracts of indemnity with each other.

2. LUA is authorized to transact the business of insurance set forth in paragraphs 4 (Fire), 5 (Miscellaneous Property Damage), 6 (Water Damage), 7 (Burglary and Theft), 8 (Glass), 9 (Boiler and Machinery), 10 (Elevator), 12 (Collision), 13 (Personal Injury Liability), 14 (Property Damage Liability), 15 (Workers' Compensation and Employer's Liability), 16 (Fidelity and Surety), 19 (Motor Vehicle and Aircraft Physical Damage), and 20 (Marine and Inland Marine) of Section 1113(a) of the Insurance Law. (Allen Aff. ¶ 3).

3. On May 19, 2015, the Circuit Court of Cole County, Missouri ("Missouri Court") placed LUA into rehabilitation based on evidence that further transaction of business by LUA would be hazardous financially to its policyholders, creditors or the public. John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, was appointed Receiver ("Receiver") of LUA and Bruce E. Baty was appointed as the Special Deputy Receiver. Copies of the Missouri rehabilitation order and appointment of the Special Deputy Receiver are annexed hereto collectively as Exhibit 3.

4. Due to LUA's deteriorating financial condition, the Receiver petitioned the Missouri Court for an order converting the LUA rehabilitation to a liquidation. By order dated May 23, 2016, the Missouri Court found LUA to be insolvent and placed LUA into liquidation (the "Liquidation Order"). The Liquidation Order appointed the Receiver as liquidator ("Missouri Liquidator") of LUA and approved the appointment of Bruce E. Baty as his Special Deputy Receiver. The Liquidation Order also, among other things, established May 24, 2017 as the bar date for the filing of claims against LUA. (Allen Aff. ¶ 5). *See* Liquidation Order (Allen Aff., Exhibit A).

5. LUA is currently paying the workers' compensation claims under insurance policies written by LUA that are eligible for payment from the New York Workers' Compensation Security Fund, which is obligated to pay those claims. *See* N.Y. Workers' Comp. L., Art. 6-A. The Missouri Liquidator may refer other New York claims to the Ancillary Receiver for possible allowance in accordance with Articles 74 and 76 of the Insurance Law.

**The Missouri Liquidator Has Requested that
the Superintendent Commence an Ancillary Receivership Proceeding**

6. Insurance Law § 7407(c) states that upon the request of a receiver who has been appointed for an insurer in its domiciliary state, the Superintendent shall apply to this Court for an order appointing her ancillary receiver for such insurer if the domiciliary state is a reciprocal state.

7. On May 23, 2016, the Liquidator sent a request to the Superintendent to commence an ancillary receivership proceeding for LUA (the "Letter of Request"). A copy of the Letter of Request is annexed as Exhibit B to the Allen Aff.

8. Missouri is also a reciprocal state. Insurance Law § 7408(b)(6) defines a reciprocal state as any state, other than the State of New York, in which the provisions of the Uniform Insurers Liquidation Act (Insurance Law §§ 7408-7415), in substance and effect, are in force. Missouri, LUA's domiciliary state, has adopted, in substance and effect, the provisions of the Uniform Insurers Liquidation Act. MO Rev Stat §§ 375.1176, 375.1235, 375.1236, 375.1240, 375.1242 and 375.1244. *See* Letter of Request. (Allen Aff., Exhibit B).

9. Based on the Letter of Request from Missouri, a reciprocal state, the Superintendent now brings this application under Insurance Law § 7407 to commence an ancillary receivership proceeding for LUA.

Relief Requested

10. In light of the foregoing, I respectfully request that the Court enter the Order of Ancillary Receivership, which, among other things: (a) finds that the Missouri Court has issued an Order of Liquidation with a Finding of Insolvency against LUA signed on May 23, 2016; (b) appoints the Superintendent as Ancillary Receiver of LUA, pursuant to Insurance Law §§ 7407(c) and 7410(a); and (c) vests the Ancillary Receiver with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the Insurance Law.

11. I respectfully request that this Court explicitly apply the injunctions, restrictions and directions contained in paragraphs 8, 14, 15, 16, 30, 49, and 52 of the Liquidation Order to any and all business of LUA that is conducted, and to any and all assets, books, records, files, credit cards and other property of LUA that are located in the State of New York. While these injunctions, directions and restrictions, as well as the entire Liquidation Order, were issued by a court of competent jurisdiction and apply to this ancillary proceeding, the Superintendent nonetheless believes that an explicit ruling from this Court that the injunctions, directions and restrictions issued in paragraphs 8, 14, 15, 16, 30, 49, and 52 of the Liquidation Order apply to this ancillary receivership proceeding will promote clarity and reduce the likelihood of unnecessary litigation.

12. In order to discharge her responsibilities in an orderly and fair manner for the benefit of policyholders and creditors domiciled in the State of New York, the Ancillary Receiver also requires certain injunctive relief. Accordingly, I further respectfully request that the Court issue the injunctions provided for by Insurance Law § 7419(b) as set forth below.

13. Under Insurance Law § 7419(b), the Court may issue such permanent injunctions or orders as it “deems necessary” to prevent the commencement or prosecution of any actions or proceedings in the State of New York against the Ancillary Receiver, LUA, the New York Liquidation Bureau (the organization that will carry out the Superintendent’s duties), or their present or former employees, attorneys or agents, with respect to this proceeding or the discharge of their duties under Insurance Law Article 74 in relation thereto (the “Permanent Injunctions”).

14. The Permanent Injunctions are crucial for the Ancillary Receiver to perform her duties. Failure to grant this relief could result in one or more persons or entities rushing to pursue legal action, including collections and default judgments, in the State of New York against LUA. This would adversely impact the ability of the Ancillary Receiver to discharge her responsibilities and would significantly increase administrative expenses and litigation costs.

15. I further respectfully submit that Insurance Law § 7412(a) makes clear that the bar date established in the domestic liquidation proceeding in Missouri applies to this ancillary receivership proceeding. Applying the domestic bar date to the ancillary receivership proceeding will maintain an appropriate relationship between the ancillary proceeding and the domestic liquidation of LUA, and will insure that claims paid by the New York security funds will be eligible for reimbursement in the domestic liquidation proceeding.²

² The New York security funds will assert claims in LUA’s domestic liquidation proceeding for reimbursement of amounts paid to eligible New York claimants.

16. I further respectfully request that the Court order that the Superintendent as Ancillary Receiver of LUA, her successors in office, and the New York Liquidation Bureau and their agents and employees, be granted judicial immunity from 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 the Court, or in the performance of their duties pursuant to Insurance Law Articles 74 and 76. The Ancillary Receiver acts in a “judicial and private” capacity under the supervision of the Court pursuant to Article 74 of the Insurance Law. *Dinallo v. DiNapoli*, 9 N.Y.3d 94, 103 (2007). The Ancillary Receiver determines coverage by and distributions from one or more funds established by the New York state legislature to mitigate the effects of an insurance carrier’s insolvency upon certain New York claimants. In addition, “a court-appointed receiver acts as an arm of the court and is immune from liability for actions grounded in his or her conduct as receiver.” *In the Matter of the Liquidation of U.S. Capital Insurance Company*, 36 Misc.3d 635, 637 (2012).

17. The Superintendent also requests that this Court issue the accompanying Order to Show Cause: (i) setting a return date (“Return Date”) of no later than 30 days after the date of issuance of the Order to Show Cause for a hearing on the Verified Petition to be held before this Court; and (ii) finding that the methods of service of the Order to Show Cause, *i.e.* by: (1) overnight mail to John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, Truman State Office Building, Room 530, P.O. Box 690, Jefferson City, Missouri 65102 and Bruce E. Baty, Special Deputy Receiver, 4520 Main Street, Suite 1100, Kansas City, Missouri 64111 at least 10 days before the Return Date; and (2) posting the Order to Show Cause and its supporting papers on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least 10 days before the Return Date, are good and proper.

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

WHEREFORE, the Superintendent respectfully requests that this Court grant the relief sought in this Verified Petition, enter the Order of Ancillary Receivership, and grant the Superintendent such other and further relief as is just and proper.

Dated: New York, New York
May 31, 2016



Maria T. Vullo
Acting Superintendent of Financial Services
of the State of New York

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Maria T. Vullo, being duly sworn, deposes and says:

That she is the Acting Superintendent of Financial Services of the State of New York and that she executed the foregoing Verified Petition; that she is acquainted with the facts therein stated; that she knows the contents of said Verified Petition and the same are true based upon the records of the New York State Department of Financial Services.

