

At IAS Part ⁴⁷ of the Supreme
Court of the State of New York,
County of New York, at the
Courthouse, ⁸⁰ Centre Street, in
the County, City and State of New
York, on the ^{5th} day of
January, 2016

PRESENT:

HON. JUDGE GEOFFREY D. WRIGHT

In the Matter of

Index No.: 450003/16

the Application of

ORDER TO SHOW CAUSE

Shirin Emami, Acting Superintendent of
Financial Services of the State of New York, for an
Order of Appointment as Ancillary Receiver of

LINCOLN GENERAL INSURANCE COMPANY.

Upon the reading and filing of the annexed verified petition ("Verified Petition") of
Shirin Emami, Acting Superintendent of Financial Services of the State of New York
("Superintendent"), duly verified on the 30th day of December, 2015, the affidavit of Wendy
Uhlman, Principal Insurance Examiner, Property Bureau, New York State Department of
Financial Services, sworn to on the 18th day of December, 2015, 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 Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania,
as the duly-appointed liquidator of Lincoln General Insurance Company ("Lincoln General"),
and all creditors, claimants and interested persons located in the State of New York, ^{for counsel} appear and
show cause

before this Court at IAS Part 47 Room 122, thereof, at the Courthouse located at 50
Centre Street in the County, City and State of New York, on the 21 day of January,
2016, at 2:30 o'clock in the P.m., or as soon thereafter as counsel can be heard ("Return
Date"), why an order, substantially in the form attached as Exhibit 1 to the Verified Petition
("Order"), should not be made, pursuant to Article 74 of the New York Insurance Law
("Insurance Law"), *inter alia*: (1) appointing the Superintendent and her successors in office as
ancillary receiver of Lincoln General ("Ancillary Receiver"); (2) vesting the Ancillary Receiver
with all rights and obligations granted to and imposed upon her pursuant to Insurance Law
Article 74; (3) authorizing the Ancillary Receiver to pay claims against Lincoln General, or its
policyholders, that are covered by the New York Property/Casualty Insurance Security Fund (the
"P/C Fund") pursuant to Insurance Law §7603 or the New York Public Motor Vehicle Liability
Security Fund pursuant to Insurance Law §7604 (the "PMV Fund" and, together with the P/C
Fund, the "Security Funds"); (4) applying the injunctions, restrictions and directions set forth in
paragraphs 6(a), 8(d), 9, 19 and 20 of the order of liquidation of Lincoln General certified by the
Commonwealth Court of Pennsylvania on November 5, 2015 (the "Liquidation Order") to any
and all business of Lincoln General that is conducted, and to any and all assets, books, records,
files, credit cards and other property of Lincoln General that are located, in the State of New
York; (5) permanently enjoining and restraining all persons from commencing or prosecuting
any actions, lawsuits or proceedings in the State of New York against Lincoln General, the
Superintendent as Ancillary Receiver or as administrator of the Security Funds
("Administrator"), the New York Liquidation Bureau (the organization that will carry out the
duties of the Superintendent), and their employees, attorneys or agents, with respect to this
proceeding or in the discharge of their duties under Insurance Law Articles 74 and 76;

(6) enjoining and restraining all parties to actions, lawsuits and special or other proceedings within the jurisdiction of the courts of the State of New York in which Lincoln General, its policyholders, or its insureds, are obligated to defend a party or to provide a defense of any matter against an insured pursuant to an insurance policy, bond, contract or otherwise, from obtaining any judgment or proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of the Order; (7) enjoining and restraining all persons who have first party policyholder loss claims against Lincoln General in the State of New York, from presenting and filing claims with the Ancillary Receiver for a period of 90 days from the date of entry of the Order; (8) finding in accordance with Insurance Law § 7412(a) that the claims submission bar date of July 6, 2016, established in the Liquidation Order, applies to the Ancillary Receivership proceeding and all claims under Lincoln General policies against the Security Funds; (9) extending immunity to the Superintendent in her capacities as Ancillary Receiver of Lincoln General and as Administrator of the Security Funds, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Articles 74 and/or 76; and (10) granting such other and further relief as the Court may deem just and proper;

AND sufficient cause having been shown therefor, it is hereby

ORDERED, that service of this Order to Show Cause and its supporting papers shall be deemed good and proper service if served by: (i) first-class mail to Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, c/o Dennis Haag, Pennsylvania Insurance

Department, Bureau of Liquidations & Rehabilitations, Capitol Associates Building, 901 North 7th Street, Harrisburg, PA 17102 at least 10 days before the Return Date; and (ii) posting on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> at least 10 days prior to the Return Date; and it is further

ORDERED, that any answering papers in support of or in opposition to this application ("Answering Papers") be served by overnight mail or first class mail so as to be received by the Superintendent at least two days prior to the Return Date, and that such service shall be made at the following addresses:

Eric T. Schneiderman
Attorney General of the State of New York
120 Broadway, 24th Floor
New York, NY 10271
Attention: _____

New York Liquidation Bureau
110 William Street, 15th Floor
New York, New York 10038
Attention: General Counsel

and by filing the Answering Papers with this Court on the Return Date; and it is further

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ORDERED, that pending the hearing ~~or return date and determination~~ of this motion, all actions or proceedings within the jurisdiction of the courts of the State of New York against Lincoln General or in which Lincoln General is obligated to defend a party are stayed.

