

032 CMP 4-8-15

SEQUENCE NO. 1

Part At IAS Part 6 of the Supreme
 Court of the State of New York,
 Address County of Queens, at the courthouse
 located at 88-11 Sutphin Boulevard,
 Date of March, 2014, on the 11th day
2015

PRESENT:

HON. HON. HOWARD G. LANE, J.S.C.

In the Matter of

Index No. 700282/15

the Application of

ORDER TO SHOW CAUSE

Benjamin M. Lawskey, Superintendent of Financial
 Services of the State of New York, for an order to take
 possession and liquidate the business and affairs of

DRIVERS INSURANCE COMPANY.

FILED
 MAR 12 2015
 COUNTY CLERK
 QUEENS COUNTY

Based on the verified petition ("Verified Petition") of Benjamin M. Lawskey,
 Superintendent of Financial Services of the State of New York ("Superintendent"), duly verified
 on September 30, 2014, the supporting Affidavit of James Davis, dated September 26, 2014, and
 the exhibits attached thereto, and it appearing that the relief sought should be granted;

NOW, on motion of Eric T. Schneiderman, Attorney General of the State of New York,
 attorney for the Superintendent, and after due deliberation having been had thereon;

LET Drivers Insurance Company ("Drivers"), show cause before this Court at ^{the Central Motion} ~~145~~ Part
 Room 25, thereof, at the Courthouse located at 88-11 Sutphin Boulevard, Jamaica, New
 York in the County of Queens, State of New York, on the 8th day of April, 2015, at 2:15

^{Date} o'clock 9 p.m., or as soon thereafter as counsel can be heard ("Return Date"), why an order in
 the form of Exhibit 1 to the Verified Petition should not be made, pursuant to Article 74 of the

New York Insurance Law ("Insurance Law"), *inter alia*: (1) appointing the Superintendent, and his successors in office, as Liquidator of Drivers; (2) directing the Liquidator to take possession of Drivers' property and to liquidate Drivers' business and affairs; (3) vesting title to all of Drivers' property, contracts and rights of action and all of its books and records, wherever located, with the Liquidator and his successors; (4) permitting the Liquidator to deal with the property and business of Drivers in Drivers' name or in the name of the Liquidator; (5) granting the injunctions provided for in Insurance Law Section 7419(a), permanently enjoining and restraining all persons from wasting the assets of Drivers, and permanently enjoining and restraining all persons, except as authorized by the Liquidator, from transacting Drivers' business (including the issuance of insurance policies) or disposing of Drivers' property; (6) granting the injunctions provided for in Insurance Law Section 7419(b), permanently enjoining and restraining all parties from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, or making any levy against Drivers, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Drivers, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to this proceeding or the discharge of their duties under Article 74 in relation thereto; (7) granting injunctions enjoining and restraining all parties to actions, lawsuits, and special or other proceedings (other than those brought by Drivers) in which Drivers, its policyholders or insureds are a party or obligated to defend a party or provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise, from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of an order of liquidation; (8) enjoining

and restraining all persons who have first party policyholder loss claims, from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of an order of liquidation; (9) vesting all rights in Drivers' contracts and agreements, however described, with the Liquidator and permitting the Liquidator to, in his discretion, reject any executory contracts to which Drivers is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection; (10) requiring that any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Drivers' funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and/or (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding; (11) requiring that all persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Drivers shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator; (12) authorizing, permitting and allowing the Liquidator to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of Drivers, and further authorizing the Liquidator to take such

steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments, without the further approval of this Court; (13) cancelling all existing insurance policies of Drivers at the earliest of: (a) 30 days from the giving of notice of such cancellation by Drivers, if such notice is required by an insurance policy or applicable law; (b) the stated expiration or termination date and time of the insurance policy; (c) the effective date and time of a replacement insurance policy of the same type issued by another insurer regardless of whether the coverage is identical coverage; (d) the effective date and time that the Drivers insurance policy obligation is transferred to another insurer or entity authorized by law to assume such obligation; or (e) 12:01 A.M. local time on the date that is 30 days from the entry of an order of liquidation of Drivers; (14) establishing the date that is one year after the entry of the order placing Drivers into liquidation as the bar date by which all claims by any claimant against Drivers or its insureds, other than the Liquidator's claim for administrative expenses, must be actually be received by the Liquidator, including all evidence supporting the liquidation of such claims; (15) authorizing the Liquidator, in his discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate; (16) extending immunity to the Superintendent in his capacity as Liquidator of Drivers, his successors in office, and the New York Liquidation Bureau and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74; (17) declaring Drivers insolvent; and (18) granting such other and further relief as the Court may deem proper and just.

AND, sufficient cause having been shown therefor, let service of a copy of this order to show cause and the papers upon which it is granted be made by: (i) certified mail, return receipt requested, upon Neil S. Greenbaum, President, Drivers Insurance Company, 3601 43rd Avenue, Long Island City, New York 11101, *on or before March 18, 2015*, and (2) posting on the internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org>; and let such service be made at least 15 days prior to the Return Date, and such service shall be deemed good and sufficient service; ~~and~~

~~is hereby~~ *on or before March 18, 2015.*

~~ORDERED, that all answering papers and supporting documentation ("Answering Papers") be served on the Superintendent so as to be received at least seven days prior to the Return Date, and that service on the Superintendent shall be made by first class mail or overnight carrier at the following addresses:~~

Office of the Attorney General
120 Broadway
New York, NY 10271
Attention: _____

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

and Answering Papers shall be submitted to this Court at IAS Part ____ at the Courthouse located at 88-11 Sutphin Boulevard, Jamaica, New York, on or before the Return Date; and it is further

~~ORDERED, that any person or entity that fails to serve Answering Papers as provided herein shall be deemed to have waived any objections to the relief sought in the Verified Petition and shall be barred from raising objections in this or any other proceeding concerning the matters set forth herein; and it is further~~

~~ORDERED, that any person or entity that has served Answering Papers as provided herein shall be deemed to have waived any objections that are not set forth in the Answering Papers; and it is further~~

TR-0
ORDERED, that pending the determination of this motion, Drivers, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys and managers, and all other persons are hereby restrained from obtaining preferences, judgments, attachments or other liens, or making any levy or commencing or prosecuting any actions or proceedings against Drivers or its assets; and it is further

TR-0
ORDERED, that pending the determination of this motion, all actions or proceedings against Drivers and all actions or proceedings in which Drivers is obligated to defend a party are stayed; and it is further

ORDERED, that pending the determination of this motion, Drivers, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, managers, and all other persons are restrained from wasting the assets of Drivers, or, except as authorized by the Superintendent, from transacting Drivers' business (including the issuance of new insurance policies) or disposing of Drivers' property.

Failure
to
comply
with
202.7(f)

ALB
JSC

ENTER

J. S. C.

HON. HOWARD G. LANE

FILED
MAR 12 2015
COUNTY CLERK
QUEENS COUNTY

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS
-----X

In the Matter of

Index No.

the Application of

VERIFIED PETITION

Benjamin M. Lawskey, Superintendent of Financial
Services of the State of New York, for an order to take
possession and liquidate the business and affairs of

DRIVERS INSURANCE COMPANY.
-----X

Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York (the "Superintendent") respectfully petitions the Court for an order in the form of Exhibit 1 annexed hereto, appointing the Superintendent and his successors in office as liquidator ("Liquidator") of Drivers Insurance Company ("Drivers"), and directing the Liquidator to liquidate the business and affairs of Drivers on the grounds that: (i) Drivers is insolvent, and (ii) Drivers' Board of Directors unanimously consented to the entry of an order of liquidation pursuant to New York Insurance Law ("Insurance Law") Article 74.

