

At IAS Part 10 of the Supreme Court of the State of New York, County of New York, at the Courthouse, 60 Centre Street, New York, New York, on the 30 day of September, 2010.

P R E S E N T:

HON. JUDITH J. GISCHE, J.S.C.

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In the Matter of

the Application of

James J. Wrynn, Superintendent of Insurance of the State of New York, for an order to take possession of the property of and rehabilitate

COLONIAL COOPERATIVE INSURANCE COMPANY.

Index No.: 400236/10

**ORDER OF LIQUIDATION**

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Petitioner, James J. Wrynn, Superintendent of Insurance of the State of New York (“Superintendent”), having moved this Court by order to show cause (“Order to Show Cause”) for an order to convert the rehabilitation proceeding of Colonial Cooperative Insurance Company (“CCIC”) to a liquidation proceeding, and the Rehabilitator having provided CCIC claimants and creditors with notice of the relief sought, by posting the notice of the Order to Show Cause on the Internet web page maintained by the New York Liquidation Bureau at least 30 days prior to the return date, and no objections having been received, and upon reading and filing the petition of the Superintendent, duly verified the 20<sup>th</sup> day of August, 2010, the affidavit of Francesca G. Bliss, Assistant Special Deputy Superintendent, sworn to August 11, 2010, and the affidavit of Peter Giaccone, Chief Financial Officer of the New York Liquidation Bureau, sworn to August 11, 2010, and the exhibits attached thereto, this Court finds that:

1. CCIC was placed into rehabilitation and the Superintendent was appointed rehabilitator (“Rehabilitator”) by order of this Court (“Rehabilitation Order”) entered March 1, 2010;

2. The Rehabilitation Order found that a Mandatory Control Event under New York Insurance Law (“Insurance Law”) Section 1324(g) had occurred with regard to CCIC;

3. The Rehabilitation Order found that CCIC consented to the entry of the Rehabilitation Order;

4. Further efforts to rehabilitate CCIC would be futile;

5. CCIC is insolvent;

6. CCIC is subject to the Insurance Law and, particularly, to Article 74 thereof;

and

7. It is in the best interest of all persons concerned that the Superintendent be vested with title to all CCIC’s property, contracts and rights of action and directed to liquidate its business and affairs;

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

1. The relief requested in the petition for an order of liquidation is granted and CCIC is found to be insolvent;
2. The rehabilitation proceeding of CCIC instituted in the Supreme Court, New York County, is terminated;
3. The Superintendent, and his successors in office, are appointed liquidator (“Liquidator”) of CCIC and are: (i) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in this Order; (ii) vested with title to CCIC’s property, contracts, rights of action and all its books and records, wherever located, as of the date of entry of this Order; and (iii) directed to liquidate CCIC’s business and affairs in accordance with Insurance Law Article 74;

4. The Liquidator may deal with the property and business of CCIC in its name or in the name of the Liquidator;
5. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of CCIC and all other persons other than the Superintendent and his agents are permanently enjoined and restrained, except as authorized by the Superintendent, from: (i) transacting the business of CCIC, (ii) wasting or disposing of or permitting to be done any act or thing that might waste or dispose of CCIC's property; (iii) interfering with the Liquidator in the possession, control and management of CCIC's property or in the discharge of his duties; and (iv) disclosing the name, address or contact information of CCIC's policyholders, or any other information that is proprietary to CCIC's or not in the public domain, except as may be authorized by the Liquidator;
6. All persons are permanently enjoined and restrained from commencing or prosecuting any actions or proceedings against CCIC, the Liquidator or the New York Liquidation Bureau, its employees, attorneys and/or agents with respect to any claims against CCIC;
7. All persons are permanently enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against CCIC's assets or any part thereof;
8. All parties to actions, lawsuits, and special or other proceedings ("Litigation") in which CCIC is obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise are enjoined and restrained from prosecuting, advancing or otherwise taking any action within such Litigation, including but not limited to trials, hearings conferences or other court proceedings, motions or other requests to the court of any nature, proceedings on default, settlements or judgments, service of documents, discovery or any other litigation tasks or procedures for a period of 180 days from the date of entry of this Order;
9. All persons who have first-party policyholder no-fault loss claims pursuant to Article 51 of the Insurance Law against CCIC are enjoined from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of this Order;
10. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or securities of CCIC at market price or better, or if there is no market price, at the best price obtainable at private sale at such times and upon such terms and conditions as, in his discretion, he deems is in the best interest of the creditors of CCIC, and he is further authorized to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments;

