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At LAS Part 17 of the Supreme Court of the State of New York, County of Nassau 100 Supreme Court Drive, Mineola, New York, on the 2 day of July, 1998.

PRESENT:

HON. JOSEPH A. DEMARO

JUSTICE

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In the Matter of

Index No. 030110/97

The Rehabilitation of

LIQUIDATION ORDER

TRANSTATE INSURANCE COMPANY

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Petitioner, Neil D. Levin, Superintendent of Insurance of the State of New York (the "Superintendent"), having moved this Court by order to show cause for an order converting this proceeding into a liquidation proceeding, appointing the Superintendent Liquidator of Transtate, vesting the Superintendent, as liquidator, with title to the property, contracts and rights of action of Transtate Insurance Company ("Transtate") fixing the rights and liabilities of Transtate, its creditors, policyholders, shareholders, and all interested parties and continuing the injunctions that have been issued in accordance with Insurance Law § 7419.

NOW, upon reading and filing the order to show cause signed by the Hon. Joseph A. DeMaro on May 20, 1998, the petition of Superintendent Neil D. Levin, duly verified May 15, 1998, the exhibits annexed thereto, the affidavit of service of Robert LaCroce, sworn to May 27, 1998, the affirmation of Mark E. Abrams, dated May 27, 1998, the

affidavit of Chin-Ping Jeanne Lin, sworn to June 23, 1998, the affidavit of Stephen Ungar, sworn to June 24, 1998 and the affidavit of Scott C. Weindorf sworn to June 24, 1998; and it appearing to my satisfaction that:

1. Transtate is insolvent;
2. the further transaction of business by Transtate would be hazardous to its policyholders, creditors and the public;
3. further efforts to rehabilitate Transtate would be ~~futile~~ *impractical;*
4. It is in the best interest of Transtate's policyholders, creditors and the public that the Superintendent be vested with title to Transtate's property, contracts and rights of action and directed to liquidate its business;

And, the petitioner, having appeared by the Hon. Dennis C. Vacco, Attorney General of the State of New York, and the court having ~~held a hearing~~ and due *read & considered the allegations in the papers submitted* deliberation having been had, *thereon and a short form order having been signed contemporaneously herewith;* NOW, on motion of the Hon. Dennis C. Vacco, Attorney General of the State of New York, it is ordered as follows:

1. The petition is granted;
2. Transtate is insolvent;
3. Neil D. Levin, Superintendent, and his successors in office as superintendent, are appointed liquidator of Transtate, vested with title to its property, contracts and rights of action and are directed to liquidate its business and affairs in accordance with Article 74 of the Insurance Law;
4. In accordance with Insurance Law § 7432(b), all claims against Transtate must be presented to the Superintendent, as Liquidator, within four months from the date of entry of this order;
5. In accordance with Insurance Law § 7433(b)(2), all persons who appear on Transtate's books and records as policyholders or claimants as of the date of entry of this order shall be deemed to have duly filed proofs of claims prior to the last day set for filing claims;

6. All former policyholders of Transtate policies which expired within three years of the date of entry of this order shall be deemed to have duly filed a proof of claim prior to the last day set for filing claims;
7. The Superintendent shall provide notice to all other creditors, claimants, former policyholders and interested persons to present claims within four months of the date of entry of this order by publication in:
 - a) the New York Times; and
 - b) the Journal of Commerce.

Publication shall be made once a week for two successive weeks commencing within three weeks of the entry of this order;

8. The notice provided for herein is sufficient notice to all persons interested in Transtate;
9. In accordance with Insurance Law § 7405, insurance policies, bonds, and other insurance obligations, if any, issued or undertaken by Transtate shall terminate and all liability thereunder shall cease and be fixed as of 12:01 a.m. on ~~July 17, 1998~~ ^{August 17, 1998} or upon cancellation or the procurement of replacement policies, bonds or insurance coverage by the policyholders or principals, whichever is earlier;
10. In accordance with Insurance Law § 7405, all other contracts, leases, tax sharing agreements, employment contracts and obligations, however described, of Transtate shall terminate and all liability thereunder shall cease and be fixed as of the date of entry of this order;
11. The Superintendent, as Liquidator, is authorized to sell, assign or transfer any and all real or personal property, stocks, bonds or securities of Transtate at market price or better, or if there is no market price, at the best price obtainable, at private sale and at such times and upon such terms and conditions as in his discretion he deems is in the best interests of Transtate creditors 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 or assignments;
12. Transtate, its officers, directors, depositories, trustees, agents, servants, employees, and all other persons, having any property or records belonging to Transtate, including, but not limited to insurance policy, claim and legal files, are directed to assign, transfer, set over and deliver such property or records to the Superintendent, as liquidator;

W.S.C.

13. All persons, firms, corporations or associations having books, papers or records relating to the business of Transtate shall preserve them and submit them to the Superintendent, as liquidator, for examination and copying at all reasonable times;

14. ALL PERSONS ARE PERMANENTLY ENJOINED AND RESTRAINED FROM COMMENCING OR PROSECUTING ANY ACTIONS OR PROCEEDINGS AGAINST TRANSTATE.

15. ALL PERSONS ARE PERMANENTLY ENJOINED AND RESTRAINED FROM OBTAINING PREFERENCES, JUDGMENTS, ATTACHMENTS, OR OTHER LIENS, OR MAKING ANY LEVY AGAINST TRANSTATE'S ASSETS OR ANY PART THEREOF.

16. The officers, directors, shareholders, trustees, agents, servants, employees, attorneys, and managers of Transtate and all other persons are permanently enjoined and restrained from the transaction of Transtate's business, the waste or disposition of its property, interfering with the Superintendent, as liquidator, in the possession, control and management of Transtate's property or in the discharge of his duties;

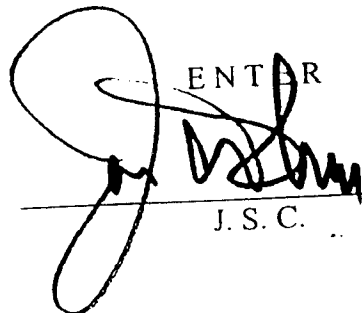
17. All further papers in this proceeding shall bear the caption:

"In the Matter of

the Liquidation of

TRANSTATE INSURANCE COMPANY"

18. The Superintendent, as Liquidator, shall serve a conformed copy of this Order upon the county clerk, the trial support office and the calendar clerk of the Nassau County Supreme Court for the amendment of the caption and computer records.


ENTR
J. S. C.

ENTERED

JUL 09 1998

Sir:

Please take notice that the within is a true copy of duly filed and entered in the office of the clerk of the County, on the day of , 19

Yours, etc.,
DENNIS C. VACCO
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 hereip to the Hon. one of the judges of the within named Court, at

in the Borough of City of New York, on the 19 day of , at 19 M.
Date, N.Y., Yours, etc.,
DENNIS C. VACCO
Attorney General,

Attorney For

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

To , Esq.

Attorney for

SUPREME COURT : NASSAU COUNTY

NASSAU INDEX

FILED

In the Matter of the Rehabilitation of

JUL 09 1998
NYS Ins. Dept.
Liquidation Bur
123 Broadway
New York, NY 1

TRANSTATE INSURANCE COMPANY

S. Ungar
(212) 341-6768

LIQUIDATION ORDER

DENNIS C. VACCO
Attorney General

Attorney for the Superintendent of Insurance

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

Tel. (212) 416-8657

Personal service of a copy of

within.....

is admitted this.....day of

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