

At IAS Part _____, of the Supreme Court of the State of New York, County of New York at the Courthouse thereof, 60 Centre Street in the Borough of Manhattan, City and State of New York, on the _____ day of _____, 2002.

P R E S E N T :

HON.

JUSTICE.

-----x

In the Matter of
the Application of

Index No. 403410/2002

ORDER OF ANCILLARY
RECEIVERSHIP

GREGORY V. SERIO, as Superintendent of Insurance of the State of New York, for an Order of Appointment as Ancillary Receiver of

THE CONNECTICUT SURETY COMPANY

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Upon reading and filing the Order to Show Cause of GREGORY V. SERIO, Superintendent of Insurance of the State of New York (the "Superintendent"), verified the 30th day of July, 2002, for an Order appointing him Ancillary Receiver of THE CONNECTICUT SURETY COMPANY (hereinafter referred to as "CSC"), and directing him to take possession of the property and assets of CSC located in the State of New York, pursuant to Article 74 of the Insurance Law of the State of New York; and it appearing to my satisfaction that:

1. CSC is domiciled in the State of Connecticut, and licensed in the State of New York where as a property and casualty insurer it underwrites surety bonds and fidelity insurance policies;
2. CSC's principal place of business is located in Hartford, Connecticut;

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NEW YORK
COUNTY CLERK'S OFFICE

3. CSC conducted an insurance business in the State of New York;
4. CSC was declared insolvent by a court of competent jurisdiction in the State of Connecticut and placed in liquidation on May 17, 2002;
5. The Commissioner of Insurance of the State of Connecticut was appointed Liquidator of CSC;
6. CSC is amenable to the Insurance Law of the State of New York and particularly to Article 74 thereof;
7. It is in the best interests of all bondholders, policyholders, claimants, creditors, and other interested persons located in the State of New York that the Superintendent be appointed Ancillary Receiver of the property of CSC located in New York, subject to the order of this Court.

NOW, on motion of Hon. ELLIOT SPITZER, Attorney General of the State of New York, it is ORDERED that:

1. The petition of GREGORY V. SERIO, Superintendent of Insurance of the State of New York, is granted.
2. GREGORY V. SERIO, as Superintendent of Insurance of the State of New York, and his successors in office as Superintendent, be and he is and they are hereby appointed Ancillary Receiver of CSC, and are hereby authorized and directed forthwith to take possession of the property of CSC located in the State of New York, under and pursuant to the provisions of Article 74 of the Insurance Law of the State of New York and to deal with the property and business of CSC, and they are further directed to take and preserve all the other assets and claims which are the property of CSC and to protect same for the benefit of creditors, policyholders and other interested parties within the State of New York, and upon the authorization of this Court to pay such claims against CSC and/or its bondholders and policyholders that are covered by the insurance security funds maintained in accordance with article 76 of the Insurance Law.
3. CSC, its officers, directors, depositories, trustees, policyholders, attorneys, agents and employees and all other persons having any property or records relating to CSC located in the State of New York, including but not limited to claim files, legal files and insurance policy files, are hereby directed to assign, transfer and deliver to the Superintendent as Ancillary Receiver, all of such property in the State of New York in whomever's name the same may be, and that any persons, firms or corporations having any books, papers or records relating to the business of said company shall preserve the same and submit them to the Superintendent as Ancillary Receiver, for examination at such place as he shall reasonably designate or, at his request, make them available for examination at all reasonable times.

4. The officers, directors, trustees, depositories, policyholders, agents and employees of CSC, and all other persons, be and they are hereby enjoined and restrained from the further transaction of business or from dealing with or disposing of the property or assets of CSC located in the State of New York, or doing or permitting to be done any act or thing which might waste such property or assets or allow or suffer the obtaining of preferences, judgments, attachments or other liens, or the making of any levy against said company, or its estate while in the possession and control of the Superintendent as Ancillary Receiver.
5. Pursuant to the order of liquidation of a court of competent jurisdiction in the State of Connecticut, entered on May 17, 2002, and the relevant provisions of Connecticut law, all policies or contracts of insurance or bonds issued by CSC are cancelled as of the earlier of:
 - a. thirty days from the date of entry of the liquidation order;
 - b. the expiration of the bond, policy or contract providing insurance coverage;
 - c. the date when the insured has replaced the insurance coverage with equivalent insurance or otherwise terminated the policy, or
 - d. the date on which the Connecticut Liquidator has effected a transfer of the policy/bond obligations.
6. The officers, directors, trustees, depositories, policyholders, agents and employees of CSC and all other persons, including but not limited to claimants, plaintiffs and petitioners who have claims against CSC, be and they are hereby enjoined and restrained from bringing or further prosecuting any action at law, suit in equity, special or other proceeding against CSC, the Superintendent and his successors in office, as Ancillary Receiver thereof, or the New York State Insurance Department-Liquidation Bureau, its employees, agents and attorneys with respect to claims against CSC, or from making or executing any levy upon the property or estate of said company, or the Superintendent as Ancillary Receiver, or the New York State Insurance Department-Liquidation Bureau, or from in any way interfering with the Superintendent as Ancillary Receiver, or his successors in office, in his or their possession, control or management of the property of said company, or in the discharge of his or their duties as Ancillary Receiver thereof, or in the receivership of said company.
7. All parties to lawsuits, in which CSC is obligated to defend a party pursuant to or by virtue of an insurance policy or in which CSC is the excess or umbrella layer of insurance and the primary or other underlying insurer has tendered or offered its full policy limits or where said policy limits have been exhausted by payment of the underlying insurer's aggregate, are enjoined and restrained from proceeding in all actions at law, suits in equity, special, or other proceeding for 180 days from the date of entry of this order, including, but not limited to, proceedings with any

