

EX PARTE MOTION OFFICE

APPROVED
FOR THE PAYMENT
OF MOTION FEE
ONLY

At IAS Part 57 of the Supreme Court
of the State of New York, County of
New York, at the Courthouse, 111
Centre Street, in the County, City
and State of New York, on the 5th
day of October, 2016

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

In the Matter of

the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY.

FILED
OCT 03 2016
NEW YORK
COUNTY CLERK'S OFFICE

Index No.: 400236/10
(Schechter, J.)

ORDER TO SHOW CAUSE

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OTHER

Upon the October 3, 2016, affirmation of Lauren M. Reber (the "Reber Aff"), an attorney with the New York Liquidation Bureau (the "NYLB"), the organization that carries out the duties of Maria T. Vullo, Superintendent of Financial Services of the State of New York as liquidator (the "Liquidator") of Colonial Cooperative Insurance Company ("CCIC"), and exhibits attached thereto;

NOW, on motion of the Liquidator, and after due deliberation having been had thereon:

LET all claimants and parties interested in the affairs of CCIC appear and show cause before this Court at IAS Part 57, Room 623, thereof, at the Courthouse located at 111 Centre Street in the County, City and State of New York, on the 7th day of December 2016 (the "Return Date") at 12:00 o'clock p.m., or as soon thereafter as counsel can be heard, why an order should not be made, pursuant to Article 74 of the New York Insurance Law, *inter alia*:
(i) approving the Liquidator's recommendation to allow the claim of the New York Property/Casualty Insurance Security Fund (the "P/C Fund") for expenses and losses it incurred

NO FEE

and paid from April 1, 2016 to June 30, 2016 in the amount of \$7,109 (the "Remaining Portion of the P/C Fund Claim"); and upon this Court's approval, the Remaining Portion of the P/C Fund Claim becoming an allowed claim; (ii) approving the Liquidator's report on the status of the CCIC liquidation proceeding (the "Liquidation Proceeding") and the financial transactions delineated in such report; (iii) authorizing the payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; (iv) terminating and closing the Liquidation Proceeding; (v) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; (vi) authorizing the NYLB to continue, after the termination of the Liquidation Proceeding, to receive and disburse assets to those creditors of CCIC with allowed Class two claims who are eligible to share in a *pro-rata* distribution, and to pay any and all administrative expenses incurred in connection with the collection and disbursement of any such assets; and (vii) granting the Liquidator such other and further relief as this Court deems appropriate and just.

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

ORDERED, that the Liquidator shall give notice of this application by: (i) posting this Order to Show Cause and its supporting papers on the Internet web page maintained by the NYLB at <http://www.nylb.org> at least ten (10) days before the Return Date; and (ii) publishing the notice substantially in the form attached as Exhibit 1 to the Reber Aff in *Insurance Advocate*, or a publication of similar circulation, such publication to occur in two consecutive publications commencing within the thirty (30) days following the date of this Order to Show Cause; and it is further

ORDERED, that answering papers, either in support of or opposition to the relief sought herein (the "Answering Papers"), shall be served on the Liquidator at the following address:

Superintendent of Financial Services of the State of New York
as Liquidator of Colonial Cooperative Insurance Company
110 William Street, 15th Floor
New York, New York 10038
Attention: General Counsel

at least seven (7) days before the Return Date, and the original Answering Papers, together with

an affidavit of service, shall be filed with the Court on or before the Return Date.

NYILB to submit an affidavit/affirmations(s) of compliance with this Order, which will be filed with the Court, on or before the return date as well.

ENTER:

J.A.C.

HON. JENNIFER G. SCHECTER
J.S.C.

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

-----X
In the Matter of

the Liquidation of

Index No.: 400236/10

AFFIRMATION

COLONIAL COOPERATIVE INSURANCE COMPANY.
-----X

Lauren M. Reber, an attorney at law duly admitted to practice before the Courts of the State of New York, hereby affirms the following to be true under penalties of perjury:

1. I am an attorney with the New York Liquidation Bureau (the "NYLB"), the organization that carries out the duties of Maria T. Vullo, Superintendent of Financial Services of the State of New York in her capacity as liquidator (the "Liquidator") of Colonial Cooperative Insurance Company ("CCIC"), and submit this affirmation upon information and belief, the sources of which are the CCIC files maintained by the NYLB, in support of the Liquidator's motion to approve (a) the Liquidator's recommendation to allow that portion of the claim of the New York Property/Casualty Insurance Security Fund (the "P/C Fund") that has not yet been allowed, which is \$7,109 for both expenses and losses the P/C Fund incurred and paid from April 1, 2016 to June 30, 2016 (the "Remaining Portion of the P/C Fund Claim") and upon this Court's approval, the Remaining Portion of the P/C Fund Claim becoming an allowed claim (b) approving the report on the status of and request to close the liquidation proceeding of CCIC (the "Closing Report"), annexed hereto as Exhibit 2, and (c) entering an order closing this liquidation proceeding.

Background

2. By order dated March 1, 2010, this Court placed CCIC into rehabilitation. By order dated October 4, 2010, this Court issued an order converting the rehabilitation proceeding

to a liquidation proceeding, and appointing the then-Superintendent of Insurance of the State of New York and his successors as Liquidator of CCIC thereby commencing this liquidation proceeding (the "Liquidation Proceeding"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Liquidator of CCIC.

3. As further detailed in the Closing Report, all claims have been resolved with the exception of the Remaining Portion of the P/C Fund Claim. Therefore, this application seeks to have the Court allow the Remaining Portion of the P/C Fund Claim and upon allowance of the Remaining Portion of the P/C Fund Claim, to approve the closing report and the financial transactions detailed therein and enter an order closing the Liquidation Proceeding.

The Remaining Portion of the P/C Fund Claim Should Be Allowed

4. The P/C Fund, like the other security funds in New York¹, is a reserve of money provided by insurers operating in New York, which pay certain covered claims up to the lesser of the policy limit or a statutory maximum. The purpose of the P/C Fund is to ameliorate the effects of insolvency by making payments to claimants of the insolvent insurer, in this case CCIC, whose claims are eligible for P/C Fund coverage. *In re Reliance*, 35 A.D.3d 191 (1st Dept. 2006).

5. The P/C Fund made payments to eligible CCIC insureds on policies insuring property or risks located in the State of New York or policies issued in the State of New York to New York residents insuring property or risks located outside the State of New York. The P/C Fund, having paid claims owed by CCIC, asserts a claim against CCIC for the amount of such payments plus costs and expenses. *See* N.Y. Ins. L. §7609(a). The claim of the P/C Fund is

¹ New York maintains two other security funds: the New York Public Motor Vehicle Liability Security Fund and the Workers' Compensation Security Fund; however only the P/C Fund was triggered by CCIC's insolvency.

accorded the same level of priority in the distribution of estate assets as claims under policies, that is, Class two priority. *See* N.Y. Ins. L. §§7434(a)(1)(ii) and 7609.

6. This Court, under prior individual court orders, approved the P/C Fund's claim making it an allowed claim in the amount of \$24,340,352. However, the Remaining Portion of the P/C Fund Claim in the amount of \$7,109 for the period from April 1, 2016 to June 30, 2016 has not yet been approved by this Court. The Liquidator has reviewed the Remaining Portion of the P/C Fund Claim and recommends that it be allowed, making the total amount of the P/C Fund's claim \$24,347,461.

7. If this Court approves the Remaining Portion of the P/C Fund Claim, then all allowed claims in the proceeding would have been adjudicated and, respectfully the estate can be closed.

The Liquidation Proceeding Should Be Closed

8. The Closing Report (Exhibit 2) details the actions taken during the course of this Liquidation Proceeding. Central to liquidating an insolvent insurance company is the establishment of the universe of claims asserted against the estate, the adjudication of those claims, and the marshaling of assets of the estate to provide distributions within the priority of lien distribution scheme, Insurance Law §7434, to holders of allowed claim.

The Bar Date

9. On or about May 30, 2012, the Liquidator submitted an initial report and other papers (the "2012 Report"), which apprised this Court on the status of the Liquidation Proceeding and recommended, among other things, that this Court (a) authorize the Liquidator to distribute CCIC's assets, consistent with this Court's orders and the priorities of New York Insurance Law §7434, to those creditors of CCIC with allowed claims, to the extent that, in the

Liquidator's discretion, sufficient funds are available and (b) establish December 31, 2012, as the bar date for presentment to the Liquidator of all claims against CCIC or its insureds other than the Liquidator's claims for administrative costs and expenses.

10. By order entered September 19, 2012, this Court approved the 2012 Report and the relief sought therein and established March 1, 2013 as the bar date for presentment of all claims other than the Liquidator's claims for administrative costs and expenses (the "Bar Date"). The establishment of the Bar Date enabled the Liquidator to establish the universe of claims against the estate.

Distribution to Holders of Allowed Claims

11. During the course of the Liquidation Proceeding the Liquidator adjudicated claims and collected receivables and otherwise managed the affairs of the estate. Pursuant to this Court's September 19, 2012 order, the Liquidator has made two *pro-rata* distributions of CCIC's assets to its creditors with allowed Class two claims, and barred and discharged all claims reported to the Liquidator after the Bar Date.

12. In November 2015, the Liquidator, acting on authority granted by this Court, made a *pro-rata* distribution of \$5,701,937 from the assets of the CCIC estate to all Class two claimants, which amount equaled 32.71% of their respective allowed claims. In August 2016, the Liquidator made an additional *pro-rata* distribution of \$460,775 to the same Class two claimants, which amount equaled 1.87% of their respective claims. In total, the Liquidator distributed \$8,520,634 to the holders of allowed Class two claims representing 34.58% of their respective claims. Additionally, a 34.58% *pro-rata* distribution in the amount of \$2,458 will be made to the P/C Fund if the Liquidator's recommendation to allow the expenses in the amount of \$7,109.20, which were incurred and paid between April 1, 2016 and June 30, 2016, is approved

by this Court.. The financial position of CCIC is such that no distributions can be made to claimants holding claims below Class two priority.