J.S.C.
ORAL ARGUMENT REQUESTED.

ENTER
GEOFFREY D. WRIGHT

AJSC
J.S.C.

J.S.C.

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

-----X

In the Matter of

Index No.: 450003/2016

the Application of

VERIFIED PETITION

Shirin Emami, Acting Superintendent of
Financial Services of the State of New York, for an
Order of Appointment as Ancillary Receiver of

LINCOLN GENERAL INSURANCE COMPANY.

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

Background

1. Lincoln General is a property and casualty insurance company organized under the laws of the State of Pennsylvania, with its headquarters located in York, Pennsylvania. *See* Affidavit of Wendy Uhlman, Principal Insurance Examiner, Property Bureau, New York State Department of Financial Services ("DFS"), sworn to December 18, 2015 ("Uhlman Aff."), which is attached hereto as Exhibit 2. Lincoln General became licensed to do business as an authorized foreign insurer in the State of New York on or about November 30, 2000. (Uhlman Aff. ¶ 2).

2. Lincoln General is authorized to transact the business of insurance as specified in Insurance Law §§ 1113(a)(3) – (17), and (19) – (21). (Uhlman Aff. ¶ 3).

3. In June 2010, the New York State Insurance Department (the predecessor to the DFS) suspended Lincoln General's license to conduct business in the State of New York. (Uhlman Aff. ¶ 4).

4. Due to Lincoln General's deteriorating financial condition, the Insurance Commissioner of the Commonwealth of Pennsylvania ("Insurance Commissioner") commenced a liquidation proceeding in Pennsylvania, and by orders certified on November 5, 2015 (collectively, the "Liquidation Order"), the Commonwealth Court of Pennsylvania found Lincoln General to be insolvent and placed Lincoln General into liquidation. The Insurance Commissioner was appointed liquidator ("Pennsylvania Liquidator") of Lincoln General and directed to liquidate the business and affairs of the company. The Liquidation Order established July 6, 2016 as the bar date for the filing of claims against Lincoln General. (Uhlman Aff. ¶5). *See* Liquidation Order (Uhlman Aff., Exhibit A).

5. Due to Lincoln General's insolvency, the New York Property/Casualty Insurance Security Fund (the "P/C Fund") and the New York Public Motor Vehicle Liability Security Fund (the "PMV Fund" and, together with the P/C Fund, the "Security Funds") will become obligated to pay eligible claims related to New York risks and New York policyholders arising out of insurance policies written by Lincoln General. (Ins. Law §§ 7603(a)(1) and 7604).

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

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

7. On November 12, 2015, the Pennsylvania Liquidator sent a request (“Letter of Request”) to the Superintendent to commence an Ancillary Receivership proceeding for Lincoln General. *See* Letter of Request. (Uhlman Aff., Exhibit B).

8. Insurance Law § 7408(b)(6) defines a reciprocal state as any state, other than the State of New York, in which the provisions of the Uniform Insurers Liquidation Act (Insurance Law §§ 7408-7415), in substance and effect, are in force. Pennsylvania, Lincoln General’s domiciliary state, has adopted, in substance and effect, the provisions of the Uniform Insurers Liquidation Act. 40 P.S. §§ 221.12, 221.15, 221.17, 221.20, 221.55, 221.58. Accordingly, Pennsylvania is a reciprocal state within the meaning of Insurance Law § 7408(b)(6). *See* Letter of Request. (Uhlman Aff., Exhibit B).

9. Based on the Letter of Request, the Superintendent now brings this application under Insurance Law § 7407 to commence an Ancillary Receivership proceeding for Lincoln General.

Relief Requested

10. In light of the foregoing, I respectfully request that the Court enter the Order of Ancillary Receivership, which, among other things: (a) appoints the Superintendent as Ancillary Receiver of Lincoln General, pursuant to Insurance Law §§ 7407(c) and 7410(a); and (b) vests the Ancillary Receiver with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the Insurance Law.

11. I respectfully request that this Court explicitly apply the injunctions, restrictions and directions contained in paragraphs 6(a), 8(d), 9, 19, and 20 of the Liquidation Order to any and all business of Lincoln General that is conducted, and to any and all assets, books, records, files, credit cards and other property of Lincoln General that are located in the State of New York. While these injunctions and restrictions issued by a court of competent jurisdiction apply

without an explicit ruling from this Court, the Superintendent nonetheless believes that an explicit ruling from this Court that the injunctions issued in paragraphs 6(a), 8(d), 9, 19, and 20 of the Liquidation Order apply to this Ancillary Receivership may reduce any potential confusion and reduce unnecessary and potentially costly litigation.