discovery, pre-trial conference, trial, application for judgment, or proceedings on judgment or settlement.

8. Those persons who may have first-party or New York Comprehensive Automobile Insurance Reparations Act ("No-Fault") policyholder loss claims against CSC coming within the purview of Article 76 of the New York Insurance Law, are enjoined from presenting and filing such claims in this proceeding for 90 days from the date of entry of this order.
9. Notice of making and entry of this order be given by publication in the New York Times, commencing three weeks from the date of entry of this order once a week for two successive weeks, and that said notice is sufficient notice to all persons interested in CSC.
10. The license of CSC to do business in the State of New York, be and the same is hereby revoked.
11. That the Superintendent as Ancillary Receiver, may at any time make further application to this Court for such further and other relief as he sees fit.
12. All further papers in this proceeding shall bear the caption and be entitled:

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

In the Matter of

The Ancillary Receivership of

THE CONNECTICUT SURETY COMPANY"

in place and stead of the caption heretofore used.

ENTER

12/17/02

Marcy S. Friedman

J. S. C.

MARCY S. FRIEDMAN, J.S.C.

FILED
JAN 06 2003
NEW YORK
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LAD/ma
L2662/CSC order2

SUPREME COURT OF THE STATE OF NEW YORK — NEW YORK COUNTY
MARCY S. FRIEDMAN, J.S.C.

PRESENT: _____

PART 57

Justice

Case: Gregory V. Seno

INDEX NO. 403410/02

MOTION DATE _____

MOTION SEQ. NO. _____

MOTION CAL. NO. _____

The Connecticut Surety Co.

The following papers, numbered 1 to _____ were read on this ^{petition} motion to/for

appointment of
ancillary receiver
PAPERS NUMBERED

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

Answering Affidavits — Exhibits _____

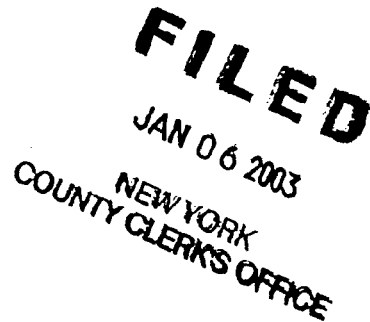
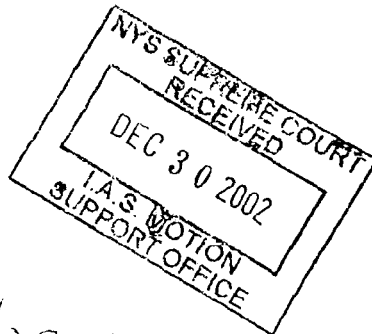
Replying Affidavits _____

Cross-Motion: Yes No

Upon the foregoing papers, it is ordered that this ~~motion~~ ^{petition}

for the appointment of petitioners as ancillary receiver of the Connecticut Surety Company is granted on default as per accompanying order.

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE



Dated: 12/24/02

J.S.C.

Check one: FINAL DISPOSITION

NON-FINAL DISPOSITION

SUPREME COURT: NEW YORK COUNTY

In the Matter of
The Application of

GREGORY V. SERJO, as Superintendent of Insurance of the State of
New York, for an Order of Appointment as Ancillary Receiver of

THE CONNECTICUT SURETY COMPANY

ORDER OF ANCILLARY RECEIVERSHIP

ELLIOT SPITZER Attorney General

Attorney for the Superintendent of
Insurance

Office and Post Office Address
120 Broadway, New York, N.Y. 10271
Tel. (212) 415-8658

Personal service of a copy of

within.....

is admitted this..... day of

.....20

Sir: Please take notice that the within is a true

copy of
duly filed and entered in the office of the clerk
of
the day of 20 County, on

Yours, etc.,
ELLIOT SPITZER
Attorney General,

Attorney for
Office and Post Office Address
120 Broadway, New York, N.Y. 10271
To , Esq.

Attorney for

Sir Please take notice that the within

will be presented for settlement and signature
herein to the Hon.
one of the judges of the within named Court, at

in the Borough of
City of New York, on the , 20 , at M.

Date, N.Y.,
Yours, etc.,
ELLIOT SPITZER
Attorney General,

Attorney for
Office and Post Office Address
120 Broadway, New York, N.Y. 10271

To , Esq.
Attorney for

