

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

-----X
In the Matter of the Liquidation of
MIDLAND INSURANCE COMPANY

Index No. 41294/86

Assigned to:
Hon. Michael
Stallman
I.A.S. Part 7
-----X

AFFIDAVIT OF AFFIDAVIT OF JACQUELINE BAZEMORE
IN SUPPORT OF MIDLAND INSURANCE COMPANY'S
SUPPLEMENTAL BRIEF

JAMES C. OWEN, ESQ.

Attorney for Superintendent of Insurance as Liquidator

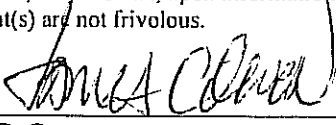
Office and Post Office Address, Telephone

McCARTHY, LEONARD, KAEMMERER, OWEN,
McGOVERN, STRILER & MENGHINI, L.C.
400 SOUTH WOODS MILL ROAD, SUITE 250
CHESTERFIELD, MO 63017

ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York state, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated: December 6, 2006
New York, New York



James C. Owen

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

-----X

**In the Matter of the Liquidation of
41294/86
MIDLAND INSURANCE COMPANY**

Index No.

Affidavit

**Assigned to:
Hon. Michael Stallman
I.A.S. Part 7**

-----X

**AFFIDAVIT OF JACQUELINE BAZEMORE
IN SUPPORT OF MIDLAND INSURANCE COMPANY'S
SUPPLEMENTAL BRIEF REGARDING EVEREST REINSURANCE
COMPANY'S MOTION TO MODIFY
THE INJUNCTION TO PERMIT SUIT AGAINST THE LIQUIDATOR**

State of New York)
) ss
County of New York)

Jacqueline Bazemore, being duly sworn, deposes and says:


1. I, Jacqueline Bazemore, am Director of the Reinsurance Estate Management Division at the New York Liquidation Bureau (the "Bureau") and I am fully familiar with the facts set forth herein. The Bureau is the entity which carries out the duties of the Superintendent of Insurance of the State of New York as Liquidator of Midland Insurance Company (the "Liquidator").

2. I currently have supervisory responsibility for the evaluation and adjudication of claims filed in the estate of Midland Insurance

Company ("Midland") that are ultimately ceded to Everest Reinsurance Company ("Everest Re") by Midland.

3. I respectfully submit this affidavit in support of Midland's Supplemental Brief.

4. I am familiar with the claims procedures in the Midland estate and have, with other members of the Bureau's claims staff, prepared the summary attached to my affidavit as Exhibit 1. I believe that this summary is a fair and accurate description of the procedures that are generally used, although individual cases could present different issues that must be addressed on a case by case basis.


Jacqueline Bazemore

Sworn to before me this 6th day of December, 2006

[Seal]


Notary Public

MICHAEL P. PISAPIA
Notary Public, State of New York
No. 41-4856875
Qualified in New York County
Commission Expires April 14, 2007

Notary Public
My Commission Expires:

SUMMARY

MIDLAND'S CLAIMS HANDLING PRACTICE

I. CLAIMS PROCESS

Each policyholder claim accepted in the proceeding as timely by the liquidator is referred to an examiner for coverage determination, evaluation and recommended adjudication. The examiner reviews the materials initially presented and takes such steps as are necessary to protect the rights of the liquidator and discharge the liquidator's obligations. Any additional information essential to completing those tasks is requested from the policyholder and an independent investigation is initiated. Investigative steps may include collection of information from third party sources (internet, government agencies, other insurers, etc.), consultation with the liquidator's attorneys, consultation with outside experts (such as allocation experts) and the performance of claim audits. The examiner recommends initial reserves (in some cases precautionary reserves of \$9) which are periodically adjusted as additional information becomes available.

An Initial Captioned Report is prepared that summarizes the available information, provides a preliminary coverage analysis and claim evaluation and outlines steps required to bring the claim to conclusion. Supplemental Captioned Reports are prepared periodically as warranted by developments, and particularly changes in the coverage or claim evaluation. A final Supplemental Captioned Report – Recommended Allowance/Disallowance is prepared when the claim evaluation is completed. This process ultimately leads to a final claim evaluation resulting in an allowance or disallowance recommendation. All of these Captioned Reports are sent to the participating reinsurers during the process of the claims handling.

II. ALLOWANCES

1. Recommendation: Once the claims examiner has reviewed available information and determined that the policyholder has provided sufficient information evidencing impairment to

Midland's policies, the examiner may recommend an allowance range to the Large Claim Committee ("LCC").

A Supplemental Captioned Report – Recommended Allowance is prepared and submitted to the LCC for approval of the recommendation. The report will detail the rationale for the recommended allowance range and describe activities that have been completed in furtherance of the recommendation including the result of audits, the conduct of allocation analyses and other relevant information. If the LCC approves the recommended allowance range, a pro forma reinsurance cession is prepared, based on the high end of that range, and identifies which reinsurers would be impacted by the proposed recommended allowance.

2. Claim Alerts: The Claim Alerts that set forth the recommended allowance range (see sample attached as Exhibit A) are prepared and mailed to reinsurers upon the approval of the LCC. The Claim Alert is accompanied by the reinsurance cession (see sample on attached Exhibit B) and the Supplemental Captioned Report – Recommended Allowance. The Claim Alert may also include other documentation, such as audit and allocation reports.

3. Reinsurer Inquiries: Reinsurers are given a minimum of 30 days to file any response or inquiry to the Claim Alert. Reinsurers may interpose whatever defenses that they believe are available to the Liquidator and question any aspects of the recommended allowance. The Liquidator considers the comments from reinsurers and incorporates what is relevant in its evaluation of the claim. If in the Liquidator's judgment the reinsurers' proposed defenses do not impact the proposed recommended allowance, the Liquidator may commence negotiations.

4. Settlement: The settlement between the policyholder and the Liquidator (see sample on attached Exhibit C) is executed and presented to Judge Michael Stallman (the Liquidation Court) for approval pursuant to the "Order Approving the Liquidator's Proposed Procedures for Judicial Review of Recommendations for Allowance of Claims" signed on January 30, 1997. (See attached Exhibit D)

5. Reinsurance Billing: Once an allowance has been approved by the Liquidation Court a reinsurance invoice is electronically generated and mailed to the reinsurers together with supporting documentation.

III. DISALLOWANCE

The claims examination processes as outlined in Section I, above, pertain to disallowance procedures as well, and are incorporated herein. Once it has been determined that the claims should not be allowed, the following procedures are carried out.

1. Notices of Disallowance: A disallowance Notice of Determination ("NOD") is prepared and mailed to the Policyholder. (See sample disallowance NOD attached as Exhibit E). Pursuant to the "Order Approving the Petitioner's Proposed Procedure for Judicial Review of the Petitioner's Disallowance of Claims," (attached hereto as Exhibit F), the policyholder may file written objections to the disallowance within sixty days of the date of the NOD recommending disallowance.