12. In order to discharge her responsibilities in an orderly and fair manner for the benefit of policyholders and creditors domiciled in the State of New York, the Ancillary Receiver also requires certain injunctive relief. Accordingly, I further respectfully request that the Court issue the injunctions provided for by Insurance Law § 7419(b) as set forth below.

13. Under Insurance Law § 7419(b), the Court may issue such permanent injunctions or orders as it “deems necessary” to prevent the commencement or prosecution of any actions or proceedings in the State of New York against the Ancillary Receiver, Lincoln General, or the New York Liquidation Bureau (the organization that will carry out the Superintendent’s duties), or their present or former employees, attorneys or agents, with respect to this proceeding or the discharge of their duties under Insurance Law Article 74 in relation thereto (the “Permanent Injunctions”).

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

15. In addition to the Permanent Injunctions, the Superintendent seeks an order under Insurance Law § 7419(b), temporarily staying all litigations in the State of New York in which Lincoln General, its policyholders, or its 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, for a period of 180 days from the date of entry of the Order of Ancillary Receivership (the “180-Day Injunction”). The 180-Day Injunction will temporarily stay all matters currently in litigation and will allow the Ancillary Receiver and the Superintendent in her capacity as administrator of the Security Funds (“Administrator”) sufficient time to review and assess the claims in litigation.

16. After Lincoln General is placed into Ancillary Receivership, the Pennsylvania Liquidator will transfer the books and records of the company relating to New York claims, including litigation files, to the Ancillary Receiver and Administrator for further handling. Because the files and records of an insolvent insurer are often in disarray, a temporary stay is necessary to insure that claims are appropriately handled and that there is no prejudice (such as default judgments) to the company or its policyholders during the transition to Ancillary Receivership.

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

18. The Superintendent also seeks an order under Insurance Law §7419(b) temporarily enjoining and restraining all persons who have first-party policyholder loss claims against Lincoln General in the State of New York, from presenting and filing claims with the Ancillary Receiver for a period of 90 days from the date of entry of the Order of Ancillary

Receivership (the “90-Day Injunction”). Eligible first-party claims¹ in New York are referred to the Ancillary Receiver who arranges a determination of Security Fund coverage up to the lesser of the Security Fund limits or the limits of the relevant insurance policy. In order to assess such claims, the New York Liquidation Bureau must arrange to: (i) obtain and review the insurance policies; (ii) assign claims examiners; (iii) determine coverage; (iv) negotiate settlements, if possible; (v) assign or retain counsel or an adjuster; and (vi) prepare to litigate, if necessary, upon the expiration of the 90-Day Injunction. For these reasons, it is respectfully requested that this Court order the 90-Day Injunction sought herein.

19. I further respectfully submit that Insurance Law § 7412(a) makes clear that the bar date established in the domestic liquidation proceeding in Pennsylvania applies to this Ancillary Receivership proceeding. However, to avoid any confusion and provide further notice to New York-based claimants, the Superintendent requests that this Court explicitly find that the July 6, 2016 date for the submission of claims set forth in the Liquidation Order (the “Liquidation Bar Date”) applies to the Ancillary Receivership proceeding and to all claims under Lincoln General policies against the Security Funds.

20. Setting a bar date for the filing of claims in the Ancillary Receivership proceeding and against the Security Funds will enable the universe of claims in the State of New York to be established and will keep the Ancillary Receivership in an orderly relationship to the domestic liquidation of Lincoln General. Because the Ancillary Receivership proceeding involves the Pennsylvania Liquidator referring claims to the Ancillary Receiver, the Liquidation Bar Date

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

must also apply to claims in the Ancillary Receivership proceeding. Otherwise, claims paid by the New York Security Funds could be barred in the domestic liquidation proceeding.²

21. I further respectfully request that the Court order that the Superintendent as Ancillary Receiver of Lincoln General and as Administrator of the Security Funds, her successors in office, and the New York Liquidation Bureau and their agents and employees, be granted judicial immunity from any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of the Court, or in the performance of their duties pursuant to Insurance Law Articles 74 and 76. The Ancillary Receiver acts in a “judicial and private” capacity under the supervision of the Court pursuant to Article 74 of the Insurance Law. *Dinallo v. DiNapoli*, 9 N.Y.3d 94, 103 (2007). The Administrator determines coverage by and distributions from one or more funds established by the New York state legislature to mitigate the effects of an insurance carrier’s insolvency upon certain New York claimants. In addition, “a court-appointed receiver acts as an arm of the court and is immune from liability for actions grounded in his or her conduct as receiver.” *In the Matter of the Liquidation of U.S. Capital Insurance Company*, 36 Misc.3d 635, 637 (2012).