Deponent says that the sources of her information as to the matters stated in said Verified Petition are the affidavit referred to therein and the records of the New York State Department of Financial Services.



Maria T. Vullo
Acting Superintendent of Financial Services
of the State of New York

Sworn to before me this
31st day of May, 2016



Notary Public

MARTHA A. LEES
Notary Public, State of New York
No. 02LE6129105
Qualified in Kings County
Commission Expires 06/20, 17

EXHIBIT 1

At IAS Part ____ of the Supreme Court of the State of New York, County of New York, at the Courthouse, _____, in the County, City and State of New York, on the ____ day of _____, 2016.

P R E S E N T :

HON. _____, J.S.C.
-----X

In the Matter of

Index No.:

the Application of

Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York, for an Order of Appointment as Ancillary Receiver of

**ORDER OF
ANCILLARY
RECEIVERSHIP**

LUMBERMEN’S UNDERWRITING ALLIANCE.
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Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York (“Superintendent”), having moved this Court for an order appointing the Superintendent and her successors in office as ancillary receiver (“Ancillary Receiver”) of Lumbermen’s Underwriting Alliance (“LUA”), and upon reading and filing the petition of the Superintendent, duly verified on the ____ day of May, 2016 (“Verified Petition”), the Affidavit of Marc Allen, Assistant Chief Examiner, Property Bureau, New York State Department of Financial Services, sworn to on the ____ day of May, 2016, and the exhibits annexed thereto, this Court finds that:

- 1. LUA is a reciprocal inter-insurance exchange¹ organized under the laws of the State of Missouri, with its main administrative office located in Boca Raton, Florida;
- 2. LUA was licensed in the State of New York to transact the kinds of insurance specified in New York Insurance Law §§ 1113(a)(4) – (10), (12) – (16), (19), and (20);

¹ A reciprocal inter-insurance exchange is a form of insurance company that is an unincorporated association of subscribing members who exchange contracts of indemnity with each other.

3. By order dated May 23, 2016, the Circuit Court of Cole County, Missouri found LUA to be insolvent and placed LUA into liquidation (the "Liquidation Order"). The Liquidation Order appointed John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri as ("Liquidator") of LUA and Bruce E. Baty as the Liquidator's Special Deputy Receiver. The Liquidation Order also, among other things, established May 24, 2017 as the bar date for the filing of claims against LUA (the "Liquidation Bar Date");

4. LUA is subject to Article 74 of the New York Insurance Law ("Insurance Law");

5. Missouri is a reciprocal state within the meaning of Insurance Law § 7408(b)(6);

6. The Liquidator requested that the Superintendent commence an ancillary receivership proceeding for LUA; and

7. Insurance Law § 7410(a) mandates that the Superintendent be appointed Ancillary Receiver of LUA.

NOW, on the 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 Verified Petition seeking an order of ancillary receivership ("Order") is granted in its entirety;
2. The Superintendent and her successors in office are appointed Ancillary Receiver of LUA and are vested with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the Insurance Law;
3. The injunctions, restrictions and directions set forth in paragraphs 8, 14, 15, 16, 30, 49, and 52 of the Liquidation Order apply to this ancillary receivership proceeding;
4. The Liquidation Bar Date of May 24, 2017 applies to this ancillary receivership proceeding and all New York claims under LUA policies;

5. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings in the State of New York against LUA, and all persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings in the State of New York against 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;
6. Judicial immunity is extended to the Superintendent in her capacities as Ancillary Receiver of LUA 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;
7. The Ancillary Receiver shall serve a copy of this Order on the Liquidator, John M. Huff, Director, Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, Truman State Office Building, Room 530, P.O. Box 690, Jefferson City, Missouri 65102 and Bruce E. Baty, Special Deputy Receiver, 4520 Main Street, Suite 1100, Kansas City, Missouri 64111, by overnight mail;
8. The Ancillary Receiver shall provide notice of this Order, substantially in the form attached hereto (the "Notice"), to all creditors, claimants, and interested persons located in the State of New York by: (i) publication of the Notice in *The New York Post*, or a publication of similar circulation, within 30 days of entry of this Order; and (ii) posting the Notice and the 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;
9. LUA's license to do business in the State of New York is hereby revoked;
10. The caption for this proceeding is hereby amended as follows:

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

-----X

In the matter of

the Ancillary Receivership of

LUMBERMEN'S UNDERWRITING ALLIANCE.

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11. All further papers in this proceeding shall bear the above amended caption.

ENTER

J.S.C.

NEW YORK LIQUIDATION BUREAU
110 WILLIAM STREET
NEW YORK, NEW YORK 10038
(212) 341-6400

To all persons or entities located in the State of New York interested in the affairs of
LUMBERMEN'S UNDERWRITING ALLIANCE

Notice is Hereby Given:

Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York, has been appointed by an order ("Order") of the Supreme Court of the State of New York, New York County ("Court"), filed on _____, 2016, as the ancillary receiver ("Ancillary Receiver") of Lumbermen's Underwriting Alliance ("LUA") and, as such, has been vested with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Ancillary Receiver has, pursuant to Insurance Law Article 74, appointed John Pearson Kelly, Assistant Special Deputy Superintendent ("Assistant Special Deputy"), as her agent to carry out her duties as Ancillary Receiver. The Assistant Special Deputy carries out the Ancillary Receiver's duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Order further provides as follows:

I. The Circuit Court of Cole County, Missouri has issued an Order of Liquidation with a Finding of Insolvency against LUA;

II. The injunctions and restrictions set forth in paragraphs 8, 14, 15, 16, 30, 49, and 52 of the order of liquidation of LUA, signed by the Circuit Court of Cole County, Missouri on May 23, 2016, apply to this ancillary receivership proceeding;

III. The bar date of May 24, 2017 established in the LUA liquidation proceeding in the State of Missouri applies to this ancillary receivership proceeding;

IV. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings against LUA, and all persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings against 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;

V. Judicial immunity is extended to the Superintendent in her capacities as Ancillary Receiver of LUA 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 Article 74;

VI. LUA's license to do business in the State of New York is hereby revoked;

VII. All communications relating to LUA and to the ancillary receivership proceeding thereof should be addressed to:

New York Liquidation Bureau
110 William Street
New York, New York 10038
Attn: General Counsel

MARIA T. VULLO
Acting Superintendent of Financial Services
of the State of New York as Ancillary
Receiver of Lumbermen's Underwriting
Alliance

JOHN PEARSON KELLY
Assistant Special Deputy Superintendent and Agent for
the Acting Superintendent as Ancillary Receiver
of Lumbermen's Underwriting Alliance

EXHIBIT 2

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

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In the Matter of

Index No.

the Application of

AFFIDAVIT

Maria T. Vullo, Acting Superintendent of
Financial Services of the State of New York, for an
Order of Appointment as Ancillary Receiver of

LUMBERMEN'S UNDERWRITING ALLIANCE.
-----X

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

Marc Allen, being duly sworn, deposes and says:

1. I am employed as Assistant Chief Examiner in the Property Bureau of the New York State Department of Financial Services ("DFS") and submit this affidavit, upon information and belief based upon my review of the files maintained by DFS, in support of the petition of the Acting Superintendent of Financial Services of the State of New York ("Superintendent") for an order commencing an ancillary receivership proceeding for Lumbermen's Underwriting Alliance ("LUA") and appointing the Superintendent and her successors in office as ancillary receiver of LUA as authorized by Article 74 of the New York Insurance Law ("Insurance Law").

2. LUA is a reciprocal inter-insurance exchange¹ organized under the laws of the State of Missouri, with its main administrative office located in Boca Raton, Florida. LUA became licensed to do business as an authorized foreign insurer in the State of New York on or about May 7, 1999.

¹ A reciprocal inter-insurance exchange is a form of insurance company that is an unincorporated association of subscribing members who exchange contracts of indemnity with each other.

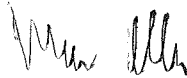
3. LUA was licensed to transact the business of insurance in accordance with paragraphs 4 (Fire), 5 (Miscellaneous Property Damage), 6 (Water Damage), 7 (Burglary and Theft), 8 (Glass), 9 (Boiler and Machinery), 10 (Elevator), 12 (Collision), 13 (Personal Injury Liability), 14 (Property Damage Liability), 15 (Workers' Compensation and Employer's Liability), 16 (Fidelity and Surety), 19 (Motor Vehicle and Aircraft Physical Damage), and 20 (Marine and Inland Marine) of Insurance Law Section 1113(a).