The Liquidation Proceeding Is Ripe For Closure

13. As more thoroughly described in the Closing Report, the Liquidator has complied with the directives of this Court. The Liquidation Proceeding has, with respect, been completed and the Liquidator has fulfilled her obligations. Therefore, it is respectfully submitted that the Closing Report and the financial transactions delineated in such report should be approved, the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, should be discharged and the Liquidation Proceeding should be terminated and closed.

14. Additionally, it is respectfully submitted that the NYLB should be authorized, after the termination of the Liquidation Proceeding and without further application to this Court, to receive assets of CCIC and to use such assets, first, to pay any and all administrative expenses incurred in connection with the collection and disbursement of such additional assets, and then to distribute those assets to those creditors of CCIC with allowed Class two claims who are eligible to share in a *pro-rata* distribution.

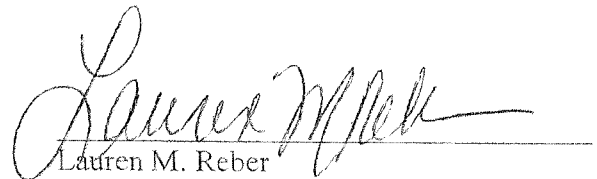
15. The Liquidator also requests that this Court issue the accompanying Order to Show Cause approving a return date for a hearing on the Liquidator's application to be held before this Court at least thirty (30) days after the date of issuance of the Order to Show Cause.

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

WHEREFORE, it is respectfully requested that this Court enter an Order: (i) approving the Liquidator's recommendation to allow the Remaining Portion of the P/C Fund Claim and, upon this Court's approval, the Remaining Portion of the P/C Fund Claim becoming an allowed

claim: (ii) approving the Closing Report and the financial transactions delineated in such report; (iii) authorizing the payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; (iv) terminating and closing the Liquidation Proceeding; (v) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; (vi) authorizing the NYLB to continue, after the termination of the Liquidation Proceeding, to receive and disburse assets to those creditors of CCIC with allowed Class two claims who are eligible to share in a *pro-rata* distribution, and to pay any and all administrative expenses incurred in connection with the collection and disbursement of any such assets; and (vii) granting the Liquidator such other and further relief as this Court deems appropriate and just.

Dated: New York, New York
October 3, 2016


Lauren M. Reber

**IN THE MATTER OF THE LIQUIDATION OF
COLONIAL COOPERATIVE INSURANCE COMPANY**

Supreme Court County of New York

Index No.: 400236/10

NOTICE

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on October 4, 2010, the then-Superintendent of Insurance of the State of New York and his successors in office were appointed as liquidator ("Liquidator") of Colonial Cooperative Insurance Company ("CCIC") and, as such, has been directed to take possession of CCIC's property and liquidate its business and affairs pursuant to Article 74 of the New York Insurance Law ("Insurance Law"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Liquidator of CCIC. The Liquidator has, pursuant to Insurance Law Article 74, appointed Gail Pierce-Siponen, Assistant Special Deputy Superintendent ("Assistant Special Deputy"), as her agent to liquidate the business of CCIC. The Assistant Special Deputy carries out his duties through the New York Liquidation Bureau ("NYLB"), 110 William Street, New York, New York 10038. The Liquidator has submitted a motion to the Court seeking an order: (i) approving the Liquidator's recommendation to allow the claim of the New York Property/Casualty Insurance Security Fund (the "P/C Fund") for expenses and losses it incurred and paid from April 1, 2016 to June 30, 2016 in the amount of \$7.109 (the "Remaining Portion of the P/C Fund Claim"); and upon the Court's approval, the Remaining Portion of the P/C Fund Claim becoming an allowed claim; (ii) approving the Liquidator's report on the status of the CCIC liquidation proceeding (the "Liquidation Proceeding") and the financial transactions delineated in such report; (iii) authorizing the payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; (iv) terminating and closing the Liquidation Proceeding; (v) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; (vi) authorizing the NYLB to continue, after the termination of the Liquidation Proceeding, to receive and disburse assets to those creditors of CCIC with allowed Class two claims who are eligible to share in a *pro-rata* distribution, and to pay any and all administrative expenses incurred in connection with the collection and disbursement of any such assets; and (vii) granting the Liquidator such other and further relief as this Court deems appropriate and just.

The Return Date on the Liquidator's motion is the ____ day of _____, 201__, at ____:_____.m., before the Court at the Courthouse, 111 Centre Street, New York, New York, Room 623. If you wish to object to the Liquidator's application, you must serve by first class mail a written statement setting forth your objections and all supporting documentation upon the Liquidator at the following address:

Superintendent of Financial Services of the State of New York as
Liquidator of Colonial Cooperative Insurance Company
110 William Street, 15th Floor
New York, New York 10038
Attention: General Counsel

The application, including the Closing Report, is available for inspection at <http://www.nylb.org> and at the above address. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the NYLB, Creditor and Ancillary Operations Division, at (212) 341-6241.

Dated: [Insert Date]

MARIA T. VULLO
Superintendent of Financial Services of the
State of New York as Liquidator of
Colonial Cooperative Insurance Company

**FINAL REPORT ON THE STATUS OF AND REQUEST TO CLOSE THE
LIQUIDATION PROCEEDING OF COLONIAL COOPERATIVE INSURANCE
COMPANY**

Maria T. Vullo, Superintendent of Financial Services of the State of New York as court-appointed liquidator (the "Liquidator") of Colonial Cooperative Insurance Company has appointed certain agents, to carry out, through the New York Liquidation Bureau (the "NYLB"), the responsibilities of the Liquidator. The Liquidator, by Gail Pierce-Siponen, Assistant Special Deputy Superintendent and Agent, hereby submits this report on the status of and request to close the Colonial Cooperative Insurance Company liquidation proceeding (the "Liquidation Proceeding") and respectfully requests that the Court grant the relief sought in the accompanying application and close this Liquidation Proceeding.

Introduction

Colonial Cooperative Insurance Company was licensed under the laws of the State of New York on May 14, 1896, as the Olive Co-operative Fire Insurance Association ("Olive Co-operative") for the purpose of transacting business as a cooperative fire insurance corporation. In 1957, Olive Co-operative was authorized to issue non-assessable policies. In 1964, Olive Co-operative changed its name to Colonial Cooperative Insurance Company ("CCIC"). CCIC was licensed to transact the kinds of insurance set forth in paragraphs 4 (Fire), 5 (Miscellaneous Property Damage), 6 (Water Damage), 7 (Burglary and Theft), 8 (Glass), 12 (Collision), 13 (Personal Injury Liability), 14 (Property Damage Liability), 19 (Motor Vehicle and Aircraft Physical Damage), and 20 (Marine and Inland Marine) of §1113(a) of the New York Insurance Law ("Insurance Law"). CCIC was also licensed to accept and cede reinsurance as provided for in Insurance Law §6606.

Supreme Court, New York County, Index Number 400236/10, (the “Court”) entered a March 1, 2010 order appointing the then-Superintendent of Insurance of the State of New York and his successors in office as rehabilitator (the “Rehabilitator”) of CCIC. The Rehabilitator reviewed CCIC’s policy-related liabilities, including the reserves of open claims related to actions brought by third parties against CCIC’s insureds, open claim reserves for accuracy, and CCIC’s 2009 financial statements (“2009 Annual Statement”) to assess CCIC’s financial condition. The Rehabilitator determined that CCIC was insolvent, as of December 31, 2009, in the amount of \$325,009, and that further efforts to rehabilitate CCIC would be futile. As a result, the Rehabilitator, in accordance with Insurance Law §7403(c), made a motion to convert CCIC’s rehabilitation proceeding to a liquidation. The Court granted the Rehabilitator’s motion and entered an order (the “Liquidation Order”) on October 4, 2010 (“Liquidation Order Date”), finding CCIC insolvent, placing CCIC into liquidation and appointing the then-Superintendent and his successors-in-office as Liquidator of CCIC. The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Liquidator of CCIC.

The Liquidation Order charged the Liquidator with, among other things, identifying CCIC’s policyholders and claimants, providing distributions to holders of allowed claims as adjudicated by the Liquidator and to otherwise liquidate CCIC in accordance with the broad powers granted to the Liquidator under Article 74 of the Insurance Law.

The Liquidator has fully discharged her duties under the Liquidation Order and submits this report (the “Closing Report”) to apprise the Court on the status of the Liquidation Proceeding and to respectfully request that the Court: (i) approve the Liquidator’s recommendation to allow the claim of the New York Property/Casualty Insurance Security Fund

(the “P/C Fund”) for expenses and losses it incurred and paid from April 1, 2016 to June 30, 2016 in the amount of \$7.109 (the “Remaining Portion of the P/C Fund Claim”); and upon this Court’s approval, the Remaining Portion of the P/C Fund Claim becoming an allowed claim; (ii) approve the Closing Report and the financial transactions delineated herein; (iii) authorize the payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding; (iv) terminate and close the Liquidation Proceeding; (v) release and discharge the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding; (vi) authorize the NYLB to continue, after the termination of the Liquidation Proceeding, to receive and disburse assets to those creditors of CCIC with allowed Class two claims who are eligible to share in a *pro-rata* distribution, and to pay any and all administrative expenses incurred in connection with the collection and disbursement of any such assets; and (vii) grant the Liquidator such other and further relief as the Court deems appropriate and just.

The Liquidator’s Adjudication Procedure

The Liquidator is responsible for adjudicating¹ all claims presented to CCIC in accordance with the priority of distribution of assets set forth in Insurance Law §7434. In order to effectuate this process, the Liquidator sought an order establishing an adjudication procedure. This Court granted that application on October 3, 2011, and entered an order establishing a Procedure for the Liquidator’s Adjudication of Claims (the “Adjudication Procedure”). Under the Adjudication Procedure, claimants could object to the Liquidator’s determination of insurance coverage or the Liquidator’s classification of their claim, or object to the Liquidator’s

¹ A claim is “adjudicated” when it is determined to be either “allowed” or “disallowed.” See N.Y. Ins. L. §§7432-7433. An “allowed” claim has been approved by the Superintendent or, if the claim is in excess of \$25,000, approved by the court supervising the Liquidation Proceeding. N.Y. Ins. L. §7602(g). A “disallowed” claim is a claim that has been denied and the claimant will not share in any distribution of the estate’s assets.

recommendations of allowance or disallowance of their claim. Objections were referred to the court-appointed referee, charged with hearing objections and making a recommendation to the Court. The referee's recommendation was then, on motion, confirmed or denied by the Court. Copies of the orders approving the Adjudication Procedure and appointing a referee are annexed hereto, collectively, as Exhibit A.