Background

1. On information and belief, as set forth in the affidavit of James Davis, Assistant Bureau Chief, Property and Casualty Insurance, sworn to on September 26, 2014 ("Davis Aff."), which is submitted herewith in support of this petition, Drivers was incorporated in the State of New York on or about January 26, 1995, as Spirit Insurance Company and commenced business on May 6, 1996. On December 6, 1999, the company's name was changed to Drivers Insurance Company. Drivers was licensed to do the business of insurance only in the State of New York. Davis Aff. ¶ 2.

2. On March 30, 2009, the New York State Insurance Department¹ approved a stock purchase agreement for the acquisition of control of 100 shares of Drivers' common stock, constituting all outstanding shares of Drivers, by Hereford Holding Company Inc. ("Hereford"). The sale was finalized on August 26, 2009. As a result, Drivers is a wholly-owned subsidiary of Hereford. Davis Aff. ¶ 3.

3. Drivers is licensed to transact the business of insurance in accordance with paragraphs (13) Personal Injury Liability, (14) Property Damage Liability, and (19) Motor Vehicle and Aircraft Physical Damage of Insurance Law Section 1113(a). Davis Aff. ¶ 4.

4. Drivers' statutory office is located at 3601 43rd Avenue, Long Island City, New York 11101. Davis Aff. ¶ 5.

Recent Events

5. Under Insurance Law Articles 13 and 41, Drivers is required to maintain a surplus to policyholders of \$700,000.00. Based upon Drivers' most recently prepared monthly statement for the period ended July 31, 2014 ("Monthly Statement"), Drivers' reported liabilities of \$3,757,259 exceeded its admitted assets of \$3,412,176, resulting in a negative surplus to policyholders in the amount of \$(345,083). Davis Aff. ¶6 and Exhibit A.

6. In addition, on May 30, 2014, Drivers' Board of Directors unanimously passed a written consent for the entry of an order of liquidation pursuant to Insurance Law Article 74. Davis Aff. ¶ 7 and Exhibit B.

¹ The New York State Department of Financial Services has succeeded the New York State Insurance Department.

Grounds for Liquidation

7. Under Insurance Law Section 7404, the Superintendent may apply for an order directing the Superintendent to liquidate the business of an insurer if sufficient grounds exist pursuant to Insurance Law Section 7402.

8. Insurance Law Section 7402(a) provides that an insurer may be placed into liquidation if it is “insolvent within the meaning of” Insurance Law Section 1309. Insurance Law Section 1309(a) states in pertinent part:

Whenever the superintendent finds from a financial statement or report on examination that an authorized insurer is unable to pay its outstanding lawful obligations as they mature in the regular course of business, as shown by an excess of required reserves and other liabilities over admitted assets, or by not having sufficient assets to reinsure all outstanding risks with other solvent authorized assuming insurers after paying all accrued claims owed, such insurer shall be deemed insolvent and the superintendent may proceed against it pursuant to the provisions of article seventy-four of this chapter.

9. Based upon the Monthly Statement, the Superintendent has found that Drivers is unable to pay its outstanding lawful obligations as they mature in the regular course of business, as shown by an excess of required reserves and other liabilities over admitted assets. Therefore, Drivers is insolvent within the meaning of Insurance Law Section 1309(a) and should be placed into liquidation.

10. Additionally, Insurance Law Section 7402(l) provides that an insurer may be placed into liquidation if the majority of its directors, shareholders, or members consent to liquidation.

11. Based upon the unanimous consent of Drivers’ Board of Directors to the entry of an order of liquidation, dated May 30, 2014, Drivers should be placed into liquidation.

12. As outlined above, sufficient grounds exist to place Drivers into liquidation.

Proposed Plan For Liquidation

13. The Superintendent plans to: (a) immediately establish a bar date ("Bar Date") that is one year after the entry of the order placing Drivers into liquidation, for the submission of claims against the Drivers estate, in order to ensure that all potential claims and supporting documents are expeditiously received; (b) refrain from adjudicating non-policyholder creditor claims other than claims under insurance policies unless it is in the interest of the estate to do so; and (c) bring the estate to closure as soon as reasonably practical.

14. Because Drivers has very limited assets, all of which are expected to be utilized to cover the expenses associated with the administration of the estate and the payment of claims, there is no purpose in allowing extant policies to continue in effect or in allowing claims to be presented for an indefinite period. It is more efficient to terminate existing policies as soon as possible to encourage policyholders to arrange for new insurance and limit the ability of policyholders to present claims in the future. For that reason, the Superintendent proposes that the order of liquidation cancel all existing insurance policies of Drivers at the earliest of: (a) 30 days from the giving of notice of such cancellation by Drivers, if such notice is required by an insurance policy or applicable law; (b) the stated expiration or termination date and time of the insurance policy; (c) the effective date and time of a replacement insurance policy of the same type issued by another insurer regardless of whether the coverage is identical coverage; (d) the effective date and time that the Drivers insurance policy obligation is transferred to another insurer or entity authorized by law to assume such obligation; or (e) 12:01 A.M. local time on the date that is 30 days from the entry of an order of liquidation of Drivers.

15. The cancellation of insurance policies and establishment of a bar date are in accordance with the Insurance Law. Section 7405(b) fixes the rights of insurers and policyholders as of the liquidation date, and permits the cancellation of insurance policies upon the insurer's liquidation. *See In the Matter of Transit Casualty Co.*, 79 N.Y.2d 13, 580 N.Y.S.2d

140 (1992). In addition, Section 7417 vests courts with authority to grant such relief as the nature of the case and the interests of policyholders, creditors or 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 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) (supervising court approving bar dates); *In the Matter of Ideal Mutual Ins. Co.*, Index No. 40275/1985 (Sup. Ct. N.Y. Co., Dec. 12, 2003) (same).

16. Finally, the Superintendent proposes that all claims not within Class two will not be adjudicated by the Liquidator unless it is in the interest of the estate to do so. Insurance Law Section 7434 provides that all members of a senior class be paid in full before members of the next class may receive any payment. Based upon Drivers' financial condition as described above in the Monthly Statement, there can be no reasonable expectation that payment of any claims below Class two will be made. There may be a benefit to adjudicating claims subordinate to policyholder claims, but unless the Liquidator determines that there is such a benefit, he should not be required to expend estate resources unnecessarily.

Relief Requested

17. In light of the foregoing, I respectfully request that the Court issue an order of liquidation, *inter alia*: (a) appointing the Superintendent, and his successors in office, as Liquidator of Drivers; (b) directing the Liquidator to take possession of Drivers' property, and to liquidate Drivers' business and affairs; (c) vesting title to all of Drivers' property, contracts, rights of action and all of its books and records, wherever located, with the Liquidator and his successors; and (d) permitting the Liquidator to deal with the property and business of Drivers in Drivers' name or in the name of the Liquidator.

18. I further respectfully request that the Court grant the injunctions provided for by Insurance Law Section 7419. Under Section 7419(a) the Court may issue an injunction

permanently enjoining and restraining the insurer, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, managers, and all other persons from wasting the assets of Drivers, and, except as authorized by the Liquidator, from transacting Drivers' business (including the issuance of insurance policies) or disposing of Drivers' property. Under Section 7419(b), the Court may issue such other permanent injunctions or orders as it deems necessary to prevent interference with the Liquidator or this proceeding, or the commencement or prosecution of any actions or proceedings (a) against the Liquidator, Drivers, or the New York Liquidation Bureau, the organization that carries out the duties of the Liquidator, or their present or former employees, attorneys or agents, with respect to this proceeding or the discharge of their duties under Article 74 in relation thereto or (b) to assert preferences, judgments, attachments, liens, or any levy against Drivers, its assets or any part thereof.