4. On May 19, 2015, the Circuit Court of Cole County, Missouri ("Missouri Court") placed LUA into rehabilitation based on evidence that further transaction of business by LUA would be hazardous financially to its policyholders, creditors or the public. John M. Huff, Director of the Department of Insurance, Financial Institutions and Professional Registration of the State of Missouri, was appointed Receiver ("Receiver") of LUA and Bruce E. Baty was appointed as the Special Deputy Receiver.

5. Due to LUA's deteriorating financial condition, the Receiver petitioned the Missouri Court for an order converting the LUA rehabilitation proceeding to a liquidation proceeding. By order dated May 23, 2016 the Missouri Court found LUA to be insolvent and placed LUA into liquidation (the "Liquidation Order"), appointed the Receiver liquidator of LUA and established May 24, 2017 as the bar date for the filing of claims against LUA. A copy of the Liquidation Order is attached as Exhibit A.

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6. On May 23, 2016, the Liquidator sent a request ("Letter of Request") to the Superintendent requesting that DFS commence an ancillary receivership proceeding for LUA in the State of New York. A copy of the Letter of Request is attached as Exhibit B. DFS thereafter requested that a petition be filed commencing an ancillary receivership proceeding for LUA.



Marc Allen

Sworn to before me this
31st day of May, 2016



Notary Public

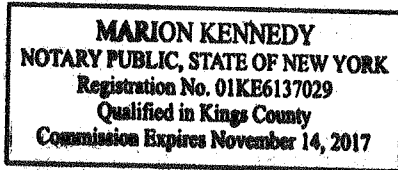


EXHIBIT A

IN THE CIRCUIT COURT OF COLE COUNTY, MISSOURI

JOHN M. HUFF, Director,)
Department of Insurance, Financial Institutions)
and Professional Registration of the State of Missouri,)
)
Plaintiff,)
) Case No. 15AC-CC00224
v.)
)
LUMBERMEN'S UNDERWRITING ALLIANCE,)
)
Defendant.)

JUDGMENT, DECREE AND FINAL ORDER OF LIQUIDATION

On this 23rd day of May 2016, Plaintiff John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, in his capacity as Receiver ("Receiver") of Lumbermen's Underwriting Alliance ("LUA"), appears by and through counsel, upon his Verified Petition for Liquidation pursuant to Mo. Rev. Stat. §§ 375.1174 and 375.1175. The Court, being well and sufficiently advised in the premises, finds and concludes as follows:

THE COURT FINDS:

1. That jurisdiction and venue of this proceeding are proper under Mo. Rev. Stat. § 375.1154.
2. That the Receiver is the Director of the Department of Insurance, Financial Institutions and Professional Registration for the State of Missouri and was appointed Receiver of LUA by order of this Court entered on May 19, 2015.
3. That sufficient cause exists for the liquidation of LUA under Mo. Rev. Stat. §§ 375.1174 and 375.1175.

4. That LUA is in such condition that further attempts to rehabilitate the company would increase the risk of loss to creditors, policyholders or the public, and would be futile.

5. That it is in the best interests of the policyholders and creditors of LUA and the public that LUA be placed into liquidation.

6. That LUA is insolvent as that term is defined under Mo. Rev. Stat. § 375.1152(13) because it is unable to pay its obligations when due and its liabilities exceed its admitted assets.

Based on the foregoing findings:

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that:

1. The rehabilitation of LUA is hereby terminated, and an Order of Liquidation with a Finding of Insolvency is hereby entered against LUA.

2. John M. Huff, Director of the Department of Insurance, Financial Institutions and Professional Registration, and his successors in office, is hereby appointed Liquidator of LUA ("**Liquidator**"), pursuant to Mo. Rev. Stat. § 375.1176, and shall, forthwith take immediate possession of the assets of LUA and administer them subject to the supervision of the Court until the Liquidator is discharged by the Court.

3. The Liquidator shall be vested by operation of law with the title to all of the property, contracts and rights of action, and all of the books and records of LUA, wherever located, as of the entry of this order of liquidation ("**Order**").

4. The Liquidator shall take immediate possession of and secure all of the records and property of LUA wherever located; and take all measures necessary to preserve the integrity of LUA's records.

5. The filing or recording of this Order with the clerk of the court and the recorder of deeds of the county in which LUA's principal office or place of business is located, shall impart the same notice as a deed, bill of sale or other evidence of title duly filed or recorded with that recorder of deeds would have imparted.

6. The Liquidator's appointment of Bruce Baty to act as his special deputy is hereby approved, and he shall have all powers of the Liquidator granted by Mo. Rev. Stat. §§ 375.1175 to 375.1230. The special deputy shall administer and liquidate the insolvent insurer subject to the general supervision of the Director and the specific supervision of the Court as provided in Mo. Rev. Stat. §§ 375.1175 to 375.1230.

7. The Liquidator is directed to liquidate LUA, pursuant to the Missouri Insurers Supervision, Rehabilitation and Liquidation Act, Mo. Rev. Stat. § 375.1150 *et seq.*, to take such other action as the nature of this cause and the interests of the policyholders, creditors or the public may require, subject to further orders of this Court, and to make the continued expenditure of such wages, rents, and other expenses as are necessary for the administration of the liquidation of LUA's estate.

8. LUA's current and former officers, directors, managers, agents and employees are enjoined from disposing of any of LUA's property, or transacting any business except upon permission of the Liquidator, or by further order by this Court.

9. The rights and liabilities of LUA and of its creditors, policyholders, shareholders, members and any other persons interested in its estate shall become fixed and the termination of any period fixed by any statute of limitations provided by law shall be suspended as of the date of entry of this Order, except as provided in Mo. Rev. Stat. §§ 375.1178, 375.1206 and 375.1210. Rights of subscribers provided by any law other than as provided by Mo. Rev. Stat. §§ 375.1150 to 375.1246 shall be suspended as of the date of this Order.

10. Except as provided for herein, all of the contracts, covenants, bonds or policies, evidences, or certificates of coverage or insurance issued by or in the name of LUA, under which any guarantee or insurance is provided, shall be canceled upon the earliest of the following:

a. Thirty (30) days after the date of the Order is entered, at 12:01 a.m. local time of the insured or policyholder of such direct policy or certificate of insurance; or

b. Upon the expiration date of any such direct policy or certificate of insurance, if the expiration date is sooner than thirty (30) days after the entry of the Order; or

c. Upon the date the insured or policyholder of any such direct policy or certificate of insurance replaces the direct policy or certificate of insurance, or effects cancellation, if the insured or policyholder does so within thirty (30) days after the entry of the Order; or

d. Upon such other date as may be established by this Court.

Otherwise, entry of this Order shall not constitute an anticipatory breach of any contracts of LUA, and it shall not be grounds for revision, revocation, or cancellation of such contracts of LUA in force.

11. The Liquidator is vested with all of the right, title, and interest in all funds recoverable under treaties, contracts and agreements of reinsurance entered into by LUA as a ceding insurer or assuming reinsurer. All reinsurance companies involved with LUA are restrained from making any settlement with or payment to any claimant or policyholder of LUA except upon the approval of the Liquidator and upon the order of the Court. Additionally, to the extent that any reinsurer of LUA would have been required under any agreement pertaining to reinsurance to post letters of credit or other security prior to the date of this Order to cover such reserves reflected upon a statement filed with a regulatory authority, such reinsurer shall be required to post letters of credit or other security to cover such reserves after the date of this Order. If a reinsurer shall fail to post letters of credit or other security required by a reinsurance agreement, the Director may issue an order barring such reinsurer from thereafter reinsuring any insurer which is incorporated under the laws of the State of Missouri.

12. The Liquidator shall file periodic financial reports to the court. Financial reports shall include, at a minimum, the assets and liabilities of LUA and all funds received or disbursed by the Liquidator during the current period. Financial reports shall be filed within one year of this Order and at least annually thereafter.

13. The Liquidator shall file with the Director a statement which shall reflect the claims reserves, including losses incurred but not reported, and unearned premium

reserves which have been established by the Liquidator and which shall also set forth the amounts of such reserves that are allocable to particular reinsurers of the insolvent company. A similar statement shall be filed by the Liquidator not less frequently than annually and shall be considered for all intents and purposes as the annual statement which was required to be filed by LUA with the Director prior to the liquidation proceedings. The Liquidator also shall file annually with the Director the report required by 20 CSR 200-15.100.

14. Any person who shall knowingly destroy, conceal, convert or alter any records or property of LUA after the date of this Order, without having received prior written permission of the Liquidator or of the Court, or who shall knowingly neglect or refuse, upon the order or demand of the Liquidator, to deliver to the Liquidator any records or property of LUA in his possession or control, shall be guilty of a class C felony.