The Classification of Claims

One of the Liquidator's duties in adjudicating claims is to classify the claims within the priority of lien scheme set forth in Insurance Law §7434. Insurance Law §7434 sets forth a claims classification procedure. The classes of claims, as provided are as follows:

- (i) Class one. Claims with respect to the actual and necessary expenses of administration incurred by a liquidator or rehabilitator.
- (ii) Class two. All claims under policies, including claims of federal, state or local government for losses incurred, third party claims, claims for unearned premiums, and all claims of security funds or guaranty associations, but excluding claims under reinsurance contracts.
- (iii) Class three. Claims of the federal government, except those under Class two.
- (iv) Class four. Claims for wages owing to employees of an insurer against whom an Article 74 proceeding is commenced and claims for unemployment insurance contributions required by Article 18 of the New York Labor Law.
- (v) Class five. Claims of state and local governments, except those under Class two.
- (vi) Class six. Claims of general creditors, including but not limited to claims arising under reinsurance contracts.
- (vii) Class seven. Claims filed late or any other claims other than claims stated in Class eight or Class nine below.

(viii) Class eight. Claims for advanced or borrowed funds made pursuant to Insurance Law Section 1307.

Class nine. Claims of shareholders or other owners in their capacity as shareholders

Section 7434(a)(1) provides in pertinent part;

[u]pon the recommendation of the Superintendent, and under the direction of the court, distribution payments shall be made in a manner that will assure the proper recognition of priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims. The priority of distribution of claims from an insolvent property/casualty insurer in any [Article 74] proceeding ... shall be in accordance with the order in which each class of claims is set forth in [Insurance Law §7434] ... No claim by a shareholder, policyholder or other creditor shall be permitted to circumvent the priority classes through the use of equitable remedies.

Distributions are made first to holders of allowed Class one claims and, if fully paid, distributions are made to holders of allowed Class two claims. As more thoroughly detailed below, the CCIC estate will be able to pay all allowed Class one claims in full and make a partial distribution to the holders of allowed Class two claims. There are insufficient assets to pay any claimant holding Class three through nine claims.

The Initial Report and Bar Date

On or about June 12, 2012, the Liquidator made a motion to approve an initial report (the "Initial Report"). The Initial Report apprised the Court on the status of the Liquidation Proceeding and requested that the Court enter an order: (a) authorizing the Liquidator to distribute CCIC's assets, consistent with the Court's orders and the priorities of Insurance Law §7434, to those creditors of CCIC with allowed claims, to the extent that, in the Liquidator's discretion, sufficient funds were available and (b) establishing December 31, 2012, as the bar date for the presentment to the Liquidator of all claims other than the Liquidator's claims for

administrative costs and expenses and ordering that any claims submitted after December 31, 2012 not be accepted by the Liquidator.

By order entered September 19, 2012, this Court approved the Initial Report and the Liquidator's recommendations contained therein (the "Order Confirming the Initial Report"); and the Court set March 1, 2013 (the "Bar Date") as the date for the presentment of all claims to the Liquidator other than the Liquidator's claims for administrative costs and expenses. Copies of the Initial Report and Order Confirming the Initial Report are annexed hereto, collectively, as Exhibit B.

The approval of the Adjudication Procedure and establishment of the Bar Date enabled the Liquidator to establish the universe of claims asserted against the estate and resolve all claims against the CCIC estate. The only outstanding claim is the final allowance of the Remaining Portion of the P/C Fund Claim and, in this application, the Liquidator requests that such claim be allowed.

The Claims Asserted Against the CCIC Estate

At the start of the Liquidation Proceeding, the Liquidator's due diligence showed that there were 55 potential claims on the books and records of the estate. The Liquidator determined that all of the potential claims were adequately supported by documentary or other evidence and became actual claims against the CCIC estate. Of the total potential claims, 17 were adjudicated by the Liquidator during the Liquidation Proceeding and 38 claims remain open and unadjudicated.

The 17 adjudicated claims are as follows: the aggregate allowed Class two claim of the P/C Fund²; the one allowed Class two non-fund covered policy-related claim; ten (10) claims

² For a detailed discussion of the P/C Fund's claim, see pages 7-9, *infra*.

disallowed using the Adjudication Procedure: and five (5) claims voided by the Liquidator as duplicate filings.

Because CCIC has insufficient assets to pay Class two claims in full, no distribution will be made to the 38 creditors with open and unadjudicated claims classed lower than Class two. *See* N.Y. Ins. L. §7434. In order to avoid unnecessary costs to the estate, the Liquidator, in accordance with authority granted by this Court and the priorities set for in Insurance Law Section 7434, has determined that classes of claims below Class two need not be adjudicated because there was no possibility that distributions could be made to claimants below Class two.

Because all Class two claims have been adjudicated the Liquidation Proceeding is now complete and may be terminated.

The Payments by the P/C Fund and the P/C Fund's Claim

One of the most important duties performed by the Liquidator is to refer CCIC claims eligible for coverage by the P/C Fund to the P/C Fund for payment. The P/C Fund is a pool of money funded by insolvent insurers admitted in the State of New York. The Superintendent is the administrator of the P/C Fund. The P/C Fund pays claims (up to the lesser of the policy limit or a statutory maximum) on policies insuring property or risks located in the State of New York or policies issued in the State of New York to New York residents insuring property or risks located outside the State of New York.

Generally, the P/C Fund pays the full amount of the allowed claim to the policyholder and ultimately receives from the insolvent estate a portion of the monies it paid on P/C Fund Covered Claims. In this Liquidation Proceeding, 403 claims were referred to and paid by the P/C Fund. By paying these hundreds of P/C Fund covered claims, in full, and receiving a portion

of its claim from the insolvent estate, the P/C Fund fulfills its statutory purpose of ameliorating the impact of an insurers' insolvency. *In re Reliance*, 35 A.D.3d 191 (1st Dept. 2006).

Having fully paid all CCIC policyholder claims, the P/C Fund is entitled to assert a claim for the amounts it paid and expenses incurred. *See* N.Y. Ins. L. §7609(a). The claim of the P/C Fund is a Class two claim. *See* N.Y. Ins. L. §7434(a)(2)(ii)(a)³

Financial Condition of CCIC

The Liquidator completed all activities related to the Liquidation Proceeding by August 31, 2016 (the "Closing Date"), and therefore selected that date for closing CCIC's books. CCIC's comparative balance sheet as of the Liquidation Order Date and the Closing Date and the statement of changes in cash and invested assets for the period between the Liquidation Order Date and the Closing Date (collectively, the "Financial Statements") are annexed hereto as Exhibit C. The Financial Statement provides a breakdown as to the sources and amounts of receipts and disbursements during the Liquidation Proceeding. The following is a summary of that information.

A. As of the Liquidation Order Date

The Liquidator conducted a review of CCIC's financial position as of the Liquidation Order Date and found that CCIC had assets totaling \$16,101,127 and liabilities totaling \$20,941,119, making it insolvent in the amount of \$4,839,992.

³ As discussed in more detail in the accompanying affirmation, this Court has approved numerous recommendations to allow P/C Fund claims; however the \$7109, representing the P/C Fund's claim from April 1, 2016 through June 30, 2016 has not yet been approved by this Court. The Remaining Portion of the P/C Fund Claim is the only remaining claim in the estate. Accordingly, the Liquidator has made an application to approve the Remaining Portion of the P/C Fund Claim and, upon the approval of such claim, approving this Closing Report and the financial transactions detailed herein enabling the Court to enter an order closing this proceeding.

1. Assets

As of the Liquidation Order Date, CCIC's records reflect that it had assets in the amount of \$16,101,127. CCIC had total cash and invested assets in the amount of \$845,038; accrued investment income in the amount of \$1,132; and \$994,790 in miscellaneous assets. Additionally, CCIC was carrying reinsurance recoverables on paid losses and paid loss adjustment expenses ("LAE") in the amount of \$2,550,421; and unpaid losses and unpaid LAE in the amount of \$11,709,746.

2. Liabilities

As of the Liquidation Order Date, CCIC's records reflect total liabilities in the amount of \$20,941,119, which consisted of \$7,829 for secured claims, which funds were remitted by reinsurers; \$3,781,857 for the Liquidator's operating and administrative expenses; \$6,786,355 as gross liability for non-allowed Class two loss claim reserves; \$7,703,300 for incurred but not reported claims for loss and LAE; \$972,383 for non-allowed Class six general unsecured creditor claims (other than reinsurance related); \$1,419,195 for Class six reinsurance related unsecured claims; and \$270,200 for non-allowed Class seven shareholder liabilities.

B. As of the Closing Date

As of the Closing Date, CCIC had total assets of \$2,458 and total liabilities of \$17,625,875, leaving CCIC insolvent in the amount of \$17,623,417.

(a) Allowed Class Two Claims

As of the Closing Date, CCIC's Class two liabilities totaled \$16,127,427, which consists of: (i) \$15,931,167 for the claim of the P/C Fund that covers loss, unearned premium

and LAE; and (ii) \$196,260 for the one non-fund covered policy-related claim⁴. The Liquidator's due diligence and marshaling of assets has resulted in the CCIC estate having sufficient assets to pay, at least in part, all Class two claims.

(b) All Other Classes of Claims

Additionally, CCIC's records reflect the following non-allowed claims: Class five state and local government claims in the amount of \$50; Class six non-reinsurance related creditor claims in the amount of \$414,916; Class six reinsurance claims in the amount of \$8,107; and Class eight claims of shareholders in the amount of \$1,075,375. The financial condition of the CCIC estate will not permit any distributions to claims below Class two priority. For a more thorough detailing of the financial conditions summarized herein please see CCIC's Financial Statements annexed hereto as Exhibit C.