2. Policyholder Files Written Objections: If the Policyholder files a timely written Objection, the Liquidator will review and determine whether the recommended disallowance should be reconsidered. If not, the claim is referred to the referee appointed by the Court (or to the Court itself in certain instances if the issue is purely a legal one) to hear and rule on the policyholder's objections. Contemporaneously, affected reinsurers are notified with a Reinsurer Notice (see attached Exhibit G –Reinsurer Notice).

3. No Timely Policyholder Objections Received: If the Policyholder fails to file a timely Objection, then the Liquidator submits an ex parte order to the Court to confirm the Liquidator's disallowance recommendation. Once the Liquidator receives the ex parte order confirming the disallowance, the claim file is closed, the reserve reduced to zero dollars (\$0) and the reinsurers on the risk are notified (see attached Exhibit H).

EXHIBIT A



**NEW YORK
LIQUIDATION BUREAU**

123 William Street
New York, NY 10038 - 3889
(212) 341 - 6400
Facsimile (212) 608 - 3398

Howard Mills
Superintendent as Receiver

Francesca Bliss
Special Deputy Superintendent

<DATE>

Name of Reinsurer/Contact
Address

Re: Claim of ◇

Dear ◇:

◇, a policyholder in the estate of Midland Insurance Company in Liquidation ("Midland"), has filed claims which are being considered for an allowance in the range of \$◇ to \$◇, which allowance, if approved, will subsequently be processed for reinsurance collection.

Pursuant to your reinsurance contract(s) with Midland, you have a right to interpose defenses in this matter and assert any arguments or defenses you believe may apply. Your reinsurance contract(s) provides expressly or implicitly wording to the effect that:

In the event of the insolvency of the Reinsured, proceeds that would otherwise be distributed to the Reinsured ... shall be payable directly to its liquidator ... without diminution because of the insolvency. [D]uring the pendency of [a claim against the Reinsured], the Reinsurer(s) may investigate such claims and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured [or] its liquidator; that the expense thus incurred by the Reinsurer shall be chargeable subject to court approval against the insolvent company as part of the expense of the liquidation to the extent of its proportionate share of the benefit which may accrue to the [Reinsured] solely as a result of the defense undertaken by the Reinsurer.

For your information, enclosed please find the Supplemental Captioned Report - Allowance that supports the allowance recommendation from the Midland consultant. There is significant, additional documentation available at the Midland offices for your review, including but not limited to Audit reports, Allocation reports and previous Captioned Reports that support the proposed allowance of the claims by \diamond . You are welcome to review that information pursuant to the Access to Records clause in your reinsurance contract.

If it is your intention to formally intervene in this matter and interpose any defenses that you believe should be raised in the underlying claim of Bayer, please advise this office, in writing, within the next thirty (30) days.

If we can be of further assistance or if you have any additional questions, please feel free to contact us.

Very truly yours,

Andrew Stuehrk
Director of Reinsurance

EXHIBIT B

Incurred Cessions Report - Bayer/Rhinechem/Helena/Cutter/Miles

Policy#	Pd. Eff	Pd. Exp	Policy Limit	Part Of	U/L Limit	Reins. Eff	Reins. Exp	Contract	Claimant	DOL	Attachment Point	Claimant Name	Paid	LAE	Case
XL724552	10/01/1981	10/01/1982	\$2,500,000	\$25,000,000					PROD	10/01/1981		VARIOUS			
Claim No	Contract	Type													
12100772	Fac 82212	Quota Share				10/01/1981	09/30/1982		Contract Limit				\$500,000	\$0	
12100772	Fac A-2072-U	Quota Share				10/01/1981	09/30/1982		\$500,000				\$500,000	\$0	
12100772	Fac IFC 0462	Quota Share				10/01/1981	09/30/1982		\$500,000				\$500,000	\$0	
12100772	Fac 247565	Quota Share				10/01/1981	09/30/1982		\$500,000				\$500,000	\$0	
12100772	SIR A-5	Midland Pure Retention Under 1st XOL				08/01/1977	08/30/1983		\$250,000				\$250,000	\$0	
12100772	730 - C	1st Casualty XOL				07/01/1980	09/30/1982		\$250,000				\$250,000	\$0	
Gross Paid: \$0 Gross Case: \$0															
Policy#	Pd. Eff	Pd. Exp	Policy Limit	Part Of	U/L Limit	Reins. Eff	Reins. Exp	Contract	Claimant	DOL	Attachment Point	Claimant Name	Paid	LAE	Case
XL724553	10/01/1981	10/01/1982	\$7,500,000	\$50,000,000					PROD	10/01/1981		VARIOUS			
Claim No	Contract	Type													
12100773	Fac A 2084-U	Quota Share				10/01/1981	09/30/1982		Contract Limit				\$388,500	\$0	
12100773	Fac 249071	Quota Share				10/01/1981	09/30/1982		\$500,000				\$388,500	\$0	
12100773	Fac IFC 0583	Quota Share				10/01/1981	09/30/1982		\$1,000,000				\$777,583	\$0	
12100773	Fac FC02650	Quota Share				10/01/1981	09/30/1982		\$1,000,000				\$777,583	\$0	
12100773	Fac FC 2010	Quota Share				10/01/1981	09/30/1982		\$1,000,000				\$777,583	\$0	
12100773	724 - G	2nd Casualty XOL				07/01/1981	09/30/1982		\$1,000,000				\$1,000,000	\$0	
12100773	731 - C	3rd Casualty XOL				07/01/1981	09/30/1982		\$1,500,000				\$1,500,000	\$0	
12100773	732 - C	4th Casualty XOL				07/01/1981	09/30/1982		\$2,000,000				\$223,584	\$0	
Gross Paid: \$0 Gross Case: \$0															
Policy#	Pd. Eff	Pd. Exp	Policy Limit	Part Of	U/L Limit	Reins. Eff	Reins. Exp	Contract	Claimant	DOL	Attachment Point	Claimant Name	Paid	LAE	Case
XL739747	10/01/1982	10/01/1983	\$2,500,000	\$25,000,000					PROD	10/01/1982		VARIOUS			
Claim No	Contract	Type													
12100774	Fac 29467-1	Quota Share				10/01/1982	09/30/1983		Contract Limit				\$500,000	\$0	
12100774	Fac 93039	Quota Share				10/01/1982	09/30/1983		\$1,000,000				\$1,000,000	\$0	
12100774	Fac A 3205-U	Quota Share				10/01/1982	09/30/1983		\$500,000				\$500,000	\$0	
12100774	Fac IFC 0817	Quota Share				10/01/1982	09/30/1983		\$500,000				\$500,000	\$0	
Gross Paid: \$0 Gross Case: \$0															
Policy#	Pd. Eff	Pd. Exp	Policy Limit	Part Of	U/L Limit	Reins. Eff	Reins. Exp	Contract	Claimant	DOL	Attachment Point	Claimant Name	Paid	LAE	Case
XL739748	10/01/1982	10/01/1983	\$7,500,000	\$50,000,000					PROD	10/01/1982		VARIOUS			
Claim No	Contract	Type													
12100775	Fac 808659	Quota Share				10/01/1982	09/30/1983		Contract Limit				\$777,583	\$0	
Gross Paid: \$0 Gross Case: \$0															