15. The Liquidator is authorized to take any actions necessary to prevent, without limitation, potential preferences from occurring, including specific injunctions against appropriate parties pursuant to Mo. Rev. Stat. § 375.1155, and where appropriate to enjoin the dissipation of LUA's assets already paid out as potential preferences or fraudulent conveyances.

Powers of the Liquidator.

16. The Liquidator shall have all the powers and authority to perform all acts and other matters conferred upon the Liquidator in this Order or hereafter conferred upon the Liquidator by the laws of this State, including, but not limited to the power:

a. To employ employees and agents, legal counsel, actuaries, accountants, appraisers, consultants and such other personnel as he may deem necessary to assist in the liquidation;

b. To fix the reasonable compensation of employees and agents, legal counsel, actuaries, accountants, appraisers and consultants with the approval of the Court;

c. To pay reasonable compensation to persons appointed and to defray from the funds or assets of LUA all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of LUA. In the event that the property of LUA does not contain sufficient cash or liquid assets to defray the costs incurred, the Director may advance the costs so incurred out of funds appropriated for that purpose. Any amounts so advanced for expenses of administration shall be repaid to the Director out of the first available moneys of LUA and such funds repaid shall be transferred by the Director to the state treasurer for deposit to the general revenue fund;

d. To hold hearings, to subpoena witnesses to compel their attendance, to administer oaths, to examine any persons under oath, and to compel any person to subscribe to his testimony after it has been correctly reduced to writing; and in connection therewith to require the production of any books, papers, records or other documents which he deems relevant to the inquiry;

e. To audit the books and records of all agents of LUA insofar as those records relate to the business activities of LUA;

f. To collect all debts and moneys due and claims belonging to LUA, wherever located, and for this purpose:

i. To institute timely action in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts;

ii. To do such other acts as are necessary or expedient to collect, conserve or protect its assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon such terms and conditions as he deems best; and

iii. To pursue any creditor's remedies available to enforce his claims;

g. To conduct public and private sales of the property of LUA;

h. To use assets of the estate of LUA to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under § 375.1218;

i. To acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon or otherwise dispose of or deal with, any property of LUA at its market value or upon such terms and conditions as are fair and reasonable. He shall also have power to execute, acknowledge and deliver any and all deeds;

j. To borrow money on the security of LUA's assets or without security and to execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation. Any such funds borrowed may be repaid

as an administrative expense and have priority over any other claims in class 1 under the priority of distribution;

k. To enter into such contracts as are necessary to carry out this Order, and to affirm or disavow any contracts to which LUA is a party;

l. To continue to prosecute and to institute in the name of LUA or in his own name any and all suits and other legal proceedings, in this state or elsewhere and, with the approval of this Court, to abandon the prosecution of claims he deems unprofitable to pursue further. If LUA is dissolved under § 375.1180, he shall have the power to apply to any court in this state or elsewhere for leave to substitute himself for LUA as plaintiff;

m. To prosecute any action which may exist on behalf of the creditors, members, policyholders or shareholders of LUA against any officer of LUA, or any other person;

n. To institute proceedings in the same case for receivership for any organization or corporation having the exclusive or dominant right to manage or control LUA which is the subject of the main case, when it appears that a receiver is necessary for the preservation of the assets of LUA or that a receiver is necessary to determine the assets of LUA held by the organization or corporation. The duration of the receivership and the duties of the receiver shall be in the discretion of the Court;

o. To remove any or all records and property of LUA to the offices of the Director or to such other place as may be convenient for the purposes of

efficient and orderly execution of the liquidation. Guaranty associations and foreign guaranty associations shall have such reasonable access to the records of LUA as is necessary for them to carry out their legal obligations;

p. To deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions and to invest all sums not currently needed, unless the Court orders otherwise; provided that, at the election of the Court, funds held by the Liquidator of LUA's estate shall be deposited and invested by the Liquidator pursuant to either of the following standards as the Court shall order:

i. The standards specified by law for the deposit and investment of state funds by the state treasurer, as such standards are determined to be applicable by the Court;

ii. The standards specified by law for the investment of money and property of the Missouri state employees' retirement system, as such standards are determined to be applicable by the Court;

q. To file any necessary documents for record in the office of any recorder of deeds or other office in this state or elsewhere where property of LUA is located;

r. To assert all defenses available to LUA as against third persons, including statutes of limitation, statutes of frauds, and the defense of usury. A waiver of any defense by LUA after the date the Verified Petition for Liquidation was filed shall not bind the Liquidator. Whenever a guaranty association or foreign

guaranty association has an obligation to defend any suit, the Liquidator shall give precedence to such obligation and may defend only in the absence of a defense by such guaranty associations;

s. To exercise and enforce all the rights, remedies, and powers of any creditor, shareholder, policyholder or member, including any power to avoid any transfer or lien that may be given by the general law and that is not included with §§ 375.1192 to 375.1195, except for any right of distribution pursuant to § 375.1218;

t. To intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and to act as the receiver or trustee whenever the appointment is offered;

u. To enter into agreements with any receiver or director of any other state relating to the rehabilitation, liquidation, conservation or dissolution of an insurer doing business in both states; and

v. To exercise all powers now held or hereafter conferred upon receivers by the laws of this state not inconsistent with the provisions of Mo. Rev. Stat. §§ 375.1150 to 375.1246.

16. Notwithstanding the powers of the Liquidator as stated in this Order, the Liquidator shall have no obligation to defend claims or to continue to defend claims subsequent to the discharge of the Liquidator.

17. The Director as Liquidator, any special deputy receiver, all employees, agents and attorneys of the Liquidator and the special deputy receiver, and all employees

of the State of Missouri when acting with respect to the liquidation shall be considered to be officers of the Court when acting in such capacities and as such shall be subject to the orders and directions of the Court with respect to their actions or omissions in connection with the liquidation. The Liquidator, special deputy receiver, commissioners and referees appointed by the Court, the agents, attorneys and employees of the Liquidator and employees of the State of Missouri when acting with respect to the liquidation shall enjoy absolute judicial immunity and be immune from any claim against them personally for any act or omission committed in the performance of their functions and duties in connection with the liquidation.

Right to Repudiate Contracts.

18. The Liquidator may disaffirm or repudiate any contract or lease:

- (a) To which LUA is a party;
- (b) The performance of which the Liquidator, in his sole discretion, determines to be burdensome; and
- (c) The disaffirmance or repudiation of which the Liquidator determines, in his sole discretion, will promote the orderly administration of the affairs of LUA.

19. The Liquidator shall determine whether or not to exercise the right of repudiation within a reasonable period following the entry of this Order. In the sole discretion of the Liquidator, a contract shall be repudiated as of either:

- (a) The date of the entry of this Order; or

(b) Some other date subsequent to the entry of this Order selected by the Liquidator for the disaffirmance or repudiation of such contract or agreement.

20. The liability of the Liquidator for the disaffirmance or repudiation of any contract shall be calculated as of the date of repudiation, and shall be limited to actual direct compensatory damages. Any such damages shall be submitted as a claim to the Liquidator pursuant to Mo. Rev. Stat. §§ 375.1206 to 375.1222.

21. An agreement which tends to diminish or defeat the interest of the Liquidator in any asset acquired by him under Mo. Rev. Stat. § 375.1176, whether acquired before or subsequent to the entry of this Order, shall not be valid against the Liquidator unless such agreement:

(a) Is in writing;

(b) Was executed by LUA and any person claiming an adverse interest thereunder, including the obligor, contemporaneously with the acquisition of the asset by LUA;

(c) Was approved by the board of directors of LUA, which approval shall be reflected in the minutes of said board; and

(d) Has been, continuously, from the time of its execution, an official record of LUA maintained and readily available to the Director or examiners of the Department of Insurance.

Liquidation Notice & Proofs of Claim.

22. The Liquidator shall give or cause to be given, notice of this Order, pursuant to the provisions of Mo. Rev. Stat. § 375.1185, as soon as possible:

- (a) By first class mail and either by telegram or telephone to the director of the insurance department of each state in which LUA is doing business;
- (b) By first class mail to any guaranty association or foreign guaranty association which is or may become obligated as a result of the liquidation;
- (c) By first class mail to all known insurance agents of LUA;
- (d) By first class mail to all persons known or reasonably expected to have claims against LUA including all policyholders, at their last known address as indicated by the records of LUA; and
- (e) By publication in a newspaper of general circulation in the county in which LUA has its principal place of business and in such other locations as the Liquidator deems appropriate.

