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MOTION SEQUENCE # 1
ORIGINAL RETURN DATE 9/2/20
RELIEF OUTH

At JAS Part 33 of the Supreme Court of the State of New York, County of Nassau, at the courthouse located at 100 Supreme Court Drive, Mineola, New York, on the 5th day of August, 2020.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NASSAU

In the Matter of
the Application of

Index No. 607845-2020

ORDER TO SHOW CAUSE

Linda A. Lacewell, Superintendent of Financial Services of the State of New York, for an order to take possession and liquidate the business and affairs of

Hon. Denise L. Sher

ALLIANCE NATIONAL INSURANCE COMPANY.

Based on the July 27, 2020 verified petition ("Verified Petition") of Linda A. Lacewell, Superintendent of Financial Services of the State of New York ("Superintendent"), the July 21, 2020 Affidavit of Assistant Chief Insurance Examiner Eileen Fox (the "Fox Aff."), and the exhibits attached hereto, and it appearing that the relief sought should be granted;

NOW, on motion of Letitia James, Attorney General of the State of New York, attorney for the Superintendent, and after due deliberation having been had thereon;

LET Alliance National Insurance Company ("ANIC") show cause before this Court at the Courthouse located at 100 Supreme Court Drive, Mineola, in the County of Nassau, State of New York, on the 2nd day of September, 2020, at 8 o'clock am, or as soon thereafter as counsel can be heard ("Return Date"), why an order substantially in the form of the order annexed as 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*: (1) placing ANIC into

liquidation under Insurance Law Article 74; (2) appointing the Superintendent, and her successors in office, as liquidator of ANIC (the "Liquidator"); (3) directing the Liquidator to take possession of ANIC's property and to liquidate ANIC's business and affairs; (4) vesting title to all of ANIC's property, contracts, and rights of action and all of its books and records, wherever located, in the Liquidator and her successors; (5) permitting the Liquidator to deal with the property and business of ANIC in ANIC's name or in the name of the Liquidator; (6) granting the injunctions provided for in Insurance Law § 7419(a), permanently enjoining and restraining all persons and entities from wasting the assets of ANIC, and permanently enjoining and restraining all persons and entities, except as authorized by the Liquidator, from transacting ANIC's business or disposing of ANIC's property; (7) granting the injunctions provided for in Insurance Law § 7419(b), permanently enjoining and restraining all persons and entities from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments, or other liens, or making any levy against ANIC, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, ANIC, 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 Insurance Law Article 74 in relation thereto; (8) vesting all rights in ANIC's contracts and agreements, however described, in the Liquidator and permitting the Liquidator to, in her discretion, reject any contracts to which ANIC is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection; (9) 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 ANIC'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 (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding; (10) requiring that all persons or entities, including, without limitation, Alliance Risk Management, LLC, Alliance Risk Holdings, Inc., and UMICO Holdings, Inc., having property, papers (including attorney work product and documents held by attorneys) and/or information; including, but not limited to, underwriting data, any reinsurance or other insurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to ANIC, 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; (11) 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 her discretion, she deems to be in the best interest of the creditors of ANIC, 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; (12) cancelling all existing insurance policies of ANIC at 12:01 A.M. local time on the earliest of 30 days from the entry of an order of liquidation of ANIC, 30 days from the giving of notice of such cancellation, if such notice is required by an insurance policy or applicable law, or upon the date and time stated in the policy; (13) authorizing the Liquidator, pursuant to Insurance Law Section 7405(f), to make "early access distributions" of ANIC's assets to the guaranty funds in other states that cover claims against ANIC policyholders ("Guaranty Funds") in accordance with such statute and an agreement as may be entered into between the Liquidator and the Guaranty

Funds, and authorizing and approving such agreement; (14) establishing the date ("Bar Date") that is six (6) months from the date of entry of the Liquidation Order sought in this petition as the date by which all claims against ANIC and all evidence supporting such claims must be submitted to the Liquidator, and that all claims submitted after the Bar Date are barred and discharged except for the Liquidator's claims for administrative expenses and claims submitted by the Guaranty Funds and the New York Workers' Compensation Security Fund ("WC Fund" and together with Guaranty Funds, the "Security Funds") for reimbursement of amounts paid on eligible claims under ANIC policies; (15) requiring that all claims against ANIC submitted for the first time after the issuance of the Liquidation Order, and all evidence supporting such claims, be filed using the electronic portal for the submission of claims located on the website www.nyfbpoc.org on or before the Bar Date; (16) authorizing the Liquidator, in her discretion, to refrain from adjudicating claims of any class unless and until (a) she reasonably believes that adjudication of such claims would be in the best interests of the estate or (b) it is likely that the ANIC estate will have sufficient assets to pay claims of such class; (17) extending immunity to the Superintendent in her capacity as Liquidator of ANIC, her 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; (18) declaring ANIC to be insolvent pursuant to Insurance Law § 7402(a); and (19) granting such other and further relief as the Court may deem proper and just.

AND, sufficient cause having been shown therefor, pursuant to Insurance Law § 7418(a)(1), let service of a copy of this order to show cause and its supporting papers be made by overnight delivery within three (3) days after the signing of this Order to Show Cause upon

(i) Alliance National Insurance Company, Attention: John David Granneman, at its statutory home office located at 300 Garden City Plaza, Garden City, New York 11530; and (ii) Alliance National Insurance Company, Attention: John David Granneman, at its main administrative office located at 370 Commerce Drive, Suite 101, Fort Washington, PA, 19034; and (iii) Linda S. Agnew, ANIC's attorney and director, at Harras Bloom & Archer LLP, 445 Broad Hollow Road, Suite 127, Melville, New York 11747; and by posting on the internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least 5 days 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 at least seven days prior to the 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
200 Old Country Road, Suite 240
Mineola, NY 11501
Att'n: Valerie Singleton

with a copy to

New York Liquidation Bureau
180 Maiden Lane, 15th Floor
New York, New York 10038
Att'n: General Counsel

and any such Answering Papers shall be e-filed with the Court on or before the Return Date; and it is further

ORDERED, that pursuant to Insurance Law § 7419(a), pending the determination of this application, ANIC, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, and managers; and all other persons, are hereby restrained,


A. J. S. C.

except as authorized by the Superintendent, from transacting ANIC's business or disposing of ANIC's property, and all persons are restrained from wasting any of ANIC's assets; and it is further

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ORDERED, that pursuant to New York Insurance Law § 7419(b), pending a determination on this application, ANIC, its officers, directors, shareholders, members, trustees, agents, servants, employees, 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 ANIC or its assets, and all actions or proceedings against ANIC are stayed.

ENTER

Denise L. Sher
AS
Honorable Denise L. Sher, AJSC