19. I further respectfully request that the Court, pursuant to Insurance Law Section 7419, enjoin and restrain, for a period of 180 days from the date of entry of an order of liquidation of Drivers, all parties to actions, lawsuits, and special or other proceedings (other than those brought by Drivers) in which Drivers, its policyholders or insureds, are a party or obligated to defend a party or to provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise, from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment. Such an injunction is necessary to allow the Liquidator to obtain records and take responsibility for such cases.

20. I further respectfully request that the Court enjoin and restrain all persons who have first party policyholder loss claims, from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of an order of liquidation of Drivers.

21. I further respectfully request that, in accordance with Insurance Law Section 7405, the Court vest all rights in Drivers' contracts and agreements, however described, with the Liquidator and permit the Liquidator to, in his discretion, reject any executory contracts to which Drivers is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection.

22. I further respectfully request that the Court order that any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Drivers' funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; or (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding.

23. I further respectfully request that the Court order that all persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Drivers shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such information to the Liquidator.

24. I further respectfully request that in accordance with Insurance Law Section 7405, the Court authorize, permit and allow the Liquidator to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of

Drivers, and further authorize the Liquidator to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments, without the further approval of the Court.

25. I further respectfully request that the Court, for the reasons described above, order that all existing insurance policies of Drivers terminate at the earliest of: (a) 30 days from the giving of notice of such cancellation by Drivers, if such notice is required by an insurance policy or applicable law; (b) the stated expiration or termination date and time of the insurance policy; (c) the effective date and time of a replacement insurance policy of the same type issued by another insurer regardless of whether the coverage is identical coverage; (d) the effective date and time that the Drivers insurance policy obligation is transferred to another insurer or entity authorized by law to assume such obligation; or (e) 12:01 A.M. local time on the date that is 30 days from the entry of an order of liquidation of Driver.

26. I further respectfully request that the Court, for the reasons described above, enter an order establishing the date that is one year after the entry of the order placing Drivers into liquidation as the Bar Date by which all claims by any claimant against Drivers or its insureds, other than the Liquidator's claims for administrative expenses, must be actually received by the Liquidator, including all evidence supporting the liquidation of such claims.

27. I further respectfully request that the Court, for the reasons described above, enter an order authorizing the Liquidator, in his discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate.

28. I further respectfully request that the Court order that the Superintendent as Liquidator of Drivers, his successors in office, and the New York Liquidation Bureau and their agents and employees, be granted immunity from any cause of action of any nature against them,

individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Article 74. The Liquidator acts in a “judicial and private” capacity under the supervision of the Court pursuant to Article 74 of the Insurance Law. *See Dinallo v. DiNapoli*, 9 N.Y.3d 94, 103 (2007).

29. I further respectfully request that the Court make an order pursuant to Insurance Law Section 7432(a) declaring that Drivers is insolvent.

30. In accordance with Insurance Law Section 7417, this proceeding is being commenced by order to show cause.

31. There has been no previous application for the relief requested herein.

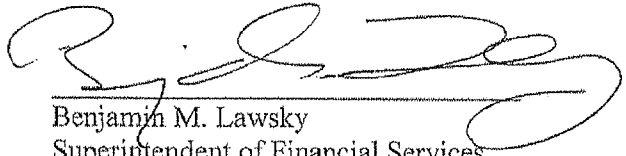
WHEREFORE, it is respectfully requested that an order be made and entered pursuant to Article 74 of the Insurance Law: (1) appointing the Superintendent, and his successors in office, as Liquidator of Drivers; (2) directing the Liquidator to take possession of Drivers’ property and to liquidate Drivers’ business and affairs; (3) vesting title to all of Drivers’ property, contracts and rights of action and all of its books and records, wherever located, with the Liquidator and his successors; (4) permitting the Liquidator to deal with the property and business of Drivers in Drivers’ name or in the name of the Liquidator; (5) granting the injunctions provided for in Insurance Law Section 7419(a), permanently enjoining and restraining all persons from wasting the assets of Drivers, and permanently enjoining and restraining all persons, except as authorized by the Liquidator, from transacting Drivers’ business (including the issuance of insurance policies) or disposing of Drivers’ property; (6) granting the injunctions provided for in Insurance Law Section 7419(b), permanently enjoining and restraining all parties from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, or making any levy against Drivers, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Drivers, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to this

proceeding or the discharge of their duties under Article 74 in relation thereto; (7) granting injunctions enjoining and restraining all parties to actions, lawsuits, and special or other proceedings (other than those brought by Drivers) in which Drivers, its policyholders or insureds are a party or obligated to defend a party or provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise, from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of an order of liquidation; (8) enjoining and restraining all persons who have first party policyholder loss claims, from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of an order of liquidation; (9) vesting all rights in Drivers' contracts and agreements, however described, with the Liquidator and permitting the Liquidator to, in his discretion, reject any executory contracts to which Drivers is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection; (10) requiring that any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Drivers' funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and/or (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding; (11) requiring that all persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Drivers shall

preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator; (12) authorizing, permitting and allowing the Liquidator to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of Drivers, and further authorizing the Liquidator to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments, without the further approval of the Court; (13) cancelling all existing insurance policies of Drivers at 12:01 A.M. local time on the earliest of 30 days from the entry of an order of liquidation of Drivers or 30 days from the giving of notice of such cancellation, if such notice is required by an insurance policy or applicable law, or upon the date and time stated in the policy at the earliest of: (a) 30 days from the giving of notice of such cancellation by Drivers, if such notice is required by an insurance policy or applicable law; (b) the stated expiration or termination date and time of the insurance policy; (c) the effective date and time of a replacement insurance policy of the same type issued by another insurer regardless of whether the coverage is identical coverage; (d) the effective date and time that the Drivers insurance policy obligation is transferred to another insurer or entity authorized by law to assume such obligation; or (e) 12:01 A.M. local time on the date that is 30 days from the entry of an order of liquidation of Drivers; (14) establishing the date that is one year after the entry of the order placing Drivers into liquidation as the Bar Date by which all claims by any claimant against Drivers or its insureds, other than the Liquidator's claim for administrative expenses, must be actually be received by the Liquidator, including all evidence supporting the liquidation of such claims; (15) authorizing the Liquidator, in his discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the

estate; (16) extending immunity to the Superintendent in his capacity as Liquidator of Drivers, his successors in office, and the New York Liquidation Bureau and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Article 74; (17) declaring Drivers insolvent; and (18) granting such other and further relief as the Court may deem proper and just.

Dated: New York, New York
September 30, 2014



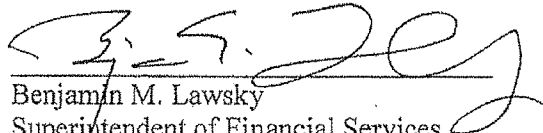
Benjamin M. Lawskey
Superintendent of Financial Services
of the State of New York

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


Benjamin M. Lawskey, being duly sworn, deposes and says:

That he is the Superintendent of Financial Services of the State of New York and that he executed the foregoing petition; that he is acquainted with the facts therein stated; that he knows the contents of the petition and that the same is true to his own knowledge, except as to the matters therein stated to be alleged upon information and belief and that as to those matters he believes them to be true.

Deponent says that the sources of information and the grounds of his belief as to the matters stated in said petition to be alleged upon information and belief are the records of the New York State Department of Financial Services and the affidavit of James Davis, Assistant Bureau Chief, Property and Casualty Insurance, sworn to on September 26, 2014, in support of the verified petition.