23. Notice under paragraph 22 to agents of LUA and to potential claimants who are policyholders shall include, where applicable, notice that coverage by state guaranty associations may be available for all or part of policy benefits in accordance with applicable state guaranty laws;

24. The Liquidator shall promptly provide to the guaranty associations such information concerning the identities and addresses of such policyholders and their policy coverages as may be within the Liquidator's possession or control, and otherwise cooperate with guaranty associations to assist them in providing to such policyholders timely notice of the guaranty associations' coverage of policy benefits including, as applicable, coverage of claims and continuation or termination of coverage.

25. The identity of all prospective claimants may be reasonably determined from LUA's records.

26. The Proof of Claim shall be in the approved form attached hereto as Attachment A and shall specify **4:30 p.m. Central Time on May 24, 2017** as the last day for filing of Proofs of Claim with the Liquidator.

27. Proof of all Claims shall be filed with the Liquidator in the approved form attached hereto as Attachment A **on or before 4:30 p.m. Central Time on May 24, 2017**, the "**Claims Bar Date.**"

Agent's Disclosure of Policy Records.

28. Every person who receives notice in the form prescribed in Mo. Rev. Stat. § 375.1185 that was an agent of LUA, within thirty days of such notice, shall provide to the Liquidator, in addition to the information he may be required to provide pursuant to Mo. Rev. Stat. § 375.1156, the information in the agent's records related to any policy issued by LUA through the agent and, if the agent is a general agent, the information in the general agent's records related to any policy issued by LUA through any agent under contract to him, including the name and address of such subagent. Such information shall include information relating to premiums collected and held by the agent and all commissions relating to such policies, whether earned or unearned. A policy shall be deemed issued through an agent if the agent has a property interest in the expiration of the policy, or if the agent has had in his possession a copy of the declarations of the policy at any time during the life of the policy, except where the ownership of the expiration of the policy has been transferred to another person.

29. Any agent failing to provide information to the Liquidator as required by this Order may be subject to payment of an administrative penalty of not more than one thousand dollars for each day that the agent refuses to provide the information requested and the Department of Insurance ("Department") may suspend any license issued by the Department to the agent. Any penalty provided by this Order may be imposed after a hearing conducted by the Director. Any moneys collected by the Department pursuant to imposition of such administrative penalties shall be paid to the state treasurer for deposit to the general revenue fund.

Actions by and against the Liquidator.

30. No action at law or equity or in arbitration shall be brought against LUA or the Liquidator, whether in this state or elsewhere, nor shall any such existing actions be maintained or further presented after issuance of this Order. Whenever, in the Liquidator's judgment, protection of the LUA's estate necessitates intervention in an action against LUA that is pending outside this state, he may intervene in the action. The Liquidator may defend any action in which he intervenes at the expense of the estate of LUA.

List of assets.

31. As soon as practicable after the date of this Order, but not later than one hundred twenty days thereafter, the Liquidator shall prepare in duplicate a list of LUA's assets. The list shall be amended or supplemented from time to time as the Liquidator may determine. One copy shall be filed with the clerk of the court and one copy shall be retained for the Liquidator's files. All amendments and supplements shall be similarly

filed. A submission to the Court for disbursement of assets in accordance with Mo. Rev. Stat. § 375.1205 fulfills these requirements.

32. The Liquidator may reduce the assets to a degree of liquidity that is consistent with the effective execution of the liquidation.

Recovery from reinsurers.

33. The amount recoverable by the Liquidator from reinsurers shall not be reduced as a result of these delinquency proceedings, regardless of any provision in the reinsurance contract or other agreement. Payment made directly to LUA or other creditor shall not diminish the reinsurer's obligation to LUA's estate except where:

a. The reinsurance contract specifically provides for payment to the named insured, assignee or named beneficiary of the policy issued by the ceding insurer in the event of the ceding insurer's insolvency; or

b. The assuming insurer, with the consent of the direct insured or insureds, has directly assumed the ceding insurer's policy obligations to the payees under such policies in substitution for the ceding insurer's obligations to such payees.

Recovery of premiums.

34. A producer, premium finance company, or any other person, other than the insured, responsible for the payment of a premium, shall be obligated to pay any unpaid earned premium due LUA at the time of this Order as shown on the records of LUA. The Liquidator shall also have the right to recover from such person any part of an unearned premium that represents commission of such person. Credits or setoffs or both shall not be

allowed to a producer or premium finance company for any amounts advanced to LUA by the producer or premium finance company on behalf of, but in the absence of a payment by the insured. An insured shall be obligated to pay any unpaid earned premium due LUA as of the date of this Order, as shown on the records of LUA.

Proposal to disburse assets.

35. Within one year of this Order, the Liquidator shall make application to the Court for approval of a proposal to make early access disbursements out of marshaled assets to a guaranty association or foreign guaranty association having obligations because of this insolvency.

36. Such proposal shall at least include provisions for:

a. Reserving amounts for the payment of expenses of administration and the payment of claims of secured creditors, to the extent of the value of the security held, and claims falling within priority class I as established in Mo. Rev. Stat. § 375.1218;

b. Initial disbursement of the assets marshaled to date, which shall be as soon as practicable and in any case not later than one hundred twenty days after the approval of the early access plan, and subsequent disbursement of assets which shall be at least annually;

c. The securing by the Liquidator from each of the guaranty associations or foreign guaranty associations entitled to disbursements of an agreement to return to the Liquidator such assets, together with income earned on assets previously disbursed, as may be required to pay claims of secured creditors

and claims falling within the priorities established in Mo. Rev. Stat. §§ 375.700 and 375.1218 in accordance with such priorities. No bond or indemnity agreement shall be required of any such association;

d. A full report to be made by each guaranty association or foreign guaranty association to the Liquidator accounting for all assets so disbursed to the association, all disbursements made therefrom, any interest earned by the association on such assets and any other matter as the court may direct; and

e. Disbursements to guaranty associations in sums as large as possible, subject to the limitations set forth in § 375.1205.1.4. If the Liquidator determines that there are insufficient assets to disburse at the time of any required disbursement, the Liquidator shall make application to the court, with notice to the state insurance commissioners and guaranty associations, for approval of an intent not to disburse, stating the reasons for such determination.

37. Subject only to the provisions of Mo. Rev. Stat. § 375.1205.2(4), guaranty associations shall not be charged interest on assets disbursed pursuant to this section.

38. The Liquidator's proposal shall provide for disbursements to each guaranty association of foreign guaranty associations in amounts at least equal to the sum of claims payments and allocated lost adjustment expenses of each guaranty association, and a reasonable estimate of reserves for unpaid but known loss claims and allocated loss adjustment expenses expected to be paid within one year by each guaranty association. Amounts used for such calculation shall be those reported to the Liquidator by each guaranty association in its most recent financial report to the Liquidator. The Liquidator's

proposal shall further provide that if the assets available for required disbursements do not equal or exceed the amount of such claim payments to be made by the association, the required disbursements may be in the amount of available assets. Unless otherwise provided by this Court, the reserves of LUA, as reflected Exhibit A attached to the Verified Petition, on the date of this Order, shall be used to determine the initial disbursement to the guaranty associations. The Liquidator shall liquidate the assets of LUA in an expeditious manner, but is not required to make forced or quick sales that would result in obtaining less than market value for assets.

39. The Liquidator's proposal shall provide for disbursements of assets to any guaranty association or any foreign guaranty association or to any other entity or organization reinsuring, assuming or guaranteeing policies or contracts of insurance pursuant to the laws creating such associations.

40. Notice of each application shall be given to each guaranty association or foreign guaranty associations in and to the commissioners of the insurance departments of each of the involved states. Any such notice shall be deemed to have been given when deposited in the United States mail, certified delivery, first class postage prepaid, at least thirty (30) days prior to submission of such application to the Court. Action on the application may be taken by the Court provided the above required notice has been given.

41. The Liquidator shall not offset the amount to be disbursed to a guaranty association or a foreign guaranty association by the amount of any special deposit or any other statutory deposit or asset of LUA held in this state or another state unless such deposit has been forwarded to the guaranty association.

Review of Claims by Liquidator.

42. The Liquidator shall review all claims duly filed (or deemed filed) in the liquidation and shall make such further investigation as the Liquidator shall deem necessary. The Liquidator may compound, compromise or in any other manner negotiate the amount for which claims will be allowed, under the supervision of the Court, except where the Liquidator is required by law to accept claims as settled by any person or organization. Unresolved disputes shall be determined pursuant to Mo. Rev. Stat. § 375.1214. No claim under a policy of insurance shall be allowed for any amount in excess of the applicable policy limits or without regard to policy deductibles.

