

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

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In the Matter of

Index No.:

the Application of

VERIFIED PETITION

Maria T. Vullo, Superintendent of
Financial Services of the State of New York, for an
Order of Appointment as Ancillary Receiver of

CASTLEPOINT NATIONAL INSURANCE COMPANY.

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Maria T. Vullo, Superintendent of Financial Services of the State of New York (“Superintendent”), respectfully petitions the Court for an order, substantially in the form attached hereto as Exhibit 1 (the “Order of Ancillary Receivership”), appointing the Superintendent (and her successors in office), pursuant to Section 7407(c) of the New York Insurance Law (“Insurance Law”), ancillary receiver (“Ancillary Receiver”) of CastlePoint National Insurance Company (“CastlePoint”) with all the rights and obligations granted to and imposed upon her pursuant to Insurance Law Article 74.

Background

1. CastlePoint is a property and casualty insurer wholly owned by Specialty Underwriters Alliance, Inc., a Delaware Corporation, which is in turn owned by Tower Group Inc., also a Delaware Corporation. CastlePoint is organized under the laws of the State of California, with its statutory office located in San Francisco, California. *See* Affidavit of Marc Allen, Assistant Chief Examiner, Property Bureau, New York State Department of Financial Services, sworn to April 4, 2017 (“Allen Aff.”), which is attached hereto as Exhibit 2.

2. CastlePoint is an affiliate of an insurance holding company group that, prior to the consummation of several mergers, consisted of ten insurance companies domiciled in six different states, including, among others, Tower Insurance Company of New York (“TICNY”)

(collectively, the “Tower Insurance Companies”). TICNY was organized under the laws of New York on June 20, 1989. (Allen Aff. ¶ 3).

3. The Tower Insurance Companies were admitted and authorized to transact insurance in all 50 states and wrote a variety of multi-line property and casualty insurance. (Allen Aff. ¶ 4).

4. TICNY was authorized to transact the business of insurance set forth in paragraphs 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 19, 20, 21 and 22 of Section 1113(a) of the Insurance Law. (Allen Aff. ¶ 5).

5. In 2016, the Tower Insurance Companies began working with the six domiciliary insurance regulators of the Tower Insurance Companies to address their increasingly distressed financial condition. (Allen Aff. ¶ 6).

6. Thereafter, each of the Tower Insurance Companies, including TICNY, merged with and into CastlePoint, with CastlePoint being the sole surviving insurance company and the successor-in-interest to all the assets and liabilities of the Tower Insurance Companies. (Allen Aff. ¶ 7).

7. On July 28, 2016, the Superior Court of the State of California, City and County of San Francisco (“California Court”) placed CastlePoint into conservation, based on evidence that further transaction of business by CastlePoint would be hazardous to its policyholders, creditors, and the public (“Conservation Order”). Dave Jones, Insurance Commissioner of the State of California, was appointed Conservator (“Conservator”) of CastlePoint. A copy of the California Conservation Order is annexed to the Allen Aff. as Exhibit A. (Allen Aff. ¶8).

8. On February 17, 2017, the Conservator made a motion to convert CastlePoint’s conservation proceeding to a liquidation proceeding because CastlePoint was statutorily

insolvent and conducting business beyond March 31, 2017, would be futile and harmful to policyholders and creditors. (Allen Aff. ¶9).

9. By order dated March 30, 2017, and effective as of April 1, 2017, the California Court found CastlePoint insolvent and placed CastlePoint into liquidation (the “Liquidation Order”). The Liquidation Order appointed the Conservator as liquidator (“California Liquidator”) of CastlePoint and also approved the appointment of David E. Wilson to serve as the Special Deputy Insurance Commissioner in charge of the CastlePoint liquidation and Joseph Holloway, Jr. as the Liquidation Manager for Special Deputy Wilson. The Liquidation Order also, among other things, established December 31, 2017 as the claims bar date for the filing of claims against CastlePoint. (Allen Aff. ¶ 10). *See* Liquidation Order (Allen Aff., Exhibit B).

**The California Liquidator Has Requested that
the Superintendent Commence an Ancillary Receivership Proceeding**

10. Insurance Law § 7407(c) states that upon the request of a receiver who has been appointed for an insurer in its domiciliary state, the Superintendent shall apply to this Court for an order appointing her ancillary receiver for such insurer if the domiciliary state is a reciprocal state.

11. On April 3, 2017, the California Liquidator sent a request to the Superintendent to commence an ancillary receivership proceeding for CastlePoint (the “Letter of Request”). A copy of the Letter of Request is annexed as Exhibit C to the Allen Aff.

12. California is a reciprocal state. Insurance Law § 7408(b)(6) defines a reciprocal state as any state, other than the State of New York, in which the provisions of the Uniform Insurers Liquidation Act (Insurance Law §§ 7408-7415), in substance and effect, are in force. California, CastlePoint’s domiciliary state, has adopted, in substance and effect, the provisions of the Uniform Insurers Liquidation Act. CA Ins Code § 1064.1(f). *See* Letter of Request. (Allen Aff., Exhibit C).

13. Based on the Letter of Request from California, a reciprocal state, the Superintendent now brings this application under Insurance Law § 7407 to commence an ancillary receivership proceeding for CastlePoint.

Relief Requested

14. In light of the foregoing, I respectfully request that the Court enter the Order of Ancillary Receivership, which, among other things: (a) finds that the California Court has issued an Order of Liquidation with a Finding of Insolvency against CastlePoint signed on March 30, 2017, and effective as of April 1, 2017; (b) appoints the Superintendent as Ancillary Receiver of CastlePoint, pursuant to Insurance Law §§ 7407(c) and 7410(a); and (c) vests the Ancillary Receiver with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the Insurance Law. The New York Liquidation Bureau comprises the Superintendent's staff to carry out her duties under Article 74.

15. I respectfully request that this Court explicitly apply the injunctions, restrictions and directions contained in paragraphs 20, 21, 22, 23, 24, 25, 29 and 30 of the Liquidation Order to any and all business of CastlePoint that is conducted, and to any and all assets, books, records, files, credit cards and other property of CastlePoint that are located in the State of New York. While these injunctions, directions and restrictions, as well as the entire Liquidation Order, were issued by a court of competent jurisdiction and apply to this ancillary proceeding, the Superintendent nonetheless believes that an explicit ruling from this Court that the injunctions, directions and restrictions issued in paragraphs 20, 21, 22, 23, 24, 25, 29 and 30 of the Liquidation Order apply to this ancillary receivership proceeding will promote clarity and reduce the likelihood of unnecessary litigation.

16. In order to discharge her responsibilities in an orderly and fair manner for the benefit of policyholders and creditors domiciled in the State of New York, the Ancillary Receiver also requires certain injunctive relief.

17. Under Insurance Law § 7419(b), the Court may issue such permanent injunctions or orders to prevent the commencement or prosecution of any actions to obtain preferences, judgements, attachments, or other liens or making any levy against the Ancillary Receiver, CastlePoint, the New York Liquidation Bureau (the organization that will carry out the Superintendent's duties), or their present or former employees, attorneys or agents, with respect to this proceeding or the discharge of their duties under Insurance Law Article 74 in relation thereto (the "Permanent Injunctions").