1. Collection of Assets

(a) Cash Receipts

As of the Closing Date, the Liquidator collected assets in the amount of \$9,236,173, consisting of \$8,989,351 in reinsurance recoveries; \$1,626 in premiums; \$56,365 in salvage and subrogation recoveries; and \$181,930 in other miscellaneous receipts. The Liquidator invested CCIC's assets in cash and U.S. government bonds and agency securities, earning investment income in the amount of \$6,901.

2. Disbursement of Assets

From the Liquidation Order Date through the Closing Date, the Liquidator has incurred and paid expenses in the amount of \$1,558,119, which include: \$75,000 for the rehabilitation expenses for losses paid; \$63,186 for LAE; \$7,220 for salvage and subrogation collection fees;

⁴ A non-fund covered policy-related claim is either a policy claim for a type of business not covered by the P/C Fund or is a claim for the excess of a claim over the statutory limit of the P/C Fund.

\$855,912 for the salaries of the Liquidator's staff, \$269,542 for employee relations and welfare (e.g., payroll taxes, health insurance and pension contributions); \$46,445 for rent and related expenses; \$163,330 for professional fees (e.g., accountants, legal and other consultants); \$21,143 for general and administrative expenses (e.g., IT services and office supplies); and \$56,341 for miscellaneous expenses (e.g., insurance, bank fees and closing costs).

3. Distribution of Assets

During the course of the Liquidation Proceeding and with this Court's approval, the Liquidator has distributed CCIC's assets to its Class one (liquidator's expenses) and Class two (policyholders and security fund) claimants. Distributions consist of the cash payments from estate assets. In accordance with Insurance Law §7434, the Liquidator's Class one claim was paid in full. Because the estate's assets were insufficient to pay claimants below Class one in full, the Liquidator made two *pro-rata* distributions to CCIC's Class two claimants, which in this instance consists of the P/C Fund and the one claimant with a non-fund covered policy-related claim.

In November 2015, the Liquidator, acting on authority granted by this Court, made a *pro-rata* distribution of \$5,701,937 from the assets of the CCIC estate to all Class two claimants, which amount equaled 32.71% of their respective allowed claims. In August 2016, the Liquidator made an additional *pro-rata* distribution of \$ 460,775 to the same Class two claimants, which amount equaled 1.87% of their respective claims. In total, the Liquidator distributed \$8,520,634 to the holders of allowed Class two claims representing 34.58% of their respective claims. Additionally, a 34.58% *pro-rata* distribution in the amount of \$2,458 will be made to the P/C Fund if the Liquidator's recommendation to allow the expenses in the amount of

\$7,109.20, which were incurred and paid between April 1, 2016 and June 30, 2016, is approved by this Court.


Relief Sought

The Liquidator submits this Closing Report in order to inform the Court of the status of the Liquidation Proceeding, the actions taken within the Liquidation Proceeding, and to advise the Court that the Liquidator believes that the affairs of the CCIC estate permit administrative expenses to be paid and, further, that the Liquidation Proceeding be terminated and closed. As such, the Liquidator is applying, at this time, for an order approving the Closing Report and closing the Liquidation Proceeding. The relief sought would also authorize the NYLB, without further application to the Court, to continue to receive assets of CCIC, and to use such assets, first, to pay any and all administrative expenses incurred in connection with the collection and disbursement of any such additional assets, and then to distribute them to those creditors of CCIC with allowed Class two claims who are eligible to share in a *pro-rata* distribution. As such, the Liquidator respectfully requests that this Court issue an order:

1. approving the Liquidator's recommendation to allow the Remaining Portion of the P/C Fund Claim; and upon this Court's approval the Remaining Portion of the P/C Fund Claim becoming an allowed claim;
2. approving this Closing Report and the financial transactions delineated herein;
3. authorizing the payment of administrative expenses, including such expenses for the closing of the Liquidation Proceeding;
4. terminating and closing the Liquidation Proceeding;
5. releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Liquidation Proceeding;

6. authorizing the NYLB to continue, after the termination of the Liquidation Proceeding, to receive and disburse assets to those creditors of CCIC with allowed Class two claims who are eligible to share in a *pro-rata* distribution, and to pay any and all administrative expenses incurred in connection with the collection and disbursement of any such assets; and
7. granting the Liquidator such other and further relief as this Court deems appropriate and just.

Dated: New York, New York
October 3, 2016



Gail Pierce-Siponen
Assistant Special Deputy Superintendent and
Agent of Maria T. Vullo, Superintendent of
Financial Services of the State of New
York as Liquidator of Colonial Cooperative
Insurance Company

L18721/MAP

Exhibit A – Procedure for the Adjudication of Claims and appointing a referee
Exhibit B Initial Report and Order Confirming the Initial Report
Exhibit C – Schedule of Allowance
Exhibit D - Financial Statements

At IAS Part 10 of the Supreme Court of the State of New York, County of New York, at the courthouse, 60 Centre Street, in County, City and State of New York, on the 27 day of September, 2011.

SEP 2011

P R E S E N T :

HON. JUDITH J. GISCHE, J.S.C.
-----X

In the Matter of

the Liquidation of

COLONIAL COOPERATIVE
INSURANCE COMPANY.
-----X

Index No. 400236/10

**ORDER APPROVING
THE PROCEDURE FOR
THE ADJUDICATION OF CLAIMS**

RECEIVED

SEP 06 2011

PART 10

Mary Jo Marchisello, First Assistant Special Deputy Superintendent and Agent of James J. Wynn, Superintendent of Insurance of the State of New York as liquidator ("Liquidator") of Colonial Cooperative Insurance Company ("CCIC"), having moved this Court by verified petition dated August 29, 2011 ("Verified Petition"), for an order approving a procedure ("Procedure") for judicial review of the Liquidator's adjudication of claims, and it appearing from the Verified Petition that the Procedure will best serve the interests of CCIC, its creditors, all other interested persons and that it should be approved and implemented;

NOW, based on the application of the Liquidator, it is hereby ordered that:

1. The Procedure is approved;

2. The Procedure is required for the orderly administration of the CCIC estate.

Procedure will enable the Liquidator of CCIC to dispose of claims on an ongoing basis while offering due process to all claimants who object to his recommendations; and

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3. The Procedure is as follows:

- a) The Liquidator shall, consistent with New York Insurance Law ("Insurance Law") Section 7433(b)(2) prepare, on a periodic basis, a list of claims that have been examined in that period which sets forth the claimant's name, last known address, the claim number and the amount, if any, recommended for allowance ("List").
- b) The Liquidator shall serve each claimant with a Notice of Determination ("NOD") for each claim on the List. Service shall be made by first class mail to claimant's last known address.
- c) The NOD shall advise each claimant that:
 - (i) The Liquidator has examined the claim, the class within which the claim falls, and the amount, if any, which the Liquidator has recommended for allowance;
 - (ii) In the event that the amount recommended for allowance is zero, the Liquidator has recommended the claim for disallowance and the reason therefor;
 - (iii) No further action by the claimant is required if the claimant accepts the Liquidator's recommendation;
 - (iv) The claimant may object to the NOD by serving a written objection on the Liquidator prior to the last day for filing such objection, which is expressly set forth in the NOD and shall be at least sixty days after the date of mailing of the NOD;
 - (v) The Liquidator's recommendation will be presented to this Court for approval and the claimant's right to share in a distribution of assets, pursuant to Insurance Law Section 7434, will be fully and finally determined, unless the claimant objects as set forth herein;
 - (vi) In the event the claimant makes a timely objection, the Liquidator will contact the claimant to attempt to resolve the objection and, if resolved, will make an application to the Court, on notice, for an order approving his recommendation of the negotiated amount. If the objection cannot be resolved, then the Liquidator will contact the claimant and the court-appointed referee to initiate a pre-hearing conference;

- (vii) The court-appointed referee will hear and report on the validity of claimant's unresolved objection; and
- (viii) Either the claimant or the Liquidator may petition this Court on notice for an order confirming the referee's report.
- d) The Liquidator shall move, ex-parte, at least seventy-five days after the date of the NOD, for an order approving the Liquidator's recommendations for adjudication of all claims for which no objections are timely received.
- e) The Liquidator is authorized, in his sole discretion, to settle claims at any time during the adjudication process.

ENTER

SO ORDERED



JUDITH J. GISCHE, J.S.C.

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OCT - 3 2011

COUNTY CLERK'S OFFICE
NEW YORK

At IAS Part 10 of the Supreme Court of the State of New York, County of New York, at the courthouse, 60 Centre Street, in County, City and State of New York, on the 27 day of September, 2011.

SEP 27 2011

P R E S E N T :

HON. JUDITH J. GISCHE, J.S.C.

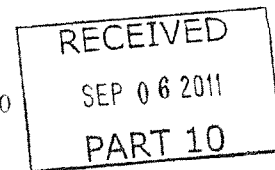
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In the Matter of

the Liquidation of

COLONIAL COOPERATIVE
INSURANCE COMPANY.
-----x

Index No. 400236/10

ORDER
APPOINTING REFEREE



Mary Jo Marchisello, First Assistant Special Deputy Superintendent and Agent of James J. Wrynn, Superintendent of Insurance of the State of New York as liquidator ("Liquidator") of Colonial Cooperative Insurance Company ("CCIC"), having moved this Court by verified petition dated August 29, 2011 ("Verified Petition"), for an order appointing a referee ("Referee") to hear and report on claimants' objections to the Liquidator's determination of their claims, and it appearing from the Verified Petition that the appointment of a Referee will best serve the interests of CCIC, its creditors, all other interested persons;

NOW, based on the application of the Liquidator, it is

ORDERED, that any and all disputed claims and objections filed by claimants in the liquidation proceeding of CCIC which have not been settled or compromised are referred to:

NAME: Francis L. Valente, Jr.