Benjamin M. Lawskey
Superintendent of Financial Services
of the State of New York

Sworn to before me this
30th day of September, 2014


Notary Public

ROBERT H. EASTON
Notary Public, State of New York
No. 02EA6010957
Qualified in New York County
Commission Expires July 27, 2018

EXHIBIT 1

[Form of Liquidation Order]

At IAS Part ____ of the Supreme Court of the State of New York, County of Queens, at the courthouse located at 88-11 Sutphin Boulevard, Jamaica, New York, on the ____ day of _____, 2014.

P R E S E N T:

HON. _____, J.S.C

-----X

In the Matter of

Index No.

the Application of

ORDER OF LIQUIDATION

Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York, for an order to take possession and liquidate the business and affairs of

DRIVERS INSURANCE COMPANY.

-----X

Benjamin M. Lawskey, Superintendent of Financial Services of the State of New York ("Superintendent"), having moved this Court by order to show cause ("Order to Show Cause") for an order appointing the Superintendent and his successors in office as liquidator ("Liquidator") of Drivers Insurance Company ("Drivers") and directing the Liquidator to take possession of the property of Drivers and to liquidate its business and affairs, and upon reading and filing the petition of the Superintendent, duly verified on September 30, 2014, the affidavit of James Davis, sworn to on September 26, 2014, and the exhibits annexed thereto, this Court finds that:

1. Drivers was incorporated in the State of New York on or about January 26, 1995 as Spirit Insurance Company and commenced business on May 6, 1996. On December 6, 1999, the company's name was changed to Drivers Insurance Company;

2. Drivers is a wholly-owned subsidiary of Hereford Holding Company Inc.;

3. Drivers is licensed to transact the business of insurance in accordance with paragraphs (13) Personal Injury Liability, (14) Property Damage Liability, and (19) Motor Vehicle and Aircraft Physical Damage of New York Insurance Law Section 1113(a) ("Insurance Law");

4. Drivers' statutory office is located at 3601 43rd Avenue, Long Island City, New York 11101;

5. On May 30, 2014, Drivers' Board of Directors unanimously passed a written consent for the entry of an order of liquidation pursuant to Insurance Law Article 74;

6. Drivers is subject to the Insurance Law and, particularly, to Article 74 thereof;

7. It is in the best interest of all persons concerned that, based upon Article 74 of the Insurance Law, the Superintendent should be appointed Liquidator and directed to take possession of the property of Drivers, to liquidate its business and affairs, and be vested with title to all of Drivers' property, contracts and rights of action; and

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

ORDERED as follows:

1. The relief requested in the petition for an order of liquidation ("Order") is granted;
2. The Superintendent and his successors in office are appointed Liquidator of Drivers;
3. The Liquidator is directed to take possession of Drivers' property and liquidate Drivers' business and affairs in accordance with Insurance Law Article 74;
4. The Liquidator is vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in this Order and with title to Drivers' property, contracts, rights of action and all of its books and records, wherever located, as of the date of entry of this Order;

5. The Liquidator may deal with the property and business of Drivers in Drivers' name or in the name of the Liquidator;
6. All persons are permanently enjoined and restrained from wasting the assets of Drivers, and are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting Drivers' business (including the issuance of insurance policies) or disposing of Drivers' property;
7. All parties are permanently enjoined and restrained from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, or making any levy against Drivers, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Drivers, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to this proceeding or the discharge of their duties under Article 74 in relation thereto;
8. All parties to actions, lawsuits, and special or other proceedings (other than those brought by Drivers) in which Drivers, its policyholders or insureds are a party or obligated to defend a party or provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of an order of liquidation;
9. All persons who have first party policyholder loss claims are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of an order of liquidation;
10. The Liquidator is vested with all rights in Drivers' contracts and agreements, however described, and the Liquidator is permitted to, in his discretion, reject any executory contracts to which Drivers is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;
11. Any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Drivers' funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and/or (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;

12. All persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Drivers shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
13. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of Drivers, and the Liquidator is further authorized to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments, without the further approval of this Court;
14. ALL EXISTING INSURANCE POLICIES OF DRIVERS WILL BE CANCELLED AT THE EARLIEST OF: (A) 30 DAYS FROM THE GIVING OF NOTICE OF SUCH CANCELLATION BY DRIVERS, IF SUCH NOTICE IS REQUIRED BY AN INSURANCE POLICY OR APPLICABLE LAW; (B) THE STATED EXPIRATION OR TERMINATION DATE AND TIME OF THE INSURANCE POLICY; (C) THE EFFECTIVE DATE AND TIME OF A REPLACEMENT INSURANCE POLICY OF THE SAME TYPE ISSUED BY ANOTHER INSURER REGARDLESS OF WHETHER THE COVERAGE IS IDENTICAL COVERAGE; (D) THE EFFECTIVE DATE AND TIME THAT THE DRIVERS INSURANCE POLICY OBLIGATION IS TRANSFERRED TO ANOTHER INSURER OR ENTITY AUTHORIZED BY LAW TO ASSUME SUCH OBLIGATION; OR (E) 12:01 A.M. LOCAL TIME ON THE DATE THAT IS 30 DAYS FROM THE ENTRY OF AN ORDER OF LIQUIDATION OF DRIVERS;
15. The date that is one year after the entry of this Order is established as the bar date by which all claims by any claimant against Drivers or its insureds, other than the Liquidator's claim for administrative expenses, must be actually be received by the Liquidator, including all evidence supporting the liquidation of such claims;
16. The Liquidator is authorized, in his discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate;
17. Immunity is extended to the Superintendent in his capacity as Liquidator of Drivers, his successors in office, and the New York Liquidation Bureau and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in

accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74;

18. Drivers is insolvent;
19. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
20. In accordance with Insurance Law Section 7432(b), all claims against Drivers must be presented to the Liquidator within four months of the date of entry of this Order;
21. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;
22. The Liquidator shall serve a copy of this Order upon: Neil S. Greenbaum, President, Drivers Insurance Company, 3601 43rd Avenue, Long Island City, New York 11101, by overnight delivery or by certified mail;
23. The Liquidator shall provide notice of this Order to all creditors, claimants and interested persons by: (i) publication of the notice of this Order in *The New York Post*, once a week for two consecutive weeks, commencing within 30 days of entry of this Order in a form substantially similar to the one attached hereto as Exhibit A; and (ii) posting this Order on the Internet web page maintained by the Bureau at <http://www.nylb.org> within 15 days after the entry of this Order;
24. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered;
25. The notice prescribed in decretal paragraphs 22 and 23 hereof is sufficient notice to all persons interested in Drivers;
26. This Court shall retain jurisdiction over this matter for all purposes;

27. The caption for this proceeding is hereby amended as follows:

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS

-----X

In the Matter of

the Liquidation of

DRIVERS INSURANCE COMPANY.

-----X

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

E N T E R

J.S.C.