18. The Permanent Injunctions are crucial for the Ancillary Receiver to perform her duties. Failure to grant this relief could result in one or more persons or entities rushing to pursue legal action, including collections and default judgments, in the State of New York against CastlePoint. This would adversely impact the ability of the Ancillary Receiver to discharge her responsibilities and would significantly increase administrative expenses and litigation costs.

19. In addition to the Permanent Injunctions, the Superintendent seeks an order under Insurance Law § 7419(b), temporarily staying all litigations against insureds of CastlePoint or in which CastlePoint is obligated to defend an insured or provide a defense to a party pursuant to an insurance policy, for a period of 180 days from the date of entry of the Order of Ancillary Receivership (the "180-Day Injunction"). The 180-Day Injunction will temporarily stay all matters currently in litigation and will allow the Ancillary Receiver and the Superintendent in her capacity as administrator of the New York security funds ("Administrator") sufficient time to review and assess the claims in litigation.

20. After CastlePoint is placed into Ancillary Receivership, the California Liquidator will transfer the books and records of the company relating to certain New York claims under policies written by companies authorized to do business in New York prior to their merger into CastlePoint, including litigation files, to the Ancillary Receiver and Administrator for further handling. Because the files and records of an insolvent insurer often require time to review and assess, a temporary stay is necessary to insure that claims are appropriately handled and that there is no prejudice to the company or its policyholders during the transition to Ancillary Receivership.

21. The 180-Day Injunction will allow the Ancillary Receiver and the Administrator to: (i) review the New York claims and litigations; (ii) coordinate with third-party administrators for handling claims; (iii) assign claims examiners; (iv) review settlement negotiations, if any; (v) analyze the legal issues; (vi) set reserves; (vii) assign or retain counsel; and (viii) prepare to litigate the matters, if necessary, upon the expiration of the 180-Day Injunction. For that reason, the 180-Day Injunction is warranted under Insurance Law § 7419(b), and this Court should issue an order, *inter alia*, containing the 180-Day Injunction, in order to permit the Ancillary Receivership of CastlePoint to proceed in an orderly and fair manner.

22. The Superintendent also seeks an order under Insurance Law §7419(b) temporarily enjoining and restraining all persons who have first-party policyholder loss claims against CastlePoint in the State of New York, from presenting and filing claims with the Ancillary Receiver for a period of 90 days from the date of entry of the Order of Ancillary Receivership (the “90-Day Injunction”). Eligible first-party claims¹ in New York are referred to the Ancillary Receiver who arranges a determination of security fund coverage up to the lesser of the security fund limits or the limits of the relevant insurance policy. In order to assess such

¹ A “first-party claim” is a claim paid directly to an insured, such as a claim for property damage under an automobile insurance policy.

claims, the New York Liquidation Bureau must arrange to: (i) obtain and review the insurance policies; (ii) assign claims examiners; (iii) determine coverage; (iv) negotiate settlements, if possible; (vi) assign or retain counsel or an adjuster; and (vii) prepare to litigate, if necessary, upon the expiration of the 90-Day Injunction. For these reasons, it is respectfully requested that this Court order the 90-Day Injunction sought herein.

23. I further respectfully request approval of the temporary injunction set forth in the accompanying Order to Show Cause. The temporary relief will protect CastlePoint and its policyholders from the commencement or continuation of actions between the issuance of the Order to Show Cause and this Court's determination of the relief sought therein.

24. I further respectfully submit that Insurance Law § 7412(a) makes clear that the claims bar date of December 31, 2017 established in the domestic liquidation proceeding in California applies to this ancillary receivership proceeding, and that all claims and evidence supporting those claims shall be submitted to the Ancillary Receiver by December 31, 2017, and if not submitted by that date shall be barred. Applying the domestic claims bar date to the ancillary receivership proceeding will maintain an appropriate relationship between the ancillary proceeding and the domestic liquidation of CastlePoint, and will insure that claims paid by the New York security funds will be eligible for reimbursement in the domestic liquidation proceeding.²

25. I further respectfully request that the Court order that the Superintendent as Ancillary Receiver of CastlePoint, her successors in office, and the New York Liquidation Bureau and their agents and employees, be granted judicial immunity from 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 the Court, or in the performance of their duties pursuant to

² The New York security funds will assert claims in CastlePoint's domestic liquidation proceeding for reimbursement of amounts paid to eligible New York claimants.

Insurance Law Articles 74 and 76. The Ancillary Receiver acts in a “judicial and private” capacity under the supervision of the Court pursuant to Article 74 of the Insurance Law. *Dinallo v. DiNapoli*, 9 N.Y.3d 94, 103 (2007). In addition, “a court-appointed receiver acts as an arm of the court and is immune from liability for actions grounded in his or her conduct as receiver.” *In the Matter of the Liquidation of U.S. Capital Insurance Company*, 36 Misc.3d 635, 637 (N.Y. Sup. 2012).

26. The Superintendent also requests that this Court issue the accompanying Order to Show Cause: (i) setting a return date (“Return Date”) of no later than 30 days after the date of issuance of the Order to Show Cause for a hearing on the Verified Petition to be held before this Court; and (ii) finding that the methods of service of the Order to Show Cause, *i.e.* by: (1) overnight mail to Dave Jones, Insurance Commissioner of the State of California, David E. Wilson, Special Deputy Insurance Commissioner in charge of the CastlePoint liquidation and Joseph Holloway, Jr., Liquidation Manager for Special Deputy Wilson, 100 Pine Street, Suite 2600, San Francisco, California 94111 at least 10 days before the Return Date; and (2) posting the Order to Show Cause and its supporting papers on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least 10 days before the Return Date, are good and proper.

27. No previous application for the relief sought herein has been made to this or any other court or judge.

WHEREFORE, the Superintendent respectfully requests that this Court grant the relief sought in this Verified Petition, enter the Order of Ancillary Receivership, and grant the Superintendent such other and further relief as is just and proper.

Dated: New York, New York
April 5, 2017



Maria T. Vullo
Superintendent of Financial Services of the
State of New York

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

Maria T. Vullo, being duly sworn, deposes and says:

That she is the Superintendent of Financial Services of the State of New York and that she executed the foregoing Verified Petition; that she is acquainted with the facts therein stated; that she knows the contents of said Verified Petition and the same are true based upon the records of the New York State Department of Financial Services.

Deponent says that the sources of her information as to the matters stated in said Verified Petition are the affidavit referred to therein and the records of the New York State Department of Financial Services.



Maria T. Vullo
Superintendent of Financial Services
of the State of New York

Sworn to before me this
5th day of April, 2017

Martha A. Lees
Notary Public

MARTHA A. LEES
Notary Public, State of New York
No. 02LE6129105
Qualified in Kings County
Commission Expires 06/20 17

EXHIBIT 1

At IAS Part __ of the Supreme Court of the State of New York, County of New York, at the Courthouse, ____ Street in the County, City and State of New York, on the ____ day of _____, 2017.

