

At IAS Part 46, of the Supreme Court of the State of New York, at the Courthouse thereof, 60 Centre Street in the Borough of Manhattan, City and State of New York, on the 22 day of August, 2003.

PRESENT:

HON. NICHOLAS FIGUEROA

JUSTICE.

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In the Matter of

Index No. 402670/03

the Application of

ORDER

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

LEGION INSURANCE COMPANY

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FILED

AUG 22 2003

COUNTY CLERK'S OFFICE
NEW YORK

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 7th day of August, 2003, for an Order appointing him Ancillary Receiver of LEGION INSURANCE COMPANY (hereinafter referred to as "LEGION"), and directing him to take possession of the property and assets of LEGION located in the state of New York, pursuant to Article 74 of the New York Insurance Law; and it appearing to my satisfaction that:

1. LEGION is domiciled in the Commonwealth of Pennsylvania, and was licensed in the state of New York as a property and casualty insurer;

2. LEGION's principal place of business is located at One Logan Square, Suite 1400, Philadelphia, Pennsylvania 19103.
3. LEGION conducted an insurance business in the state of New York;
4. LEGION was declared insolvent by a court of competent jurisdiction of the Commonwealth of Pennsylvania on July 25, 2003 and is unable to meet its insurance obligations;
5. The Insurance Commissioner of the Commonwealth of Pennsylvania was appointed Liquidator of LEGION;
6. LEGION is amenable to the New York Insurance Law and particularly to Article 74 thereof;
7. It is in the best interests of all 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 LEGION, subject to the order of this Court,

J.S.C. *AND there being no opposition thereto,*
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, 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 LEGION, and are hereby authorized and directed forthwith to take possession of the property of LEGION 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 LEGION, and they are further directed to take and preserve all the other assets and claims which are the property of LEGION 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, may be required by law to pay such claims against LEGION and/or its policyholders that are covered by the insurance security funds maintained in accordance with Article 76 of the Insurance Law and/or Article 6A of the Workers' Compensation Law.
3. LEGION, its officers, directors, depositories, trustees, policyholders, attorneys, agents and employees and all other persons having any property or records relating to LEGION 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 whomsoever 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 LEGION, 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 the company located in the state of New York, or doing or permitting to be done any act or thing which might waste its 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 of Insurance, as Ancillary Receiver.
5. The officers, directors, trustees, depositories, policyholders, agents and employees of LEGION and all other persons, including but not limited to claimants, plaintiffs and petitioners who have claims against LEGION, be and they are hereby enjoined and restrained from bringing or further prosecuting any action or proceeding, including, but not limited to actions at law, suits in equity, special or other proceedings against LEGION or its estate, the Superintendent and his successors in office, as Ancillary Receiver thereof, or the New York State Insurance Department-Liquidation Bureau with respect to claims against LEGION, 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 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.
6. All parties to lawsuits, in which LEGION is obligated to defend a party pursuant to or by virtue of an insurance policy or in which LEGION 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.
7. Those persons who may have first-party or New York comprehensive automobile insurance reparations act (no-fault) policyholder loss claims against LEGION coming within the purview of Article 76 of the Insurance Law, are

enjoined from presenting and filing such claims in this proceeding for 90 days from the date of entry of this order.

8. Notice of making and entry of this order be given by publication in The New York Times, once a week for two successive weeks, and that said notice is sufficient notice to all persons interested in the assets of LEGION.
9. The license of LEGION to do business in the state of New York, be and the same is hereby revoked.
10. 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

LEGION INSURANCE COMPANY”

in place and stead of the caption heretofore used,

and the Clerk of the Court is directed to amend the court records to reflect the amendment of the caption upon service on him of a copy of this order with notice of entry.

ENTER

J. S. C.

DATED: AUGUST 23, 2003

LAD/v
L3068/LEGION-order

FILED

AUG 22 2003

COUNTY CLERK'S OFFICE
NEW YORK

ENTER:

[Signature]
J. S. C.

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

PRESENT: HON. NICHOLAS FIGUEROA
Justice

PART 46

MARGOLY V. SERVO

INDEX NO. 402670/09

MOTION DATE 8/22/03

MOTION SEQ. NO. 001

MOTION CAL. NO. _____

LEHON DAWRANCE B.

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

1, 2

Motion: Yes No

foregoing papers, it is ordered that this motion

*is granted without
opinion in the accompanying order*

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE

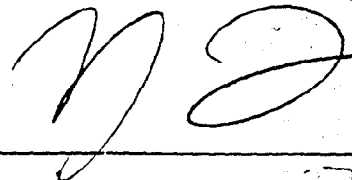
RECEIVED
SUPREME COURT
AUG 22 2003
U.S. MOTION
SUPPORT OFFICE

FILED

AUG 22 2003

COUNTY CLERK'S OFFICE
NEW YORK

Dated: August 22, 2003



Check one: FINAL DISPOSITION

NON-FINAL DISPOSITION

J.S.C.