* denotes that there are multiple insurer lines for a treaty/fac

Bayer/Rhinechem/Helena/Cutter/Miles 07/11/2008

12100775	Fac 93040	Quota Share	10/01/1982	09/30/1983	\$1,000,000	\$0	\$777,583	\$0
12100775	Fac A 3204-U	Quota Share	10/01/1982	09/30/1983	\$500,000	\$0	\$388,500	\$0
12100775	Fac FC 4073	Quota Share	10/01/1982	09/30/1983	\$1,000,000	\$0	\$777,583	\$0
12100775	Fac IFC 0818	Quota Share	10/01/1982	09/30/1983	\$1,000,000	\$0	\$777,583	\$0
12100775	Fac 29468-4	Quota Share	10/01/1982	09/30/1983	\$500,000	\$0	\$388,500	\$0
12100775	SIR A-5	Midland Pure Retention under 1st XOL	09/01/1977	09/30/1983	\$250,000	\$0	\$250,000	\$0
12100775	730 - D	1st Casualty XOL	07/01/1982	06/30/1983	\$750,000	\$250,000	\$750,000	\$0
12100775	724 - H	2nd Casualty XOL	07/01/1982	09/30/1983	\$1,000,000	\$1,000,000	\$946,000	\$0
Gross Paid: \$0		Gross Case: \$0		Total: \$5,833,333		\$0		
Policy#	Pd. Eff	Pd. Exp	Policy Limit	Part Of	UL Limit	Claimant	DOL	Claimant Name
XL749412	10/01/1983	10/01/1984	\$2,500,000	\$25,000,000	\$25,000,000	PROD	10/01/1983	VARIOUS
Claim No	Contract	Type	Reins. Eff	Reins. Exp	Contract Limit	Attachment Point	Paid	Case
12100776	Fac 93773	Quota Share	10/01/1983	09/29/1984	\$1,000,000	\$0	\$1,000,000	\$0
12100776	Fac A 4479-U	Quota Share	10/01/1983	09/29/1984	\$500,000	\$0	\$500,000	\$0
12100776	Fac 347700	Quota Share	10/01/1983	09/29/1984	\$500,000	\$0	\$500,000	\$0
12100776	Fac IFC-11-1184	Quota Share	10/01/1983	09/29/1984	\$500,000	\$0	\$500,000	\$0
Gross Paid: \$0		Gross Case: \$0		Total: \$2,500,000		\$0		
Policy#	Pd. Eff	Pd. Exp	Policy Limit	Part Of	UL Limit	Claimant	DOL	Claimant Name
XL749413	10/01/1983	10/01/1984	\$7,500,000	\$50,000,000	\$50,000,000	PROD	10/01/1983	VARIOUS
Claim No	Contract	Type	Reins. Eff	Reins. Exp	Contract Limit	Attachment Point	Paid	Case
16310500	Fac 347713	Quota Share	10/01/1983	09/29/1984	\$500,000	\$0	\$388,500	\$0
16310500	Fac 601434	Quota Share	10/01/1983	09/29/1984	\$1,000,000	\$0	\$777,583	\$0
16310500	Fac A 4863-U	Quota Share	10/01/1983	09/29/1984	\$500,000	\$0	\$388,500	\$0
16310500	Fac C-19777	Quota Share	10/01/1983	09/29/1984	\$1,500,000	\$0	\$1,166,867	\$0
16310500	Fac FC 5692	Quota Share	10/01/1983	09/29/1984	\$1,000,000	\$0	\$777,583	\$0
16310500	Fac IFC 11-1185	Quota Share	10/01/1983	09/29/1984	\$1,000,000	\$0	\$777,758	\$0
16310500	I-A-6	Midland Pure Retention under 1st XOL	07/01/1983	06/30/1984	\$500,000	\$0	\$500,000	\$0
16310500	SIR C	SIR to cover Ab Initio cancellation of 730E	07/01/1983	09/30/1984	\$2,500,000	\$500,000	\$1,056,742	\$0
Gross Paid: \$0		Gross Case: \$0		Total: \$5,833,333		\$0		
				Bayer/Rhinechem/Helena/Cutter/Miles		Grand Total:		\$0

* denotes that there are multiple insurer lines for a treaty/fac

Incurred Sessions Report - Revlon / Armour

[illegible][illegible]

Policy#	Claim No	Contract	Pol. Eff	Pol. Exp	Type	Policy Limit	Part Of	U/L Limit	Reins. Eff	Reins. Exp	Contract Limit	Attachment Point	DOL	Claimant Name	PAID	LAE	Case
KL70657B	12101270	Fac 90580	01/01/1980	01/01/1981	Quota Share	\$2,000,000	\$10,000,000	\$12,000,000			\$1,000,000	\$0	01/01/1980	VARIOUS			\$1,000,000
	12101270	SIR A-5			Midland Pure Retention under 1st XOL				05/01/1977	06/30/1983	\$250,000	\$0					\$250,000
	12101270	730 - B			1st Casualty XOL				07/01/1979	06/30/1980	\$250,000	\$250,000					\$250,000
	12101270	734 - E			2nd Casualty XOL				07/01/1979	06/30/1980	\$1,000,000	\$500,000					\$500,000
	12101270	731 - A			3rd Casualty XOL				07/01/1979	06/30/1980	\$1,500,000	\$1,500,000					\$0
	12101270	732 - A			4th Casualty XOL				07/01/1979	06/30/1980	\$2,000,000	\$3,000,000					\$0
	12101270	726 - F			5th Casualty XOL				01/01/1980	12/31/1980	\$5,000,000	\$5,000,000					\$0
	12101270	727 - F			6th Casualty XOL				01/01/1980	12/31/1980	\$5,000,000	\$10,000,000					\$0

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Gross Paid: \$0		Gross Case: \$0		Total:		\$2,000,000				
Policy#	Pol. Eff	Pol. Exp	Policy Limit	Part Of	U/L Limit	Claimant	DOL	Claimant Name	Paid	Case
XL723714	01/01/1981	04/01/1982	\$3,000,000	\$30,000,000	\$22,000,000	PROD	01/01/1981	VARIOUS		
Claim No	Contract	Type			Reins. Eff	Reins. Exp	Attachment Point			
12101272	Fac FC001064	Quota Share			01/01/1981	03/31/1982	\$1,000,000			\$1,000,000
12101272	Fac B1539	Quota Share			01/01/1981	03/31/1982	\$1,000,000			\$1,000,000
12101272	SIR A-5	Midland Pure Retention under 1st XOL			06/01/1977	06/30/1983	\$250,000			\$250,000
12101272	730 - C	1st Casualty XOL			07/01/1980	06/30/1982	\$250,000			\$250,000
12101272	724 - F	2nd Casualty XOL			07/01/1980	06/30/1981	\$1,000,000			\$500,000
12101272	731 - B	3rd Casualty XOL			07/01/1980	06/30/1981	\$1,500,000			\$0
12101272	732 - B	4th Casualty XOL			07/01/1980	06/30/1981	\$2,000,000			\$0
12101272	726 - G	5th Casualty XOL			01/01/1981	12/31/1981	\$5,000,000			\$0
12101272	727 - G	6th Casualty XOL			01/01/1981	12/31/1981	\$5,000,000			\$0
Gross Paid: \$0		Gross Case: \$0		Total:		\$3,000,000				

