

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

-----X

In the Matter of  
the Rehabilitation of

Index No. 405446/07

**AFFIDAVIT**

LION INSURANCE COMPANY.

-----X

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

Gail Pierce-Siponen, being duly sworn, deposes and says the following:

1. I am the Director of the Creditor and Ancillary Operations Division ("CAO") and an employee of the New York Liquidation Bureau ("Bureau"). The Bureau is the entity that carries out the duties of the Superintendent of Financial Services of the State of New York ("Superintendent") as rehabilitator ("Rehabilitator") of Lion Insurance Company ("Lion"). I submit this affidavit in support of the Superintendent's application upon personal knowledge, and information and belief, the sources of which are the files maintained by the Rehabilitator and communications made to me by employees of the Rehabilitator.

2. By order of this Court filed September 6, 2007 ("Rehabilitation Order Date"), Lion was placed into rehabilitation and the then-Superintendent of Insurance of the State of New York was appointed Rehabilitator ("Rehabilitation Order"). The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Rehabilitator of Lion.

3. I submit this affidavit in support of the Superintendent's application seeking an order, *inter alia*, converting Lion's rehabilitation proceeding ("Rehabilitation Proceeding") to a liquidation proceeding; authorizing the Superintendent as liquidator ("Liquidator") to distribute the entirety of Lion's assets to its parent corporation and sole claimant, Eagle Insurance

Company ("Eagle"), consistent the priorities of New York Insurance Law ("Insurance Law") Section 7434; and closing the liquidation proceeding upon distribution of Lion's assets to Eagle.

4. CAO is involved in all aspects of the administration of estates in receivership, including the processing of claims against the assets of each estate, making distributions to claimants holding allowed claims and assisting other divisions with the recovery of assets owed to each estate.

5. Pursuant to the Rehabilitation Order and Article 74 of the Insurance Law, the Rehabilitator was required to take possession of Lion's property, conduct its business and take such steps toward the removal of the causes and conditions which made this proceeding necessary. Since the Rehabilitation Order Date, the Rehabilitator has conducted Lion's business and examined the causes and conditions that made rehabilitation necessary.

6. Substantially all of the policies written by Lion were issued in the State of New York. *See* Rehabilitator's Report on the Status of the Rehabilitation of Lion Insurance Company ("Report") attached hereto as Exhibit 1. Lion ceased writing both new and renewal business in the state of New York as of January 1, 2002. *Id.* Since January 1, 2002, Lion has been in runoff. *Id.*

7. On November 8, 2010, this Court entered an order, *inter alia*, establishing December 1, 2010, as the bar date for presentment of all claims to the Rehabilitator other than claims for administrative costs and expenses ("Bar Date") and barring and discharging all claims submitted after the Bar Date. *Id.*

8. The Rehabilitator has used Lion's assets to pay all of the claims of its creditors and policyholders listed in its books and records and all the claims submitted to the Rehabilitator by creditors and policyholders prior to the Bar Date. As of August 31, 2014, the date selected

for closing Lion's books ("Closing Date"), there are no outstanding creditor or policyholder claims.

9. As of the Closing Date, Lion had total net admitted assets of \$167,982 and total liabilities of \$9,187, leaving Lion with a surplus in the amount of \$158,795 ("Surplus"). *See* Report at Exhibit B. With no outstanding creditor or policyholder claims, the Surplus should be distributed to Lion's owners, *i.e.*, its parent company, Eagle. The Surplus cannot be distributed to Eagle until the Rehabilitation Proceeding is converted to a liquidation proceeding. *See In re Rehab. Of Allcity Ins. Co.*, 413 N.Y.S.2d 929, 932 (App. Div. 1st Dep't 1979) ("Rehabilitation is distinguished from liquidation in that it is 'directed toward preservation, whenever possible, of the business of an insurance company...' [w]hile liquidation is the inevitable aftermath of an unsuccessful attempt at rehabilitation..." and "...brings to a conclusion the affairs of a company.")


10. Insurance Law §7403(c) provides that if, at any time, the Rehabilitator deems further efforts to rehabilitate such insurer would be futile, he may apply to the court for an order of liquidation. The Rehabilitator has determined that further efforts to rehabilitate Lion are futile and now seeks an order of liquidation.

11. Lion cannot be rehabilitated because it has no business. The company ceased writing new and renewal policies in 2002 and has been in runoff ever since. *See* Report.

