

*Order
MSK 2*

EX PARTE MOTION OFFICE

APPROVED
FOR THE PAYMENT
OF MOTION FEE
ONLY

At IAS Part 55 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 1
day of MAY, 2013.

RECEIVED

PRESENT CYNTHIA S. KERN
J.S.C.
HON. CYNTHIA S. KERN, J.S.C.

APR 30 2013

NEW YORK
COUNTY CLERK'S OFFICE

13M10630

In the Matter of

the Conservation of the Trust Fund of

HIGHLANDS INSURANCE COMPANY
(U.K.) LIMITED.

Index No.: 402246/11

FILE

ORDER TO SHOW CAUSE

Based on the verified petition ("Verified Petition") of Mary Jo Marchisello, Assistant Special Deputy Superintendent and Agent of Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York as conservator ("Conservator") of a certain trust fund ("Trust Fund") of Highlands Insurance Company (U.K.) Limited ("Highlands"), duly verified the 29th day of April, 2013 and exhibit attached thereto, and upon all other papers previously submitted and all proceedings heretofore had herein, and it appearing that the relief sought should be granted;

NOW, on motion of John Pearson Kelly, attorney for the Conservator, and after due deliberation having been had thereon,

LET all claimants and all other parties interested in the affairs of Highlands⁸² show cause before this Court at IAS Part 55, Room ~~647~~⁶³², thereof, at the Courthouse located at 60 Centre Street in the County, City and State of New York, on the 25th day of JUNE, 2013 ("Return Date") at 9:30 o'clock .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 ("Insurance Law"), *inter*

Appear and

alia: (a) approving the conservation agreement (the "Conservation Agreement") dated January 4, 2013, between Dan Schwarzmann and Mark Batten in their capacity as liquidators of Highlands (the "Office Holders") and the Conservator; (b) authorizing the Conservator to distribute the funds held in the Trust Fund to the Office Holders in accordance with the terms of the Conservation Agreement; (c) terminating this conservation proceeding upon distribution of the Trust Fund to the Office Holders without further order of this Court; (d) releasing and discharging, upon distribution of the Trust Fund in accordance with the terms of the Conservation Agreement, the Conservator, his predecessors and successors in office, their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with this conservation proceeding; (e) authorizing and directing the Conservator, in his discretion, to destroy or otherwise dispose of any and all of the books, files, records and other property of Highlands in his possession without further order of this Court; and (f) providing for such other and further relief as this Court deems just and proper.

AND, sufficient cause having been alleged therefor, and this Court having found the form and method of notice specified herein to be the best notice practicable, it is hereby

ORDERED, that service of a copy of this Order to Show Cause and the papers upon which it is granted, shall be made by first class mail to: (i) Nicholas R. Williams, Esq., the authorized agent of Highlands for service of process in this conservation proceeding, at Clifford Chance US LLP, 31 West 52nd Street, New York, New York, 10019 and (ii) Dan Schwarzmann of PricewaterhouseCoopers, 7 More London Riverside, London, SE1 2RT, on or before the 7th day of May, 2013; and it is further

ORDERED, that notice of the Verified Petition and this Order to Show Cause shall be substantially in the form attached hereto and service shall be made by: (i) publication in *Business Insurance*, or a publication of similar circulation; and (ii) posting on the Internet web

page maintained by New York Liquidation Bureau at <http://www.nylb.org>; all commencing at least 15 days before the Return Date; and it is hereby

ORDERED, that the form and methods of service specified herein are hereby approved as in accordance with the law and as the best notice practicable and shall therefore constitute due and sufficient notice of this Order to Show Cause and scheduled Return Date herein and the Verified Petition and the relief sought therein to all persons and entities entitled to receive such notice; and it is further

ORDERED, that all answering papers and supporting documentation (“Answering Papers”) be served on the Conservator so as to be received at least 7 days prior to the Return Date, and that service on the Conservator shall be made by first class mail at the following address

Superintendent of Financial Services of the State of New York
as Conservator of Highlands Insurance Company (U.K.) Limited
110 William Street
New York, New York 10038
Attention: John Pearson Kelly
General Counsel

and by submitting copies of the Answering Papers, with affidavit of service on the Conservator as above, to this Court at IAS Part 55, Room 647, at the Courthouse located at 60 Centre Street, in the County, City and State of New York, seven days before the Return Date; and it is further

ORDERED, that in the absence of Answering Papers filed pursuant to the previous paragraph on or prior to the date specified, the Court may enter relief without hearing and no party shall be entitled to be heard thereon; 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.

ENTER;



J. S. C.

CYNTHIA S. KERN
J.S.C.