EXHIBIT A

[Form of Notice]

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

To all persons or entities
interested in the affairs of
DRIVERS INSURANCE COMPANY
Notice is Hereby Given:

Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York ("Superintendent"), has been appointed by an order (the "Order") of the Supreme Court of the State of New York, Queens County ("Court"), entered _____, 2014, as the liquidator (the "Liquidator") of Drivers Insurance Company ("Drivers") and, as such, has been: (i) directed to take possession of Drivers' property and liquidate Drivers' business and affairs in accordance with New York Insurance Law ("Insurance Law") Article 74; and (ii) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in the Order and with title to Drivers' property, contracts, rights of action and all of its books and records, wherever located, as of the date of entry of the Order. The Liquidator has, pursuant to Insurance Law Article 74, appointed Scott D. Fischer, Acting Special Deputy Superintendent (the "Acting Special Deputy") as his agent to carry out his duties as Liquidator. The Acting Special Deputy carries out his duties through the New York Liquidation Bureau ("Bureau"), 110 William Street, New York, New York 10038. The Order provides:

- I. The Liquidator is permitted to deal with the property and business of Drivers in Drivers' name or in the name of the Liquidator;
- II. All persons are permanently enjoined and restrained from wasting the assets of Drivers, and all persons are permanently enjoined and restrained, except as authorized by the Liquidator, from transacting Drivers' business (including the issuance of insurance policies) or disposing of Drivers' property;
- III. All parties are permanently enjoined and restrained from interfering with the Liquidator or the proceeding, obtaining any preferences, judgments, attachments or other liens, or making any levy against Drivers, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Drivers, or the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to the proceeding or the discharge of their duties under Article 74 in relation thereto;
- IV. All parties to actions, lawsuits, and special or other proceedings (other than those brought by Drivers) in which Drivers, its policyholders or insureds are a party or obligated to defend a party or provide a defense of any matter insured pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of an order of liquidation;
- V. All persons who have first party policyholder loss claims are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of an order of liquidation;
- VI. The Liquidator is vested with all rights in Drivers' contracts and agreements, however described and the Liquidator is permitted to, in his discretion, reject any executory contracts to which Drivers is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;

- VII. Any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Drivers' funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and/or (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding;
- VIII. All persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Drivers shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator;
- IX. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in his discretion, he deems to be in the best interest of the creditors of Drivers, and the Liquidator is further authorized to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments, without the further approval of the Court;
- X. ALL EXISTING INSURANCE POLICIES OF DRIVERS WILL BE CANCELLED AT THE EARLIEST OF: (A) 30 DAYS FROM THE GIVING OF NOTICE OF SUCH CANCELLATION BY DRIVERS, IF SUCH NOTICE IS REQUIRED BY AN INSURANCE POLICY OR APPLICABLE LAW; (B) THE STATED EXPIRATION OR TERMINATION DATE AND TIME OF THE INSURANCE POLICY; (C) THE EFFECTIVE DATE AND TIME OF A REPLACEMENT INSURANCE POLICY OF THE SAME TYPE ISSUED BY ANOTHER INSURER REGARDLESS OF WHETHER THE COVERAGE IS IDENTICAL COVERAGE; (D) THE EFFECTIVE DATE AND TIME THAT THE DRIVERS INSURANCE POLICY OBLIGATION IS TRANSFERRED TO ANOTHER INSURER OR ENTITY AUTHORIZED BY LAW TO ASSUME SUCH OBLIGATION; OR (E) 12:01 A.M. LOCAL TIME ON THE DATE THAT IS 30 DAYS FROM THE ENTRY OF AN ORDER OF LIQUIDATION OF DRIVERS;
- XI. The date that is one year after the entry of the Order is established as the bar date by which all claims by any claimant against Drivers or its insureds, other than the Liquidator's claim for administrative expenses, must be actually be received by the Liquidator, including all evidence supporting the liquidation of such claims;
- XII. The Liquidator is authorized, in his discretion, to refrain from adjudicating some or all claims falling into Classes three through nine (N.Y. Ins. Law Sec. 7434(a)(1)(iii)-(ix)) unless and until he reasonably believes that adjudication of such claims would be in the best interests of the estate;
- XIII. Immunity is extended to the Superintendent in his capacity as Liquidator of Drivers, his successors in office, and the New York Liquidation Bureau and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Article 74;
- XIV. Drivers is insolvent;
- XV. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;

- XVI. In accordance with Insurance Law Section 7432(b), all claims against Drivers must be presented to the Liquidator within four months of the date of entry of the Order;
- XVII. The Liquidator may at any time make further application to the Court for such further and different relief as he sees fit;
- XVIII. The Court shall retain jurisdiction over this matter for all purposes; and
- XIX. All communications relating to Drivers and to the liquidation proceeding thereof should be addressed to:

New York Liquidation Bureau
110 William Street, 15th Floor
New York, New York 10038
(212) 341-6400

BENJAMIN M. LAWSKY
Superintendent of Financial Services of
the State of New York as Liquidator
of Drivers Insurance Company

SCOTT D. FISCHER
Acting Special Deputy Superintendent
and Agent for the Superintendent as
Liquidator of Drivers Insurance Company

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS-----X
In the Matter of

Index No.

the Application of

AFFIDAVIT

Benjamin M. Lawsky, Superintendent of Financial
Services of the State of New York, for an order to take
possession and liquidate the business and affairs of

DRIVERS INSURANCE COMPANY.
-----X

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

James Davis, being duly sworn, deposes and says:

1. I am employed at the New York State Department of Financial Services ("DFS") as Assistant Bureau Chief, Property and Casualty Insurance. I submit this affidavit in support of the petition of the Superintendent of Financial Services of the State of New York ("Superintendent") for an order appointing the Superintendent and his successors in office as liquidator of Drivers Insurance Company ("Drivers"), as authorized by Article 74 of the New York Insurance Law ("Insurance Law"). This affidavit is based upon personal knowledge, the sources of which are the records maintained by DFS.

2. Drivers was incorporated in the State of New York on or about January 26, 1995 as Spirit Insurance Company and commenced business on May 6, 1996. On December 6, 1999, the company's name was changed to Drivers Insurance Company. Drivers was licensed to do the business of insurance only in the State of New York.

3. On March 30, 2009, the New York State Insurance Department¹ approved a stock purchase agreement for the acquisition of control of 100 shares of Drivers' common stock, constituting all outstanding shares of Drivers, by Hereford Holding Company Inc. ("Hereford").

¹ The New York State Department of Financial Services has succeeded the New York State Insurance Department.

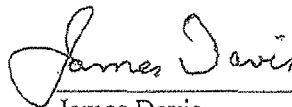
The sale was finalized on August 26, 2009. As a result, Drivers is a wholly-owned subsidiary of Hereford.

4. Drivers is licensed to transact the business of insurance in accordance with paragraphs (13) Personal Injury Liability, (14) Property Damage Liability, and (19) Motor Vehicle and Aircraft Physical Damage, of Insurance Law Section 1113(a).

5. Drivers' statutory office is located at 3601 43rd Avenue, Long Island City, New York 11101.

6. Under Insurance Law Articles 13 and 41, Drivers is required to maintain a surplus to policyholders of \$700,000.00. Based upon Drivers' most recently prepared monthly statement for the period ended July 31, 2014 ("Monthly Statement"), Drivers' reported liabilities of \$3,757,259 exceed its admitted assets of \$3,412,176, resulting in a negative surplus to policyholders in the amount of \$(345,083). A copy of the Monthly Statement is attached hereto as Exhibit A.

7. On May 30, 2014, Drivers' Board of Directors unanimously passed a written consent for the entry of an order of liquidation pursuant to Insurance Law Article 74, which is attached hereto as Exhibit B.