Policy#	Pol. Eff	Pol. Exp	Policy Limit	Part Of	U/L Limit	Reins. Eff	Reins. Exp	Claimant	Contract Limit	Attachment Point	Claimant Name	Paid	Case
XL725150	04/01/1982	04/01/1983	\$3,000,000	\$30,000,000	\$22,000,000	04/01/1982	03/31/1983	PROD	\$1,000,000	\$0	VARIOUS	LAE	\$1,000,000
12101273	Fac R0073400	Fac24	Quota Share			04/01/1982	03/31/1983		\$1,000,000	\$0			\$1,000,000
12101273	Fac R00000000	Fac9	Quota Share			04/01/1982	03/31/1983		\$1,000,000	\$0			\$1,000,000
12101273	SIR A-5		Midland Pure Retention under 1st XOL			06/01/1977	06/30/1983		\$250,000	\$0			\$250,000
12101273	730 - C		1st Casualty XOL			07/01/1980	06/30/1982		\$250,000	\$250,000			\$250,000
12101273	724 - G		2nd Casualty XOL			07/01/1981	06/30/1982		\$1,000,000	\$500,000			\$500,000
12101273	731 - C		3rd Casualty XOL			07/01/1981	06/30/1982		\$1,500,000	\$1,500,000			\$0
12101273	732 - C		4th Casualty XOL			07/01/1981	06/30/1982		\$2,000,000	\$3,000,000			\$0
12101273	726 - H		5th Casualty XOL			01/01/1982	06/30/1982		\$5,000,000	\$5,000,000			\$0
12101273	727 - H		6th Casualty XOL			01/01/1982	06/30/1982		\$5,000,000	\$10,000,000			\$0
Gross Paid: \$0										Gross Case: \$0		Total: \$3,000,000	

Policy#	Pol. Eff	Pol. Exp	Policy Limit	Part Of	U/L Limit	Reins. Eff	Reins. Exp	Claimant	Contract Limit	Attachment Point	Claimant Name	Paid	LAE	Case
XL748829	04/01/1983	04/01/1984	\$3,000,000	\$30,000,000	\$22,000,000	06/01/1977	06/30/1983	PROD	\$250,000	\$0	VARIOUS			\$250,000
Claim No	Contract	Type												
22100472	SIR A-5	Midland Pure Retention under 1st XOL												
22100472	730 - D	1st Casualty XOL												
22100472	724 - H	2nd Casualty XOL												
22100472	731 - D	3rd Casualty XOL												
22100472	726 - I	4th Casualty XOL												

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22100472	727 - I	5th Casualty XOL	01/01/1983	05/30/1984	\$5,000,000	\$10,000,000	\$0
22100472	728 - I	6th Casualty XOL	01/01/1983	06/30/1984	\$10,000,000	\$15,000,000	\$0
Gross Paid: \$0							Gross Case: \$0
Total: \$1,551,373							
Policy#	Pol. Eff	Pol. Exp	Policy Limit	Part Of	U/L Limit	Claimant	Claimant Name
XL770267	04/01/1984	04/01/1985	\$5,500,000	\$30,000,000	\$22,000,000	PROD	VARIOUS
Claim No	Contract	Type	Reins. Eff	Reins. Exp	Contract Limit	Attachment Point	PAIDs
22100474	Fac TC 94145	Quota Share	04/01/1984	03/31/1985	\$1,000,000	\$0	LAE
22100474	Fac 602013	Quota Share	04/01/1984	03/31/1985	\$1,500,000	\$0	Case
22100474	Fac A37363/B4A	Quota Share	04/01/1984	03/31/1985	\$1,000,000	\$0	\$12,647
22100474	Fac C-513F641-2	Quota Share	04/01/1984	03/31/1985	\$1,000,000	\$0	\$12,647
22100474	I-A-6	Midland Pure Retention under 1st XOL	07/01/1983	06/30/1984	\$500,000	\$0	\$12,647
22100474	724 - I	2nd Casualty XOL	07/01/1983	07/01/1984	\$2,000,000	\$3,000,000	\$0
22100474	726 - I	4th Casualty XOL	01/01/1983	06/30/1984	\$5,000,000	\$5,000,000	\$0
22100474	727 - I	5th Casualty XOL	01/01/1983	06/30/1984	\$5,000,000	\$10,000,000	\$0
22100474	728 - I	6th Casualty XOL	01/01/1983	06/30/1984	\$10,000,000	\$15,000,000	\$0
Gross Paid: \$0							Gross Case: \$0
Total: \$69,558							
Revision / Armour Grand Total:							\$12,120,931

EXHIBIT C



**NEW YORK
LIQUIDATION BUREAU**

123 William Street
New York, NY 10038 - 3889
(212) 341 - 6400
Facsimile (212) 608 - 3398

Howard Mills
Superintendent as Receiver

Jody S. Hall
Special Deputy Superintendent

July 21, 2006

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Jason Steinhart
Revlon nka Aventis Pharmaceuticals
300 Somerset Blvd., Route 202-206
PO Box 6977, Mail Code SC3-810B
Bridgewater, NJ 08807-0800

NOTICE OF DETERMINATION

**In the Matter of the Liquidation of
Midland Insurance Company**

Liquidator Nos. : M-PROD-612, M-PROD-615, M-PROD-618, M-PROD-620,
M-PROD-621, M-PROD-2215, M-PROD-2217
Insured Name : Revlon
Policy Nos. : XL 148331, XL 160301, XL 706578, XL 723714, XL 725150, XL 748829,
XL 770267
Date of Loss : Various

Determination Summary

Claim No.	Claimant Number	Policy Number	Effective Dates	Liquidator Number	Allowance Amount
12-101264	002	XL 148331	1/1/78-1/1/79	M-PROD-612	\$500,000
12-101267	002	XL 160301	1/1/79-1/1/80	M-PROD-615	\$2,000,000

Claim No.	Claimant Number	Policy Number	Effective Dates	Liquidator Number	Allowance Amount
12-101270	002	XL 706578	1/1/80-1/1/81	M-PROD-618	\$2,000,000
12-101272	002	XL 723714	1/1/81-4/1/82	M-PROD-620	\$3,000,000
12-101273	002	XL 725150	4/1/82-4/1/83	M-PROD-621	\$3,000,000
22-100472	002	XL 748829	4/1/83-4/1/84	M-PROD-2215	\$1,551,373
22-100474	002	XL 770267	4/1/84-4/1/85	M-PROD-2217	\$69,558

Dear Claimant:

Pursuant to an order ("the Liquidation Order") of the Supreme Court of the State of New York ("the Liquidator Court") entered on April 3, 1986 Midland Insurance Company ("Midland") was placed into liquidation and the Superintendent of Insurance was appointed Liquidator and vested with title to all its assets and property. Pursuant to the Liquidation Order and Article 74 of the Insurance Law, all persons having claims against Midland were directed to present them to the Liquidator who is required to fix and determine the liabilities of Midland subject to the approval of the Court.