12. Lion has no employees and the Rehabilitator has determined that Lion's management is not capable of managing Lion's affairs. Lion's management allowed the conditions that lead to Lion's rehabilitation. Without the required approval of the then-Superintendent of Insurance, Lion's management permitted a loan of \$1,500,000 to be made to Lion's ultimate parent company, The Robert Plan Corporation, violating Insurance Law §§1407(a)(4) and 1404(c).

13. In addition, no outside parties have expressed interest in purchasing Lion and returning it to the marketplace. Accordingly, Lion cannot be rehabilitated and should be placed into liquidation.

14. Once this proceeding is converted to a liquidation proceeding, the Liquidator may distribute the Surplus to Eagle, consistent with the priority scheme in Section 7434 of Insurance Law.

  
Gail Pierce-Siponen

Sworn to before me this  
16<sup>th</sup> day of September, 2014

  
Notary Public

LAUREN M. FELICIONE  
Notary Public, State of New York  
No. 02FE4975578  
Qualified in Queens County  
Commission expires December 10, 2014

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# EXHIBIT 1

## REPORT ON THE STATUS OF THE REHABILITATION OF LION INSURANCE COMPANY

### INTRODUCTION

Benjamin M. Lawsky, Superintendent of Financial Services of the State of New York ("Superintendent") as rehabilitator ("Rehabilitator") of Lion Insurance Company ("Lion") has appointed Scott D. Fischer as Acting Special Deputy Superintendent and Agent of the Rehabilitator and other Agents, to carry out, through the New York Liquidation Bureau ("Bureau"), the responsibilities of the Rehabilitator. The Rehabilitator, by Mary Jo Marchisello, Assistant Special Deputy Superintendent and Agent ("Assistant Special Deputy"), hereby submits this Rehabilitator's report ("Report") on the status of the Lion rehabilitation proceeding ("Rehabilitation Proceeding").

This Court entered an order ("Rehabilitation Order") on September 6, 2007 ("Rehabilitation Order Date"), pursuant to which Lion was placed into rehabilitation. The Rehabilitation Order appointed the then-Superintendent of Insurance of the State of New York and his successors in office as Rehabilitator of Lion. A copy of the Rehabilitation Order is attached hereto as Exhibit A. The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Rehabilitator of Lion.

The Rehabilitation Order and New York Insurance Law ("Insurance Law") Article 74 charged the Rehabilitator with, among other things, the responsibility for:

- a. Taking possession of Lion's property;
- b. Conducting Lion's business;
- c. Taking such steps toward the removal of the causes and conditions which made the Rehabilitation Proceeding necessary as the Rehabilitator deems wise and expedient; and

- d. Otherwise rehabilitating Lion's business pursuant to Insurance Law Article 74.

The Rehabilitator has been discharging his responsibilities since the Rehabilitation Order Date. This Report sets forth a history of Lion, a summary of the Rehabilitator's activities pursuant to the Rehabilitation Order and Insurance Law Article 74, the financial status of Lion and the basis for the Rehabilitator's recommendations to: (1) approve the Report and the transactions delineated herein; (2) authorize the continued payment of administrative expenses; and (3) provide for such other and further relief as this Court deems appropriate and just.

### **BACKGROUND**

Lion was incorporated as a stock insurance company on July 14, 1989. It was licensed under the laws of the State of New York on October 1, 1990. On or about November 1, 1990, Lion became a wholly-owned subsidiary of Eagle Insurance Company ("Eagle"),<sup>1</sup> which is a wholly-owned subsidiary of The Robert Plan Corporation ("The Robert Plan").<sup>2</sup> On or about May 15, 1991, Lion began writing private passenger auto insurance. Substantially all of the policies written by Lion were issued in New York State.

Lion was licensed to transact the kinds of insurance as set forth in the following numbered paragraphs of Section 1113(a) of the Insurance Law:

<u>Paragraph</u>	<u>Kind of Insurance</u>
13	Personal Injury Liability
14	Property Damage Liability
19	Motor Vehicle and Aircraft Physical Damage

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<sup>1</sup>Eagle was placed into liquidation and a liquidator was appointed ("Eagle Liquidator") by an order entered on August 9, 2007, in the Superior Court of New Jersey, Chancery Division, Mercer County, Docket No C-84-06.

<sup>2</sup> On August 25, 2008, The Robert Plan filed a Chapter 11 petition in the United States Bankruptcy Court for the Eastern District of New York. On January 19, 2010, The Robert Plan's bankruptcy proceeding was converted to a Chapter 7 proceeding.