43. If the fixing or liquidation of any claim or claims would unduly delay the administration of the liquidation or if the administrative expense of processing and adjudication of a claim or group of claims of a similar type would be unduly excessive when compared with the moneys which are estimated to be available for distribution with respect to such claim or group of claims, the determination and allowance of such claim or claims may be made by an estimate. Any such estimate shall be based upon an actuarial evaluation made with reasonable actuarial certainty or upon another accepted method of valuing claims with reasonable certainty.

44. The estimation of contingent liabilities permitted by Mo. Rev. Stat. § 375.1220(2) or any other section of the Liquidation Act may be used for the purpose of fixing a creditor's claim in the estate, and for determining the percentage of partial or final dividend payments to be paid to creditors with reported allowed claims. However, nothing in Mo. Rev. Stat. § 375.1220(2) or any other section of the Liquidation Act shall be

construed as authorizing the Liquidator, or any other entity, to compel payment from a reinsurer on the basis of estimated incurred but not reported losses and, except with respect to claims made pursuant to Mo. Rev. Stat. § 375.1212, outstanding reserves. Nothing in Mo. Rev. Stat. § 375.1220(2) shall be construed to impair any obligation arising pursuant to any insurance agreement.

45. Notwithstanding the provisions of Mo. Rev. Stat. § 375.1220 or any other section of the Liquidation Act to the contrary, the Liquidator may negotiate a voluntary commutation and release of all obligations arising from reinsurance contracts or other agreements.

Payment of distributions.

46. Under the direction of the Court, the Liquidator shall pay distributions in a manner that will assure the proper recognition of the priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims, including third party claims. Distribution of assets in kind may be made at valuations set by agreement between the Liquidator and the creditor and shall be approved by the Court.

Application for discharge.

47. When all assets justifying the expense of collection and distribution have been collected and distributed under Mo. Rev. Stat. §§ 375.1150 to 375.1246, the Liquidator shall apply to the Court for discharge. The Court may grant the discharge and make any other orders, including an order to transfer any remaining funds that are

uneconomical to distribute pursuant to Mo. Rev. Stat. § 375.1224, as may be deemed appropriate.

Miscellaneous.

48. The Liquidator shall have all the powers of the directors, officers and managers of LUA, whose authority shall be terminated.

49. All banks, savings and loan associations, or other persons or entities which have on deposit, in their possession, custody and control funds of LUA and are hereby instructed that the Liquidator has absolute control over such accounts and other assets. The Liquidator may change the name of such accounts and other assets, withdraw them from any such bank, savings and loan association, other person or entity, or take any lesser action necessary for the proper conduct of this liquidation. No bank, savings and loan association, other person or entity shall exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever or refuse to transfer any funds or assets to the Liquidator's control without permission of this Court.

50. The law firm of Dentons US LLP ("**Dentons**"), may continue to serve as General Counsel to the Liquidator and perform legal services for him, under the Liquidation Act, at the same terms and rates approved by this Court on May 19, 2015, as long as that arrangement is mutually agreeable to Dentons and the Liquidator. The reasonable fees and expenses of Dentons associated with these proceedings shall be paid out of the assets of the LUA estate.

51. All previous procedural orders entered by this Court in the Rehabilitation proceeding shall continue in effect during the Liquidation absent further orders of this Court.

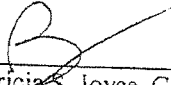
52. The enumeration of the powers and authority of the Liquidator in this Order shall not be construed as a limitation upon the statutory powers of the Liquidator, nor shall it exclude in any manner the right to do such other acts not specifically enumerated or otherwise provided for, as may be necessary or appropriate for the accomplishment of the liquidation of LUA.

53. This Court shall retain jurisdiction (supervision of this Court pursuant to Mo. Rev. Stat. § 375.1167) of this matter for the purpose of granting such other and further relief as the nature of this cause and the interests of the policyholders, creditors and subscribers of LUA or the members of the public may require.

54. There is no just reason for delay, and this Order, pursuant to Mo. Rev. Stat. § 375.630.4, is entered as a final judgment.

IT IS SO ORDERED.

S. 23.16



Patricia S. Joyce, Circuit Judge
Division IV

ATTACHMENT A

For liq. Use: POC No. 1-
Date Received _____

PROOF OF CLAIM

Lumbermen's Underwriting Alliance, in Liquidation

(Huff v. Lumbermen's Underwriting Alliance, Case No. 15AC-CC00224, Circuit Court of Cole County Missouri)

PLEASE READ INSTRUCTIONS CAREFULLY. DEADLINE FOR FILING PROOF OF CLAIM IS May 24, 2017

PART 1: CLAIMANT INFORMATION (Person Making Claim)	
Name: _____ Mailing Address: _____ City, State Zip code: _____ Telephone number(s): _____ Claimant's SSN or Federal Tax ID: _____	
Policy Number: _____	Claim Number: _____
Are you represented by an attorney? Yes () No () State attorney's name, address and telephone number: _____	
PART 2: INSURED/POLICY INFORMATION	
Name of Insured: _____ Policy Number: _____ Agent Name or Number: _____	Name of Claimant: _____ Claim Number: _____ Date of Loss: _____
PART 3: CLAIM INFORMATION	
Amount of Claim: _____	Date Claim Became Due: _____
Check the statement that best describes your claim: <input type="checkbox"/> POLICYHOLDER OR THIRD PARTY CLAIM – claims by insured for Policy Benefits or claims against an insured for Policy Benefits. <input type="checkbox"/> RETURN OF UNEARNED PREMIUM OR OTHER PREMIUM REFUND – Portion of paid premium not earned due to early cancellation of policy or audit adjustment. <input type="checkbox"/> SECURED CLAIM <input type="checkbox"/> POLICYHOLDER COLLATERAL <input type="checkbox"/> CREDITOR – Agents, Attorney fees, Vendors, Landlords, Lessors, consultants, Cedants and Reinsurers. <input type="checkbox"/> ALL OTHER – Describe: _____	
Describe the basis and nature of the claim and attach all documents supporting the claim. Attach additional pages, if necessary. _____	
Is there other insurance that may cover this claim? Yes () No () If yes, provide name of insurer(s) and policy numbers(s): _____	
Has a lawsuit or other legal action been instituted by anyone regarding this claim? Yes () No () If yes, provide the following: Court Where Filed: _____ Date filed & Case Number: _____ Plaintiff(s): _____ Defendant(s): _____	
Have you received any payments on the claim which is the subject of this Proof of Claim from any source? Yes () No () If yes, specify the total amount received: \$ _____ And identify all sources: _____	
Do you owe any money to the Company? Yes () No () If yes, _____ If yes, specify the amount: \$ _____ And the reason: _____	

Is this a secured claim? Yes () No () If yes, specify all security for such claim:

Is this claim contingent or unliquidated? Yes () No () If yes, specify the reason:

PART 4: AFFIRMATION

PROOF OF CLAIM
LUMBERMEN'S UNDERWRITING ALLIANCE
In Receivership (the "Company")
Circuit Court of Cole County, Missouri; Case No. 15AC-CC00224

State of _____)
County of: _____) ss:

The undersigned hereby subscribes and affirms as true under the penalty of perjury as follows: that he or she has read the foregoing Proof of Claim and knows the contents hereof; that this claim in the total amount of \$_____ against the Company is justly owing to the Claimant; that the matters set forth and in any accompanying statements and supporting documents are true and correct; that no payment of or on account of the aforesaid claim has been received except as above stated; and that there are no set offs of counterclaims thereto except as above stated.

SIGNATURE OF PERSON MAKING CLAIM EITHER
 AS CLAIMANT or ON BEHALF OF CLAIMANT

TITLE, OFFICIAL CAPACITY OR RELATION TO CLAIMANT

Subscribed and sworn to before me this _____ day of _____, 201__.