P R E S E N T :

HON. _____, J.S.C.

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In the Matter of

Index No.:

the Application of

Maria T. Vullo, Superintendent of Financial Services of the State of New York, for an Order of Appointment as Ancillary Receiver of

**ORDER OF
ANCILLARY
RECEIVERSHIP**

CASTLEPOINT NATIONAL INSURANCE COMPANY.

-----X

Maria T. Vullo, Superintendent of Financial Services of the State of New York (“Superintendent”), having moved this Court for an order appointing the Superintendent and her successors in office as ancillary receiver (“Ancillary Receiver”) of CastlePoint National Insurance Company (“CastlePoint”), and upon reading and filing the petition of the Superintendent, duly verified on the 5th day of April, 2017 (“Verified Petition”), the Affidavit of Marc Allen, Assistant Chief Examiner, Property Bureau, New York State Department of Financial Services, sworn to on the 4th day of April, 2017, and the exhibits annexed thereto, this Court finds that:

1. CastlePoint is a property and casualty insurer wholly owned by Specialty Underwriters Alliance, Inc., a Delaware Corporation, which is in turn owned by Tower Group Inc., also a Delaware Corporation. CastlePoint is organized under the laws of the State of California, with its statutory office located in San Francisco, California;

2. CastlePoint is an affiliate of an insurance holding company group that, prior to the consummation of several mergers, consisted of ten insurance companies domiciled in six different

states, including, among others, Tower Insurance Company of New York (“TICNY”) (collectively, the “Tower Insurance Companies”);

3. TICNY was licensed in the State of New York to transact the kinds of insurance specified in paragraphs 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 19, 20, 21 and 22 of Section 1113(a) of the New York Insurance Law (“Insurance Law”);

4. Each of the Tower Insurance Companies, including TICNY, merged with and into CastlePoint, with CastlePoint being the sole surviving insurance company and the successor-in-interest to all the assets and liabilities of the Tower Insurance Companies;

5. By order dated March 30, 2017, and effective as of April 1, 2017, the Superior Court of the State of California, City and County of San Francisco, found CastlePoint to be insolvent and placed CastlePoint into liquidation (the “Liquidation Order”). The Liquidation Order appointed Dave Jones, Insurance Commissioner of the State of California as liquidator (“California Liquidator”) of CastlePoint and also approved the appointment of David E. Wilson to serve as the Special Deputy Insurance Commissioner in charge of the CastlePoint liquidation and Joseph Holloway, Jr. as the Liquidation Manager for Special Deputy Wilson. The Liquidation Order also, among other things, established December 31, 2017, as the claims bar date for the filing of claims against CastlePoint;

4. California is a reciprocal state within the meaning of Insurance Law § 7408(b)(6);

5. The California Liquidator requested that the Superintendent commence an ancillary receivership proceeding for CastlePoint; and

6. Insurance Law § 7410(a) mandates that the Superintendent be appointed Ancillary Receiver of CastlePoint.

NOW, on the motion of the Honorable Eric T. Schneiderman, Attorney General of the State of New York, it is hereby

ORDERED as follows:

1. The relief requested in the Verified Petition seeking an order of ancillary receivership ("Order") is granted in its entirety;
2. The Superintendent and her successors in office are appointed Ancillary Receiver of CastlePoint and are vested with all rights and obligations granted to and imposed upon them pursuant to Article 74 of the Insurance Law;
3. The injunctions, restrictions and directions set forth in paragraphs 20, 21, 22, 23, 24, 25, 29 and 30 of the Liquidation Order apply to this ancillary receivership proceeding;
4. The Liquidation Claims Bar Date of December 31, 2017, applies to this ancillary receivership proceeding and all New York claims under CastlePoint policies and evidence supporting such claims must be submitted to the Ancillary Receiver by December 31, 2017, and if not submitted by that date shall be barred;
5. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings or obtaining preferences judgements, attachments, or other liens or making any levy against 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. All parties to actions, lawsuits, and special or other proceedings against insureds of CastlePoint or in which CastlePoint is obligated to defend an insured or provide a defense to a party pursuant to an insurance policy are enjoined and restrained 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 of entry of this Order;
7. All persons who have first party policyholder loss claims against CastlePoint in the State of New York are enjoined and restrained from presenting and filing claims with the Ancillary Receiver for a period of 90 days from the date of entry of this Order;
8. Judicial immunity is extended to the Superintendent in her capacities as Ancillary Receiver of CastlePoint 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;

9. The Ancillary Receiver shall serve a copy of this Order on the California Liquidator, Dave Jones, Insurance Commissioner of the State of California, David E. Wilson, Special Deputy Insurance Commissioner in charge of the CastlePoint liquidation and Joseph Holloway, Jr., Liquidation Manager for Special Deputy Insurance Commissioner Wilson, 100 Pine Street, Suite 2600, San Francisco, California 94111, by overnight mail;
10. The Ancillary Receiver shall provide notice of this Order, substantially in the form attached hereto (the "Notice"), to all creditors, claimants, and interested persons located in the State of New York by: (i) publication of the Notice in *The New York Post*, or a publication of similar circulation, within 30 days of entry of this Order; and (ii) posting the Notice and the Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 15 days after the entry of this Order;
11. CastlePoint's license to do business in the State of New York is hereby revoked;
12. The caption for this proceeding is hereby amended as follows:

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

-----X

In the matter of

the Ancillary Receivership of

CASTLEPOINT NATIONAL INSURANCE COMPANY.

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13. All further papers in this proceeding shall bear the above amended caption.

E N T E R

J.S.C.

NEW YORK LIQUIDATION BUREAU
110 WILLIAM STREET
NEW YORK, NEW YORK 10038
(212) 341-6400

To all persons or entities located in the State of New York interested in the affairs of
CASTLEPOINT NATIONAL INSURANCE COMPANY

Notice is Hereby Given:

Maria T. Vullo, Superintendent of Financial Services of the State of New York, has been appointed by an order (“Order”) of the Supreme Court of the State of New York, New York County (“Court”), filed on _____, 2017, as the ancillary receiver (“Ancillary Receiver”) of CastlePoint National Insurance Company (“CastlePoint”) and, as such, has been vested with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the New York Insurance Law (“Insurance Law”). The Ancillary Receiver has, pursuant to Insurance Law Article 74, appointed David Axinn, Special Deputy Superintendent (“Special Deputy”), as her agent to carry out her duties as Ancillary Receiver. The Special Deputy carries out the Ancillary Receiver’s duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Order further provides as follows:

I. The Superior Court of the State of California, City and County of San Francisco (“California Court”), has issued an Order of Liquidation with a Finding of Insolvency against CastlePoint;

II. The injunctions and restrictions set forth in paragraphs 20, 21, 22, 23, 24, 25, 29 and 30 of the order of liquidation of CastlePoint, signed by the California Court on March 30, 2017, apply to this ancillary receivership proceeding;

III. The Liquidation Claims Bar Date of December 31, 2017, applies to the ancillary receivership proceeding and all New York claims under CastlePoint policies and evidence supporting such claims must be submitted to the Ancillary Receiver by December 31, 2017, and if not submitted by that date shall be barred; ;