On December 6, 2001, Lion received permission from the then-Superintendent of Insurance<sup>3</sup> to cease writing both new and renewal business in the state of New York effective January 1, 2002. Since January 1, 2002, Lion has been in runoff.

On or about March 1, 2006, Lion loaned its ultimate parent company, The Robert Plan, \$1,500,000 (the "Loan"). Insurance Law §7402(f) provides that an insurer may be placed into rehabilitation when it has willfully violated any law of the State. Under Insurance Law §1505(c), a loan transaction between a domestic controlled insurer and any person in its holding company system involving five percent or more of the insurer's admitted assets at last year-end cannot be entered into without the then-Superintendent of Insurance's prior approval. Prior to making the Loan, Lion had not received the then-Superintendent of Insurance's approval, in violation of Insurance Law §1505(c). In addition, Insurance Law §1407(a)(4) prohibits a domestic insurer from investing in a loan obligation of its parent corporation. Accordingly, Lion violated Insurance Law §1407(a)(4).

The Robert Plan and the then-Superintendent of Insurance entered into a stipulation designed to address the foregoing violations and provide for repayment to Lion. Lion consented to be placed into rehabilitation if The Robert Plan defaulted in any manner in making the stipulated repayments. Simultaneous with the execution of the stipulation, Lion's board of directors passed a resolution consenting to the entry of an order of rehabilitation if The Robert Plan defaulted in any manner in the scheduled repayments of the Loan.

The Robert Plan made repayments through September 30, 2006 and requested an extension to remit repayments for the month of October. After receiving an extension, The Robert Plan failed to meet its obligations thereunder. Accordingly, by order of this Court,

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<sup>3</sup> The Superintendent of Insurance of the State of New York was the state regulatory authority who preceded the Superintendent of Financial Services of the State of New York in responsibility for regulating insurance companies doing business in the State of New York.



entered September 6, 2007, Lion was placed into rehabilitation pursuant to Insurance Law Section 7402 and the Superintendent was appointed its Rehabilitator. Since then, the Rehabilitator has conducted Lion's business and examined the causes and conditions that made rehabilitation necessary.

The Rehabilitator completed all activities related to the Rehabilitation Proceeding by August 31, 2014 ("Closing Date"), and therefore selected that date for closing Lion's books.

### **FINANCIAL CONDITION OF LION**

Lion's comparative statement of assets, the statement of liabilities and the statement of changes in cash and invested assets for the period between the Rehabilitation Order Date and the Closing Date (collectively, "Financial Statements") are attached hereto as Exhibit B.

#### **A. As of the Rehabilitation Order Date**

As of the Rehabilitation Order Date, Lion had total net admitted assets of \$2,578,173, which consisted entirely of unrestricted assets. The \$2,578,173 in assets consisted of cash and equivalents in the amount of \$2,093,985, bonds with a fair market value of \$498,811, a negative receivable (*i.e.*, payable) from affiliates in the amount of \$(15,576), and accrued investment income in the amount of \$953.

As of the Rehabilitation Order Date, Lion's records reflect total liabilities in the amount of \$282,728, which consisted of \$138,246 in loss reserves, \$1,624 reported as LAE, \$111,284 in other expenses and, \$31,574 in taxes, licenses and fees.

## REHABILITATION PROCEEDING

### A. Presentment of Claims

The purpose of the Rehabilitation Proceeding was to remove the causes and conditions that resulted in the rehabilitation and to resolve all outstanding claims against Lion. The Rehabilitator made substantial progress toward this goal by processing many of the claims presented to the Rehabilitator, but to complete the Rehabilitation Proceeding, he required further information as to the number and size of Lion's liabilities. In particular, the Rehabilitator required greater certainty regarding the scope of the claims against Lion arising under Insurance Law Article 51 ("No-Fault Claims"). Accordingly, the Rehabilitator sought a bar date to determine with finality the actual claims asserted against Lion.

On November 8, 2010, this Court entered an order: (1) establishing December 1, 2010, as the bar date ("Bar Date") for presentment of all claims to the Rehabilitator other than claims for administrative costs and expenses ("Claims"); (2) providing that the Bar Date was the last date on which a claimant who had previously presented a timely Claim against Lion arising under New York Insurance Law Article 51 ("No-Fault Claim"), may submit an amendment to such No-Fault Claim, including any evidence or other relevant documents or materials ("No-Fault Claim Amendment"); (iii) barring and discharging all Claims, including No-Fault Claims and No-Fault Claim Amendments, submitted after the Bar Date; and (iv) barring and discharging as of the Bar Date, all No-Fault Claims and No-Fault Claim Amendments unless the claimant submitted sufficient evidence that the No-Fault Claim or No-Fault Claim Amendment was previously reported to Lion within the periods prescribed for submitting such No-Fault Claim or No-Fault Claim Amendment under the New York Insurance Department No-Fault Regulation 68-A, 11 N.Y.C.R.R. 65-1.1. A copy of the Bar Date order is attached as Exhibit C.