(SEAL)

Notary Public

Commission No: _____
My Commission Expires: _____

IMPORTANT NOTICES

- A. Proof of Claim must be properly signed and sworn to before a Notary Public or person authorized to administer oaths.
- B. Deadline for filing Proof of Claims is **May 24, 2017**.
- C. **If you have a change of address, you are required to inform the Receiver of the new address in order to receive any payment that might be due.**
- D. Return your completed form to:
 - Lumbermen's Underwriting Alliance
 - Attention: Special Deputy Receiver
 - 1905 NW Corporate Boulevard
 - Boca Raton, FL 33431
- E. The Liquidator's acceptance of this Proof of Claim form is not intended to, nor does it constitute, any waiver or relinquishment by the Liquidator of any defense, setoff or counterclaim that he may have against any person, entity or governmental agency.
- F. For information, copies of court orders and e-mail contact information, see: www.lumbermensunderwriting.com or telephone: 800-327-0630

PROOF OF CLAIM INSTRUCTIONS

General

1. The Proof of Claim must be typed or legibly printed in ink.
2. The Proof of Claim must have all items completed and questions answered. If an item is not applicable, indicate so by writing "N/A" in blank. Please review the entire form for completion prior to mailing.
3. If you need additional space to fully answer any question, please do so on a separate sheet of paper and attach to your Proof of Claim.
4. You must attach to the Proof of Claim document, exhibits, narratives or evidence supporting your proof of loss. **FAILURE TO PROVIDE SUFFICIENT DOCUMENTS OR EVIDENCE SUPPORTING YOUR CLAIM IS GROUNDS FOR DENIAL THEREOF.**
5. You have an ongoing duty to supplement your Proof of Claim with supporting documentation as additional information is received. This requirement includes notice of any change of address.
6. The Proof of Claim must be signed by the Claimant who is named in Part 1 of the Proof of Claim Form, or by a representative of the Claimant who has knowledge of the matters set forth in the Proof of Claim and in any accompanying statement and supporting documents.
7. All Proofs of Claim must be sworn to before a notary public or person authorized to administer oaths.
8. All Proofs of Claim must be postmarked no later than **May 24, 2017**. The Receiver is not responsible for undelivered mail. To protect your claim, the Receiver recommends certified mail.
9. The Liquidator suggests you keep a copy of the completed Proof of Claim for your records.
10. All future correspondence, amendments or attachments must include the Policy Number from the front of the Proof of Claim form to ensure proper identification. For a claim other than policy benefits, a copy of the Proof of Claim form should be attached to the correspondence.
11. The Liquidator may, at his discretion, permit a claimant to file a Proof of Claim after the deadline. However, such late-filed claims are subject to certain provisions of the Missouri Insurance Code, including, but not limited to, provisions discussing the possible loss of priority.
12. Mail your completed Proof of Claim and supporting documents to Special Deputy Receiver, Lumbermen's Underwriting Alliance, in Receivership, 1905 NW Corporate Boulevard, Boca Raton, FL 33431. Telefaxes of Proof of Claims and supporting documents will not be accepted.
13. If you have any questions about the Proof of Claim procedure, you may call 800-327-0630.

PART 1

14. State your name and address or the name and address of the party or person making a claim against the Company. "You" hereinafter references the party or person making the claim against the Company.
15. List your Social Security Number or Federal Tax ID and telephone numbers.
16. If you are represented by counsel, you must state the attorney's name, address and telephone number.

PART 2

17. Indicate the name of the insured and the claimant/patient.

18. Indicate the policy number, LUA claim number, and date of loss.

PART 3

19. You must indicate the total amount due to you. If the claim is contingent or unliquidated, indicate the amount of claim as "undetermined." If all or any portion of your claim is contingent or unliquidated, space is provided for you to include a brief explanation why your claim is contingent or unliquidated in any respect.

20. Describe the type of claim that you have against the Company.

21. If there are any other persons, insurance coverage, health plans, or other entities who may have any responsibility for your claim, identify as completely as possible such person(s) or entity(ies).

22. If you have received any payments from any source relating to your claim, you must identify the source.

23. If you owe the Company any money, whether related to this claim or not, you must identify the amount and reason.

24. A "secured claim" is one for which you hold an interest in collateral for such claim. If you assert your claim is secured, you must attach all documents evidencing your security interest.

25. If your claim is the subject of legal action, you must specify the Court, case number, all parties and their attorneys.

Affirmation

26. You **must** specify the total amount of your claim as indicated in the affirmation. If your claim is contingent or unliquidated, indicate the amount of claim as "undetermined."

27. You are signing the Proof of Claim under penalty of perjury. Please read the affirmation carefully before signing the Proof of Claim.

Allowance Procedures

28. The Liquidator will review your Proof of Claim and may investigate further. If he allows your Proof of Claim against the Company, you will be notified of the Liquidator's determination. After all claims have been allowed, disallowed, or estimated, the Liquidator will seek the approval of the Court to make pro rata distributions to the creditors of the Company with allowed claims in the priority classes established under Missouri law. Every claim in each priority class will be paid in full before the members of the next priority class receive any payment.

29. If your Proof of Claim is denied in whole or in part, the Liquidator will give you or your attorney written notice of that determination by first class mail at the address shown in the Proof of Claim. Within 60 days from the mailing of the notice, you may file an objection with the Liquidator. If no such filing is made, you may not further object to the determination.

30. If you file an objection with the Liquidator, and the Liquidator does not change his denial of the claim as a result of your objection, then the Liquidator will ask the Court for a hearing as soon as practicable and give notice of the hearing by first class mail to you or your attorney and to any other persons directly affected, not less than 10 nor more than 30 days before the date of the hearing. The matter may be heard and decided by the Court or by a court-appointed referee. Hearings before court-appointed referees shall be conducted in an informal manner and the formal rules of evidence shall not apply. The referee shall submit written findings of fact and conclusions of law along with recommendation for disposition which shall become final if a motion for reconsideration before the court is not filed by the Liquidator or you with the Court within 15 days that notice of such findings and conclusions is mailed to the parties. The motion for reconsideration shall allege either the existence of new facts which could not, with reasonable diligence, have been discovered and presented before the referee, or such erroneous conclusions of law, that would justify reconsideration of the claim by the Court. A motion for reconsideration based upon erroneous conclusions of law may be decided by the Court, after opportunity for response by the prevailing party, without necessity of hearing. A motion for reconsideration not ruled upon by the Court within 90 days after the motion is filed shall be deemed denied for purposes of appeal.

EXHIBIT B



Bruce E. Baty
Partner
bruce.baty@dentons.com
D +1 816 480 2485

Dentons US LLP
4520 Main Street
Suite 1100
Kansas City, MO 64111-7700
United States

大成 Salans FMC SNR Denton McKenna Long
dentons.com

May 23, 2016

Maria T. Vullo
Acting Superintendent of Financial Services of the State of New York
c/o John Pearson Kelly, Assistant Special Deputy Superintendent
New York Liquidation Bureau
110 Williams Street, 15th Floor
New York, NY 10038

Re: Lumbermen's Underwriting Alliance (In Liquidation)

Dear Ms. Vullo:

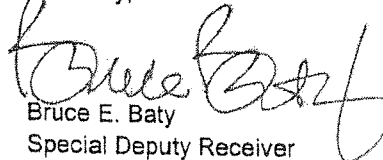
As you are aware, Lumbermen's Underwriting Alliance ("LUA") was placed into liquidation by the Circuit Court of Cole County, Missouri on May 23, 2016. Director John Huff is the Receiver for LUA, and was appointed the Special Deputy Receiver. Because the liquidation of LUA was accompanied by a court finding of insolvency, coverage by the state guaranty funds, including the New York security funds, will be triggered.

LUA was licensed to do business in New York and we require the triggering of the New York security funds to handle open and newly reported claims in New York.

We have reviewed the Uniform Insurers Liquidation Act and the six criteria required to be deemed a reciprocal state. Each requirement has been met by the following subsections of Mo. Rev. Stat. §§ 375.1176, 375.1235, 375.1236, 375.1240, 375.1242 and 375.1244.

Based on the foregoing, we are requesting you commence an ancillary proceeding in New York.

Sincerely,



Bruce E. Baty
Special Deputy Receiver

EXHIBIT 3

IN THE CIRCUIT COURT OF COLE COUNTY, MISSOURI

JOHN M. HUFF, Director,)
Department of Insurance, Financial Institutions)
and Professional Registration of the State of Missouri,)
)
Plaintiff,)
) Case No. 15AC-CC00224
v.)
)
LUMBERMEN'S UNDERWRITING ALLIANCE,)
)
Defendant.)