22. The Superintendent also requests that this Court issue the accompanying Order to Show Cause: (i) setting a return date (“Return Date”) of no later than 30 days after the date of issuance of the Order to Show Cause for a hearing (“Hearing”) on the Verified Petition to be held before this Court; and (ii) finding that the methods of service of the Order to Show Cause, *i.e.* by: (1) first-class mail to Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, c/o Dennis Haag, Pennsylvania Insurance Department, Bureau of Liquidations & Rehabilitations, Capitol Associates Building, 901 North 7th Street, Harrisburg, PA 17102 at least 10 days before the Return Date; and (2) posting the Notice on the Internet web page maintained

² The New York Security Funds will assert claims in Lincoln General’s domestic liquidation for reimbursement of

by the New York Liquidation Bureau at <http://www.nylb.org> at least 10 days before the Return Date, are good and proper.

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

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

Dated: New York, New York
December 30, 2015

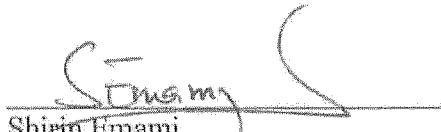

Shirin Emami
Acting Superintendent of Financial Services
of the State of New York

EXHIBIT 1

[Form of Liquidation Order]

At IAS Part 47 of the Supreme Court
of the State of New York, County of
New York, at the Courthouse,
80 Centre Street, in the County,
City and State of New York, on the
____ day of _____, 2015.
2016

P R E S E N T :

HON. GEOFFREY D. WRIGHT, J.S.C.

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In the Matter of

Index No.: 450003/2016

the Application of

Shirin Emami, Acting Superintendent of
Financial Services of the State of New York, for an
Order of Appointment as Ancillary Receiver of

**ORDER OF
ANCILLARY
RECEIVERSHIP**

LINCOLN GENERAL INSURANCE COMPANY.

-----X

Shirin Emami, Acting Superintendent of Financial Services of the State of New York ("Superintendent"), having moved this Court for an order appointing the Superintendent and her successors in office as ancillary receiver ("Ancillary Receiver") of Lincoln General Insurance Company ("Lincoln General"), and upon reading and filing the petition of the Superintendent, duly verified the 30th day of December, 2015 ("Verified Petition"), the Affidavit of Wendy Uhlman, Principal Insurance Examiner, Property Bureau, New York State Department of Financial Services, sworn to on the 18th day of December, 2015, and the exhibits annexed thereto, this Court finds that:

1. Lincoln General is a property and casualty insurance company organized under the laws of the State of Pennsylvania, with its headquarters located in York, Pennsylvania;
2. Lincoln General became licensed in the State of New York to transact the kinds of insurance specified in Insurance Law §§ 1113(a)(3) – (17) and (19) – (21) on or about November 30, 2000;

3. On November 5, 2015, an order was certified by the Commonwealth Court of Pennsylvania (“Liquidation Order”) placing Lincoln General into liquidation, appointing the Insurance Commissioner of the Commonwealth of Pennsylvania as liquidator (“Liquidator”) of Lincoln General and, among other things, setting a bar date of July 6, 2016 as the deadline for the filing of claims against Lincoln General (the “Liquidation Bar Date”);

5. Lincoln General is subject to Article 74 of the New York Insurance Law (“Insurance Law”);

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

7. The Liquidator requested the appointment of the Superintendent as Ancillary Receiver of Lincoln General for the purpose of permitting payments to be made from the New York Property/Casualty Insurance Security Fund (the “P/C Fund”) and the New York Public Motor Vehicle Liability Security Fund (the “PMV Fund” and, together with the P/C Fund, the “Security Funds”), up to the lesser of the Security Fund limits or the limits of the relevant insurance policy, to the extent that claimants of Lincoln General are entitled to coverage from any such Security Fund, each of which in turn has a claim against Lincoln General for any and all amounts it paid to Lincoln General’s claimants; and

8. Insurance Law § 7410(a) mandates that the Superintendent be appointed Ancillary Receiver of Lincoln General.

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

ORDERED as follows:

1. The relief requested in the Verified Petition seeking an order of ancillary receivership (“Order”) is granted in its entirety;

2. The Superintendent and her successors in office are appointed Ancillary Receiver of Lincoln General and are vested with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the Insurance Law;
3. The Ancillary Receiver is authorized to pay claims against Lincoln General, or its policyholders, that are covered by the Security Funds;
4. The injunctions, restrictions and directions set forth in paragraphs 6(a), 8(d), 9, 19, and 20 of the Liquidation Order shall apply to any and all of Lincoln General's business that is conducted, and any and all of Lincoln General's assets, books, records, files, credit cards and other property that are located in the State of New York;
5. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings in the State of New York against Lincoln General, and all persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings in the State of New York against the Superintendent as Ancillary Receiver or as administrator of the Security Funds ("Administrator"), the New York Liquidation Bureau, and their employees, attorneys, or agents, with respect to this proceeding or in the discharge of their duties under Insurance Law Articles 74 and 76;
6. All parties to actions, lawsuits, and special or other proceedings within the jurisdiction of the courts of the State of New York in which Lincoln General, its policyholders, or its insureds, are obligated to defend a party or to provide a defense of any matter against an insured pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from obtaining any judgment or proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of this Order;
7. All persons who have first party policyholder loss claims against Lincoln General in the State of New York are enjoined and restrained from presenting and filing claims with the Ancillary Receiver for a period of 90 days from the date of entry of this Order;
8. The Liquidation Bar Date shall apply to this ancillary receivership proceeding, and shall also apply to all claims under Lincoln General policies against the Security Funds;
9. Immunity is extended to the Superintendent in her capacities as Ancillary Receiver of Lincoln General and as Administrator of the Security Funds, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the