ADDRESS: 1212 Avenue of the Americas, Fl. 18
NYC NY 10036-1600

PHONE NO.: 212-687-4385

as Referee to hear and take evidence on the factual issues raised by said objections and report thereon with all convenient speed; and it is further

ORDERED, that the Referee shall be paid a fee based on an hourly rate of ~~\$225~~ ^(two hundred twenty five dollars) as an administrative expense of CCIC; and it is further

ORDERED, that the Referee appointed to hear and report on objections shall conduct those hearings at the place of business of the Liquidator of CCIC, namely 110 William Street, Borough of Manhattan, City, County and State of New York; and it is further

ORDERED, that the Liquidator will contact the objectants and the Referee to initiate a pre-hearing conference; and it is further


ORDERED, that the Referee shall take evidence and report to the Court as to the objections filed by the claimants and any and all defenses of the Liquidator against such objections, so that all claims directly against CCIC, in liquidation, may be adjudicated in the liquidation proceeding; and it is further

ORDERED, that whenever it shall appear to the Liquidator that disputed claims against which objections have been filed should be compromised, settled or adjusted, the Liquidator, on agreement with the claimants, may compromise, settle or adjust said claims without the necessity of any report whatsoever on the part of the Liquidator or the Referee.

SEP 27 2011

ENTER

SO ORDERED



JUDITH J. GISCHE, J.S.C.

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

-----X
In the Matter of

the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY.

-----X
TO THE SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK:

Index No. 400236/10

**VERIFIED PETITION
FOR AN ORDER
APPOINTING REFEREE**

Mary Jo Marchisello, First Assistant Special Deputy Superintendent and Agent of James J. Wynn, Superintendent of Insurance of the State of New York ("Superintendent") as liquidator ("Liquidator") of Colonial Cooperative Insurance Company ("CCIC"), respectfully alleges and sets forth the following upon information and belief:

1. I am a duly appointed agent of the Superintendent as Liquidator of CCIC.
2. On October 4, 2010, pursuant to an order of this Court, CCIC was placed into liquidation and the Superintendent, and his successors in office, was appointed Liquidator of CCIC.
3. The Liquidator respectfully petitions this Court for an order appointing a referee ("Referee") to hear and report on claimants' objections to the Liquidator's determination of their claims.
4. Pursuant to New York Insurance Law ("Insurance Law") Section 7432, any person who filed a timely claim or is deemed to have filed a timely claim in the liquidation proceeding, is entitled to have the Liquidator make a determination as to the validity of the claim. If that party objects to the Liquidator's determination, he can apply for relief in the liquidation proceeding.
5. For the purposes of providing a forum to hear claimants' objections to the Liquidator's determinations, the Liquidator requests the appointment of a Referee to hear and take evidence on issues raised by the determinations and objections, and to report thereon.

6. Petitioner requests that the Referee be paid an hourly rate of \$125 as an administrative expense of CCIC.

7. Petitioner further requests that the Referee be directed to conduct all hearings at the place of business of the Superintendent as Liquidator of CCIC, namely 110 William Street, Borough of Manhattan, City, County and State of New York.

8. The Liquidator will contact the objectants and the Referee to initiate a pre-conference hearing.

9. The Referee shall take evidence and report to this Court as to the objections filed by the claimants and any and all defenses of the Liquidator against such claimants, and that all disputed claims directly against CCIC may be adjudicated in the liquidation proceeding.

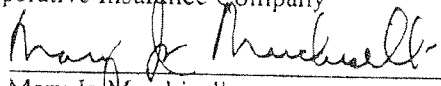
10. Whenever it shall appear to the Liquidator that disputed claims with respect to which objections have been filed should be compromised, settled or adjusted, the Liquidator, on agreement with the claimants, may compromise, settle or adjust said claims, without the necessity of any report whatsoever on the part of the Liquidator or the Referee.

11. No previous application for the relief herein requested has been made to this or any court.

WHEREFORE, petitioner respectfully requests the relief sought in the order attached hereto and such other and further relief as this Court deems appropriate.

Dated: New York, New York
August 29, 2011

James J. Wrynn
Superintendent of Insurance of the State of
New York, as Liquidator of Colonial
Cooperative Insurance Company

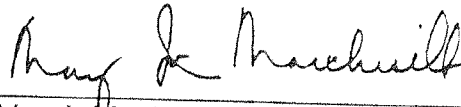
By: 
Mary Jo Marchisello
First Assistant Special Deputy Superintendent
and Agent of James J. Wrynn,
Superintendent of Insurance of the
State of New York as Liquidator of
Colonial Cooperative Insurance Company

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

Mary Jo Marchisello, being duly sworn, deposes and says:

That she has read the foregoing Verified Petition, and that the same is true to her knowledge except as to the matters therein stated to be alleged on information and belief, and as to those matters she believes to be true; that the reason this Verified Petition is verified by this deponent rather than by the Superintendent of Insurance is that deponent is the duly appointed First Assistant Special Deputy Superintendent and Agent of the Superintendent of Insurance as Liquidator of Colonial Cooperative Insurance Company and as such is acquainted with the facts alleged therein.

Deponent further says that the sources of her information and the grounds of her belief as to the matters to be alleged on information and belief are from or were derived from the records, books and papers of Colonial Cooperative Insurance Company in the possession of the Liquidator and communications made to deponent by employees of the Liquidator.



Mary Jo Marchisello
First Assistant Special Deputy Superintendent
and Agent of James J. Wrynn,
Superintendent of Insurance of the
State of New York as Liquidator of
Colonial Cooperative Insurance Company

Sworn to before me this
29th day of August, 2011


Notary Public

IRINA GASTON
Commissioner of Deeds
City of New York No. 2-12204
Certificate Filed in Richmond County
Commission Expires July 1, 2013

Index No. 400236

Year 2010

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

In the Matter of

the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY.

ORDER APPOINTING REFEREE AND VERIFIED PETITION

JOHN PEARSON KELLY

Attorney for Superintendent of Insurance as Liquidator

Office and Past Office Address, Telephone

New York Liquidation Bureau

110 William Street

New York, NY 10038


(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: August 27th, 2011
New York, New York.


Melvin Browning

☐ 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

20 at

Dated:

Yours, etc.

JOHN PEARSON KELLY

Attorney for Superintendent of Insurance as
Liquidator

Office and Past Office Address, Telephone

New York Liquidation Bureau

110 William Street

New York, NY 10038

(212) 341-6755

Fax (212) 608-3398

**REPORT ON THE STATUS OF THE LIQUIDATION OF
COLONIAL COOPERATIVE INSURANCE
AND REQUEST FOR AUTHORITY TO DISTRIBUTE ASSETS**

INTRODUCTION

Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York ("Superintendent") as liquidator ("Liquidator") of Colonial Cooperative Insurance Company ("CCIC") has appointed Jonathan L. Bing as Special Deputy Superintendent and agent of the Liquidator ("Special Deputy"), to carry out, through the New York Liquidation Bureau ("NYLB"), the responsibilities of the Liquidator. The Liquidator, by the Special Deputy, hereby submits the report ("Report") on the status of the CCIC liquidation proceeding ("Liquidation Proceeding").

This Court entered an order ("Liquidation Order") on October 4, 2010 ("Liquidation Order Date"), pursuant to which CCIC was adjudged to be insolvent and placed into liquidation. The Liquidation Order appointed the then-Superintendent of Insurance of the State of New York and his successors in office as Liquidator of CCIC. A copy of the Liquidation Order is attached hereto as Exhibit A. The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Liquidator of CCIC.

The Liquidation Order charged the Liquidator with, among other things, the responsibility for:

- a. Identifying CCIC's creditors, policyholders and claimants;
- b. Notifying CCIC's creditors, policyholders and claimants to present their claims;
- c. Marshalling CCIC's assets;
- d. Adjudicating the claims presented and establishing the total amount of CCIC's liabilities;
- e. Distributing CCIC's assets to creditors with allowed claims; and

- f. Otherwise liquidating CCIC's business pursuant to Article 74 of the New York Insurance Law ("Insurance Law").

The Liquidator has been discharging his responsibilities since the Liquidation Order Date. This Report sets forth a history of CCIC, a summary of the Liquidator's activities pursuant to the Liquidation Order and Insurance Law Article 74, the financial status of CCIC and the basis for the Liquidator's recommendations to: (i) approve this Report; (ii) establish December 31, 2012 as the bar date ("Bar Date") for presentment of all claims other than claims for administrative costs and expenses; (iii) authorize and direct the Liquidator to consider only those claims for actual losses arising under policies issued by CCIC that are presented to the Liquidator on or before the Bar Date; (iv) bar and discharge all claims for losses reported after the Bar Date; (v) authorize the continued payment of administrative costs and expenses; (vi) authorize the Liquidator to distribute CCIC's assets, consistent with this Court's orders and the priorities of Insurance Law Section 7434, to those creditors of CCIC with allowed claims, to the extent that, in the Liquidator's discretion, sufficient funds are available; (vii) extend judicial immunity to the Superintendent in his capacity as Liquidator of Colonial, his successors in office 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; and (viii) provide for such other and further relief as this Court may deem just and proper.

BACKGROUND

CCIC was licensed under the laws of the State of New York on May 14, 1896, as the Olive Co-operative Fire Insurance Association ("Olive Co-operative") for the purpose of transacting business as a cooperative fire insurance corporation. In 1957, Olive Co-operative was authorized to issue non-assessable policies. In 1964, Olive Co-operative changed its name

to CCIC Cooperative Insurance Company. CCIC was licensed to transact the kinds of insurance set forth in paragraphs 4 (Fire), 5 (Miscellaneous Property Damage), 6 (Water Damage), 7 (Burglary and Theft), 8 (Glass), 12 (Collision), 13 (Personal Injury Liability), 14 (Property Damage Liability), 19 (Motor Vehicle and Aircraft Physical Damage), and 20 (Marine and Inland Marine) of Section 1113(a) of the Insurance Law. CCIC was also licensed to accept and cede reinsurance as provided for in Insurance Law Section 6606.