Accordingly the purpose of this letter is to provide you with a determination of certain claims you have against Midland.

PLEASE REVIEW THIS NOTICE OF DETERMINATION AND THE ACKNOWLEDGMENT OF RECEIPT FORM CAREFULLY SINCE THEY SET OUT IMPORTANT INFORMATION CONCERNING THIS CLAIM(S) AND YOUR RIGHTS AS A CLAIMANT.

The Liquidator has now made a Determination on a portion of the claims filed by you based on the policies as set forth above in accordance with the procedures for allowance of claims to be approved by the Liquidation Court pursuant to the Court's Order of January 31, 1997. The Liquidator hereby gives notice that your claims will be recommended to the Court for partial allowance in the amount of \$12,120,931. The amount recommended for allowance is a partial allowance of all claims based on the amount of paid losses that you asserted on the above Midland policies.

Follow these instructions:

1. If you wish to object to the Determination for any reason, you must serve the Liquidator with a Written Objection and request for a hearing within sixty (60) days from the date on the attached Notice of Determination. **IF THE WRITTEN OBJECTION IS NOT FILED WITH THE LIQUIDATOR WITHIN THE SIXTY (60) DAY PERIOD, THE**

DETERMINATION ON THIS CLAIM WILL BECOME FINAL AND WILL NOT BE SUBJECT TO FURTHER REVIEW.

2. You must notify the Liquidator of any changes in your mailing address. This will ensure the Liquidator has a way to reach you if it becomes necessary. Please keep the Liquidator informed of your current address. Please forward your written objection to the following address:

Midland Insurance Company in Liquidation
c/o New York Liquidation Bureau, MPH Claims Unit
123 William Street
New York, New York 10038-3889

3. The Liquidator will refer each claim for which there is a timely objection to the referee appointed for this purpose by the Liquidator Court and will notify each claimant of the time and place of the hearing of the claimant's claim.
4. You should keep a copy of the Notice of Determination, Acknowledgment of Receipt and Written Objection, if any, and then mail the originals by U.S. Certified Mail, Return Receipt Requested. A postage paid, return envelope has been provided.

IF YOU DO NOT OBJECT IN WRITING TO THIS NOTICE OF DETERMINATION AS DESCRIBED HEREIN, IT BECOMES FINAL AND BINDING AND NOT SUBJECT TO FURTHER REVIEW.

Sincerely yours,



Jody S. Hall
Assistant Special Deputy Superintendent
and Agent of Howard Mills
Acting Superintendent of Insurance
of the State of New York,
as Liquidator of
Midland Insurance Company

cc: William R. Herman, Esq.
Law Offices of William R. Herman
59 Betts Drive, Suite 100
Washington Crossing, PA 18977



NEW YORK
LIQUIDATION BUREAU

123 William Street
New York, NY 10038 - 3889
(212) 341 - 6400
Facsimile (212) 341 - 6263

Howard Mills
Superintendent as Receiver

Jody S. Hall
Special Deputy Superintendent

RECEIVED AUG 03 2006
ym

Date: July 21, 2006

Liquidator Nos. : M-PROD-612, M-PROD-615, M-PROD-618, M-PROD-620,
M-PROD-621, M-PROD-2215, M-PROD-2217
Insured Name : Revlon nka Aventis Pharmaceuticals
Policy Nos. : XL 148331, XL 160301, XL 706578, XL 723714, XL 725150, XL
748829, XL 770267
Date of Loss : Various

Mailing ID Reference: 350

ACKNOWLEDGMENT OF RECEIPT

☒ I hereby acknowledge receipt of the July 21, 2006 Notice of Determination as a claimant. By signing this Acknowledgment of Receipt, I understand and agree to the content of the Notice of Determination.

☐ I hereby acknowledge receipt of the July 21, 2006 Notice of Determination as a claimant. By signing this Acknowledgment of Receipt, I understand and object to the content of the Notice of Determination.

I request Midland Insurance Company in Liquidation ("Midland") mail future correspondence to:

☒ Same name as above

☒ New name

JASON STEINHART

Aventis Pharmaceuticals, Inc.

☐ Same address as above

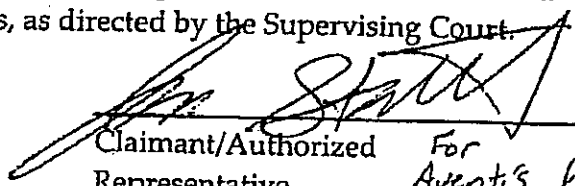
☒ New address

300 Somerset Blvd, Route 202-206

PO Box 6977, mail code SC3-810A
Bridgewater NJ 08807-0800

This Acknowledgment of Receipt must be completed, signed and returned to Midland in order to be eligible for future distributions, as directed by the Supervising Court.

Date July 27, 2006


Claimant/Authorized Representative For Aventis Pharmaceuticals Inc.

(PLEASE SIGN)

Jason Steinhardt, Assistant
(PLEASE PRINT NAME) General Counsel

AFFIDAVIT OF JASON G. STEINHART, ESQUIRE

I, Jason G. Steinhart, Esquire, hereby state that I am Senior Director and Assistant General Counsel, U.S. Litigation of sanofi-aventis; that I am authorized to make this statement; and that the facts set forth herein are true and correct to the best of my knowledge, information and belief. I understand that if any of the statements herein are willfully false, I am subject to punishment, as provided by N.J. Court Rule, 1969 R. 1:4-4.

1. I am an attorney-at-law, admitted to practice in the State of New Jersey and the Commonwealth of Pennsylvania. My office address is 300 Somerset Corporate Boulevard, Bridgewater, New Jersey 08807-0977.

2. In January 1986, the then-Rorer Group Inc. acquired Armour Pharmaceuticals Company from Revlon, Inc. Armour was insured for pre-acquisition occurrences under Revlon's insurance policies, including those issued by Midland Insurance Company.

3. All of the claims listed in the Notice of Determination addressed to me and dated July 21, 2006, are for AIDS-related claims against Armour brought by hemophiliacs or their representatives.

4. The Rorer Group, of which Armour was a subsidiary after its acquisition from Revlon, was itself acquired and became Rhône-Poulenc Rorer Inc. ("RPR"). Subsequently, as a result of RPR's merger with certain other companies, the entity that owned Armour became Aventis Pharmaceuticals Inc.

5. Because of subsequent transactions, Aventis Pharmaceuticals Inc. is now part of the sanofi-aventis Group.

I certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment, as provided by N.J. Court Rule, 1969 R. 1:4-4.

Dated: 8/2/06



JASON G. STEINHART

EXHIBIT D

At IAS Part " of the Supreme
Court of the State of New York,
60 Centre Street, in the Borough
of Manhattan, City and State of
New York, on the 30th day
of ~~March~~, 1997.

P R E S E N T :

HON.

BEVERLY S. COHEN

JUSTICE.