orders of this Court, or in the performance of their duties pursuant to Insurance Law Articles 74 and 76;

10. The Ancillary Receiver shall serve a copy of this Order on the Liquidator, c/o Dennis Haag, Bureau of Liquidations and Rehabilitations, Capitol Associates Building, 901 North 7th Street, Harrisburg, PA 17102, by first-class mail;
11. The Ancillary Receiver shall provide notice of this Order, substantially in the form attached hereto as Exhibit A (the "Notice"), to all creditors, claimants, and interested persons located in the State of New York by: (i) publication of the Notice in *Business Insurance*, or a publication of similar circulation, within 30 days of entry of this Order; and (ii) posting the Notice on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 15 days after the entry of this Order;
12. Lincoln General's license to do business in the State of New York is hereby revoked;
13. The caption for this proceeding is hereby amended as follows:

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

-----X
In the matter of

The Ancillary Receivership of

LINCOLN GENERAL INSURANCE COMPANY.

-----X

14. 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 located in the State of New York interested in the affairs of
LINCOLN GENERAL INSURANCE COMPANY

Notice is Hereby Given:

Shirin Emami, Acting Superintendent of Financial Services of the State of New York, has been appointed by an order (“Order”) of the Supreme Court of the State of New York, New York County (“Court”), filed on _____, 2016, as the ancillary receiver (“Ancillary Receiver”) of Lincoln General Insurance Company (“Lincoln General”) and, as such, has been vested with all other rights and obligations granted to and imposed upon her pursuant to Article 74 of the New York Insurance Law (“Insurance Law”). The Ancillary Receiver has, pursuant to Insurance Law Article 74, appointed Scott D. Fischer, Special Deputy Superintendent (“Special Deputy”), as her agent to carry out her duties as Ancillary Receiver. The Special Deputy carries out her duties through the New York Liquidation Bureau, 110 William Street, New York, New York 10038. The Order further provides as follows:

- I. The Ancillary Receiver is authorized to pay claims against Lincoln General, or its policyholders, that are covered by the New York Property/Casualty Insurance Security Fund (the “P/C Fund”) or the New York Public Motor Vehicle Liability Security Fund (the “PMV Fund” and, together with the P/C Fund, the “Security Funds”);
- II. The injunctions and restrictions set forth in paragraphs 6(a), 8(d), 9, 19, and 20 of the order of liquidation of Lincoln General, certified by the Commonwealth Court of Pennsylvania on November 5, 2015, shall apply to any and all of Lincoln General’s business that is conducted, and to any and all of Lincoln General’s assets, books, records, files, credit cards and other property that are located, in the State of New York;
- III. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings against Lincoln General, and all persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings against the Superintendent as Ancillary Receiver or as administrator of the Security Funds (“Administrator”), the New York Liquidation Bureau, and their employees, attorneys or agents, with respect to this proceeding or in the discharge of their duties under Insurance Law Articles 74 and 76;
- IV. All parties to actions, lawsuits and special or other proceedings within the jurisdiction of the courts of the State of New York in which Lincoln General, its policyholders, or its insureds, are obligated to defend a party or to provide a defense of any matter against an insured pursuant to an insurance policy, bond, contract or otherwise, are enjoined and restrained from obtaining any judgment or proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date of entry of the Order;
- V. All persons who have first party policyholder loss claims against Lincoln General in the State of New York are enjoined and restrained from presenting and filing claims with the Ancillary Receiver for a period of 90 days from the date of entry of the Order;

VI. The bar date of July 6, 2016 established in the Lincoln General liquidation proceeding in the Commonwealth of Pennsylvania shall apply to this ancillary receivership proceeding, and shall also apply to all claims under Lincoln General policies against the Security Funds;

VII. Immunity is extended to the Superintendent in her capacities as Ancillary Receiver of Lincoln General and as Administrator of the Security Funds, her successors in office, the New York Liquidation Bureau and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74;

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

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

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

SHIRIN EMAMI
Acting Superintendent of Financial Services of
the State of New York as Ancillary Receiver
of Lincoln General Insurance Company

SCOTT D. FISCHER
Special Deputy Superintendent and Agent for
the Acting Superintendent as Ancillary Receiver
of Lincoln General Casualty Company

EXHIBIT 2

[Affidavit of Wendy Uhlman]

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

-----X
In the Matter of

Index No. 450003/2016

the Application of

AFFIDAVIT

Shirin Emami, Acting Superintendent of
Financial Services of the State of New York, for an
Order of Appointment as Ancillary Receiver of

LINCOLN GENERAL INSURANCE COMPANY.
-----X

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

Wendy Uhlman, being duly sworn, deposes and says:

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

2. Lincoln General is a property and casualty insurance company organized under the laws of the State of Pennsylvania, and its headquarters are located at 3501 Concord Road, York, Pennsylvania 17402. Lincoln General became licensed to do business as an authorized foreign insurer in the State of New York on or about November 30, 2000.