Insurance Law Section 7402(o) provides that a domestic insurer may be placed into rehabilitation if a Mandatory Control Level Event occurs pursuant to Insurance Law Section 1324(g). Under Insurance Law Section 1324(g)(A), a Mandatory Control Event occurs when an insurer files a risk-based capital ("RBC") report indicating that the insurer's total adjusted capital is less than the mandatory control level of RBC set by Insurance Law Section 1324. A Mandatory Control Event, among other things, authorizes the Superintendent to take such actions as are necessary to cause the insurer to be placed into rehabilitation under Article 74 of the Insurance Law pursuant to Insurance Law Section 1324(g)(2)(A).

On March 2, 2009, CCIC filed its December 31, 2008 annual statement ("2008 Annual Statement") with the former New York State Department of Insurance ("Insurance Department"). The 2008 Annual Statement stated that CCIC had reported admitted assets in the amount of \$5,737,872, liabilities in the amount of \$4,818,899, surplus to policyholders in the amount of \$918,971 and an RBC ratio of 107 percent. As of May 31, 2009, CCIC's balance sheet ("May Balance Sheet") reported its surplus to policyholders in the amount of \$488,005, which represented a 47 percent decrease in CCIC's surplus during the first five months of 2009. Moreover, the May Balance Sheet reported that CCIC's projected RBC ratio fell to 57 percent.

Pursuant to Insurance Law Section 1324(a)(8)(A), CCIC was required to maintain an RBC ratio of 200 percent. Under Section 1324(a)(8)(D), an RBC ratio of 70 percent of the

insurer's authorized control level RBC represents a Mandatory Control Level Event RBC. CCIC's RBC ratio represented a mandatory control level RBC because it was projected to be less than 70 percent. As a result, a Mandatory Control Event under Insurance Law Section 1324(g) had occurred.

Accordingly, by order ("Rehabilitation Order") entered March 1, 2010 ("Rehabilitation Order Date"), a copy of which is attached hereto as Exhibit B, this Court appointed the then-Superintendent of Insurance of the State of New York and his successors in office as rehabilitator ("Rehabilitator") of CCIC, finding that that a Mandatory Control Event under Insurance Law Section 1324(g) occurred, CCIC consented to the entry of the Rehabilitation Order. The Rehabilitation Order directed the Rehabilitator to "immediately take possession of [CCIC's] property, conduct its business [and] take such steps toward the removal of the causes and conditions which made the proceeding necessary...." Ex. B ¶2 at 2.

The Rehabilitator, while determining whether CCIC could be successfully rehabilitated, reviewed CCIC's policy related liabilities, including the reserves of open claims related to actions brought by third parties against CCIC's insureds, open claim reserves for accuracy, and CCIC's 2009 financial statements ("2009 Annual Statement") to assess CCIC's financial condition. After reviewing CCIC's 2009 Annual Statement, supporting documentation and other financial records, the Rehabilitator determined that CCIC was insolvent as of December 31, 2009, in the amount of \$325,009.

As of the Rehabilitation Order Date, CCIC had 293 open claims, reserved at \$6,541,722. This amount was reflected in the 2009 Annual Statement. The Rehabilitator's claims examiners were assigned to review each of those open claims to determine the adequacy of the reserves. As a result of this comprehensive review, reserves on open CCIC claims, as of July 2010, doubled from \$6,541,722 to \$12,949,760. Further, an additional 42 claims were identified and submitted

to the Rehabilitator, including 6 lead paint claims. Although all policies issued by CCIC expired on or before July 31, 2010, the Rehabilitator anticipated receiving additional claims until the applicable statute of limitations periods expired. Given the increase of reserves on open claims to \$12,949,760, the likelihood that additional claims will be filed and the absence of any prospect that CCIC would receive an infusion of funds sufficient to offset the insolvency, the Rehabilitator concluded that CCIC's insolvency could not be cured, and that further efforts to rehabilitate CCIC would be futile. As a result, the Rehabilitator, in accordance with Insurance Law Section 7403(c) sought an order placing CCIC into liquidation. On October 4, 2010, CCIC was placed into liquidation and the then-Superintendent was appointed Liquidator. *See* Exhibit A.

FINANCIAL CONDITION OF CCIC AS OF THE LIQUIDATION ORDER DATE

The Liquidator conducted a review of CCIC's financial position as of the Liquidation Order Date and found that CCIC had assets totaling \$16,101,127 and liabilities totaling \$20,941,119, making it insolvent in the amount of \$4,839,992.

A. Assets

As of the Liquidation Order Date CCIC's records reflected that it had assets in the amount of \$16,101,127. CCIC had total cash and invested assets in the amount of \$845,038, accrued investment income in the amount of \$1,132 and \$994,790 in miscellaneous assets. Additionally, CCIC was carrying reinsurance recoverables on paid losses and paid loss adjustment expenses ("LAE") in the amount of \$2,550,421 and unpaid losses and unpaid LAE in the amount of \$11,709,746.

B. Liabilities

As of the Liquidation Order Date, CCIC's records reflect total liabilities in the amount of \$20,941,119, which consisted of \$7,829 for funds supplied by reinsurers, \$3,781,857 for the

Rehabilitator's operating and administrative expenses, \$6,786,355 as gross liability for loss claim reserves, \$7,703,300 for incurred but not reported ("IBNR") claims for loss and LAE, \$972,383 in unsecured creditor claims (other than reinsurance related), \$1,419,195 in reinsurance related unsecured claims and \$270,200 in shareholder liabilities.

LIQUIDATION PROCEEDING

A. Presentment of Claims

In accordance with Insurance Law Section 7432(b), all claims against CCIC were required to have been presented to the Liquidator on or before the deadline of February 4, 2011 ("Filing Deadline"), which was four months after the Liquidation Order Date. Pursuant to Insurance Law Article 74, claims presented prior to the Filing Deadline are entitled to share in a distribution of CCIC's assets. In accordance with the Liquidation Order, the Liquidator published notice of CCIC's Liquidation Proceeding in *Business Insurance*, once a week for two consecutive weeks.

CCIC's creditors and claimants may continue to present to the Liquidator specific actual claims arising under insurance policies issued by CCIC after the Filing Deadline until the Bar Date is approved by this Court. The establishment of the Bar Date is in accordance with Insurance Law Section 7417, which vests courts with the authority to grant such relief as the nature of the case and the interests of policyholders, creditors and the public may require. This authority encompasses the establishment of bar dates to facilitate the efficient closure of an estate in order to preserve and maximize the assets available to pay all classes of creditors with allowed claims. See, e.g., *In the Matter of Dominion Ins. Co.*, Index No., 40924/1986 (Sup. Ct., N.Y. Co., April 5, 1999)(liquidation court approving bar dates); *In the Matter of Ideal Mutual Ins. Co.*, Index No. 40275/1985 (Sup. Ct., N.Y. Co., December 9, 2003) (same).

B. Description of Classes of Creditors

The priority of distribution of assets from a liquidating insurer is set forth by Insurance Law Section 7434, which provides that all members of a senior class be paid in full before the members of the next class may receive any payment. Section 7434(a)(1) provides in pertinent part:

Upon the recommendation of the Superintendent, and under the direction of the court, distribution payments shall be made in a manner that will assure the proper recognition of priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims.... No claim by a shareholder, policyholder or other creditor shall be permitted to circumvent the priority classes through the use of equitable remedies.

The classes of claims, as provided for in the prioritization scheme established by Insurance Law Section 7434, are as follows:

- (i) Class one. Claims with respect to the actual and necessary costs and expenses of administration incurred by a liquidator or rehabilitator.
- (ii) Class two. All claims under policies, including claims of federal, state or local government for losses incurred, third party claims, claims for unearned premiums, and all claims of security funds or guaranty associations, but excluding claims under reinsurance contracts.
- (iii) Class three. Claims of the federal government, except those under Class two.
- (iv) Class four. Claims for wages owing to employees of an insurer against whom an Article 74 proceeding is commenced and claims for unemployment insurance contributions required by Article 18 of the New York Labor Law.
- (v) Class five. Claims of state and local governments, except those under Class two.

- (vi) Class six. Claims of general creditors, including but not limited to claims arising under reinsurance contracts.
- (vii) Class seven. Claims filed late or any other claims other than claims stated in Class eight or Class nine below.
- (viii) Class eight. Claims for advanced or borrowed funds made pursuant to Insurance Law Section 1307.
- (ix) Class nine. Claims of shareholders or other owners in their capacity as shareholders.

C. Adjudication of Claims

Pursuant to the Liquidation Order, the Liquidator is responsible for adjudicating the claims presented by CCIC's creditors. A claim is "adjudicated" upon the Liquidator's recommendation to the Court that the claim be either "allowed" or "disallowed." An "allowed" claim is a claim that has been approved by a liquidation court and is therefore allowed to share in the distribution of assets pursuant to Insurance Law Section 7434. A "disallowed" claim is a claim that has been rejected and will not share in any distribution of the estate's assets. Pursuant to orders issued by this Court setting forth a procedure for adjudication of claims and appointing referee (collectively, "Adjudication Procedures"), creditors who object to the Liquidator's recommendations are entitled to a hearing before the Court or a court-appointed referee. Copies of the Adjudication Procedures are attached hereto, collectively, as Exhibit C.

FINANCIAL CONDITION AS OF DECEMBER 31, 2011

As of December 31, 2011, CCIC had total assets of \$1,534,594, which consisted of cash and invested assets in the amount of \$532,835, accrued investment income in the amount of \$6,969, and \$994,790 in miscellaneous assets. As of December 31, 2011, CCIC's total liabilities were \$21,799,909, which consisted of: \$7,829 for funds supplied by reinsurers for secured

creditors, \$118,768 for the Liquidator's Class one claim, \$19,480,488 for Class two claims, \$1,117,449 for Class six claims, and \$1,075,375 for Class eight claims. As of December 31, 2011, CCIC was insolvent in the amount of \$20,265,315. CCIC's comparative balance sheet, as of the Liquidation Order Date and December 31, 2011, and the statement of changes of cash and invested assets for the period between the Liquidation Order Date and December 31, 2011, are attached hereto, collectively, as Exhibit D.

