

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

PRESENT: ABDUS-SALAM
Justice

PART 13

COLONIAL INDEMNITY INSURANCE COMPANY

INDEX NO. 45444/07
MOTION DATE 9/6/07
MOTION SEQ. NO. _____
MOTION CAL. NO. _____

The following papers, numbered 1 to _____ were read on this motion to/for _____

Notice of Motion/ Order to Show Cause -- Affidavits -- Exhibits ...

Answering Affidavits -- Exhibits

Replying Affidavits

PAPERS NUMBERED

Cross-Motion: Yes No

Upon the foregoing papers, it is ordered that this ~~motion~~ application is granted without opposition.

ADJUDGED that the petition is granted.

ORDER of REHABILITATION is signed.

FILED

SEP - 6 2007

NEW YORK COUNTY CLERK'S OFFICE

Dated: 9/6/07

AA-S

J.S.C.

Check one: FINAL DISPOSITION

NON-FINAL DISPOSITION

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S):

At the IAS Part II, Room 303 of the Supreme Court
of the State of New York, County of New York,
27 Thomas Street, at the Courthouse thereof, in
the County, City and State of New York,
on the 17th day of July, 2007.

P R E S E N T:

HON. SHEH A ABDUS-SALAM

JUSTICE.

----- X
In the Matter of

the Application of

Eric R. Dinallo, Superintendent of Insurance of the
State of New York, for an order to take possession
of the property of and rehabilitate

COLONIAL INDEMNITY INSURANCE COMPANY.
----- X

Index No.: 05444/07

**ORDER OF
REHABILITATION**

Petitioner, Eric R. Dinallo, Superintendent of Insurance of the State of New York (the
"Superintendent"), having moved this Court for an order to take possession of the property of
and rehabilitate Colonial Indemnity Insurance Company ("Colonial");

NOW, upon reading the order to show cause signed July 17, 2007, the petition of Eric R.
Dinallo, and the exhibits annexed thereto; and it appearing to my satisfaction that:

1. Colonial was incorporated in New York as the Charter Indemnity Company on
September 13, 1961 under the laws of the State of New York;
2. Colonial commenced business on August 24, 1962 and adopted its present name
on March 10, 1986;

3. Colonial's principal place of business is located at 809 Stewart Avenue, Bethpage, New York 11714.
4. Colonial is subject to the New York Insurance Law and particularly to Article 74 thereof.
5. Colonial has consented to the entry of an order of rehabilitation.
6. It is in the best interest of Colonial's policyholders, creditors and the general public that the Superintendent be directed to take possession of Colonial's property and to rehabilitate its business and affairs.

And, Petitioner, having appeared by Andrew M. Cuomo, Attorney General of the State of New York, and due deliberation having been had:

NOW, on motion of Andrew M. Cuomo, Attorney General of the State of New York, it is ORDERED as follows:

1. The petition is granted.
2. Eric R. Dinallo, Superintendent of Insurance of the State of New York, and any successors in office, are appointed rehabilitator of Colonial and are authorized and directed to immediately take possession of its property, conduct its business, take such steps toward the removal of the causes and conditions which made this proceeding necessary as they shall deem wise and expedient, and deal with the property and business of Colonial in its name or in the name of the Superintendent as rehabilitator.
3. Notice to all persons having claims against Colonial to file or present their claims to the Superintendent as rehabilitator is deferred until further order of this Court.
4. Colonial, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys and managers and all other persons having any property or records belonging or relating to Colonial, including but not limited to insurance policy, loss claim and legal files, are directed upon request of the Superintendent as rehabilitator to assign, transfer, set over and deliver to him all such property or records.
5. Any persons, firms, corporations or associations having any books, papers or records relating to the business of Colonial shall preserve them and submit them to the Superintendent as rehabilitator for examination and copying at all reasonable times.

6. All persons including but not limited to the officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys and managers of Colonial are enjoined and restrained from interfering with the Superintendent as rehabilitator in the possession, control and management of Colonial's property or in the discharge of his duties;
7. All persons are enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings against Colonial or the Superintendent as rehabilitator;
8. All persons are enjoined and restrained from obtaining preferences, judgments, attachments or other liens or from making any levy against Colonial's assets or any part thereof;
9. All parties to actions, lawsuits and special or other proceedings in which Colonial is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including but not limited to conferences, trials, applications for judgment or proceedings on settlements or judgments, for a period of one hundred and eighty (180) days from the date of entry of this Order;
10. All persons who have first party or New York Comprehensive Automobile Insurance Reparations Act [No Fault] policyholder loss claims against Colonial are enjoined from presenting and filing claims with the Superintendent as rehabilitator for ninety (90) days from the date of entry of this Order;
11. The Superintendent as rehabilitator of Colonial, his successors in office and their agents and employees are relieved of any liability or cause of action of any nature against them for any action taken by any one or more of them when acting in accordance with this Order and/or in the performance of their powers and duties pursuant to Article 74 of the New York Insurance Law;
12. The Superintendent of Insurance as rehabilitator may at any time make further application to this Court for such further and different relief as he sees fit;

13. All further papers in this proceeding shall bear the caption:

In the Matter of
the Rehabilitation of
COLONIAL INDEMNITY INSURANCE COMPANY.

E N C L O S E

SA
INC

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LAF:gi

FILED
SEP - 6 2007
NEW YORK
COUNTY CLERK'S OFFICE

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SUPREME COURT - NEW YORK COUNTY

Sir: Please take notice that the within is a true

copy of the application of ERIC R. DINALLO, Superintendent of Insurance of the State of New York, for an order to take possession of the property and rehabilitate

Yours, etc.,
ANDREW M. CUOMO
Attorney General.

Office and Post Office Address
20 Broadway, New York, N.Y. 10271

200

Attorney for

Notice that the within will be presented for settlement and signature to the Honorable Judges of the within named Court, at New York, New York, on the day of

September 6, 2007
Attorney for

Yours, etc.,
ANDREW M. CUOMO
Attorney General.

Office and Post Office Address
20 Broadway, New York, N.Y. 10271

200

In the Matter of

the application of

ERIC R. DINALLO, Superintendent of Insurance of the State of New York, for an order to take possession of the property and rehabilitate

COLONIAL ORDER OF THE INSURANCE COMPANY

Eric R. Dinallo

ANDREW M. CUOMO

Attorney for the Superintendent of Insurance

Office and Post Office Address
20 Broadway, New York, N.Y. 10271
Tel. 212-416-6630

Personal Services of Attorney for

within

is admitted this

day of

20

FILED
SEP - 6 2007
AT N.Y. CO. CLERKS OFFICE