James Davis
Assistant Bureau Chief
Property and Casualty Insurance

Sworn to before me this
26th day of September, 2014

Martha A. Lees
Notary Public

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

EXHIBIT A

STATEMENT AS OF JULY 31, 2014 OF THE DRIVERS INSURANCE COMPANY

ASSETS

Current Statement Date					4
	1	2	3		December 31st Prior Year Net
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1-2)		Admitted Assets
1. Bonds	2,617,484		2,617,484		2,771,396
2. Stocks			-		
2.1 Preferred Stocks	-		-		
2.2 Common Stock	-		-		
3. Mortgage loans on real estate:			-		
3.1 First liens			-		
3.2 Other than first liens			-		
4. Real estate:			-		
4.1 Properties occupied by the company (less \$..... Encumbrances)			-		
4.2 Properties held for the production of income (less \$..... Encumbrances)			-		
4.3 Properties held for sale (less \$..... Encumbrances)			-		
5. Cash (\$.....)			-		
Cash equivalents (\$.....0) and short-term investments (\$.....)	508,500		508,500		1,192,439
6. Contract loans (including \$..... Premium notes)			-		
7. Derivatives			-		
8. Other invested assets			-		
9. Receivables for securities			-		
10. Securities lending reinvested collateral assets			-		
11. Aggregate write-ins for invested assets			-		
12. Subtotals, cash and invested assets (Lines 1 to 11)	3,125,984	-	3,125,984		3,963,835
13. Title plants less \$..... charged off (for Title insurers only)			-		
14. Investment income due and accrued	23,807		23,807		27,884
15. Premiums and considerations:					
15.1 Uncollected premiums and agents' balances in the course of collection	86,956	72,088	14,868		42,639
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$..... earned but unbilled premiums)	200,105		200,105		587,708
15.3 Accrued retrospective premiums					
16. Reinsurance					
16.1 Amounts recoverable from reinsurers	23,155		23,155		22,934
16.2 Funds held by or deposited with reinsured companies					
16.3 Other amounts receivable under reinsurance contracts					
17. Amounts receivable to uninsured plans					
18.1 Current federal and foreign income tax recoverable and interest thereon					
18.2 Net deferred tax asset	96,500	96,500	-		-
19. Guaranty funds receivable or on deposit					
20. Electronic data processing equipment and software	3,349	3,349	-		-
21. Furniture and equipment, including health care delivery assets (\$.....)					
22. Net adjustment in assets and liabilities due to foreign exchange rates					
23. Receivables from parent, subsidiaries and affiliates					
24. Health care (\$.....) and other amounts receivable					
25. Aggregate write-ins for other than invested assets	43,190	18,933	24,257		41,563
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Amounts (Lines 12 to 25)	3,603,045	190,869	3,412,176		4,686,563
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts					
28. Total (Lines 26 and 27)	3,603,045	190,869	3,412,176		4,686,563
DETAILS OF WRITE-INS					
1101.					
1102.					
1103.					
1198. Summary of remaining write-ins for Line 11 from overflow page					
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	-	-	-		-
2501. NYS premium tax recoverable	24,257		24,257		41,563
2502. Miscellaneous receivable	-		-		
2503. Prepaid expense	7,797	7,797	-		
2598. Summary of remaining write-ins for Line 25 from overflow page	11,135	11,135	-		
2599. Total (Lines 2501 through 2503 plus 2598) (Line 25 above)	43,190	18,933	24,257		41,563

STATEMENT AS OF JULY 31, 2014 OF THE DRIVERS INSURANCE COMPANY			
LIABILITIES, SURPLUS AND OTHER FUNDS			
		1 Current Statement Date	2 December 31, Prior Year
1.	Losses (current accident year \$	2,442,420	2,353,333
2.	Reinsurance payable on paid losses and loss adjustment expenses		
3.	Loss adjustment expenses	607,052	646,744
4.	Commissions payable, contingent commissions and other similar charges	66,792	125,200
5.	Other expenses (excluding taxes, licenses and fees)	26,174	131,295
6.	Taxes, licenses and fees (excluding federal and foreign income taxes)		
7.1	Current federal and foreign income taxes (including \$ on realized capital gains (losses))		
7.2	Net deferred tax liability		
8.	Borrowed money \$ and interest thereon \$		
9.	Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$ and including warranty reserves of \$ and accrued accident and health experience rating refunds including \$ for medical loss ratio rebate per the Public Health Service Act)	\$80,839	1,359,525
10.	Advance Premium		
11.	Dividend declared and unpaid:		
	11.1 Stockholders		
	11.2 Policyholders		
12.	Ceded reinsurance premiums payable (net of ceding commissions)		32,027
13.	Funds held by company under the reinsurance treaties		
14.	Amounts withheld or retained by the company for account of others	31,982	31,842
15.	Remittances and items not allocated		
16.	Provision for reinsurance (including \$ certified)		
17.	Net adjustments in assets and liabilities due to foreign exchange rates		
18.	Drafts outstanding		
19.	Payable to parent, subsidiaries and affiliates		
20.	Derivatives		
21.	Payable for securities		
22.	Payable for securities lending		
23.	Liability for amounts held under uninsured plans		
24.	Capital notes \$ and interest thereon \$		
25.	Aggregate write-ins for liabilities		
26.	Total liabilities excluding protected cell liabilities (Lines 1 through 25)	3,757,259	4,679,965
27.	Protected cell liabilities		
28.	Total liabilities (Lines 26 and 27)	3,757,259	4,679,965
29.	Aggregate write-ins for specific surplus funds		
30.	Common capital stock	700,000	700,000
31.	Preferred capital stock		
32.	Aggregate write-ins for other than special surplus funds		
33.	Surplus notes		
34.	Gross paid in and contributed surplus	1,156,838	1,156,838
35.	Unassigned funds (surplus)	(2,201,921)	(1,850,241)
36.	Less treasury stock, at cost:		
	36.1 Shares common (value included in Line 30 \$		
	36.2 Shares preferred (value included in Line 30 \$		
37.	Surplus as regards policyholders (Lines 29 to 35, less 36)	(345,083)	6,597
38.	Totals (Page 2, line 28, Col. 3)	3,412,176	4,686,563
DETAILS OF WRITE-INS			
2501.			
2502.			
2503.			
2598.	Summary of remaining write-ins for Line 25 from overflow page		
2599.	Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)		
2901.			
2902.			
2903.			
2998.	Summary of remaining write-ins for Line 29 from overflow page		
2999.	Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)		
3201.			
3202.			
3203.			
3298.	Summary of remaining write-ins for Line 32 from overflow page		
3299.	Totals (Lines 3201 through 3203 plus 3298) (Line 32 above)		