-----X Index No.: 41294/86

In the Matter of
the Liquidation of

MIDLAND INSURANCE COMPANY

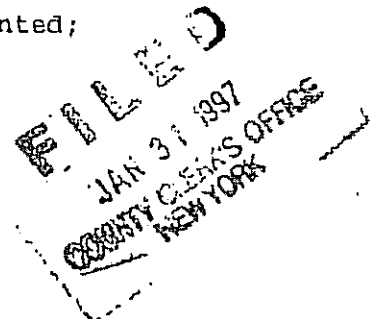
ORDER APPROVING THE
LIQUIDATOR'S PROPOSED
PROCEDURE FOR JUDICIAL
REVIEW OF RECOMMENDATIONS
FOR ALLOWANCE OF CLAIMS

-----X

EDWARD J. MUHL, the Superintendent of Insurance of the
State of New York as Liquidator of MIDLAND INSURANCE COMPANY
(the "Liquidator"), having moved this Court by Petition dated
October 25th, 1996, for approval of a procedure (the "Procedure")
for judicial review of recommendations for allowance of claims
made in this proceeding, and it appearing from the Petition that
the Procedure will best serve the interests of MIDLAND INSURANCE
COMPANY ("MIDLAND"), its creditors, all other interested persons
and that it should be approved and implemented;

IT IS HEREBY ORDERED:

1. The Procedure is approved.



2. The Court finds that the Procedure is required for the orderly administration of the MIDLAND estate. The Procedure will enable the Liquidator to dispose of claims on an ongoing basis while offering due process to all claimants who object to his recommendations.

3. The Procedure is as follows:

a) The Liquidator shall, on a periodic basis, prepare a list of claims recommended for allowance. The Liquidator shall serve each claimant with a "Notice of Determination". Service shall be made by first class mail to claimant's last known address. The Notice of Determination shall advise each claimant that:

i) The claimant's claim has been recommended for allowance by the Liquidator in the amount set forth therein;

ii) If the claimant accepts the Liquidator's recommendation, the claimant is not required to take any further action. The Liquidator will submit an ex-parte motion to this Court for an order approving his recommendation for allowance in the amount set forth on the Notice of Determination. The recommendation will be approved by the Court and the claimant will be entitled to share, pro-rata, in distributions of assets, if any, to be made by the Liquidator based on the amount allowed.

iii) If the claimant disputes the amount recommended for allowance, the claimant may object to the Notice of Determination by serving a written objection on the Liquidator. The written objection must be received by the Liquidator within sixty days of

the date of the Notice of Determination.

- iv) The Liquidator will refer each claim for which there is a timely objection to the referee appointed by order entered August 3, 1987 to hear and report on the validity of claimants' objections and that the Liquidator will notify each claimant of the time and place of the hearing on the claimant's claim. *Under the supervision of the referee, the Liquidator shall submit an ex-parte order seventy-five days after the date of the Notice of Determination, which shall provide for the approval and confirmation of the Liquidator's recommendations for allowance with respect to each claim for which no objection is received.*
- b) The Liquidator shall submit an ex-parte order seventy-five days after the date of the Notice of Determination, which shall provide for the approval and confirmation of the Liquidator's recommendations for allowance with respect to each claim for which no objection is received.

ENTER

Bernard J. Cohen
J. S. C.

FILED
JAN 31 1987
COUNTY CLERK'S OFFICE
NEW YORK

EXHIBIT E



NEW YORK
LIQUIDATION BUREAU

123 William Street
New York, NY 10038 - 3889
(212) 341 - 6400
Facsimile (212) 341 - 6263

Howard Mills
Superintendent as Receiver

Francesca G. Bliss
Assistant Special Deputy

Xxxxx X, 2006

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr(s). XXXXXXXXXXXX
[Title]
[Company]
[Address]
[City, State, Zip]

NOTICE OF DETERMINATION
In the Matter of the Liquidation of
Midland Insurance Company

Liquidator No(s) : Various (see below)
Insured Name :
Policy No(s) : Various (see below)
Date of Loss : Various, From xx/xx/xx to xx/xx/xx

Determination Summary

Claim No.	Claimant Number	Policy Number	Effective Dates	Liquidator Number	Allowance Amount

PLEASE REVIEW THIS NOTICE OF DETERMINATION AND THE ACKNOWLEDGMENT OF RECEIPT FORM CAREFULLY SINCE THEY SET OUT IMPORTANT INFORMATION CONCERNING THIS CLAIM(S) AND YOUR RIGHTS AS A CLAIMANT.

Claim No.	Claimant Number	Policy Number	Effective Dates	Liquidator Number	Allowance Amount

Accordingly the purpose of this letter is to provide you with a determination of all claims you have or may have against Midland.

The Liquidator has now made a Determination of all of the claims filed by you based on the policies as set forth above in accordance with the laws of the State of New York and the procedures for allowance of claim(s) approved by the Liquidation Court. Following its review of all issues, Midland has determined that the claims noted above will not impact Midland's policies and are, therefore, disallowed. This determination is based on the following:

[Add or Delete as Necessary]

- Under the binding and applicable New York law, you have not provided sufficient documentation to support proof of any paid impairment to Midland policies.
- Your asbestos bodily injury claims do not demonstrate an impairment to Midland's policies when properly triggered and allocated pursuant to *In re Liquidation of Midland Insurance Company, Claim of Lac D'Amiante Du Quebec, Ltee.*, A.D.2d 50, 709 N.Y.S.2d 24 (N.Y.A.D. 1st Dept. 2000) ("*LAQ*"), which requires a pure exposure trigger.
- You have failed to demonstrate that all other "valid and collectible" insurance has been exhausted prior to the claim being presented against the Midland policies (along with other insolvent policies) pursuant to *LAQ*.
- New York law does not permit the Liquidator to allow your "contingent claims" in this instance pursuant to New York Insurance Laws § 7433[c].
- Midland reserves the right to raise any other reasons in support of its denial of your claims as further defenses surface during the litigation.

Follow these instructions:

1. If you wish to object to the Determination for any reason, you must serve the Liquidator with a Written Objection and request for a hearing within sixty (60) days from the date on the attached Notice of Determination. **IF THE WRITTEN OBJECTION IS NOT FILED WITH THE LIQUIDATOR WITHIN THE SIXTY (60) DAY PERIOD, THE DETERMINATION ON THIS CLAIM WILL BECOME FINAL AND WILL NOT BE SUBJECT TO FURTHER REVIEW.**
2. You must notify the Liquidator of any changes in your mailing address. This will ensure the Liquidator has a way to reach you if it becomes necessary. Please keep the Liquidator informed of your current address. Please forward your written objection to the following address:

Midland Insurance Company in Liquidation
c/o New York Liquidation Bureau, MPH Claims Unit
123 William Street
New York, NY 10038-3889

3. The Liquidator will refer each claim for which there is a timely objection to the referee appointed for this purpose by the Liquidator Court and will notify each claimant of the time and place of the hearing of the claimant's claim.
4. You should keep a copy of the Notice of Determination, Acknowledgment of Receipt and Written Objection, if any, and then mail the originals by U.S. Certified Mail, Return Receipt Requested. A postage paid, return envelope has been provided.