IV. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings or obtaining preferences judgements, attachments, or other liens or making any levy against 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;

V. All parties to actions, lawsuits, and special or other proceedings against insureds of CastlePoint or in which CastlePoint is obligated to defend an insured or provide a defense to a party pursuant to an insurance policy, are enjoined and restrained 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 of entry of this Order;

VI. All persons who have first party policyholder loss claims against CastlePoint in the State of New York are enjoined and restrained from presenting and filing claims with the Ancillary Receiver for a period of 90 days from the date of entry of this Order;

VII. Judicial immunity is extended to the Superintendent in her capacities as Ancillary Receiver of CastlePoint 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 Article 74;

VIII. CastlePoint's license to do business in the State of New York is hereby revoked;

IX. All communications relating to CastlePoint and to the ancillary receivership proceeding thereof should be addressed to:

New York Liquidation Bureau
110 William Street
New York, New York 10038
Attn: General Counsel

MARIA T. VULLO
Superintendent of Financial Services of the
State of New York as Ancillary Receiver of
CastlePoint National Insurance Company

DAVID AXINN
Special Deputy Superintendent and Agent for
the Superintendent as Ancillary Receiver
of CastlePoint National Insurance Company

EXHIBIT 2

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

-----X
In the Matter of

Index No.

the Application of

AFFIDAVIT

Maria T. Vullo, Superintendent of Financial Services
of the State of New York, for an Order of Appointment
as Ancillary Receiver of

CASTLEPOINT NATIONAL INSURANCE COMPANY.
-----X

STATE OF NEW YORK)
) SS:
COUNTY OF NEW YORK)

Marc Allen, being duly sworn, deposes and says:

1. I am employed as Assistant Chief Examiner in the Property Bureau of the New York State Department of Financial Services ("DFS") and submit this affidavit, upon information and belief based upon my review of the files maintained by DFS, in support of the petition of the Superintendent of Financial Services of the State of New York ("Superintendent") for an order commencing an ancillary receivership proceeding for CastlePoint National Insurance Company ("CastlePoint") and appointing the Superintendent and her successors in office as ancillary receiver of CastlePoint as authorized by Article 74 of the New York Insurance Law ("Insurance Law").

2. CastlePoint is a property and casualty insurer wholly owned by Specialty Underwriters Alliance, Inc., a Delaware Corporation, which is in turn owned by Tower Group Inc., also a Delaware Corporation. CastlePoint is organized under the laws of the State of California, with its statutory office located in San Francisco, California.

3. CastlePoint is an affiliate of an insurance holding company group that, prior to the consummation of several mergers, consisted of ten insurance companies domiciled in six different states, including, among others, Tower Insurance Company of New York ("TICNY")

(collectively, the “Tower Insurance Companies”). TICNY was organized under the laws of New York on June 20, 1989.

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7. Thereafter, each of the Tower Insurance Companies, including TICNY, merged with and into CastlePoint, with CastlePoint being the sole surviving insurance company and the successor-in-interest to all the assets and liabilities of the Tower Insurance Companies.

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9. On February 17, 2017, the Conservator made a motion to convert CastlePoint’s conservation proceeding to a liquidation proceeding because CastlePoint was statutorily insolvent and conducting business beyond March 31, 2017, would be futile and harmful to policyholders and creditors.

10. By order dated March 30, 2017, and effective as of April 1, 2017, the California Court found CastlePoint insolvent and placed CastlePoint into liquidation (the “Liquidation Order”). A copy of the Liquidation Order is attached hereto as Exhibit B. The Liquidation

Order appointed the Conservator as liquidator of CastlePoint and also approved the appointment of David E. Wilson to serve as the Special Deputy Insurance Commissioner in charge of the CastlePoint liquidation and Joseph Holloway, Jr. as the Liquidation Manager for Special Deputy Wilson. The Liquidation Order also, among other things, established December 31, 2017 as the bar date for the filing of claims against CastlePoint.

11. On April 3, 2017, the California Liquidator sent a request to the Superintendent to commence an ancillary receivership proceeding for CastlePoint. A copy of the Letter of Request is annexed hereto as Exhibit C.

Marc Allen
Assistant Chief Examiner, Property Bureau
New York State Department of Financial Services

Sworn to before me this
4th day of April, 2017

Notary Public



EXHIBIT A

1 KAMALA D. HARRIS
 Attorney General of the State of California
 2 ANNE MICHELLE BURR
 Supervising Deputy Attorney General
 3 MARGUERITE C. STRICKLIN (State Bar No. 103161)
 Deputy Attorney General
 4 1515 Clay Street, 20th Floor
 Oakland, California 94612-0550
 5 Telephone: (510) 622-2146
 Facsimile: (510) 622-2270
 6 Email: Marguerite.Stricklin@doj.ca.gov

ENDORSED
 FILED
 Superior Court of California
 County of San Francisco

JUL 28 2016

CLERK OF THE COURT

By: ROSIE NOGUERA
 Deputy Clerk

7 THOMAS J. WELSH (State Bar No. 142890)
 PATRICK B. BOCASH (State Bar No. 262763)
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 400 Capitol Mall, Suite 3000
 9 Sacramento, California 95814-4497
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 11 pbocash@orrick.com

12 Attorneys for Applicant Dave Jones,
 Insurance Commissioner of the State of California

EXEMPT from filing fees per Govt.
 Code § 6103

14 SUPERIOR COURT OF THE STATE OF CALIFORNIA

15 CITY AND COUNTY OF SAN FRANCISCO

17 DAVE JONES, INSURANCE
 18 COMMISSIONER OF THE STATE OF
 CALIFORNIA,

19 Applicant,

20 v.

21 CASTLEPOINT NATIONAL INSURANCE
 22 COMPANY, and DOES 1-50, inclusive,

23 Respondents.

Case No. CPF-16-515183

ORDER APPOINTING INSURANCE
 COMMISSIONER AS
 CONSERVATOR AND RESTRAINING
 ORDERS
~~(PROPOSED)~~

Date: July 28, 2016
 Time: 11:00 a.m.
 Dept: 302
 Judge: Hon. Harold E. Kahn

1 The Insurance Commissioner of the State of California (the "Commissioner") has filed his
2 verified Application in the above-captioned action, and has shown to the Court's satisfaction that
3 CastlePoint National Insurance Company ("CastlePoint")¹ is in such condition that its further
4 transaction of business will be hazardous to its policyholders, creditors, and the public, and good
5 cause appearing therefore;

6 WHEREFORE IT IS HEREBY ORDERED:

7 1. The Commissioner is appointed as Conservator (hereinafter the "Conservator") of
8 CastlePoint and directed to conduct the business of CastlePoint or so much thereof as he deems
9 appropriate; and he is authorized, in his discretion, to pay or defer payment of some or all proper
10 claims, expenses, liabilities, and obligations of CastlePoint, in whole or in part, accruing prior or
11 subsequent to his appointment as Conservator.