All persons, pursuant to Insurance Law Section 7433(b)(2), appearing on Lion's books and records as policyholders or claimants ("Identified Claimants"), were deemed to have a timely-filed proof of claim in the Rehabilitation Proceeding. For an Identified Claimant, being on the books and records secured the right to submit an actual claim in the Rehabilitation Proceeding prior to the Bar Date.

**B. Current Status of Claims Presented**

Since the Rehabilitation Order Date, the Rehabilitator has, paid from the assets of Lion, all of the claims of its creditors and policyholders listed in its books and records and all the claims submitted to the Rehabilitator by creditors and policyholders prior to the Bar Date. Specifically since the date of the Rehabilitation Order Date, the Rehabilitator reviewed 354 policy-related claims of which 318 were No-Fault Claims and 36 were personal injury claims. Of the 318 No-Fault Claims, all from care providers, the Rehabilitator paid 29 of these claims in the amount of \$13,842. The remaining 289 No-Fault Claims were found to have been paid prior to Rehabilitation Proceeding, were duplicate claims submitted after the Rehabilitation Proceeding, or were determined to be uncovered expenses. The Rehabilitator also has settled and paid all 36 of the litigated personal injury claims, for a total claim payment amount of \$300,842. In addition the Rehabilitator has paid pre and post rehabilitation claims related legal expenses totaling \$18,374. As of the Closing Date, there are no outstanding creditor or policyholder claims.

**C. Financial Condition of Lion as of the Closing Date**

As of the Closing Date, Lion had total net admitted assets of \$167,982 and total liabilities of \$9,187, leaving Lion with a surplus in the amount of \$158,795 ("Surplus"). As of the Closing Date, Lion's total net admitted assets consisted of cash and equivalents in the amount of

\$167,982 which is entirely unrestricted. Lion's Financial Statements reflect the transactions described herein. See Exhibit B.

**1. Collection of Assets**

*(a) Cash Receipts*

As of the Closing Date, the Rehabilitator collected assets in the amount of \$188,301, consisting of \$1,870 in salvage and subrogation recoveries, \$20,500 in litigation awards, and \$65,155 in miscellaneous receipts. The Rehabilitator has also invested Lion's assets in cash and U.S. government bonds and agency securities, earning investment income in the amount of \$100,776.

**2. Disbursement of Assets**

*(a) Expenses*

From the Rehabilitation Order Date through the Closing Date, the Rehabilitator has incurred and paid expenses in the amount of \$2,613,115, consisting of loss, LAE and administrative expenses. These expenses include: \$300,842 for claims paid, \$18,374 for LAE, \$906,532 for the salaries of the Rehabilitator's staff, \$655,920 for employee relations and welfare (e.g., payroll taxes, health insurance and pension contributions), \$210,424 for rent and related expenses, \$308,318 for professional fees (e.g., accountants, legal and other consultants), \$77,637 for general and administrative expenses (e.g., IT services and office supplies), and \$135,068 for miscellaneous expenses (e.g., bank fees, insurance and closing costs).

**FURTHER EFFORTS TO REHABILITATE LION ARE FUTILE**

The Rehabilitator has determined that further efforts to rehabilitate Lion are futile. Lion cannot be rehabilitated because it has no business. The company has been in runoff since 2002 and no outside parties have expressed interest in purchasing Lion and returning it to the

marketplace. Without such an avenue, the Rehabilitator completed Lion's run-off and has wound-up its affairs. In addition, the New Jersey liquidator of Eagle, having all the rights of Eagle as Lion's sole shareholder, has consented to an order of liquidation of Lion. Therefore, subsequent to the filing of this Report, the Superintendent will petition this Court for an order converting this Rehabilitation Proceeding to a liquidation proceeding ("Liquidation Proceeding") pursuant to Insurance Law §§ 7402 (l), 7403(c) and 7404.