**IF YOU DO NOT OBJECT IN WRITING TO THIS NOTICE OF DETERMINATION AS DESCRIBED
HEREIN, IT BECOMES FINAL AND BINDING AND NOT SUBJECT TO FURTHER REVIEW.**

Sincerely yours,

Special Deputy Superintendent
and Agent of Howard Mills
Superintendent of Insurance
of the State of New York,
as Liquidator of
Midland Insurance Company

cc: [Name]
[Title]
[Company]
[Address]
[City, State & Zip]

EXHIBIT F

202

✓

At IAS Part 31 of the Supreme
Court of the State of New York,
80 Centre Street, in the
Borough of Manhattan, City and
State of New York, on the 30th
day of March, 1994

P R E S E N T :

HON. BEVERLY S. COHEN

JUSTICE.

In the Matter of
the Liquidation of
MIDLAND INSURANCE COMPANY

-----X Index No. 41294/86

ORDER APPROVING THE
PETITIONER'S PROPOSED
PROCEDURE FOR JUDICIAL
REVIEW OF THE
PETITIONER'S
DISALLOWANCE OF CLAIMS

SALVATORE R. CURIALE, the Superintendent of Insurance
of the State of New York as Liquidator of MIDLAND INSURANCE
COMPANY (the "Liquidator"), having moved this Court by Petition
dated October 7, 1993, for approval of a Procedure (the
"Procedure") for Judicial Review of the Liquidator's
Recommendations for Disallowance of Claims made in this
proceeding, and it appearing from the Petition that the
Procedure will best serve the interests of MIDLAND INSURANCE
COMPANY ("Midland"), its creditors, all other interested
persons and that it should be approved and implemented;

IT IS HEREBY ORDERED:

1. The Procedure is Approved.
2. The Court finds that the Procedure is required for the orderly administration of the Midland estate. The Procedure will enable the Liquidator to dispose of claims on an ongoing basis while offering due process to all claimants who object to his recommendations.

3. The Procedure is as follows:

- a) The Liquidator shall, on a periodic basis, prepare a list of claims recommended for disallowance. The Liquidator shall serve each claimant with a "Notice of Recommendation of Disallowance". Service shall be made by first class mail to claimant's last known address. The Notice of Recommendation of Disallowance shall advise each claimant that:
 - i) The claimant's claim has been recommended for disallowance by the Liquidator;
 - ii) The claimant may object to the Notice of Recommendation of Disallowance by serving written objections on the Liquidator that must be received by the Liquidator within sixty days of the date of the Notice of Recommendation of Disallowance;

- iii) If the claimant fails to timely object to the Liquidator's recommendation for disallowance, the Liquidator shall submit an ex-parte motion to this Court for an order approving his recommendations of disallowance of the claimant's claim.
 - iv) Each claim for which a timely objection is received will be referred to the referee appointed by the Court, pursuant to the Order dated August 3, 1987, to hear and report on the validity of the claimant's objections and that the Liquidator will notify each claimant of the time and place of the hearing on the claimant's claim.
- b) The Liquidator shall submit an ex-parte order, after seventy-five days from the date of the Notice of Recommendation of Disallowance, which shall provide for the approval and confirmation of the Liquidator's recommendations for disallowance with respect to each claim for which no objection is received.

E N T E R

Benny S. Cohen

J. S. C.

0665M/10-12

EXHIBIT G



NEW YORK
LIQUIDATION BUREAU

123 William Street
New York, NY 10038 - 3889

Howard Mills
Superintendent as Receiver

Francesca G. Bliss
Assistant Special Deputy

<DATE>

<Name of Reinsurer>

Director of Claims

<Address>

<Address>

<Address>

Re: Disputed Claim of ◇

Dear Director of Claims:

◇, a policyholder in the estate of Midland Insurance Company In Liquidation ("Midland"), has timely filed an objection to the *Notice of Determination for Disallowance of Claims*. Enclosed is a copy of the *Notice of Determination* sent to the policyholder listed above and covered by your reinsurance contract as well as the policyholder's objections to that notice.

Pursuant to your reinsurance contract with Midland, you have a right to interpose defenses in this matter and assert any arguments or defenses you believe may apply. Your reinsurance contract(s) provides wording expressly or impliedly to the effect that:

In the event of the insolvency of the Reinsured, proceeds that would otherwise be distributed to the Reinsured ... shall be payable directly to its liquidator ... without diminution because of the insolvency. During the pendency of [a claim against the Reinsured], the Reinsurer(s) may investigate such claims and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the Reinsured [or] its liquidator; that the expense thus incurred by the Reinsurer shall be chargeable subject to court approval against the insolvent company as part of the expense of the liquidation to the extent of its proportionate share of the benefit which may accrue to the [Reinsured] solely as a result of the defense undertaken by the Reinsurer.

If it is your intention to formally intervene pursuant to New York Civil Practice Rules or file an amicus brief in this matter, please let me know so you can be notified of the proceedings.

Please advise if additional information is needed. I can be reached via email astuehrk@nylb.org.

Very truly yours,

C. Andrew Stuehrk
Consultant

Cc: Vincent Tabone, Esq., General Counsel, NYLB
James C. Owen, Esq., Outside Counsel

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the _____ day of _____, 200____, this notice of disputed claim and right to intervene was sent via first-class mail, postage prepaid, to the following:

Reinsurer

◇

◇

Midland's Attorney

◇

◇

Midland

◇

◇

EXHIBIT H



**NEW YORK
LIQUIDATION BUREAU**

123 William Street
New York, NY 10038 - 3889
(212) 341 - 6400
Facsimile (212) 608 - 3398

Howard Mills
Superintendent as Receiver

Francesca Bliss
Special Deputy Superintendent

<DATE>

Name of Reinsurer/Contact
Address

Re: Claim of ◇

Dear ◇:

The claims of ◇, a policyholder in the estate of Midland Insurance Company in Liquidation ("Midland"), have been disallowed without objection. Midland has, therefore closed its file on this policyholder and reduced all reserves to zero.

Please call the undersigned if you have any questions.

Very truly yours,

◇

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

-----X
In the Matter of the Liquidation of
MIDLAND INSURANCE COMPANY

Index No. 41294/86

Assigned to:
Hon. Michael
Stallman
I.A.S. Part 7
-----X

AFFIDAVIT OF DIANE BANKS IN SUPPORT OF
MIDLAND INSURANCE COMPANY'S SUPPLEMENTAL BRIEF

JAMES C. OWEN, ESQ.

Attorney for Superintendent of Insurance as Liquidator

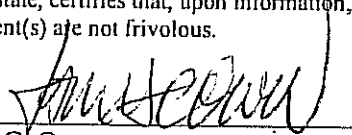
Office and Post Office Address, Telephone

McCARTHY, LEONARD, KAEMMERER, OWEN,
McGOVERN, STRILER & MENGHINI, L.C.
400 SOUTH WOODS MILL ROAD, SUITE 250
CHESTERFIELD, MO 63017

ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York state, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated: December 6, 2006
New York, New York


James C. Owen

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

-----X

**In the Matter of the Liquidation of
41294/86
MIDLAND INSURANCE COMPANY**

Index No.