STATEMENT AS OF JULY 31, 2014 OF THE DRIVERS INSURANCE COMPANY

STATEMENT OF INCOME

		Current Year to Date	Prior Year Ended December 31
UNDERWRITING INCOME			
1.	Premiums earned		
	1.1 Direct (written \$	1,433,552	3,591,543
	1.2 Assumed (written \$		
	1.3 Ceded (written \$	9,992	36,040
	1.4 Net (written \$	1,423,560	3,555,503
DEDUCTIONS			
2.	Losses incurred (current accident year \$.....)		
	2.1 Direct	1,396,084	3,164,271
	2.2 Assumed		
	2.3 Ceded		(2,000)
	2.4 Net	1,396,084	3,166,271
3.	Loss adjustment expenses incurred	260,351	461,877
4.	Other underwriting expenses incurred	213,685	882,285
5.	Aggregate write-ins for underwriting deductions		
6.	Total underwriting deductions (Lines 2 through 5)	1,870,120	4,510,433
7.	Net income of protected cells		
8.	Net underwriting gain (loss) (Lines 1 minus Line 6 + Line 7)	(446,560)	(954,930)
INVESTMENT INCOME			
9.	Net investment income earned	24,754	75,156
10.	Net realized capital gains (losses) less capital gains tax of \$.....	52,615	13,269
11.	Net investment gain (loss) (Lines 9 + 10)	77,369	88,425
OTHER INCOME			
12.	Net gain or (loss) from agents' or premium balances charged off (amount recovered \$..... amount charged off \$.....)		9,198
13.	Finance and service charges not included in premiums	84,800	263,201
14.	Aggregate write-ins for miscellaneous income	48	
15.	Total other income (Lines 12 through 14)	84,847.62	272,399
16.	Net income before dividends to policyholders after capital gains tax and before all other federal and foreign income taxes (Lines 8 + 11 + 15)	(284,344)	(594,106)
17.	Dividends to policyholders		
18.	Net income after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes (Lines 16 minus Line 17)	(284,344)	(594,106)
19.	Federal and foreign income taxes incurred		
20.	Net income (Line 18 minus Line 19)(to Line 22)	(284,344)	(594,106)
CAPITAL AND SURPLUS ACCOUNT			
21.	Surplus as regards policyholders, December 31 prior year	6,597	717,276
22.	Net income (from Line 20)	(284,344)	(594,106)
23.	Net transfers (to) from Protected Cell accounts		
24.	Change in net unrealized capital gains or (losses) less capital gains tax of \$.....	(46,720)	7,446
25.	Change in net unrealized foreign exchange capital gain (loss)		
26.	Change in net deferred income tax	(52,100)	(92,400)
27.	Change in nonadmitted assets	31,483	(31,619)
28.	Change in provision for reinsurance		
29.	Change in surplus notes		
30.	Surplus (contributed to) withdrawn from protected cells		
31.	Cumulative affect of changes in accounting principles		
32.	Capital changes:		
	32.1 Paid in		
	32.2 Transferred from surplus (Stock Dividend)		
	32.3 Transferred to surplus		
33.	Surplus adjustments		
	33.1 Paid in		
	33.2 Transferred to capital (Stock Dividend)		
	33.3 Transferred from capital		
34.	Net remittances from or (to) Home Office		
35.	Dividends to stockholders		
36.	Change in treasury stock		
37.	Aggregate write-ins for gains and losses in surplus		
38.	Change in surplus as regards policyholders (Lines 22 through 37)	(351,681)	(710,679)
39.	Surplus as regards policyholder, as of statement date (Lines 21 plus 38)	(345,083)	6,597
DETAILS OF WRITE-INS			
0501			
0502			
0503			
0598	Summary of remaining write-ins for Line 5 from overflow page		
0599	TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)		
1401	Miscellaneous income	48	
1402			
1403			
1498	Summary of remaining write-ins for Line 14 from overflow page		
1499	TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)	48	
3701			
3702			
3703			
3798	Summary of remaining write-ins for Line 37 from overflow page		
3799	TOTALS (Lines 3701 through 3703 plus 3798) (Line 37 above)		

CASH FLOW			
		Current Year to Date	Prior Year Ended December 31
	Cash from Operations		
1	Premiums collected net of reinsurance	1,002,956	3,536,096
2	Net investment income	56,097	132,997
3	Miscellaneous income	84,848	272,399
4	Total (Lines 1 to 3)	1,143,901	3,941,492
5	Benefit and loss related payments	1,307,218	2,768,650
6	Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts		
7	Commissions, expenses paid and aggregate write-ins for deductions	675,257	1,292,073
8	Dividends paid to policyholders		
9	Federal and foreign income taxes paid (recovered) net of \$..... tax on capital gains (losses)	-	(119,820)
10	Total (Lines 5 through 9)	1,982,475	3,940,903
11	Net cash from operations (Line 4 minus Line 10)	(838,574)	588
	Cash from Investments		
12	Proceeds from Investments sold, matured or repaid		
12.1	Bonds	679,672	839,920
12.2	Stocks		
12.3	Mortgage loans		
12.4	Real estate		
12.5	Other invested assets		
12.6	Net gains or (losses) on cash, cash equivalents and short-term investments)		
12.7	Miscellaneous proceeds		
12.8	Total investment proceeds (Lines 12.1 to 12.7)	679,672	839,920
13	Cost of investments acquired (long-term only)		
13.1	Bonds	547,133	82,025
13.2	Stocks		
13.3	Mortgage loans		
13.4	Real estate		
13.5	Other invested assets		
13.6	Miscellaneous applications		
13.7	Total investments acquired (Lines 13.1 to 13.6)	547,133	82,025
14	Net increase (or decrease) in contract loans and premium notes		
15	Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	132,539	757,894
	Cash from Financing and Miscellaneous Sources		
16	Cash provided (applied)		
16.1	Surplus notes, capital notes		
16.2	Capital and paid in surplus, less treasury stock		
16.3	Borrowed funds		
16.4	Net deposits o deposit-type contracts and other insurance liabilities		
16.5	Dividends to stockholders		
16.6	Other cash provided (applied)	22,093	(53,433)
17	Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	22,093	(53,433)
18	Net change in cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	(683,942)	705,050
19	Cash, cash equivalents and short-term investments		
19.1	Beginning of year	1,192,439	487,389
19.2	End of period (Line 18 plus Line 19.1)	508,500	1,192,439

EXHIBIT B

I, Annie Weinstein, Secretary of DRIVERS INSURANCE COMPANY, do hereby certify the following resolution was passed by Unanimous Consent of the Board of Directors of the Corporation effective May 30, 2014:

UNANIMOUS WRITTEN CONSENT OF DIRECTORS

OF

DRIVERS INSURANCE COMPANY

The undersigned, being all the directors of Drivers Insurance Company, a New York insurance corporation (the "Corporation") do hereby consent to the adoption of, and do hereby adopt, the resolutions hereinafter set forth as the action of the Board of Directors of the Corporation pursuant to §708(b) of the New York Business Corporation Law with the same force and effect as if they had been duly adopted at a special meeting of the Board of Directors of the Corporation duly called and held for such purpose, and do hereby direct the Secretary of the Corporation to file this Consent in the minute books of the Corporation:

RESOLVED, that in the event the Superintendent of Financial Services of the State of New York ("Superintendent") commences a proceeding to rehabilitate the Corporation pursuant to Section 7402, subsections (a), (e) or (o), of the New York Insurance Law, or commences a proceeding to liquidate the Corporation pursuant to Section 7404 of the Insurance Law based on subsections (a), (e) or (o) of Section 7402 of the New York Insurance Law, then the Corporation hereby consents, and shall be deemed to have consented, to the entry of an order of rehabilitation or an order of liquidation, as the case may be, in accordance with the applicable provisions of Article 74 of the New York Insurance Law, provided that such proceeding is commenced no later than June 1, 2015, and is commenced in the Supreme Court of the State of New York, County of New York; and it is further

RESOLVED, that the Secretary is authorized to certify a copy of this resolution as having been adopted by this Board; and it is further

RESOLVED, that the President be and hereby is authorized and directed to execute and deliver to the Superintendent such further documents as may be necessary or desirable to carry out the purpose and intent of the foregoing resolution; and it is further

RESOLVED, that no action by the Corporation or any of its officers or directors that has the intent or effect of amending, rescinding, or changing in any way these resolutions shall be effective without the unanimous approval of the Corporation's Board of Directors and the prior written approval of the Superintendent.


