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EX PARTE MOTION OFFICE
APPROVED
FOR THE PAYMENT
OF MOTION FEE
ONLY

At IAS Part 40B of the Supreme Court of the State of New York, County of New York, at the Courthouse, 111 Centre Street, New York, New York, on the 3rd day of November, 2014.

PRESENT:

HON. PETER MOULTON, J.S.C.

In the Matter of
the Rehabilitation of
LION INSURANCE COMPANY.

FILED
OCT 29 2014
NEW YORK
COUNTY CLERK'S OFFICE

Index No.: 405446/07

ORDER TO SHOW CAUSE

Based on the verified petition ("Verified Petition") of Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York ("Superintendent"), duly verified on September 30, 2014, the affidavit of Gail Pierce-Sipönen, Director of Creditor and Ancillary Operations at the New York Liquidation Bureau, sworn to September 16, 2014, and exhibits attached thereto, including the existing, continuing order of rehabilitation of this Court filed September 6, 2007 ("Rehabilitation Order"), 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 all claimants and parties interested in the affairs of Lion Insurance Company ("Lion") show cause before this Court at IAS Part 57, Room 623 thereof, at the Courthouse located at 111 Centre Street in the County, City and State of New York, on the 17th day of Decemb, 2014, at 3pm o'clock in the ~~am~~ m, or as soon thereafter as counsel can be heard.

NO FEE

("Return Date"), why an order should not be made, pursuant to Article 74 of the New York Insurance Law ("Insurance Law"), *inter alia*: (1) converting the existing rehabilitation proceeding pertaining to Lion to a liquidation proceeding ("Liquidation Proceeding"); (2) appointing the Superintendent and his successors in office as liquidator of Lion ("Liquidator"); (3) vesting title to all of Lion's property, contracts and rights of action with the Liquidator; (4) continuing and granting the permanent injunctions provided for in the Rehabilitation Order, including the enjoinder and restraint of all persons from wasting Lion's property, transacting Lion's business or disposing of Lion's property, interfering with the Liquidator or the Liquidation Proceeding, obtaining any preferences, judgments, attachments or other liens, making any levy against Lion, its assets or any part thereof, or commencing or prosecuting any actions or proceedings against Lion, the Liquidator or the New York Liquidation Bureau; (5) extending judicial immunity to the Superintendent in his capacity as Liquidator of Lion and his predecessors and successors in office 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; (6) authorizing the continued payment of administrative expenses, including such expenses pertaining to the closing of the Liquidation Proceeding; (7) authorizing the Liquidator to distribute the entirety of Lion's assets to its parent corporation and sole remaining claimant, Eagle Insurance Company ("Eagle"), consistent with the priorities of Insurance Law Section 7434; (8) terminating and closing the Liquidation Proceeding upon distribution of Lion's assets to Eagle; (9) authorizing the Liquidator, without further application to this Court, to continue, after the termination of the Liquidation Proceeding, to receive and disburse assets to Eagle pursuant to Insurance Law Article 74, and to pay administrative

expenses incurred in connection with the collection and disbursement of such assets; (10) authorizing and directing the Liquidator, in his discretion, to destroy or otherwise dispose of any and all of the books, files, records and other property of Lion without further order of this Court; (11) releasing and discharging the Liquidator, his predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding upon the termination and closing of the Liquidation Proceeding; and (12) providing for such other and further relief as this Court deems appropriate and just;

AND sufficient cause having been shown therefor, and the Court having found the form and methods of notice specified herein to be the best notice practicable, it is hereby

ORDERED, that the notice of the Verified Petition and this order to show cause shall be substantially in the form attached hereto and service of such notice shall be made by: (i) posting it on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least ~~fifteen (15)~~ ^{Thirty (30)} days before the Return Date; (ii) mailing it by United States first class mail to the claimants and creditors who filed claims and/or are on Lion's books and records; and (iii) publishing it in *New York Newsday*, Long Island Edition or a newspaper of similar circulation, once a week over two consecutive weeks commencing within the thirty (30) days following issuance of this Order to Show Cause; and it is further

ORDERED, that the form and methods of notice specified herein are hereby approved as in accordance with the law and as the best notice practicable and shall therefore constitute due and sufficient notice of this order to show cause and the Return Date herein and the Verified Petition and the relief sought therein to all persons and entities entitled to receive such notice; and it is further

ORDERED, that the approved form of notice shall direct that all answering papers and supporting documentation (“Answering Papers”) be served on the Superintendent so as to be received at least seven (7) business days prior to the Return Date, and that service on the Superintendent shall be made by first class mail at the following address:

Superintendent of Financial Services of the State of New York
c/o Attorney General Eric T. Schneiderman
Office of the Attorney General
120 Broadway
New York, New York 10271-0332
Attention: Assistant Attorney General _____

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 ⁵⁷40B at the Courthouse located at 111 Centre Street in the County, City and State of New York ^(Room 623) seven (7) business days before the Return Date; and it is further

ORDERED, that any person or entity that fails to serve Answering Papers as provided herein ^{may} shall be deemed to have waived any objections to the relief sought in the Verified Petition and ^{may} 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 ^{may} shall be deemed to have waived any objections that are not set forth in the Answering Papers; and it is further

ORDERED, that the injunctions provided for in the Rehabilitation Order shall remain in effect pending the hearing and determination of the motion, including enjoining and restraining all persons from wasting Lion's property, transacting Lion's business or disposing of Lion's property, interfering with the Superintendent as rehabilitator of Lion ("Rehabilitator") or the rehabilitation proceeding, obtaining any preferences, judgments, attachments or other liens, making any levy against Lion, its assets or any part thereof, or commencing or prosecuting any actions or proceedings against Lion, the Rehabilitator or the New York Liquidation Bureau.

ENTER:


J.S.C.

REC'D. PETERB. RECON. DIV.

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