3. Lincoln General is licensed to transact the business of insurance in accordance with paragraphs (3) (Accident and Health), (4) (Fire), (5) (Miscellaneous Property), (6) (Water Damage), (7) (Burglary and Theft), (8) (Glass), (9) (Boiler and Machinery), (10) (Elevator), (11) (Animal), (12) (Collision), (13) (Personal Injury Liability), (14) (Property Damage Liability), (15) (Workers' Compensation and Employers' Liability), (16) (Fidelity and Surety), (17) (Credit), (19) (Motor Vehicle and Aircraft Physical Damage), (20) (Marine and Inland Marine) and (21) (Marine Protection and Indemnity) of Insurance Law Section 1113(a). Lincoln General wrote liability, bodily injury and physical damage insurance, private passenger, commercial and non-standard auto insurance, and surety and fidelity bonds.

4. In June 2010, the New York State Insurance Department (the predecessor to the DFS) suspended Lincoln General's license to conduct business in the State of New York.

5. The Insurance Commissioner of the Commonwealth of Pennsylvania ("Insurance Commissioner") commenced a liquidation proceeding against Lincoln General in Pennsylvania, and by two separate orders, both certified on November 5, 2015 (collectively, the "Liquidation Order"), the Commonwealth Court of Pennsylvania, *inter alia*, found Lincoln General to be insolvent, placed Lincoln General into liquidation, appointed the Insurance Commissioner liquidator ("Pennsylvania Liquidator") of Lincoln General and established July 6, 2016 as the bar date for the filing of claims against Lincoln General. A copy of the Liquidation Order is attached as Exhibit A.

6. On November 12, 2015, the Pennsylvania Liquidator sent a request ("Letter of Request") to the then-Superintendent requesting that DFS commence an ancillary receivership proceeding for Lincoln General in the State of New York. A copy of the Letter of Request is

attached as Exhibit B. DFS thereafter requested that a petition be filed commencing an ancillary receivership proceeding for Lincoln General.



Wendy Uhlman

Sworn to before me this
18th day of December, 2015



Notary Public

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

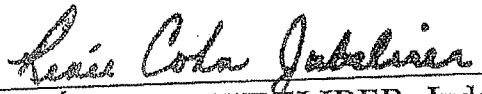
EXHIBIT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Lincoln General Insurance :
Company :
In Liquidation : No. 1 LIN 2015

ORDER

AND NOW, this 5th day of November, 2015, upon consideration of the Application for a Declaration of Insolvency, the Application is hereby **GRANTED**. Lincoln General Insurance Company is hereby declared to be insolvent, as defined in Section 503 of Article V of the Insurance Department Act of 1921, 40 P.S. § 221.3, as of the date of liquidation, November 5, 2015.


RENÉE COHN JUBELIRER, Judge

Certified from the Record

NOV 05 2015

And Order Exit

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Lincoln General Insurance :
Company :
In Liquidation : No. 1 LIN 2015

ORDER OF LIQUIDATION

AND NOW, this 5th day of November, 2015, upon consideration of the Petition for Review in the Nature of a Complaint for Order of Liquidation of Lincoln General Insurance Company ("Lincoln General") filed by Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, and upon the unanimous consent of the Board of Directors of Lincoln General and of Walshire Assurance Company, the sole shareholder of Lincoln General, it is hereby **ORDERED** that:

1. The Petition for Liquidation is **GRANTED**, and Lincoln General is ordered to be **LIQUIDATED** pursuant to Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended*, 40 P.S. §§ 221.1 – 221.63 ("Article V").

2. Insurance Commissioner Teresa D. Miller and her successor in office, if any, are hereby **APPOINTED** Statutory Liquidator of Lincoln General and directed to take possession of Lincoln General's property, business and affairs in accordance with Article V.

3. The Liquidator is hereby **VESTED** with all the powers, rights and duties authorized under Article V and other applicable statutes and regulations.

