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At IAS Part 8 of the Supreme Court of the State of New York, County of New York, at the courthouse, 71 Thomas Street, in County, City and State of New York, on the 31ST day of January, 2010.

P R E S E N T :

HON. JOAN M. KENNEY, J.S.C.

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Index No. 401477/09

In the Matter of
the Liquidation of
THE INSURANCE CORPORATION OF NEW YORK.

**ORDER APPROVING
THE PROCEDURE FOR
THE LIQUIDATOR'S
ADJUDICATION OF
CLAIMS**

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Dennis J. Hayes, Special Deputy Superintendent and Agent of James J. Wrynn, Superintendent of Insurance of the State of New York as liquidator ("Liquidator") of The Insurance Corporation of New York ("InsCorp"), having moved this Court by verified petition dated the 8th of December, 2010 ("Verified Petition"), for an order approving a procedure ("Procedure") for judicial review of the Liquidator's adjudication of claims made in this proceeding, and it appearing from the Verified Petition that the Procedure will best serve the interests of InsCorp, its creditors, all other interested persons and that it should be approved and implemented;

FILED

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

FEB - 4 2011

The Procedure is approved.

NEW YORK
COUNTY CLERK'S OFFICE

1. This Court finds that the Procedure is required for the orderly administration of the InsCorp estate. The Procedure will enable the Liquidator to dispose of claims on an ongoing basis while offering due process to all claimants who object to his recommendations.

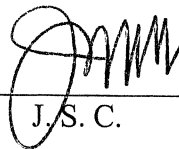
2. The Procedure is as follows:

- 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 the claimant’s last known address. A sample NOD is attached hereto as Exhibit A.
- 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 the negotiated amount. If the objection cannot be resolved, the Liquidator will schedule a hearing to resolve disputed issues of fact.
 - (vii) The Liquidator will refer each claim for which there is an unresolved objection to the referee appointed by this Court to hear and report on the validity of the claimant’s objections and the Liquidator will notify

each claimant of the time and place of the hearing on the claimant's claim; 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 mailing 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 FEB 03 2011



J.S.C.

JOAN M. KENNEY
J.S.C.

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