12 2. The Conservator is authorized to assume or reject, or to modify, any executory
13 contract, including without limitation, any lease, rental or utilization contract or agreement
14 (including any schedule to any such contract or agreement), and any license or other arrangement
15 for the use of computer software or business information systems, to which CastlePoint is a party
16 or as to which it agrees to accept an assignment of such contract; the Conservator is directed to
17 effect any such assumption or rejection or modification of any executory contract not later than
18 120 days after the date of the Order Appointing Insurance Commissioner As Conservator, unless
19 such date is extended by application to and further order of this Court; and all executory contracts
20 that are not expressly assumed by the Conservator shall be deemed rejected;

21 3. The Conservator is authorized to take possession of all of the assets of CastlePoint,
22 including books, records and property, both real and personal, accounts, safe deposit boxes, rights
23 of action, and all such assets as may be in the name of CastlePoint, wheresoever situated;

24 _____
25 ¹ For all purposes in this Order, the term "CastlePoint," wherever used and used in whatever
26 context or reference, shall mean and refer to CastlePoint National Insurance Company, as the
27 survivor by merger with, and shall be deemed to include all of the following predecessor entities:
28 the pre-merger CastlePoint National Insurance Company, Tower Insurance Company of New
York, Tower National Insurance Company, Hermitage Insurance Company, Kodiak Insurance
Company, CastlePoint Florida Insurance Company, North East Insurance Company,
Massachusetts Homeland Insurance Company, Preserver Insurance Company, York Insurance
Company of Maine, and CastlePoint Insurance Company.

1 4. Title to all property and assets of CastlePoint, including deposits, securities,
2 contracts, rights of actions, books, records and other assets of every type and nature, and
3 including both those presently in CastlePoint's possession and those which may be discovered
4 hereafter, wheresoever situated, is vested in the Commissioner in his or her official capacity as
5 Conservator and/or his successor in office, in his or her official capacity as Conservator of
6 CastlePoint; the Conservator and/or his successor is authorized to deal with the same in his or her
7 own name as Conservator or in the name of CastlePoint; and, all persons are enjoined from
8 interfering with the Conservator's possession and title thereto;

9 5. The Conservator shall have all the powers of the directors, officers, and managers
10 of CastlePoint, whose authorities are suspended except as such powers may be redelegated by the
11 Conservator;

12 6. The Conservator is authorized to terminate compensation arrangements with
13 employees, to enter into new compensation arrangements with employees, including
14 arrangements containing retention incentives, and authorizing the Conservator to hire employees
15 on such terms and conditions as he deems reasonable;

16 7. Except upon the express authorization of the Conservator, CastlePoint, its officers,
17 directors, agents and employees are enjoined from transacting any of the business of CastlePoint,
18 whether in the State of California or elsewhere, or from disposing of, using, transferring, selling,
19 assigning, canceling, alienating, hypothecating, diminishing, impairing, waiving, limiting, or
20 concealing in any manner or any way, or assisting any person in any of the foregoing, of the
21 property or assets of CastlePoint or property or assets in the possession of CastlePoint, of any
22 nature or kind, including intangible assets, tax assets and attributes, claims or causes of action,
23 until further order of this Court and further, such persons are enjoined from obstructing or
24 interfering with the Conservator's conduct of his or her duties as Conservator;

25 8. All persons are enjoined from instituting, prosecuting, or maintaining any action at
26 law or suit in equity, and matters in arbitration, including but not limited to actions or proceedings
27 to compel discovery or production of documents or testimony, except in matters before either the
28 California Workers Compensation Appeals Board or equivalent administrative boards or

1 organizations performing such functions in other states in which CastlePoint issued workers
2 compensation policies, against CastlePoint or against the Conservator, and from attaching,
3 executing upon, redeeming of or taking any other legal proceedings against any of the property of
4 CastlePoint, and from doing any act interfering with the conduct of said business by the
5 Conservator, except after an order from this Court obtained after reasonable notice to the
6 Conservator;

7 9. CastlePoint and all officers, directors, agents and employees of CastlePoint shall
8 deliver to, and immediately make available to, the Conservator all assets, books, records,
9 accounts, records, tax returns, information, computers, tapes, discs, writings, other recordings of
10 information, equipment and other property of CastlePoint, wheresoever situated, in said persons
11 custody or control and, further, shall disclose verbally, or in writing if requested by the
12 Conservator, the exact whereabouts of the foregoing items if such items are not in the possession
13 custody or control of said persons;

14 10. All officers, directors, trustees, employees or agents of CastlePoint, or any other
15 person, firm, association, partnership, corporate parent, holding company, affiliate or other entity
16 in charge of any aspect of CastlePoint's affairs, either in whole or in part, and including but not
17 limited to banks, savings and loan associations, financial or lending institutions, brokers, stock or
18 mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any
19 other representative acting in concert with CastlePoint, shall cooperate with the Conservator in
20 the performance of his or her duties;

21 11. The Conservator is authorized to pay all reasonable costs of taking possession of
22 and conserving CastlePoint (including but not limited to the Commissioner's pre-conservation
23 costs in examining CastlePoint's financial condition, and preparing to take possession and
24 conserve CastlePoint) out of the funds and assets of the CastlePoint;

25 12. The Conservator is authorized to pay all reasonable costs of operating CastlePoint
26 as Conservator (including direct and allocated direct costs, direct and allocated general and
27 administrative costs and overhead, and all other allocated costs) out of any and all funds and
28 assets of CastlePoint; and if there are insufficient funds, to pay for the costs out of the Insurance

1 Fund pursuant to section 1035;

2 13. All funds and assets, including certificates of deposit, bank accounts, and mutual
3 fund shares of CastlePoint, in various financial depository institutions, including banks, savings
4 and loan associations, industrial loan companies, mutual funds or stock brokerages, wheresoever
5 situated, are vested in the Conservator and subject to withdrawal upon his order only;

6 14. All persons who maintain records for CastlePoint, pursuant to written contract or
7 any other agreement, shall maintain such records and to deliver to the Conservator such records
8 upon his request;

9 15. All agents of CastlePoint, and all brokers who have done business with
10 CastlePoint, shall make all remittances of all funds collected by them or in their hands that are
11 payable to CastlePoint directly to the Conservator;

12 16. All persons having possession of any lists of policyholders or escrow holders of
13 CastlePoint shall deliver such lists to the Conservator; and all persons are enjoined from using
14 any such lists or any information contained therein without the consent of the Conservator;

15 17. The Conservator is authorized to initiate such equitable or legal actions or
16 proceedings in this or other states as may appear necessary to him to carry out his functions as
17 Conservator;

18 18. The Conservator is authorized to appoint and employ special deputies, estate
19 officers and managers, other professionals, clerks and assistants and to give each of them such
20 power and authority as he deems necessary, and the Conservator is authorized to compensate
21 these persons from the assets of CastlePoint as he deems appropriate. David E. Wilson, Special
22 Deputy Commissioner, is hereby appointed as Deputy Conservator, empowered to carry out any
23 and all duties and exercise the authority of the Conservator granted herein and in the Insurance
24 Code. Joe Holloway is hereby appointed as Conservation Manager, empowered to carry out any
25 and all duties and exercise the authority of the Conservator or the Deputy Conservator, and as
26 may be delegated by the Conservator or Deputy Conservator;