11. In accordance with Insurance Law Section 7405, all contracts and agreements, including all leases, tax sharing agreements and employment contracts of CCIC, however described, shall terminate and all liability thereunder shall cease and be fixed as of the date of entry of this Order unless expressly assumed in writing by the Liquidator;
12. CCIC and each of its officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates, and all firms, corporations, associations and other persons or entities having any property belonging to or relating to CCIC, including but not limited to business records, insurance policies, claims files (electronic or paper), software programs, bank records or any tangible or intangible items of value, shall preserve such property and are directed, upon the Liquidator's request, to promptly assign, transfer, turn over and deliver such property to the Liquidator or his designees;
13. Any person or entity providing claims processing services, data processing services, electronic records retention services or other information technology services to CCIC shall maintain and preserve all information in its possession ("Information") relating in any way to CCIC, wherever located, including but not limited to all documents, data, electronic files and records, computer equipment (*i.e.*, servers and printers), software programs and software licenses owned or leased by CCIC and are directed, upon the Liquidator's request, to promptly submit all such Information to the Liquidator or his designees;
14. Any bank, savings and loan association, other financial institution or any other entity or person, which has on deposit or in its possession, custody or control of any of CCIC's funds, accounts or assets shall immediately, upon the Liquidator's request and direction: (i) turn over custody and control of such funds, accounts or assets to the Liquidator; (ii) transfer title of such funds, accounts or assets to the Liquidator; (iii) change the name of such accounts to the name of the Liquidator; (iv) withdraw funds from such bank, savings and loan association or other financial institution; or (v) take any lesser action necessary for the proper conduct of the liquidation proceeding;
15. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
16. Judicial immunity is extended to the Superintendent in his capacity as liquidator and his successors in office and their agents and employees and such immunity is extended to them for any cause of action of any nature against them, individually or jointly, for any action or omission by any one or more of them when acting in good faith, in accordance with this Order, or in the performance of their duties pursuant to Insurance Law Article 74;

17. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;
18. The Liquidator shall provide notice of this order to all creditors, claimants and other interested persons by: (a) service of a copy of this Liquidation Order upon Kenneth Pangburn, former President of CCIC, as designated agent for service of process, by regular mail and certified mail, return receipt requested, on or before the 29<sup>th</sup> day of October 2010; (b) posting this Liquidation Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 30 days after the entry of this Liquidation Order; (c) publication of the notice of this Liquidation Order in *Business Insurance* once a week in two consecutive publication weeks, commencing within four weeks of entry of this Order, in a form substantially similar to the one attached hereto.
19. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered.
20. The notice prescribed in decretal paragraph 18 hereof is sufficient notice to all persons interested in CCIC;
21. This Court shall retain jurisdiction over this matter for all purposes;
22. All further papers in this proceeding shall bear the caption:

“In the Matter of

the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY”

SEP 30 2010

ENTER

  
\_\_\_\_\_  
J.S.C.

JUDITH J. GISCHE, J.S.C.

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

PRESENT: JUDITH J. GISCHE, J.S.C.  
Justice

PART 10

*In Re: Colonial Cooperative  
Anonymous*

INDEX NO. 400236/10  
MOTION DATE \_\_\_\_\_  
MOTION SEQ. NO. 03  
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 \_\_\_\_\_

**FILED**  
OCT 04 2010  
COUNTY CLERK'S OFFICE  
NEW YORK  
PAPERS NUMBERED

Cross-Motion:  Yes  No

Upon the foregoing papers, it is ordered that this motion

*The OSC has been served on all appropriate parties & no one has appeared either in person or in writing to oppose the relief sought. It is therefore granted on default in accordance with a separate order signed this date.*

Dated: 9/30/10

JUDITH J. GISCHE, J.S.C. J.S.C.

Check one:  FINAL DISPOSITION  NON-FINAL DISPOSITION  
Check if appropriate:  DO NOT POST  REFERENCE  
 SUBMIT ORDER/ JUDG.  SETTLE ORDER/ JUDG.

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

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

In the Matter of  
the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY.

**ORDER OF LIQUIDATION**

**JOHN PEARSON KELLY**

Attorney for Superintendent of Insurance as Liquidator

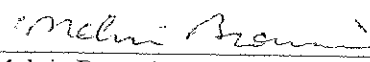
*Office and Post Office Address, Telephone*

New York Liquidation Bureau  
123 William Street  
New York, NY 10038-3889  
(212) 341-6755  
Fax (212) 608-3398

**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: September 30, 2010  
New York, New York

  
Melvin Browning

NOTICE OF ENTRY

that the within is a (*certified*) true copy of a  
duly entered in the office of the clerk of the within named court on the      day of      20

NOTICE OF SETTLEMENT

that an order  
settlement to the HON.      of which the within is a true copy will be presented for  
one of the judges of the within named court, at  
20      at

Dated:      , on

Yours, etc.

**JOHN PEARSON KELLY**

Attorney for Superintendent of Insurance  
as Liquidator

*Office and Post Office Address, Telephone*  
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Fax (212) 608-3398