ASSETS OF THE ESTATE

4. The Liquidator is vested with title to all property, assets, contracts and rights of actions (collectively "assets") of Lincoln General of whatever nature and wherever located, as of the date of filing of the Petition for Liquidation. All assets of Lincoln General are hereby found to be *in custodia legis* of this Court and this Court asserts jurisdiction as follows: (a) *in rem* jurisdiction over all assets of Lincoln General wherever they may be located and regardless of whether they are held in the name of Lincoln General or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to Lincoln General or to another party; (c) exclusive jurisdiction over all determinations of the validity and amounts of claims against Lincoln General; and (d) exclusive jurisdiction over the determination of the priority of all claims against Lincoln General.

5. The filing or recording of this Order with the Clerk of the Commonwealth Court or with the Recorder of Deeds of the county in which Lincoln General's principal office or place of business is located (York County), shall impart the same notice as is imparted by any deed, bill of sale or other evidence of title duly filed or recorded with that Recorder of Deeds.

6. The Liquidator is directed to take possession of all assets that are the property of Lincoln General, and to administer the Lincoln General assets in accordance with the orders of this Court. Specifically, the Liquidator is directed to:

(a) Inform all banks, investment bankers, companies, other entities or other persons having in their possession assets which are, or may be, the property of Lincoln General, unless otherwise instructed by the Liquidator, to deliver the possession of the same immediately to the Liquidator, and not disburse, convey, transfer, pledge, assign, hypothecate, encumber or in any manner dispose of the same without the prior written consent of, or unless directed in writing by, the Liquidator.

(b) Inform all producers and other persons having sold policies of insurance issued by Lincoln General to account for and pay all unearned commissions and all premiums, collected or uncollected, for the benefit of Lincoln General directly to the Liquidator within 30 days of notice of this Order and that no producer, reinsurance intermediary or other person shall disburse or use any monies which come into their possession and are owed to, or claimed by Lincoln General for any purpose other than payment to the Liquidator.

(c) Inform any premium finance company that has entered into a contract to finance a policy that has been issued by Lincoln General to pay any and all premium owed to Lincoln General to the Liquidator.

(d) Inform all attorneys employed or retained by Lincoln General or performing legal services for Lincoln General as of the date of this Order that, within 30 days of notification, they must report to the Liquidator the name, company claim number (if applicable) and status of each matter they are handling on behalf of Lincoln General; the full

caption, docket number and name and address of opposing counsel in each case; an accounting of any funds received from or on behalf of Lincoln General for any purpose in any capacity; and, further, that the Liquidator need not make payment for any unsolicited report.

(e) Inform any entity that has custody or control of any data processing information and records (including but not limited to source documents, all types of electronically stored information, or other recorded information) relating to Lincoln General to transfer custody and control of such documents, in a form readable by the Liquidator, to the Liquidator as of the date of this Order, upon request.

(f) Inform any entity furnishing claims processing or data processing services to Lincoln General to maintain such services and transfer any such accounts to the Liquidator as of the date of this Order, upon request.

7. The Liquidator is directed to continue telephone, data processing, water, electric, sewage, garbage, delivery, trash removal and utility services needed by the estate of Lincoln General by establishing a new account for the Liquidator as of the date of this Order.

8. Lincoln General's directors, officers and employees shall: (a) surrender peaceably to the Liquidator the premises where Lincoln General conducts its business; (b) deliver all keys or access codes thereto and to any safe deposit boxes; (c) advise the Liquidator of the combinations and access codes of any safe or safekeeping devices of Lincoln General or any password or authorization code or access code required for access to data processing

equipment; and (d) deliver and surrender peaceably to the Liquidator all the assets, books, records, files, credit cards, and other property of Lincoln General in their possession or control, wherever located, and otherwise advise and cooperate with the Liquidator in identifying and locating any of the foregoing.

9. Lincoln General's directors, officers and employees are enjoined from taking any action, without approval of the Liquidator, to transact further business on behalf of Lincoln General. They are further enjoined from taking any action that would waste the assets of Lincoln General or would interfere with the Liquidator's efforts to wind up the affairs of Lincoln General.

10. Except as otherwise provided in this Order, executory contracts to which Lincoln General is a party as of the date of this Order may be affirmed or disavowed by the Liquidator.

11. The amount recoverable by the Liquidator from any reinsurer shall not be reduced as a result of this Order of Liquidation. Payment made directly by the reinsurer to any principal or other creditor of Lincoln General shall not diminish the reinsurer's obligation to Lincoln General except to the extent provided by law.

CONTINUATION AND CANCELLATION POLICIES

12. All Lincoln General policies and contracts of insurance, whether issued within this Commonwealth or elsewhere, in effect on the date of this Order will continue in force for the lesser of the following: (1) thirty (30) days from the date of this Order; (2) until the normal expiration of the policy or contract providing insurance coverage; (3) until the insured has replaced the insurance coverage with equivalent insurance with another insurer or otherwise terminated

the policy; or (4) until the Liquidator has effected a transfer of the policy obligation pursuant to Section 523(8) of Article V, 40 P.S. §221.23(8).

