

At IAS Part 37 of the Supreme Court of the State of New York, at the courthouse located at 60 Centre St. in the City, County and State of New York, on the 16th day of Nov., 2020.

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

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In the Matter of

Index No. 452249/2020

the Application of

ORDER TO SHOW CAUSE

Linda A. Lacewell, Superintendent of Financial Services of the State of New York, for an order of Appointment as Ancillary Receiver of

AMERICAN SERVICE INSURANCE COMPANY.

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Based on the November 9, 2020 verified petition ("Verified Petition") of Linda A. Lacewell, Superintendent of Financial Services of the State of New York ("Superintendent"), the October 22, 2020 Affidavit of Joan Riddell, Deputy Chief Insurance Examiner in the Property Bureau at the New York State Department of Financial Services (the "Riddell Aff."), and the exhibits attached thereto, 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 Robert H. Muriel, Director of the Illinois Department of Insurance, and his successors in office, in his capacity as statutory liquidator (the "Liquidator") of American Service Insurance Company ("ASIC") or counsel and all creditors, claimants, and interested persons located in the State of New York show cause before this Court at the Courthouse located at 60 Centre Street in

the City, County and State of New York, on the 2nd day of Dec., 2020, at 11:00 o'clock *

* Session via Microsoft Teams. Court will send link.

A.m., 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 “Ancillary Receivership Order”) should not be made, pursuant to Article 74 of the New York Insurance Law (“Insurance Law”), *inter alia*: (1) finding that the Circuit Court of Cook County, Illinois, County Department, Chancery Division has issued an Order of Liquidation with a finding of insolvency against ASIC on August 11, 2020 (“Liquidation Order”); (2) appointing the Superintendent and her successors in office as ancillary receiver of ASIC (“Ancillary Receiver”); (3) vesting the Ancillary Receiver with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the Insurance Law; (4) finding that the material provisions of the Liquidation Order, including, but not limited to, the injunctions, restrictions and directions contained in paragraph 7 apply to this ancillary receivership proceeding; (5) permanently enjoining and restraining all persons from commencing or prosecuting any actions, lawsuits, or proceedings in the State of New York against ASIC, the Superintendent as Ancillary Receiver or as administrator of the New York security funds, the New York Liquidation Bureau, and their employees, attorneys, or agents, with respect to this proceeding or in the discharge of their duties; (6) enjoining and restraining all parties to actions, lawsuits, and special or other proceedings in the State of New York against insureds of ASIC or in which ASIC is obligated to defend an insured or provide a defense to a party pursuant to an insurance policy, from obtaining any judgment or proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment, or proceedings on settlement or judgment, for a period of 180-days from the date the Ancillary Receivership Order is signed; (7) enjoining and restraining all persons who have first party policyholder loss claims against ASIC in the State of New York, from presenting and filing claims with the Ancillary Receiver for a period of 90 days from the date the Ancillary

Receivership Order is signed; (8) extending judicial immunity to the Superintendent in her capacity as Ancillary Receiver of ASIC and as administrator of the New York security funds, 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 Articles 74 and 76 and Article 6A of the New York Workers' Compensation Law; and (9) granting such other and further relief as the Court may deem proper and just.

AND, sufficient cause having been shown therefor, it is hereby

ORDERED, that service of a copy of this Order to Show Cause and its supporting papers shall be deemed good and proper service if served by: (i) overnight mail to the Office of the Special Deputy Receiver, representing Robert H. Muriel, Director of the Illinois Department of Insurance in his capacity as Domestic Receiver of American Service Insurance Company at 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654, Att'n.: J. Kevin Baldwin; and (ii) 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 it is further

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
28 Liberty Street
New York, NY 10005
Att'n: Roderick Arz
Assistant Attorney General

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, ASIC, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, and managers, and all other persons, are hereby restrained, except as authorized by the Superintendent, from transacting ASIC's business or disposing of ASIC's property located in the State of New York, and all persons are restrained from wasting any of ASIC's assets located in the State of New York; and it is further

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ORDERED, that pursuant to New York Insurance Law § 7419(b), pending a determination on this application, ASIC, 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 within the jurisdiction of the courts of the State of New York against ASIC; and it is further

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ORDERED, that pending a determination on this application, all actions or proceedings within the jurisdiction of the courts of the State of New York against ASIC and all actions or proceedings in which ASIC is obligated to defend a party in a proceeding are stayed.

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Please email Principal Law Clerk Allison Greenfield@ARGREENF@NYCOURTS.GOV for scheduling information. 4

ENTER

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J. S. C.

Arthur F. Engoron