

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK, IAS PART 3

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In the Matter of
the Liquidation of
Union Indemnity Insurance Company of New York.

FILED

AUG 03 2010

NEW YORK
COUNTY CLERK'S OFFICE

Index No. 41292/85
(Hon. Eileen Bransten)

----- X
**ORDER APPROVING THE LIQUIDATOR'S PROPOSED REVISED
PROCEDURE FOR JUDICIAL REVIEW OF RECOMMENDATION
FOR ALLOWANCE OF CLAIMS**

WHEREAS, by order entered July 16, 1985, this Court ordered that Union Indemnity Insurance Company of New York ("Union Indemnity") be placed into liquidation and appointed the Superintendent of Insurance of the State of New York ("Superintendent") as liquidator ("Liquidator"); and

WHEREAS, by order entered January 3, 1996 ("January 3, 1996 Order"), this Court approved a procedure for judicial review of the recommendation for allowance of claims by the Liquidator; and

WHEREAS, by order entered March 19, 2010 ("March 19, 2010 Order"), this Court directed the Liquidator to submit a proposed order with regard to its claims allowance procedures "delineating the steps that are to be implemented to conform with *In the Matter of the Liquidation of Midland Ins. Co. (Everest Re)*, 18 Misc. 3d 1117(A), 856 N.Y.S.2d 498 (Sup. Ct., N.Y. Co. 2008)"; and

WHEREAS, to comply with the March 19, 2010 Order, Superintendent JAMES J. WRYNN, the current Liquidator of Union Indemnity, has moved this Court by Amended Order to Show Cause, submitted April 27, 2010, to accept the Liquidator's submission of a proposed revised claims allowance procedure ("Proposed Revised Procedure"); and

WHEREAS, the January 3, 1996 Order is amended and superseded as follows:

IT IS HEREBY ORDERED:

1. The Proposed Revised Procedure is approved.
2. The Court finds that the Proposed Revised Procedure is required for the orderly administration of the estate. The Proposed Revised Procedure will enable the Liquidator to dispose of claims on an ongoing basis while offering due process to all

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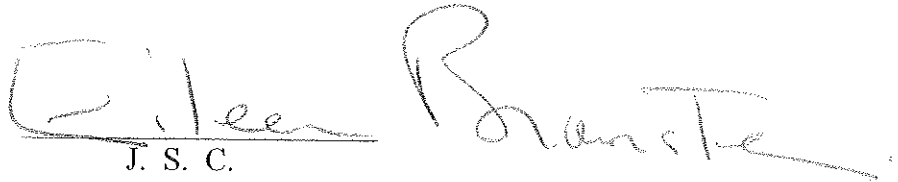
claimants who object to the Liquidator's recommendations and permitting reinsurers ("Reinsurers") the right to exercise their contractual rights to interpose defenses on behalf of Union Indemnity and the Liquidator.

- a) The Liquidator shall, on a periodic basis, prepare a notice of claims recommended for allowance ("Notice of Determination"). The Liquidator shall serve each claimant and each Reinsurer entitled to notice pursuant to one or more reinsurance contracts issued by such Reinsurer with a Notice of Determination. Notice shall not be provided to any Reinsurer under a reinsurance contract that has been rescinded by the Reinsurer. Service shall be made by first class mail to claimant's and Reinsurer's last known address. The Notice of Determination shall advise each claimant that:
 - (i) The claimant's claim has been recommended for allowance by the Liquidator in the amount set forth therein.
 - (ii) If the claimant disputes the amount recommended for allowance in the Notice of Determination or a Reinsurer has a contractual right to interpose defenses that it in good faith believes are available to Union Indemnity or the Liquidator, the claimant or Reinsurer may object to the Notice of Determination by serving a written objection on the Liquidator. The written objection must be received by the Liquidator within sixty days of the date of service of the Notice of Determination. The Liquidator will serve any objections received to the Notice of Determination on the other participants in the claims allowance proceeding within ten business days of receipt.
 - (iii) If the Liquidator receives no objection to the Notice of Determination within sixty days of the date of service, the Liquidator will submit an ex-parte motion to this Court for an order approving his recommendation for allowance in the amount set forth on the Notice of Determination. The recommendation will be approved by the Court, and the claimant will be entitled to share pro-rata, in distributions of assets, if any, to be made by the Liquidator based on the allowed amount.
 - (iv) The Liquidator will refer each claim for which a timely objection has been made to the referee appointed by order entered April 26, 1991, or to the referee's successor, to hear and report on the validity of claimants' objections and will notify each claimant and/or Reinsurer of the time and place of the hearing on the claimant's claim.

- b) The Liquidator shall submit an ex-parte order seventy-five days after the date of service of the Notice of Determination, which shall provide for the approval and confirmation of the Liquidator's recommendation for allowance with respect to each claim for which no objection is received.

7-28-10

ENTER


J. S. C.

EILEEN BRANSTEN
J.S.C.

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**ORDER APPROVING THE LIQUIDATOR'S PROPOSED REVISED
PROCEDURE FOR JUDICIAL REVIEW OF RECOMMENDATION
FOR ALLOWANCE OF CLAIMS**

JOHN PEARSON KELLY

Attorney for Superintendent of Insurance as Liquidator

Office and Post Office Address, Telephone

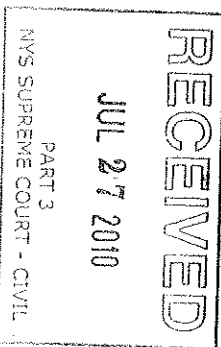
New York Liquidation Bureau

123 William Street

New York, NY 10038-3889

(212) 341-6755

Fax (212) 608-3398



ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York State, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated: July 27, 2010
New York, New York

David Axinn

NOTICE OF ENTRY

that the within is a (*certified*) true copy of a
duly entered in the office of the clerk of the within named court on the day of 20

NOTICE OF SETTLEMENT

that an order
settlement to the HON. of which the within is a true copy will be presented for
one of the judges of the within named court, at

, on at

Dated:

Yours, etc.

JOHN PEARSON KELLY

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

PRESENT: BRANSTEN **HON. EILEEN BRANSTEN**
Justice

PART 3 *gm*

*UNION DOMESTIC INSURANCE
Company of NY*

INDEX NO. 4/292/85
MOTION DATE 7-27-10
MOTION SEQ. NO. 134
MOTION CAL. NO. _____

The following papers, numbered 1 to _____ were read on this motion to/for _____

Notice of Motion/ Order to Show Cause — Affidavits 4 Exhibits _____
Answering Affidavits — Exhibits _____
Replying Affidavits _____

FILED
AUG 03 2010
NEW YORK
COUNTY CLERK'S OFFICE

PAPERS NUMBERED
RECEIVED
AUG 2 2010
MOTION SUPPORT OFFICE
NYS SUPREME COURT - CIVIL

Cross-Motion: Yes No

Upon the foregoing papers, it is ordered that this motion *to have the court*
accept the submission of the liquidator's
proposed revised claims allowance
procedure order is granted without
opposition and the court on 7-28-10
signed an order approving the liquidator's
revised procedure for Individual Review
of Recommendations for Allowance of
Claims. This constitutes the decision and
order of the court

Dated: 8-2-10 Eileen Bransten
HON. EILEEN BRANSTEN J.S.C.

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S):

Check one: FINAL DISPOSITION NON-FINAL DISPOSITION
Check if appropriate: DO NOT POST REFERENCE