27 19. The Conservator is authorized to divert, take possession of and secure all mail of
28 CastlePoint, in order to screen such mail, and to effect a change in the rights to use any and all

1 post office boxes and other mail collection facilities used by CastlePoint;

2 20. CastlePoint and its officers, directors, agents, servants, employees, successors,
3 assigns, affiliates, and other persons or entities under their control and all persons or entities in
4 concert or participation with CastlePoint, and each of them, shall turn over to the Conservator all
5 records, documentation, charts and/or descriptive materials of all funds, assets, property (owned
6 beneficially or otherwise), and all other assets of CastlePoint whersoever situated, and all books
7 and records of accounts, title documents and other documents in their possession or under their
8 control, which relate, directly or indirectly to assets or property owned or held by CastlePoint or
9 to the business or operations of CastlePoint;

10 21. Except upon further order of the Court issued after a hearing in which the
11 Conservator has received reasonable notice, all persons are enjoined from obtaining preferences,
12 judgments, attachments or other liens, or making any levy against CastlePoint or its assets or
13 property, and from executing or issuing or causing the execution or issuance of any court
14 attachment, subpoena, replevin, execution or other process for the purpose of impounding or
15 taking possession of or interfering with or creating or enforcing a lien upon any property or assets
16 owned or in the possession of CastlePoint or the Conservator, wheresoever situated, and from
17 doing any act interfering with the conduct of said business by the Conservator;

18 22. Except upon further order of the Court issued after a hearing in which the
19 Conservator has received reasonable notice, all persons are enjoined from accelerating the due
20 date of any obligation or claimed obligation; exercising any right of set-off; taking, retaining,
21 retaking or attempting to retake possession of any real or personal property; withholding or
22 diverting any rent or other obligation; doing any act or other thing whatsoever to interfere with
23 the possession of or management by the Conservator of the property and assets, owned or
24 controlled by CastlePoint or in the possession of CastlePoint or in any way interfering with the
25 Conservator or interfering in any manner during the pendency of this proceeding with the
26 exclusive jurisdiction of this Court over CastlePoint and its assets;

27 23. Any and all provisions of any agreement entered into by and between any third
28 party and CastlePoint, including by way of illustration, but not limited to, the following types of

1 agreements (as well as any amendments, assignments, or modifications thereto)—financial
2 guarantee bonds, promissory notes, loan agreements, security agreements, deeds of trust,
3 mortgages, indemnification agreements, subrogation agreements, subordination agreements,
4 pledge agreements, assignments of rents or other collateral, financial statements, letters of credit,
5 leases, insurance policies, guaranties, escrow agreements, management agreements, real estate
6 brokerage and rental agreements, servicing agreements, attorney agreements, consulting
7 agreements, easement agreements, license agreements, tax sharing agreements, franchise
8 agreements, or employment contracts that provide in any manner that selection, appointment or
9 retention of a conservator, receiver or trustee by any court, or entry of any order such as hereby
10 made, shall be deemed to be, or otherwise shall operate as, a breach, violation, event of default,
11 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation—
12 shall be stayed, and the assertion of any and all rights and remedies relating thereto shall also be
13 stayed and barred, except as otherwise ordered by this Court, and this Court shall retain
14 jurisdiction over any cause of action that has arisen or may otherwise arise under any such
15 provision;

16 24. The Conservator is authorized to invest and reinvest CastlePoint's assets and funds
17 in such a manner as he deems suitable for the best interest of CastlePoint's creditors. However,
18 no investment or reinvestment shall be made exceeding the sum of \$100,000 without first
19 obtaining permission of this Court, except the Conservator may make investments or
20 reinvestments in excess of \$100,000, but not exceeding \$5,000,000 per investment or
21 reinvestment, without prior approval if such investments or reinvestments are made pursuant to
22 any provisions of the existing investment guidelines and investment programs of CastlePoint that
23 the Conservator determines are prudent and appropriate to continue. Such investment guidelines
24 shall be applicable only to non-pledged and or unencumbered assets in the estate;

25 25. The Conservator is authorized to pay out of the funds and assets of CastlePoint all
26 costs and fees incurred in preparing for, bringing and maintaining this action, including the
27 reasonable expenses incurred by the Regulator Group prior to the filing of this application to
28 accomplish the several mergers of affiliated insurers into CastlePoint, and for such other actions

1 and activities as are necessary to carry out his functions as Conservator. Such payments may
2 include reimbursements for third party advisory and consulting services incurred by a member of
3 the Regulator Group in preparation for conservation of CastlePoint; and,

4 26. The Conservator is authorized to pay such priority liabilities during conservation
5 as he shall determine appropriate and to immediately reserve against the full payment of such
6 expenses; and

7 27. All persons are enjoined from the waste of the assets of CastlePoint;
8
9

10 Dated: JUL 28 2016
11

HAROLD KAHN

12 HONORABLE HAROLD E. KAHN
13 JUDGE OF THE SUPERIOR COURT
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EXHIBIT B

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**ENDORSED
FILED**
San Francisco County Superior Court

MAR 30 2017

CLERK OF THE COURT
BY: ERICKA LARNAUTI
Deputy Clerk

THOMAS J. WELSH (State Bar No. 142890)
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Attorneys for Applicant Dave Jones,
Insurance Commissioner of the State of California
in his Capacity as Conservator of
CastlePoint National Insurance Company

**EXEMPT from filing fees per Govt.
Code § 6103**

SUPERIOR COURT OF THE STATE OF CALIFORNIA

CITY AND COUNTY OF SAN FRANCISCO

DAVE JONES, INSURANCE
COMMISSIONER OF THE STATE OF
CALIFORNIA,

Applicant,

v.

CASTLEPOINT NATIONAL INSURANCE
COMPANY, and DOES 1-50, inclusive,

Respondents.

Case No. CPF-16-515183

**[PROPOSED] LIQUIDATION ORDER
FOR CASTLEPOINT NATIONAL
INSURANCE COMPANY**

[Hearing date and time set by Court Order
of January 26, 2017]

**Date: March 30, 2017
Time: 2:00 p.m.
Dept: 302
Judge: Hon. Harold E. Kahn**

1 The Court has reviewed the Application For Order Of Liquidation For CastlePoint
2 National Insurance Company ("Application") and supporting documents and evidence submitted
3 by Insurance Commissioner Dave Jones as Conservator of CastlePoint National Insurance
4 Company ("CastlePoint"), as well as all papers filed in opposition and reply to the Application.
5 On March 30, 2017, the Court held a hearing on the Application at which it heard argument from
6 the Commissioner and other interested parties.

7 Having considered the Application, the memorandum and declarations in support of or in
8 opposition to the Application, and all other documents and evidence submitted, and having heard
9 and considered the arguments presented to the Court, and upon good cause shown, the court
10 hereby finds that CastlePoint is statutorily and legally insolvent and that it would be futile for the
11 Commissioner to proceed as Conservator of CastlePoint and, therefore, sufficient grounds exist in
12 accordance with Insurance Code section 1016 for entry of this order of liquidation of CastlePoint.

