

At IAS Part 48 of the Supreme Court of the State of New York, County of New York, at the courthouse located at 111 Centre St New York City, New York, on the 27 day of October, 2014.

PRESENT:

HON. **HON. NANCY M. BANNON**, J.S.C.

In the Matter of
the Application of

Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York, for an order to take possession and liquidate the business and affairs of

EVEREADY INSURANCE COMPANY.

Index No. 160307/2014

ORDER TO SHOW CAUSE

Based on the verified petition ("Verified Petition") of Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York ("Superintendent"), duly verified on October 9, 2014, the supporting Affidavit of James Davis, dated October 8, 2014, and the exhibits attached thereto, 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 Eveready Insurance Company ("Eveready") show cause before this Court at IAS Part 48 Room 1127B thereof, at the Courthouse located at 111 Centre St, New York City, New York in the County of New York, State of New York, on the 3rd day of December 2014, at 11³⁰ o'clock a.m., or as soon thereafter as counsel can be heard ("Return Date"), why an

order in the form of Exhibit 1 to the Verified Petition (the "Liquidation Order") should not be made, pursuant to Article 74 of the New York Insurance Law ("Insurance Law"), *inter alia*:

- (i) appointing the Superintendent, and his successors in office, as Liquidator of Eveready;
- (ii) directing the Liquidator to take possession of Eveready's property and to liquidate Eveready's business and affairs;
- (iii) vesting title to all of Eveready's property, contracts and rights of action and all of its books and records, wherever located, with the Liquidator and his successors;
- (iv) permitting the Liquidator to deal with the property and business of Eveready in Eveready's name or in the name of the Liquidator;
- (v) granting the injunctions provided for in Insurance Law Section 7419(a), permanently enjoining and restraining all persons from wasting the assets of Eveready, and permanently enjoining and restraining all persons, except as authorized by the Liquidator, from transacting Eveready's business (including the issuance of insurance policies) or disposing of Eveready's property;
- (vi) granting the injunctions provided for in Insurance Law Section 7419(b), permanently enjoining and restraining all parties from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, making any levy against Eveready, its assets or any part thereof, or commencing or prosecuting any actions or proceedings against the Liquidator, Eveready, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to this proceeding or the discharge of their duties under Article 74 in relation thereto;

(vii) granting injunctions enjoining and restraining all parties to actions, lawsuits, and special or other proceedings (other than those brought by Eveready) in which Eveready, its policyholders or insureds are a party or obligated to defend a party or provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise, 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 settlement or judgment, for a period of 180 days from the date of entry of the Liquidation Order;

(viii) enjoining and restraining all persons who have first party policyholder loss claims, from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of the Liquidation Order;

(ix) vesting all rights in Eveready's contracts and agreements, however described, with the Liquidator and permitting the Liquidator to, in his discretion, reject any executory contracts to which Eveready is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;

(x) requiring that any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Eveready's funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and/or (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;

(xi) requiring that all persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Eveready shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;

(xii) authorizing, permitting and allowing the Liquidator to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of Eveready, and further authorizing the Liquidator 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, without the further approval of this Court;

(xiii) cancelling all existing insurance policies of Eveready at the earliest of: (a) 30 days from the giving of notice of such cancellation by Eveready, if such notice is required by an insurance policy or applicable law; (b) the stated expiration or termination date and time of the insurance policy; (c) the effective date and time of a replacement insurance policy of the same type issued by another insurer regardless of whether the coverage is identical coverage; (d) the effective date and time that the Eveready insurance policy obligation is transferred to another insurer or entity authorized by law to assume such obligation; or (e) 12:01 A.M. local time on the date that is 30 days from the entry of the Liquidation Order;

(xiv) establishing the date that is one year after the entry of the Liquidation Order as the bar date by which all claims by any claimant against Eveready or its insureds, other than the

Liquidator's claim for administrative expenses, must be actually be received by the Liquidator, including all evidence supporting the liquidation of such claims;

(xv) authorizing the Liquidator, in his discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate;

(xvi) extending immunity to the Superintendent in his capacity as Liquidator of Eveready and his 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;

(xvii) declaring Eveready to be insolvent; and

(xviii) granting such other and further relief as the Court may deem proper and just.

AND, sufficient cause having been shown therefor, let service of a copy of this order to show cause and the papers upon which it is granted be made by: (i) certified mail, return receipt requested, to Marc Wollerstein, President, Eveready Insurance Company, 59 Maiden Lane, New York, New York 10038-4502; and (ii) posting on the internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org>; and let such service be made ^{on or before} ~~at least 15 days~~ *October 31, 2014* ^{NB} prior to the ~~Return Date~~, and such service shall be deemed good and sufficient service; and it is

hereby

ORDERED, that all answering papers and supporting documentation ("Answering Papers") be served on the Superintendent so as to be received ^{on or before November 14, 2014} ~~at least seven days prior to the~~ ^{NB}

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~~Return Date~~, and that service on the Superintendent shall be made by first class mail or overnight carrier at the following addresses:

Office of the Attorney General
120 Broadway
New York, NY 10271
Attention: General Counsel

and

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

and Answering Papers shall be submitted to this Court at IAS Part 42 at the Courthouse located at 111 Centre St., New York City, New York, on or before Nov. 14, 2014 ~~the Return Date~~; and it is further

~~ORDERED, that any person or entity that fails to serve Answering Papers as provided herein shall be deemed to have waived any objections to the relief sought in the Verified Petition and shall be barred from raising objections in this or any other proceeding concerning the matters set forth herein; and it is further~~

~~ORDERED, that any person or entity that has served Answering Papers as provided herein shall be deemed to have waived any objections that are not set forth in the Answering Papers; and it is further~~

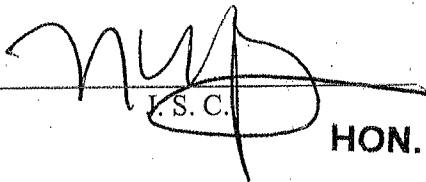
ORDERED, that pending the determination of this motion, Eveready, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys and managers, and all other persons are hereby restrained from obtaining preferences, judgments, attachments or other liens, or making any levy or commencing or prosecuting any actions or proceedings against Eveready or its assets; and it is further

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ORDERED, that pending the determination of this motion, all actions or proceedings against Eveready and all actions or proceedings in which Eveready is obligated to defend a party are stayed; and it is further

ORDERED, that pending the determination of this motion, Eveready, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, managers, and all other persons are restrained from wasting the assets of Eveready, or, except as authorized by the Superintendent, from transacting Eveready's business (including the issuance of new insurance policies) or disposing of Eveready's property.

ENTER


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HON. NANCY M. BANNON

OCT 27 2014