A. Collection of Assets

As of December 31, 2011, the Liquidator collected assets in the total amount of \$187,102, consisting of: \$13,138 in investment income, \$1,626 in premiums and commissions, \$40,365 in salvage and subrogation recoveries, and \$131,973 in other miscellaneous receipts. As of December 31, 2011, CCIC had total cash in the amount of \$532,835.

B. Disbursement of Assets

1. Administrative Expenses

As of December 31, 2011, the Liquidator has incurred and paid \$488,919 in expenses, which include: \$75,000 for the rehabilitation expenses for losses paid, \$61,411 for LAE, \$6,055 for salvage and subrogation collection fees, \$273,588 for the salaries of the Liquidator's staff, \$505 for employee benefits, \$4,869 for rent and related expenses, \$13,165 for general and administrative expenses (e.g., insurance, office equipment and supplies, printing, postage, and telephone service), \$53,029 for professional fees (e.g., accountants to prepare financial statements and other consultants for litigation support), and \$1,297 for other miscellaneous expenses.

CURRENT STATUS OF CLAIMS PRESENTED

As of December 31, 2011, 36 potential claims have been recorded in this Liquidation Proceeding, of which¹ 1 return premium Class two claim has been adjudicated, and 28 claims remain open. The adjudicated claim has been either allowed or recommended for allowance. Of the 28 open claims: 1 Class two claim, which one is for the Property/Casualty Insurance Security Fund ("P/C Fund"), 24 are Class six claims and 3 are Class eight claims for shareholders.

A. Class One Claims

Since the Liquidation Order Date through December 31, 2011, the Liquidator has incurred and paid administrative expenses in the amount of \$488,919. Additionally, the Liquidator has a Class one claim in this Liquidation Proceeding for incurred but not paid administrative expenses as of December 31, 2011, in the amount of \$118,768.

B. Class Two Claims

Pursuant to Insurance Law Article 76, the Security Fund pays claims (up to a statutory maximum) on policies insuring property or risks located in the State of New York or policies issued in the State of New York to a New York resident insuring property or risks located outside of the State of New York, including the LAE and administrative costs of processing and adjudicating those claims (collectively, "Security Fund Covered Claims"). Upon paying a Security Fund covered claim that was an obligation of the insolvent insurer, the Security Fund becomes subrogated to the rights of the policyholder against the insolvent insurer's estate. Insurance Law Section 7609(a) expressly permits the Security Fund to maintain a subrogation claim against the estate. Accordingly, the Security Fund, based on payments of covered claims

¹ "Policyholder protection" was established by the Liquidator for policyholders who were on CCIC's books and records as of the Liquidation Date and it entitled such policyholders to report all occurrences giving rise to a claim under a policy in effect prior to CCIC's liquidation. Policyholder protection covered the policyholder for a claim against the policyholder, regardless of when the underlying claim was asserted and even if the policyholder had notice of the claim prior to the claim-filing deadline.

and related expenses, has subrogated allowed claims against CCIC as of December 31 2011 in the amount of \$0. Such claims will remain open until all underlying claims reported prior to the requested Bar Date have been resolved or otherwise quantified.

As of December 31, 2011, the loss and expense reserves for 1 open P/C Fund covered claim is \$18,209,350. The Liquidator will continue to submit known and reported underlying Security Fund covered claims to the Court for allowance to permit payment of such claims. In addition to the above reserve amount, there is a Security Fund's paid claim for losses and expenses that have not yet been allowed in the amount of \$572,921.

C. The Remaining Classes of Claims

There are no Class three, four, five, seven or nine claims in the Liquidation Proceeding. CCIC has insufficient assets to pay Class two claims in full, therefore, the remaining classes of claims will likely not be further adjudicated so as to prevent the unnecessary expenditure of assets of the CCIC's estate.

PAYMENT TO CREDITORS

The Liquidator has accounted for CCIC's financial situation through December 31, 2011, and has reserved for the Class two claims which have yet to be adjudicated. This reserve is necessary to ensure that, at the time of any distribution, there will be sufficient assets to pay all Class two creditors in parity. Accordingly, the Liquidator recommends he be authorized to distribute assets, to the extent that assets are available after payment of administrative costs and expenses and in accordance with the priorities set forth in Insurance Law Section 7434, to those creditors of CCIC with allowed claims.


RELIEF SOUGHT

The Liquidator submits this Report in order to describe to this Court the status of the CCIC's Liquidation Proceeding. In support of the Liquidator's recommendations stated herein,

the Liquidator has submitted to this Court the Verified Petition of the Special Deputy. Based on the facts set forth in the Verified Petition and herein, the Liquidator requests that this Court issue an order, which:

1. Approves this Report and request for authority to distribute assets;
2. Establishes December 31, 2012 as the Bar Date for presentment of all claims other than claims for administrative costs and expenses;
3. Authorizes and directs the Liquidator to consider only those claims for actual losses arising under policies issued by CCIC that are presented to the Liquidator on or before the Bar Date;
4. Bars and discharges all claims for losses reported after the Bar Date;
5. Authorizes the continued payment of administrative costs and expenses;
6. Authorizes the Liquidator to distribute CCIC's assets, consistent with this Court's orders and the priorities of Insurance Law Section 7434, to those creditors of CCIC with allowed claims, to the extent that, in the Liquidator's discretion, sufficient funds are available;
7. extends judicial immunity to the Superintendent in his capacity as Liquidator of CCIC, his successors in office 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; and
8. provides for such other and further relief as this Court may deem just and proper.

Dated: New York, New York
May 25, 2012


Jonathan L. Bing
Special Deputy Superintendent and Agent
of the Superintendent of Financial Services
of the State of New York as Liquidator of
Colonial Cooperative Insurance Company

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

PRESENT:

GISCHE

PART

10

HON. JUDITH J. GISCHE

Justice

COLONIAL COOPERATIVE INSURANCE
CO.

INDEX NO.

400235/10

MOTION DATE

MOTION SEQ. NO.

04

MOTION CAL. NO.

RE:

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

Notice of Motion/ Order to Show Cause — Affidavits — Exhibits ...

Answering Affidavits — Exhibits _____

Replying Affidavits _____

PAPER NUMBERED

Cross-Motion: ☐ Yes ☒ No

Upon the foregoing papers, it is ordered that this motion

MOTION IS DECIDED IN ACCORDANCE WITH
THE ACCOMPANYING MEMORANDUM DECISION.

FILED

SEP 19 2012

NEW YORK
COUNTY CLERK'S OFFICE

Dated:

SEP 14, 2012

Sept. 14, 2012

HON. JUDITH J. GISCHE

J.S.C.

Check one: ☐ FINAL DISPOSITION

☒ NON-FINAL DISPOSITION

Check if appropriate: ☐ DO NOT POST

☐ REFERENCE

☐ SUBMIT ORDER/ JUDG.

☐ SETTLE ORDER/ JUDG.

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

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK: IAS PART 10**

In the Matter of the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY

DECISION AND ORDER

Index No.: 400238/10

Seq. No.: 004

PRESENT:

HON. JUDITH J. GISCHE, JSC

Recitation, as required by CPLR § 2219 [a] of the papers considered in the review of this petition and motion(s):

Papers

	FILED	Numbered
CCIS OSC w/JLB petition, exhs		1
Affidavit of Publication		2
Affidavit of Mailing	SEP 19 2012	3
Proposed order		4

NEW YORK

COUNTY CLERK'S OFFICE

Upon the foregoing papers, the decision and order of the court is as follows:

GISCHE J.:

This is an action brought by the Superintendent of Insurance of the State of New York to take possession of the property and assets of Colonial Cooperative Insurance Company (CCIC) and, upon doing so, among other things, marshaling those assets, adjudicating claims and distributing assets.

Presently before the court is an order to show cause by the Liquidator to set a cut-off date for the presentment of all claims, with exceptions for administrative expenses, etc., and other related relief the Liquidator is either entitled to under the Article 74 of the Insurance Law or applicable legal precedent. The cut-off or "bar date" proposed is December 31, 2012.

In accordance with Insurance Law § 7432 [b], all claims against CCIC were

required to have been presented to the Liquidator on or before the deadline of February 4, 2011, said date being within 4 months from the date of entry of the liquidation order dated September 30, 2010, entered October 4, 2010. By statute, however, the Liquidator has latitude in extending that deadline to address anticipated claims. Thus, until there is bar date approved by the court, CCIC's creditors and claimants may continue to present to the Liquidator specific actual claims arising under insurance policies issued by CCIC after the filing deadline (i.e. February 4, 2011).


The Liquidator sets forth a description of CCIC's current financial condition and the breakdown of class claims. As of December 31, 2011 there were 28 open claims. Recently the court learned of another possible claimant. This came to light in connection with an order to show cause returnable September 13, 2012. It is unclear what class that putative claim would fall into.

The Liquidator has not identified any statutory restriction on how long the bar date can be set, although there is a limitation on how short it can be. Given these circumstances, the Liquidator's motion is granted, but the court sets the cut-off or "bar date" at March 1, 2013, which is longer than requested. All other relief in the motion is granted. A separate order of even date has been signed by the court.

Any relief requested but not specifically addressed is hereby denied. This constitutes the decision and order of the court.

Dated: New York, New York
September 14, 2012

So Ordered:


Hon. Judith J. Gische, JSC

FILED

SEP 19 2012

NEW YORK
COUNTY CLERK'S OFFICE

FILED

SEP 19 2012

At IAS Part 10 of the Supreme Court
of the State of New York, County of
New York, at the courthouse,
60 Centre Street, in the County, City
and State of New York, on the 14th
day of September, 2012.

PRESENT:

NEW YORK
COUNTY CLERK'S OFFICE
HON. JUDITH J. GISCHE, J.S.C.

In the Matter of

the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY.