Affidavit

**Assigned to:
Hon. Michael Stallman
I.A.S. Part 7**

-----X

**AFFIDAVIT OF DIANE L. BANKS IN SUPPORT OF MIDLAND
INSURANCE COMPANY'S SUPPLEMENTAL BRIEF**

State of New York)
) ss
County of New York)

Diane L. Banks, being duly sworn, deposes and says:

1. I, Diane L. Banks, am Assistant Director of the Reinsurance and Estate Management Division at the New York Liquidation Bureau (the "Bureau") and I am fully familiar with the facts set forth herein. The Bureau is the entity which carries out the duties of the Superintendent of Insurance of the State of New York as Liquidator of Midland Insurance Company (the "Liquidator").

2. I am currently responsible for the collection of paid loss balances involving claims ceded to Everest Reinsurance Company ("Everest Re") by Midland Insurance Company ("Midland").

3. I respectfully submit this affidavit in support of Midland's Supplemental Brief in response to the Receivership Court's November 8, 2006 Interim Order.

4. On November 23, 2004 representatives of Midland met with representatives of Everest Re at the offices of Everest Re to discuss the method by which to resolve the balances between the parties. Midland again made it clear that its records were open and available for audit.

5. In the ensuing months, attempts were made by Midland to collect on past-due balances and to work out a premium offset on those balances. As a result, Everest made partial payments on those balances. There was also significant activity on some of the largest major policyholder accounts in the receivership most of which had an impact on Everest, which caused the parties to meet again.

6. At no time has Everest Re been denied access to Midland's records. The only issue has been the scheduling reasonableness of Everest Re's requests. Midland and Everest Re have agreed on audit dates for the weeks of December 11, 2006, December 18, 2006 and January, 8 2007. The Liquidator is prepared to make more dates available.


7. I understand that notice must be sent pursuant to the November 8, 2006 Interim Order. In preparing the list for the notice to be mailed to Midland's reinsurers, I found that the number of reinsurers is over 400, although that current number includes commuted companies and some combined companies.



Diane L. Banks
Assistant Director of the Reinsurance
and Estate Management Division
Midland Insurance Co. in Liquidation
New York Liquidation Bureau
123 William St.
New York, New York 10038

Sworn to before me this 5th day of December, 2006

[Seal]



Notary Public
Qualified in Richmond County
No. 24-1000000
Commission Expires Dec. 31, 2008
J. M. HENNINGER
NEW YORK

Typed Name of Notary Public

Notary Public
My Commission Expires:

Notary Public, State of New York
No. 24-1000000
Qualified in Richmond County
Commission Expires Dec. 31, 2008

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

-----X
In the Matter of the Liquidation of
MIDLAND INSURANCE COMPANY

Index No. 41294/86

Assigned to:
Hon. Michael
Stallman
I.A.S. Part 7
-----X

AFFIDAVIT OF ANDREW STUEHRK IN SUPPORT OF
MIDLAND INSURANCE COMPANY'S SUPPLEMENTAL BRIEF

JAMES C. OWEN, ESQ.

Attorney for Superintendent of Insurance as Liquidator

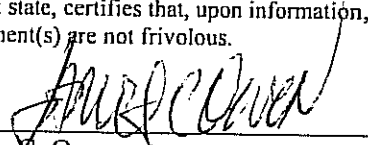
Office and Post Office Address, Telephone

McCARTHY, LEONARD, KAEMMERER, OWEN,
McGOVERN, STRILER & MENGHINI, L.C.
400 SOUTH WOODS MILL ROAD, SUITE 250
CHESTERFIELD, MO 63017

ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York state, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated: December 6, 2006
New York, New York



James C. Owen

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

-----X

In the Matter of the Liquidation of
MIDLAND INSURANCE COMPANY

Index No. 41294/86
Affidavit

Assigned to:
Hon. Michael Stallman
I.A.S. Part 7

-----X

**AFFIDAVIT OF ANDREW STUEHRK IN SUPPORT OF MIDLAND
INSURANCE COMPANY'S SUPPLEMENTAL BRIEF**

State of New York)
) ss
County of New York)

Andrew Stuehrk, being duly sworn, deposes and says:

1. I, Andrew Stuehrk, am employed by Navigant Consulting Inc., a consultant for the Midland estate at the New York Liquidation Bureau (the "Bureau") and I am fully familiar with the facts set forth herein. The Bureau is the entity which carries out the duties of the Superintendent of Insurance of the State of New York as Liquidator of Midland Insurance Company (the "Liquidator").

2. I currently assist the Reinsurance Department in the collection and commutation of reinsurance balances, including claims ceded to Everest Reinsurance Company ("Everest Re") by Midland Insurance Company ("Midland").

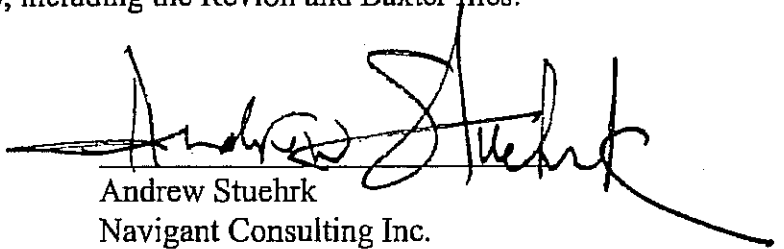
3. I respectfully submit this affidavit in support of Midland's Supplemental Brief in response to the Receivership Court's November 8, 2006 Interim Order.

4. In my capacity working with the reinsurance department of the Bureau, I have worked with representatives of Everest Re in regard to several issues concerning the collection of Midland's paid loss balances which are ceded to Everest Re.

5. In 2004, Midland reviewed a great number of the open major policyholder claims and prepared comprehensive "Captioned Reports" that summarized the facts of each of those policyholder claims. The reports contained an evaluation (including a recommended allowance and/or case reserve) based on the information then available and outlined a strategy for bringing each claim to a conclusion. The reports were sent to reinsurers, including Everest Re, Swiss Re and American Centennial shortly after they were completed, giving the reinsurers ample time to provide any input they felt would be useful in bringing the claims to a conclusion. The reinsurers also had the right and ability to audit the files of Midland, as have many reinsurers of Midland since that time. In fact, over the past two years, other reinsurers have audited the files and commuted (settled) the major policyholder paid, case reserves and IBNR claims balances with Midland based on those audits.

6. In May 2006, Everest Re reviewed the claims files on the proposed allowances, including Bayer, Pfizer and 3M. Everest Re's attorneys met with

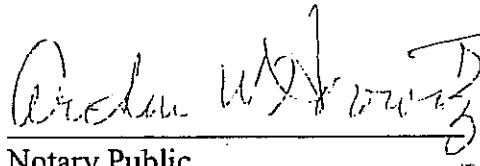
representatives of Midland to discuss the basis for these allowances and the issues that Everest Re had with the same. Everest's representatives returned for another more extensive audit in June 2006, including the Revlon and Baxter files.



Andrew Stuehrk
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New York Liquidation Bureau
123 William St.
New York, New York 10038

Sworn to before me this 5th day of December, 2006

[Seal]



Notary Public

ARTHUR W. HOROWITZ
Notary Public, State of New York
No. 24-1880300
Qualified in Richmond County

Typed Name of Notary Public

12/5/06