13 **THEREFORE, IT IS HEREBY ORDERED:**

- 14 1. The Application is GRANTED;
- 15 2. CastlePoint is hereby found to be insolvent;
- 16 3. The Commissioner's status as Conservator of CastlePoint is terminated. The
17 Insurance Commissioner is appointed Liquidator of CastlePoint as set forth in Insurance Code
18 section 1016, with (1) David E. Wilson to serve as the Special Deputy Insurance Commissioner in
19 charge of the CastlePoint liquidation and (2) Joseph Holloway, Jr., to serve as Liquidation
20 Manager for Special Deputy Insurance Commissioner Wilson (hereinafter, collectively with the
21 Commissioner, the "**Liquidator**");
- 22 4. The Liquidator is directed to liquidate and wind up the business of CastlePoint and
23 to act in all ways and exercise all powers necessary for the purpose of carrying out this Order and
24 the liquidation provisions of the Insurance Code, Insurance Code sections 1010 *et seq*;
- 25 5. Title to all of the assets of CastlePoint, wherever situated and including any and all
26 assets held in the names of any company that is a predecessor by merger with CastlePoint,¹ shall

27 _____
28 ¹ The other insurers that previously merged with and into CastlePoint or are otherwise predecessor to CastlePoint
are: Tower Insurance Company of New York, Tower National Insurance Company, Hermitage Insurance Company,
CastlePoint Florida Insurance Company, North East Insurance Company, Massachusetts Homeland Insurance

1 be and hereby are vested in the Liquidator, in his official capacity as such, including without
2 limitation real and personal property, deposits, certificates of deposit, bank accounts, mutual
3 funds, securities, contracts, rights of actions, books, records and other assets of any and every
4 type and nature, wherever situated, presently in CastlePoint's possession and/or those which may
5 be discovered hereafter;

6 6. All funds and assets (including without limitation deposits, certificates of deposit,
7 bank accounts, securities, and mutual fund shares of CastlePoint) in various financial depository
8 institutions (including without limitation banks, savings and loan associations, industrial loan
9 companies, mutual funds and/or stock brokerages) wherever situated, are subject to withdrawal
10 only upon direction or order by the Liquidator;

11 7. The Liquidator is authorized to collect all moneys due to CastlePoint, and to do
12 such other acts as are necessary or expedient to collect, protect and liquidate CastlePoint's assets,
13 property and business;

14 8. The Liquidator is authorized to collect all debts due and claims belonging to
15 CastlePoint and to have the authority to sell, compound, compromise, or assign, for the purpose
16 of collection upon such terms and conditions as the Liquidator deems best, any bad or doubtful
17 debts;

18 9. The Liquidator is authorized to compromise or in any other manner negotiate
19 settlements of claims against CastlePoint upon such terms and conditions as the Liquidator shall
20 deem to be in the best interests of CastlePoint;

21 10. The Liquidator is authorized to collect all reinsurance due to CastlePoint and to
22 sell, compromise and negotiate commutation settlements, or assign its rights to reinsurance, upon
23 such terms and conditions as the Liquidator deems to be in the best interest of CastlePoint.

24 Commutation settlements greater than five million dollars shall require court approval.

25 Commutation settlements of five million dollars or less shall be reported to the Court in status
26 reports filed by the Liquidator;

27
28 _____
Company, Preserver Insurance Company, York Insurance Company of Maine, CastlePoint Insurance Company and
Kodiak Insurance Company.

1 11. The Liquidator is authorized, without permission of the Court and without notice,
2 to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of
3 or deal with, any real or personal property of CastlePoint at its reasonable market value, or, in
4 cases other than acquisition, sale, or transfer on the basis of reasonable market value, upon such
5 terms and conditions as the Liquidator may deem proper and to be in accordance with the
6 Liquidator's authority under the Insurance Code;

7 12. The Liquidator is authorized, for the purpose of executing and performing any of
8 the powers and authority conferred upon the Liquidator under Insurance Code sections 1010 *et*
9 *seq.*, in the name of CastlePoint or in the Liquidator's own name, to initiate, prosecute and/or
10 defend any and all suits and other legal proceedings, legal or equitable, and to execute,
11 acknowledge and deliver any and all deeds, assignments, releases and other instruments necessary
12 and proper to effectuate any sale of any real and personal property or other transaction in
13 connection with the administration, liquidation or other disposition of the assets of CastlePoint, in
14 this or other states as may appear to him necessary to carry out his functions as Liquidator;

15 13. The Liquidator is authorized to divert, take possession of and secure all mail of
16 CastlePoint and to effect a change in the rights to use any and all post office boxes and other mail
17 collection facilities used by CastlePoint;

18 14. The Liquidator is authorized, without permission of the Court and without notice,
19 to invest and reinvest, in such manner as the Liquidator may deem suitable for the best interests
20 of the policyholders and/or creditors of CastlePoint, such portions of the funds and assets of
21 CastlePoint in his possession as do not exceed the amount of the reserves required by law to be
22 maintained by CastlePoint as reserves for insurance policies, and which funds and assets are not
23 immediately distributable to creditors upon such terms and conditions as the Liquidator may
24 deem proper and to be in accordance with the Liquidator's authority under the Insurance Code;
25 provided, however, the investment or reinvestment to be made does not exceed the sum of one
26 hundred thousand dollars (\$100,000), except that the Liquidator, without permission of the court
27 and without notice, may make investments or reinvestments in excess of \$100,000, but not
28 exceeding \$5,000,000 per investment or reinvestment, if such investments or reinvestments are

1 part of CastlePoint's existing investments or are made pursuant to the investment guidelines of
2 the Commissioner's Conservation & Liquidation Office (including investments and reinvestments
3 through an investment pool consisting exclusively of assets from conserved and/or liquidating
4 estates);

5 15. The Liquidator is authorized, in his discretion, without permission of the Court and
6 without notice, to pay or defer payment of some or all claims, expenses, liabilities and/or
7 obligations of CastlePoint, in whole or in part, accruing prior and/or subsequent to his
8 appointment as Liquidator;

9 16. The Liquidator is authorized to appoint, employ and compensate under his hand
10 and official seal, legal counsel, as his agents, and to employ special deputies, clerks and/or
11 assistants, and to give to each of them those powers that the Liquidator deems necessary;

12 17. The Liquidator is authorized to fix the costs of employing special deputy
13 commissioners, legal counsel, clerks, and/or assistants, and all expenses of taking possession of,
14 conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and
15 property of CastlePoint, and he is authorized to pay such costs out of the assets of CastlePoint in
16 such manner as the Liquidator may deem proper and in accordance with the Liquidator's
17 authority under the Insurance Code. If there are insufficient funds to pay such costs, then the
18 Liquidator may pay such costs out of the Insurance Fund pursuant to Insurance Code section
19 1035(a);

20 18. The Liquidator is authorized to terminate compensation arrangements with
21 employees, to enter into new compensation arrangements with employees (including
22 arrangements containing retention incentives), and to hire employees on such terms and
23 conditions as he deems reasonable, provided, however, that the Liquidator shall continue to honor
24 any such compensation arrangements with employees he approved or authorized in his prior
25 capacity as Conservator;