Index No.: 400236/10

ORDER

Jonathan L. Bing, Special Deputy Superintendent and agent of the Superintendent of Financial Services of the State of New York ("Superintendent") as liquidator ("Liquidator") of Colonial Cooperative Insurance Company ("CCIC"), having moved this Court, pursuant to Article 74 of the New York Insurance Law, for an order: (i) approving the Liquidator's report ("Report") on the status of CCIC's liquidation proceeding ("Liquidation Proceeding"); (ii) establishing December 31, 2012 as the bar date ("Bar Date") for presentment of all claims other than claims for administrative costs and expenses; (iii) authorizing and directing the Liquidator to consider only those claims for actual losses arising under policies issued by CCIC that are presented to the Liquidator on or before the Bar Date; (iv) barring and discharging all claims for losses reported after the Bar Date; (v) authorizing the continued payment of administrative costs and expenses; (vi) authorizing the Liquidator to distribute CCIC's assets, consistent with this Court's orders and the priorities of Insurance Law Section 7434, to those creditors of CCIC with allowed claims, to the extent that, in the Liquidator's discretion,

sufficient funds are available; (vii) extending judicial immunity to the Superintendent in his capacity as Liquidator of CCIC, his successors in office 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; and (viii) providing for such other and further relief as this Court may deem just and proper. Jonathan L. Bing has been succeeded by Michael J. Casey, Acting Special Deputy Superintendent and agent of the Superintendent as Liquidator;

NOW, upon reading the Verified Petition, dated May 25, 2012, due proof of service thereof upon all parties interested in CCIC, and due deliberation having been had thereon, and upon the decision of this Court;

NOW, on application of John Pearson Kelly, attorney for the Liquidator, it is

ORDERED, that the application is granted; and it is further

ORDERED, that the Report is approved; and it is further

ORDERED, that ^{March 1, 2013} ~~December 31, 2012~~ is the Bar Date for presentment of all claims other than claims for administrative costs and expenses; and it is further

ORDERED, that the Liquidator is authorized and directed to consider only those claims for actual losses arising under policies issued by CCIC that are presented to the Liquidator on or before the Bar Date; and it is further

ORDERED, that all claims for losses reported after the Bar Date are barred and discharged; and it is further

ORDERED, that the Liquidator is authorized to continue paying administrative costs and expenses; and it is further

ORDERED, that the Liquidator is authorized to distribute CCIC's assets, consistent with this Court's orders and the priorities of Insurance Law Section 7434, to those creditors of CCIC with allowed claims, to the extent that, in the Liquidator's discretion, sufficient funds are available; and it is further

ORDERED, that judicial immunity is extended to the Superintendent in his capacity as Liquidator of CCIC, his successors in office 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.

FILED

ENTER

SEP 19 2012



J.S.C.

NEW YORK
COUNTY CLERK'S OFFICE

Index No. 400236

Year 2010

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

In the Matter of

the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY.

ORDER

JOHN PEARSON KELLY

Attorney for the Superintendent of Financial Services of the State of New York as Liquidator

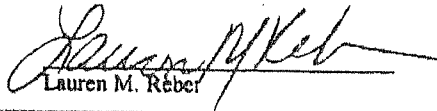
Office and Post Office Address, Telephone

New York Liquidation Bureau
110 William Street
New York, NY 10038
(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: September 13, 2012
New York, New York


Lauren M. Reber

[] 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
for settlement to the HON.

of which the within is a true copy will be presented
one of the judges of the within named court, at
20 at

Dated:

, on

Yours, etc.

JOHN PEARSON KELLY

Attorney for the Superintendent of Financial Services
of the State of New York as Liquidator

Office and Post Office Address, Telephone

New York Liquidation Bureau
110 William Street
New York, NY 10038
(212) 341-6755
Fax (212) 608 -3398

COLONIAL COOPERATIVE INSURANCE COMPANY
STATEMENT OF ASSETS

	Aug. 31, 2016		OCT. 4, 2016	
Unrestricted Assets				
Cash-Unrestricted	\$	2,458	\$	295,860
Short-Term Investments		-		-
Bonds, Preferred Stocks, and Common Stocks		-		549,178
Total Cash and Invested Assets	\$	2,458	\$	845,038
Investment in Subsidiary		-		-
Other Invested Assets		-		-
Reinsurance Recoverables on Paid Losses and LAE		-		2,550,421
Less: Allowance for Uncollectible Reinsurance Recoverable		-		-
Net Reinsurance Recoverable on Paid Losses and LAE		-		2,550,421
Reinsurance Recoverables on Unpaid Losses and Unpaid LAE		216,936	\$	11,709,746
Less: Allowance for Uncollectible Reinsurance Recoverable	\$	(216,936)		-
Net Reinsurance Recoverable on Unpaid Losses and LAE		-		11,709,746
Receivable from Affiliates		-		-
Accrued Investment Income		-		1,132
Other Assets		-		994,790
Total Unrestricted Assets		2,458		16,101,127
Restricted Assets:				
Restricted - Statutory Deposits in This or Other States		-		-
Restricted - Other		-		-
Total Restricted Assets		-		-
Total Assets	\$	2,458	\$	16,101,127

COLONIAL COOPERATIVE INSURANCE COMPANY
STATEMENT OF LIABILITIES

	Aug. 31, 2016	OCT. 4, 2016
Secured Claims	-	\$ 7,829
Class I - Administrative Claims:	-	3,781.85
Class II - Claims and Related Costs:		
Guaranty Fund Claims:		
Allowed Claims:		
Administrative Claims Expenses	-	-
Loss Adjustment Expenses (LAE)	\$ 4,892,999	-
Loss Claims	19,446,625	-
Unearned and Advance Premium Claims	728	-
Total Allowed Claims	24,340,352	-
Less Advance Dividends	(8,416,894)	-
Total Allowed Claims	15,923,458	-
Non - Allowed Claims:		
Administrative Claims Expenses	-	-
Loss Adjustment Expenses (LAE)	7,709	-
Loss Claim Reserves	-	-
Unearned and Advance Premium Claims	-	-
Total Non-Allowed Claims	7,709	-
Total Guaranty Fund Claims:	\$ 15,931,167	-
Creditor Claims:		
Allowed Claims:		
Loss Claims	300,000	-
Unearned and Advance Premium Claims	-	-
Total Allowed Claims	300,000	-
Less Dividends	(103,740)	-
Total Allowed Claims	\$ 196,260	-
Non - Allowed Claims:		
Loss Claims Reserves	-	\$ 6,786,355
Unearned and Advance Premium Claims	-	-
Loss Adjustment Expenses (LAE)	-	-
Total Non-Allowed Claims	-	\$ 6,786,355
Total General Creditor Claims	196,260	6,786,355
IBNR	-	7,703,300
Total Class II Claims and Related Costs:	\$ 16,127,427	\$ 14,489,655
Class III - Federal Government Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class III Claims	-	-
Class IV - Employee Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class IV Claims	-	-

COLONIAL COOPERATIVE INSURANCE COMPANY
STATEMENT OF LIABILITIES

	Aug. 31, 2016	OCT. 4, 2016
Class V - State and Local Government Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	\$ 50	-
Total Class V Claims	\$ 50	-
Class VI - General Creditors:		
Allowed General Unsecured Creditor Claims (Other than	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non Allowed General Unsecured Creditor Claims (Other than	-	-
Reinsurance Related)	414,916	\$ 972,383
Total General Unsecured Creditor Claims (Other than Reinsurance	414,916	972,383
Reinsurance Related Unsecured Claims	8,107	1,419,195
Less: Dividends	-	-
Total Reinsurance Related Unsecured Claims	8,107	1,419,195
Total Class VI Claims	423,023	\$ 2,391,578
Class VII - Late Filed Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class VII Claims	-	-
Class VIII - Section 1307 (Shareholder) Loans:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	\$ 1,075,375	\$ 270,200
Total Class VIII Claims	1,075,375	270,200
Class IX - Share Holder Claims:		
Allowed Claims:	-	-
Less: Dividends	-	-
Total Allowed Claims	-	-
Non - Allowed Claims	-	-
Total Class IX Claims	-	-
Other Liabilities	-	-
Total Liabilities	17,625,875	20,941,119
Deficit of Assets over Liabilities	(17,623,417)	(4,839,992)
Total Liabilities and Deficit of Assets over Liabilities	\$ 2,458	\$ 16,101,127

COLONIAL COOPERATIVE INSURANCE COMPANY
STATEMENT OF CHANGES IN CASH AND INVESTED ASSETS
FROM OCTOBER 4, 2010 TO AUGUST 31, 2016

Receipts:	
Investment Income	\$ 6,901
Reinsurance Recovered	8,989,351
Premiums	1,626
Salvage and Subrogation	56,365
Miscellaneous	181,930
Total Receipts	9,236,173
Disbursements:	
Dividends	8,520,634
Rehabilitation Expenses	75,000
Loss Adjustment Expense	63,186
Salvage and Subrogation Fees	7,220
Salaries	855,912
Employee Relations & Welfare	269,542
Rent and Related Expenses	46,445
Professional Fees	163,330
General and Administrative Expenses	21,143
Other Expense	56,341
Total Disbursements	10,078,753
Net Increase (Decrease) of Receipts Over Disbursements	(842,580)
Cash and Invested Assets (Unrestricted), as of October 4, 2010	845,038
Unrealized Gain / (Loss) on Investments	-
Cash and Invested Assets (Unrestricted), as of August 31, 2016	\$ 2,458

Index No. 400236 Year 2010

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

In the Matter of
the Liquidation of

COLONIAL COOPERATIVE INSURANCE COMPANY.

ORDER TO SHOW CAUSE AND AFFIRMATION

JOHN PEARSON KELLY

Attorney for the Superintendent of Financial Services of the State of New York as Liquidator

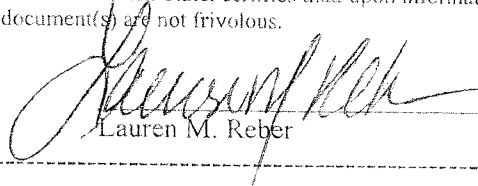
Office and Post Office Address, Telephone

New York Liquidation Bureau
110 William Street – 15th Floor
New York, NY 10038
(212) 341-6523
Fax (212) 233-0461

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: October 3, 2016
New York, New York



Lauren M. Reber

☐ 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
20 at

Dated:

on

Yours, etc.

JOHN PEARSON KELLY

Attorney for the Superintendent of Financial
Services of the State of New York as Liquidator

Office and Post Office Address, Telephone

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