Annie Weinstein, Secretary

Print name

Date: May 29, 2014

UNANIMOUS WRITTEN CONSENT OF DIRECTORS
OF
DRIVERS INSURANCE COMPANY

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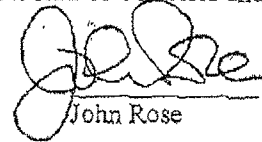
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Keith Greenbaum

Eugene Haber


John Rose

Neil Greenbaum

David Pollack

Annie Weinstein

UNANIMOUS WRITTEN CONSENT OF DIRECTORS

OF

DRIVERS INSURANCE COMPANY

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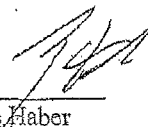
RESOLVED, that in the event the Superintendent of Financial Services of the State of New York ("Superintendent") commences a proceeding to rehabilitate the Corporation pursuant to Section 7402, subsections (a), (c) or (o), of the New York Insurance Law, or commences a proceeding to liquidate the Corporation pursuant to Section 7404 of the Insurance Law based on subsections (a), (c) or (o) of Section 7402 of the New York Insurance Law, then the Corporation hereby consents, and shall be deemed to have consented, to the entry of an order of rehabilitation or an order of liquidation, as the case may be, in accordance with the applicable provisions of Article 74 of the New York Insurance Law, provided that such proceeding is commenced no later than June 1, 2015, and is commenced in the Supreme Court of the State of New York, County of New York; and it is further

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RESOLVED, that the President be and hereby is authorized and directed to execute and deliver to the Superintendent such further documents as may be necessary or desirable to carry out the purpose and intent of the foregoing resolution; and it is further

RESOLVED, that no action by the Corporation or any of its officers or directors that has the intent or effect of amending, rescinding, or changing in any way these resolutions shall be effective without the unanimous approval of the Corporation's Board of Directors and the prior written approval of the Superintendent.

Keith Greenbaum



Eugene Haber

John Rose

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Annie Weinstein

**UNANIMOUS WRITTEN CONSENT OF DIRECTORS
OF
DRIVERS INSURANCE COMPANY**


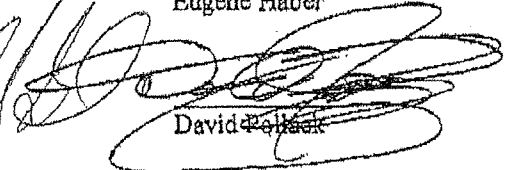

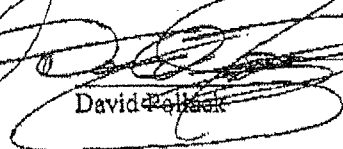
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RESOLVED, that the Secretary is authorized to certify a copy of this resolution as having been adopted by this Board; and it is further

RESOLVED, that the President be and hereby is authorized and directed to execute and deliver to the Superintendent such further documents as may be necessary or desirable to carry out the purpose and intent of the foregoing resolution; and it is further

RESOLVED, that no action by the Corporation or any of its officers or directors that has the intent or effect of amending, rescinding, or changing in any way these resolutions shall be effective without the unanimous approval of the Corporation's Board of Directors and the prior written approval of the Superintendent.


Keith Greenbaum
Eugene Haber
John Rose
Annie Weinstein
Neil Greenbaum
David Pollock

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF QUEENS

-----X
In the Matter of

Index No. 700282/2015

the Application of

SUPPLEMENTAL
AFFIRMATION

Benjamin M. Lawsky, Superintendent of Financial
Services of the State of New York, for an order to take
possession and liquidate the business and affairs of

DRIVERS INSURANCE COMPANY.
-----X

Eric S. Hong, an attorney admitted to the practice of law in New York, affirms as follows:

1. I am special counsel to the New York Liquidation Bureau, the organization that carries out the duties of the Superintendent of Financial Services of the State of New York ("Superintendent") in his capacity as receiver of insolvent and impaired insurance companies under Article 74 of the Insurance Law. I make this affirmation in further support of the Superintendent's application (the "Application") for an order placing Drivers Insurance Company ("Drivers") into liquidation and to show compliance with Section 202.7(f) of the Uniform Rules of the Trial Courts of the State of New York ("Section 202.7(f)").

2. The Application was brought on by Order to Show Cause ("OTSC"), which includes requests for temporary restraining orders ("TROs") pending a hearing and a determination on the Application. In brief, the TROs seek to preserve the status quo by enjoining the officers, directors and employees of the company and all other persons from wasting the assets of the company or obtaining judgments against the company or preferential payments from the company assets while the Application is under consideration by the Court. This relief is broadly permitted by Section 7419 of the New York Insurance Law (the "Insurance

Law”), which contemplates injunctions “without notice” to prevent the waste and disposition of assets of the estate. Insurance Law § 7419(a).

3. Section 202.7(f) provides in relevant part:

Any application for temporary injunctive relief, including but not limited to a motion for a stay or a temporary restraining order, shall contain, in addition to the other information required by this section, an affirmation demonstrating there will be significant prejudice to the party seeking the restraining order by giving of notice. In the absence of a showing of significant prejudice, the affirmation must demonstrate that a good faith effort has been made to notify the party against whom the temporary restraining order is sought of the time, date and place that the application will be made in a manner sufficient to permit the party an opportunity to appear in response to the application.

4. The TROs in the OTSC seek to enjoin Drivers’ officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, managers and all other persons from transacting any of Drivers’ business, or from wasting or disposing of any of Drivers’ property. Insurance Law §7419(a) specifically permits such relief without notice. However, in this case the Superintendent sought and obtained a unanimous written consent from Drivers’ board of directors, effective May 30, 2014, to have the company placed in liquidation. A copy of the written consent is annexed as Exhibit B to the Affidavit of James Davis, sworn to September 26, 2014, submitted in support of the Application.

5. It is respectfully submitted that this consent to the transfer of Drivers’ entire business to the Superintendent as liquidator also constitutes sufficient notice of and consent to the TROs sought in the OTSC. The Superintendent has effectively notified the known parties against whom the injunctions are sought as required by Section 202.7(f) and obtained consent through the consent to liquidation. In addition, the denial of TROs against the parties currently

in control of the company would be prejudicial to the creditors of the estate, whose interests the Superintendent as liquidator is required to protect.

6. The TROs also seek to enjoin, pursuant to Insurance Law § 7419(b), other persons from prosecuting actions and obtaining judgments, preferences and liens during the pendency of the Application. Here, it is impossible for the Superintendent to give notice to “the party against whom the temporary restraining order is sought” under Section 202.7(f) because the Superintendent does not have (and will not have until an order liquidation is entered) all the files and records of the company showing claims, liabilities and litigations that may impact the assets of the estate. For this reason, § 7419(b) expressly provides that injunctive relief may be granted “at any time” as the Court “deems necessary” to prevent harm to the estate.


4. It is important to note that real harm can arise in the absence of protective TROs pending determination of an application to liquidate. Recently, an application to liquidate the business of another insurer, Eveready Insurance Company (“Eveready”), was submitted to the Supreme Court, New York County (Index No. 160307/2014), and the same TROs sought here were requested and granted. While that application was pending, a creditor obtained a judgment against the company and attached the company’s bank account. When the TROs in that order to show cause were shown to the creditor, the process was stopped, no monies were transferred and the assets of the estate were preserved for distribution as required by Insurance Law § 7434.

5. In the absence of the TROs, there would be nothing to prevent claimants from seizing and monetizing assets and property of Drivers, obtaining attachments, liens or levies on any such assets and property, or pursuing legal action (including collections on judgments) against Drivers or insureds of Drivers, any and all of which would have the effect of allowing such claimants to achieve preferences over others in a manner that is incompatible with the liquidation scheme of Insurance Law Article 74. This would significantly prejudice the ability

of the Liquidator to administer the Drivers estate in a manner that would be fair and equitable to all claimants and avoid prejudice to any of them.

Wherefore, for all of the foregoing reasons, the Court is respectfully urged to find sufficient compliance with Section 202.7(f) and otherwise determine that the requested TROs are necessary to protect and preserve the assets of Drivers and avoid prejudice to Superintendent's ability to carry out his statutory duties as liquidator.

New York, New York
Dated: March 9, 2015


ERIC S. HONG