26 19. The Liquidator is vested with all the powers of the directors, officers and managers
27 of CastlePoint, whose authorities are suspended except as such powers may be re-delegated by
28 the Liquidator;

Injunctions and Other Orders

20. Except upon the express authorization of the Liquidator, all persons (including without limitation CastlePoint and its officers, directors, agents, servants, and employees) are enjoined from the transaction of CastlePoint's business or disposition of its property (including without limitation disposing of, using, transferring, selling, assigning, canceling, alienating, hypothecating or concealing in any manner or any way), or assisting any person in any of the foregoing, until further order of this Court. All persons are enjoined from obstructing or interfering with the Liquidator's conduct of his duties as Liquidator;

21. All persons are enjoined from instituting, prosecuting or maintaining any action at law or suit in equity (including without limitation actions or proceedings to compel discovery or production of documents or testimony, and matters in arbitration), except in matters before either the California Workers Compensation Appeals Board or equivalent administrative boards or organizations performing such functions in other states in which CastlePoint issued workers compensation policies, against CastlePoint or against the Liquidator, and from attaching, executing upon, foreclosing upon, redeeming of, making levy upon, or taking any other legal proceedings against any of the property and/or assets of CastlePoint, and from doing any act interfering with the conduct of said business by the Liquidator, except after an order from this Court entered after notice to the Liquidator of not less than 30 court days. For the avoidance of doubt, the injunctions set forth in paragraph 21 of this Order are not intended to stay any action against third parties not insured or indemnified by CastlePoint, provided that the parties in such action shall not pursue, directly or indirectly, recovery on any resulting judgment from CastlePoint, its assets, or the Liquidator, nor shall such resulting judgment be afforded any evidentiary or preclusive effect on any proof of claim submitted pursuant to this Order;

22. Except upon further order of the Court issued after a hearing in which the Liquidator has received reasonable notice, all persons are enjoined from obtaining or attempting to attain preferences, judgments, foreclosures, attachments or other liens of any kind or nature, or making any levy, against CastlePoint, its assets or property, or the Liquidator, and from executing or issuing or causing the execution or issuance of any court attachment, subpoena, replevin,

1 execution or other process for the purpose of impounding or taking possession of or interfering
2 with or creating or enforcing a lien upon any property or assets owned or in the possession of
3 CastlePoint or the Liquidator, wheresoever situated, and from doing any act interfering with the
4 conduct of said business by the Liquidator;

5 23. Except upon further order of the Court issued after a hearing in which the
6 Liquidator has received reasonable notice, all persons are enjoined from accelerating the due date
7 of any obligation or claimed obligation; exercising any right of set-off; taking, retaining, retaking
8 or attempting to retake possession of any real or personal property; withholding or diverting any
9 rent or other obligation; doing any act or other thing whatsoever to interfere with the possession
10 of or management by the Liquidator of the property and assets, owned or controlled by
11 CastlePoint or in the possession of CastlePoint or in any way interfering with the Liquidator or
12 interfering in any manner during the pendency of this proceeding with the exclusive jurisdiction
13 of this Court over CastlePoint and its assets;

14 24. All persons are enjoined from the sale or deed for nonpayment of taxes or
15 assessments levied by any taxing agency of property and/or assets of CastlePoint;

16 25. All persons are enjoined from the waste of the assets of CastlePoint;

17 26. CastlePoint and its officers, directors, agents and employees are ordered to
18 immediately make available to the Liquidator all assets, books, accounts, records, information,
19 computers, tapes, discs, writings, other recordings of information, equipment and other property
20 of CastlePoint, wherever situated, in their custody or control. They are directed to disclose to the
21 Liquidator, on his request, the exact whereabouts of the foregoing items if such items are not in
22 their possession, custody or control;

23 27. CastlePoint and its officers, directors, trustees, employees or agents, and any other
24 person, firm, association, partnership, corporate parent, holding company, affiliate or other entity
25 in charge of any aspect of CastlePoint's affairs, either in whole or in part (including but not
26 limited to banks, savings and loan associations, financial or lending institutions, brokers, stock or
27 mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any
28

1 other representative acting in concert with CastlePoint) are ordered to cooperate with the
2 Liquidator in the performance of his duties;

3 28. All persons who maintain records, books, assets, accounts, tax returns,
4 information, computers, tapes, discs, writings, other recordings of information, equipment and
5 other property of CastlePoint, wheresoever located, pursuant to written contract or any other
6 agreement, are ordered to maintain such records and to deliver to the Liquidator such records
7 upon his request;

8 29. The Court hereby stays any and all provisions of any agreement entered into by
9 and between any third party and CastlePoint, that provide, in any manner, that selection,
10 appointment or retention of a conservator, receiver or trustee, or entry of an order such as hereby
11 made, shall be deemed to be, or otherwise operate as, a breach, violation, event of default,
12 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation.
13 The assertion of any and all rights and remedies relating thereto are also stayed and barred, except
14 as otherwise ordered by this Court. This Court shall have and retain exclusive jurisdiction over
15 any cause of action that has arisen or may otherwise arise under any such a provision;

16 30. Unless expressly superseded or amended under this Order, all restraining orders
17 and injunctions set forth in the Court's July 28, 2016, *Order Appointing Insurance Commissioner*
18 *as Conservator and Restraining Orders* shall remain in full force and effect.

19 **Creditors and Setting of Claims Bar Date**

20 31. The rights and liabilities of claimants, policyholders, shareholders, members and
21 all other persons interested in the assets of CastlePoint are fixed as of the effective date of entry
22 of this Liquidation Order;

23 32. Any and all claims against CastlePoint (except those policyholder claims already
24 pending against CastlePoint, which are hereby deemed filed with the Liquidator, who shall
25 maintain a list of such claims), including without limitation those claims which in any way affect
26 or seek to affect any of the assets of CastlePoint, wherever or however such assets may be owned
27 or held, must be filed with the Liquidator no later than December 31, 2017 (the "**Claims Bar**
28 **Date**") in accordance with the provisions of Insurance Code sections 1010 *et seq.*, (including

1 without limitation Insurance Code section 1023). The claim must be timely filed on the form
2 provided by the Liquidator, together with proper proofs thereof, and must be supplemented with
3 such further information as the Liquidator requests, in accordance with Insurance Code section
4 1023(f). **As provided in Insurance Code section 1024, any claims not filed by the Claims Bar**
5 **Date shall be conclusively deemed forever waived and no action may be maintained**
6 **thereon;**

7 33. The Conservation Order shall remain in full force and effect through and including
8 March 31, 2017, and the provisions of this Liquidation Order shall become effective on and as of
9 April 1, 2017. This Liquidation Order is deemed final as of April 1, 2017.

10 MAR 30 2017

11 Dated: _____

HAROLD KAHN

HONORABLE HAROLD E. KAHN
JUDGE OF THE SUPERIOR COURT

EXHIBIT C

RECEIVED NYSCEF: 04/05/2017

Conservation & Liquidation Office

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