NOTICE AND PROCEDURE FOR FILING CLAIMS

13. All claims against the estate of Lincoln General, together with proper proof thereof, shall be filed on or before July 6, 2016. No person shall participate in any distribution of the assets of Lincoln General unless his, her or its claim has been filed with the Liquidator in accordance with the time limit established by the Liquidator, subject to the provisions for the late filing of claims pursuant to Section 537 of Article V, 40 P.S. §221.37.

14. No judgment or order against Lincoln General or its insureds entered after the date of filing of the Petition for Liquidation, and no judgment or order against Lincoln General or its insureds entered at any time by default or by collusion, will be considered as evidence of liability or quantum of damages by the Liquidator in evaluating a claim against the estate of Lincoln General.

15. In addition to the notice requirements of Section 524 of Article V, 40 P.S. §221.24, the Liquidator shall publish notice in newspapers of general circulation, where Lincoln General has its principal places of business that: (a) specifies the last day for the filing of claims; (b) explains the procedure by which claims may be submitted to the Liquidator; (c) provides the address of the Liquidator's office for the submission of claims; and (d) notifies the public of the right to present a claim, or claims, to the Liquidator.

16. Within thirty (30) days of giving notice of the order of liquidation, as set forth in Section 524 of Article V, 40 P.S. §221.24, and of the procedures for filing claims against the estate of Lincoln General, the Liquidator

shall file a compliance report with the Court noting, in reasonable detail, the date that, and manner by which, these notices were given.

ADMINISTRATIVE EXPENSES

17. The Liquidator shall pay as costs and expenses of administration pursuant to Section 544 of Article V, 40 P.S. §221.44, the actual, reasonable and necessary costs of preserving or recovering the assets of Lincoln General.

18. Distribution of the assets of Lincoln General in payment of the costs and expenses of estate administration including, but not limited to, compensation for services of employees and professional consultants, such as attorneys, actuaries and accountants, shall be made under the direction and approval of the Court. This includes reimbursement to the Pennsylvania Insurance Department for expenses it has incurred in compensating professional consultants, attorneys and other persons it has engaged on behalf of Lincoln General for the preservation of its assets.

STAY OF LITIGATION

19. Unless the Liquidator consents thereto in writing, no action at law or in equity, including, but not limited to, an arbitration or mediation, the filing of any judgment, attachment, garnishment, lien or levy of execution process against Lincoln General or its assets, shall be brought against Lincoln General or the Liquidator, or against any of their employees, officers or liquidation officers for acts or omissions in their capacity as employees, officers or liquidation officers of Lincoln General or the Liquidator, whether in this Commonwealth or elsewhere, nor shall any such existing action be maintained or further prosecuted after the

effective date of this Order. All above-enumerated actions currently pending against Lincoln General in the courts of the Commonwealth of Pennsylvania or elsewhere are hereby stayed; relief sought in these actions shall be pursued, as is appropriate, either by filing a proof of claim against the estate of Lincoln General pursuant to Section 538 of Article V, 40 P.S. §221.38, or by applying to intervene.

20. All secured creditors or parties, pledges, lienholders, collateral holders or other person claiming secured, priority or preferred interests in any property or assets of Lincoln General are hereby enjoined from taking any steps whatsoever to transfer, sell, assign, encumber, attach, dispose of, or exercise, purported rights in or against any property or assets of Lincoln General except as provided in Section 543 of Article V, 40 P.S. §221.43.


RENÉE COHN JUBELIRER, Judge

Certified from the Record

NOV 05 2015

And Order Exit

EXHIBIT B



November 12, 2015

Anthony J. Albanese
Acting Superintendent of Financial Services of the State of New York
c/o Scott D. Fischer, Special Deputy Superintendent
New York Liquidation Bureau
110 Williams Street, 15th Floor
New York, NY 10038

RE: Lincoln General Insurance Company (In Liquidation)

Dear Mr. Albanese:

As you are aware, Lincoln General Insurance Company ("Lincoln General") was ordered into liquidation by the Commonwealth Court of Pennsylvania on November 5, 2015. The order was accompanied by a finding of insolvency which triggers guaranty funds in the states in which Lincoln General did business.

Lincoln General was licensed to do business in New York and requires the triggering of the New York Property/Casualty Insurance Security Fund and the New York Public Motor Vehicle Liability Security Fund (collectively, the "Security Funds") to handle open and newly reported Lincoln General New York claims.

We have reviewed the Uniform Insurers Liquidation Act and the six criteria required to be deemed a reciprocal state. We believe each requirement has been met by the following subsections of Article V of the Insurance Department Act: 40 P.S. 221.12, 221.15, 221.17, 221.20, 221.55, 221.58.

We are requesting that you commence an ancillary proceeding to trigger the Security Funds.

Sincerely,

A handwritten signature in black ink, appearing to read "Joseph DiMemmo". The signature is fluid and cursive, with a large initial "J" and a long, sweeping underline.

Joseph DiMemmo
Deputy Insurance Commissioner
Office of Liquidations, Rehabilitations
And Special Funds