JUDGMENT OF REHABILITATION

On this 19th day of May 2015, Plaintiff John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, appears by counsel upon Plaintiff's Verified Petition for Rehabilitation pursuant to Mo. Rev. Stat. §§ 375.1150 to 375.1246. As further set forth below, Lumbermen's Underwriting Alliance, through its Attorney-in-Fact, has consented to rehabilitation. Cause is heard. On the evidence presented, the Court finds:

- a. Lumbermen's Underwriting Alliance is a reciprocal inter-insurance exchange organized under the laws of the State of Missouri;
- b. Lumbermen's Underwriting Alliance has waived service of process, notice of hearing on the petition, and further time to answer or otherwise plead in response to the Petition;
- c. Lumbermen's Underwriting Alliance, through its Attorney-in-Fact, consents to rehabilitation under Mo. Rev. Stat. §§ 375.1150 to 375.1246; and

d. Plaintiff has provided the Court with evidence sufficient to support the conclusion that Lumbermen's Underwriting Alliance is in such condition that its further transaction of business would be hazardous financially to its policyholders, creditors or the public.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED:

1. Plaintiff John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, and his successors in office, is appointed Rehabilitator of Lumbermen's Underwriting Alliance, with all the rights, duties, powers and obligations under law and under Mo. Rev. Stat. §§ 375.1150 to 375.1246. Neither the grant herein of specific authority to the Rehabilitator nor the imposition herein of specific duties upon the Rehabilitator shall be interpreted to diminish the authority conferred upon the Rehabilitator by those sections;

2. The Rehabilitator shall forthwith take possession of Lumbermen's Underwriting Alliance and all of its books, records, accounts and all other assets and property, wherever located and in whatever form, subject to the supervision of this Court;

3. The Rehabilitator shall make semi-annual accountings to the Court each year, the first being due on August 31, 2015 for the period from the issuance of this Judgment to June 30, 2015. Each semi-annual accounting will include a report of the Rehabilitator's opinion as to the likelihood that a plan under Mo. Rev. Stat. § 375.1168(4) will be prepared by the Rehabilitator and the timetable for doing so;

4. The entry of this Judgment shall not constitute an anticipatory breach of any contracts of Lumbermen's Underwriting Alliance, nor shall it be grounds for retroactive

revocation or retroactive cancellation of any contracts of said company, unless such revocation or cancellation is made by the Rehabilitator pursuant to Mo. Rev. Stat. § 375.1168;

5. The Director, as Rehabilitator, his successors, special deputies, employees, agents and attorneys, and all employees of the State of Missouri, when acting with respect to the rehabilitation of Lumbermen's Underwriting Alliance, shall enjoy official immunity and be immune from any claim against them personally while acting in good faith in the performance of their functions and duties in connection with the rehabilitation during the period of rehabilitation;

6. The Director, as Rehabilitator, may appoint one or more special deputies who shall have all the powers and responsibilities of the Rehabilitator, and the Director may employ such counsel, clerks and assistants as deemed necessary;

7. The compensation of the special deputy, counsel, clerks and assistants and all expenses of taking possession of Lumbermen's Underwriting Alliance and of conducting the proceedings shall be fixed by the Director with the approval of the Court and shall be paid from the assets of Lumbermen's Underwriting Alliance;

8. The Rehabilitator may take such actions as he deems necessary or appropriate to reform and revitalize Lumbermen's Underwriting Alliance;

9. The Rehabilitator shall have all the powers of the officers, managers and Attorney-in-Fact of Lumbermen's Underwriting Alliance;

10. The powers of the respective officers, managers and Attorney-in-Fact of Lumbermen's Underwriting Alliance are hereby suspended, except as they are expressly re-delegated by the Rehabilitator;

11. Any officer, manager, director, trustee, owner, employee or agent of Lumbermen's Underwriting Alliance, or any other persons with authority over or in charge of any segment of its affairs, shall cooperate with the Rehabilitator;

12. The Rehabilitator shall have full power to direct and manage and to hire and discharge employees, subject to any contract right they may have, and the Rehabilitator shall have full power to deal with the property and business of Lumbermen's Underwriting Alliance, including the power to avoid fraudulent transfers and the power to pursue all appropriate legal actions and remedies on behalf of Lumbermen's Underwriting Alliance;

13. All persons, including, but not limited to, the Attorney-in-Fact, officers, directors, agents and employees of Lumbermen's Underwriting Alliance, are enjoined from:

a. Transacting the business of Lumbermen's Underwriting Alliance, other than as directed by the Rehabilitator or his authorized representatives;

b. Interfering with the Rehabilitator's actions authorized by this Judgment or by Mo. Rev. Stat. §§ 375.1150 to 375.1246;

c. Transferring property of Lumbermen's Underwriting Alliance without the approval of the Rehabilitator or his authorized representatives;

d. Wasting the assets of Lumbermen's Underwriting Alliance;

- e. Dissipating and transferring bank accounts or property of Lumbermen's Underwriting Alliance;
- f. Withholding any books, accounts, documents or other records relating to the business of Lumbermen's Underwriting Alliance from the Rehabilitator or his authorized representatives;
- g. Taking any action that might lessen the value of the assets of Lumbermen's Underwriting Alliance;
- h. Entering or remaining on real property leased by Lumbermen's Underwriting Alliance without the permission of the Rehabilitator or his authorized representatives;
- i. Instituting or further prosecuting any actions or proceedings on behalf of Lumbermen's Underwriting Alliance without the permission of the Rehabilitator or his authorized representatives;
- j. Obtaining preferences, judgments, attachments, garnishments or liens against Lumbermen's Underwriting Alliance;
- k. Levying execution against Lumbermen's Underwriting Alliance or its policyholders;
- l. Making any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of Lumbermen's Underwriting Alliance;
- m. Threatening or contemplating any other action that might lessen the value of Lumbermen's Underwriting Alliance's assets or that might prejudice the rights of its policyholders, creditors or equity holders; and


n. Paying any debts owed to Lumbermen's Underwriting Alliance (including rental payments) to anyone other than the Rehabilitator or his authorized representatives.

14. All actions or proceedings in this State, including any arbitrations, in which Lumbermen's Underwriting Alliance is a party or is obligated to defend a party, are stayed for ninety (90) days from the date of this Judgment and for such additional time as is necessary for the Rehabilitator to obtain proper representation and prepare for further proceedings;

15. The Rehabilitator shall immediately consider all litigation pending outside this state and shall petition the courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of Lumbermen's Underwriting Alliance; and

16. Nothing in this Judgment of Rehabilitation may be construed as a "final order of liquidation" or a finding that Lumbermen's Underwriting Alliance is "impaired" or "insolvent" and, until further order or action by this Court, Lumbermen's Underwriting Alliance shall not be considered an "insolvent insurer" within the meaning of the Missouri Property and Casualty Insurance Guaranty Association Act, Mo. Rev. Stat. §§ 375.771 to 375.779 or similar entities in other states.

IT IS SO ORDERED.



Patricia S. Joyce, Circuit Judge
Division IV

IN THE CIRCUIT COURT OF COLE COUNTY, MISSOURI

JOHN M. HUFF, Director,)
Department of Insurance, Financial Institutions)
and Professional Registration of the State of Missouri,)
)
PLAINTIFF,)
) Case No. 15AC-CC00224
v.)
)
LUMBERMEN'S UNDERWRITING ALLIANCE)
)
DEFENDANT.)

APPOINTMENT OF BRUCE E. BATY AS SPECIAL DEPUTY RECEIVER

COMES NOW John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, in his capacity as Rehabilitator of Lumbermen's Underwriting Alliance ("Rehabilitator"), by and through counsel, and pursuant to Mo. Rev. Stat. § 375.1168.1, and subject to the approval of the Circuit Court of Cole County, Missouri, appoints Bruce E. Baty, of the law firm Dentons US LLP, as the Special Deputy Receiver of Lumbermen's Underwriting Alliance ("LUA"), at the rates set forth in the SDR Contract, attached hereto as Exhibit 1, to be paid out of the assets of LUA, to administer the rehabilitation of LUA, subject to the general supervision of the Rehabilitator and the specific supervision of the Court, at the pleasure of the Rehabilitator and the Court.

Respectfully submitted,

DENTONS US LLP

/s/ Bruce E. Baty

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P O. Box 690

Jefferson City, MO 65102

Telephone: (573) 522-6115


Facsimile: (573) 751-1165

tamara.kopp@insurance.mo.gov

Attorneys for Plaintiff

APPROVAL OF THE COURT

Now on this 19th day of May, 2015, the Court, being fully advised in the premises, does approve the Rehabilitator's appointment of Bruce E. Baty as Special Deputy Rehabilitator of Lumbermen's Underwriting Alliance on the terms set forth herein.



Patricia S. Joyce, Circuit Judge
Division IV

STATE OF MISSOURI } SS
COUNTY OF COLE }

Clerk of the Circuit Court of Cole County, Missouri, hereby certify that the above and foregoing is a full true and correct copy of

Order

as fully as the same remains of record in my said office.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my said office this 19 day of May 2015

Clerk
Circuit Court of Cole County, Missouri