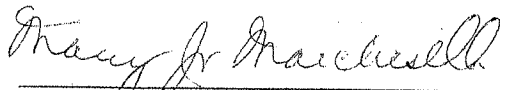
With the Rehabilitator's administrative expenses accounted for, there are no remaining claims to be paid to claimants in accordance with the classification scheme under Insurance Law Section 7434 upon conversion of this Rehabilitation Proceeding to a Liquidation Proceeding. Therefore, upon conversion of this Rehabilitation Proceeding to a Liquidation Proceeding, the Surplus should be distributed to Eagle, *i.e.*, the Eagle Liquidator, as a class nine claim within the meaning of Insurance Law Section 7434. Upon distribution of the Surplus, the Liquidation Proceeding may be closed.

**RELIEF SOUGHT**

The Rehabilitator submits this Report to describe to this Court the status of the Lion Rehabilitation Proceeding. In support of the Rehabilitator's recommendations stated herein, the Rehabilitator has submitted to this Court the Verified Petition of the Assistant Special Deputy. Based on the facts set forth in the Verified Petition and herein, the Rehabilitator requests in the Verified Petition that this Court issue an order which:

- a. Approves the Report and the transactions delineated herein;
- b. Authorizes the continued payment of administrative expenses; and
- c. Provides for such other and further relief as this Court deems appropriate and just.

Dated: New York, New York  
September 16, 2014



Mary Jo Marchisello  
Assistant Special Deputy Superintendent and  
Agent of Benjamin M. Lawskey,  
Superintendent of Financial Services of the  
State of New York as Rehabilitator of  
Lion Insurance Company

# EXHIBIT A

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

PRESENT: GISCONE

Justice

PART 10

In re:

LION INSURANCE COMPANY

INDEX NO.

405486/07

MOTION DATE

MOTION SEQ. NO.

001

MOTION CAL. NO.

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

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

Answering Affidavits — Exhibits \_\_\_\_\_

Replying Affidavits \_\_\_\_\_

PAPERS NUMBERED

1

2

3

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At the IAS Part 10, Room 122 of the  
Supreme Court of the State of New York,  
County of New York, 80 Centre Street, at  
the Courthouse thereof, in the County,  
City and State of New York, on the 6 day  
of Sept, 2007.

P R E S E N T:

HON. JUDITH J. GISCHE,

JUSTICE.

-----X

In the Matter of

the Application of

Eric R. Dinallo, Superintendent of Insurance of  
the State of New York, for an order to take possession of  
the property of and rehabilitate

LION INSURANCE COMPANY.

-----X

Index No.: 405446/07

**ORDER OF  
REHABILITATION**

Petitioner, Eric R. Dinallo, Superintendent of Insurance of the State of New York (the  
"Superintendent"), having moved this Court for an order to take possession of the property of  
and rehabilitate Lion Insurance Company ("Lion");

NOW, upon reading the order to show cause signed July 17, 2007, the petition of Eric R.  
Dinallo, and the exhibits annexed thereto; and it appearing to my satisfaction that:

1. Lion was incorporated as a stock insurance company on July 14, 1989 and was  
licensed under the laws of the State of New York on October 1, 1990;
2. Lion's principal place of business is 999 Stewart Avenue, Bethpage, New York  
11714;
3. Lion is subject to the New York Insurance Law and particularly to Article 74  
thereof;
4. Lion has consented to the entry of an order of rehabilitation; and
5. It is in the best interest of Lion's policyholders, creditors and the general public  
that the Superintendent be directed to take possession of Lion's property and to  
rehabilitate its business and affairs;

**FILED**  
SEP 06 2007  
COUNTY CLERK'S OFFICE  
NEW YORK

And, Petitioner, having appeared by Andrew M. Cuomo, Attorney General of the State of New York, and due deliberation having been had;

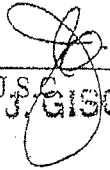
NOW, on motion of Andrew M. Cuomo, Attorney General of the State of New York, it is ORDERED as follows:

1. The petition is granted;
2. Eric R. Dinallo, Superintendent of Insurance of the State of New York, and any successors in office, are appointed rehabilitator of Lion and are authorized and directed to immediately take possession of its property, conduct its business, take such steps toward the removal of the causes and conditions which made this proceeding necessary as they shall deem wise and expedient and, deal with the property and business of Lion in its name or in the name of the Superintendent as rehabilitator;
3. Notice to all persons having claims against Lion to file or present their claims to the Superintendent as rehabilitator is deferred until further order of this Court;
4. Lion, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys and managers and all other persons having any property or records belonging or relating to Lion, including but not limited to insurance policy, loss claim and legal files, are directed upon request of the Superintendent as rehabilitator to assign, transfer, set over and deliver to him all such property or records;
5. Any persons, firms, corporations or associations having any books, papers or records relating to the business of Lion shall preserve them and submit them to the Superintendent as rehabilitator for examination and copying at all reasonable times;
6. All persons including but not limited to the officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys and managers of Lion are enjoined and restrained from interfering with the Superintendent as rehabilitator in the possession, control and management of Lion's property or in the discharge of his duties;
7. All persons are enjoined and restrained from commencing or prosecuting any actions, lawsuits, or proceedings against Lion or the Superintendent as rehabilitator;

8. All persons are enjoined and restrained from obtaining preferences, judgments, attachments or other liens or from making any levy against Lion's assets or any part thereof;
9. All parties to actions, lawsuits, and special or other proceedings in which Lion is obligated to defend a party 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 settlements or judgments, for a period of one hundred eighty days (180) from the date of entry of this Order;
10. All persons who have first party or New York Comprehensive Automobile Insurance Reparations Act [No Fault] policyholder loss claims against Lion are enjoined from presenting and filing claims with the Superintendent as rehabilitator for ninety (90) days from the date of entry of this Order;
11. The Superintendent as rehabilitator of Lion, his successors in office and their agents and employees are relieved of any liability or cause of action of any nature against them for any action taken by any one or more of them when acting in accordance with this Order and/or in the performance of their powers and duties pursuant to Article 74 of the New York Insurance Law;
12. The Superintendent of Insurance, as rehabilitator, may at any time make further application to this Court for such further and different relief as he sees fit; and
13. All further papers in this proceeding shall bear the caption:

In the Matter of  
the Rehabilitation of  
LION INSURANCE COMPANY.

E N T E R

  
JUDITH J. GISCHE, J.S.C.

**FILED**  
SEP 06 2007  
NEW YORK  
COUNTY CLERK'S OFFICE

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# EXHIBIT B

THE LION INSURANCE COMPANY IN REHABILITATION

STATEMENT OF ASSETS

	Current Year			
	1 Assets	2 Nonadmitted Assets	3 Net Admitted August 31, 2014	4 September 6, 2007
1. Bonds (Schedule D).....	0		0	498,811
2. Stocks (Schedule D).....				
2.1 Preferred Stocks.....	0		0	0
2.2 Common Stocks.....	0		0	0
3. Mortgage Loans on real estate (Schedule B)				
3.1 First liens.....	0		0	0
3.2 Other than first liens.....	0		0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	0		0	0
4.2 Properties held for the production of income (less \$ encumbrances).....	0		0	0
4.3 Properties held for sale (less \$ encumbrances).....	0		0	0
5. Cash (\$.....Schedule E, Part 1), cash equivalents (\$.....Schedule E, Part 2) and short-term investments (\$.....Schedule DA).....	167,982		167,982	2,093,985
6. Contract Loans, (including \$..... premium notes).....	0		0	0
7. Other invested assets.....	0		0	0
8. Receivables for securities.....	0		0	0
9. Aggregate write-ins for invested assets.....	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	167,982	0	167,982	2,592,796
11. Title plants less \$..... charged off (for Title Insurers only).....	0		0	0
12. Investment income due and accrued.....	156,935	156,935	0	953
13. Premiums and considerations:				0
13.1 Uncollected premiums and agents' balances in the course of collections.....	0		0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$..... earned but unbilled premium).....	0		0	0
13.3 Accrued retrospective premium.....	0		0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers.....	350,019	350,019	0	0
14.2 Funds held by or deposited with reinsured companies.....			0	0
14.3 Other amounts receivable under reinsurance contracts.....	0		0	0
15. Amounts receivable relating to uninsured plans.....	0		0	0
16.1 Current federal and foreign income tax recoverable and interest thereon.....	38,180	38,180	0	0
16.2 Net deferred tax assets.....	0		0	0
17. Guaranty funds receivable or on deposit.....	0		0	0
18. Electronic data processing equipment and software.....	0		0	0
19. Furniture and equipment, including health care delivery assets.....	0	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates.....	0		0	0
21. Receivables from parent, subsidiaries and affiliates.....	619,500	619,500	0	(15,576)
22. Health care (\$.....) and other amounts receivables.....	0		0	0
23. Aggregate write-ins for other than invested assets.....	0	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	1,332,616	1,164,634	167,982	2,578,173
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0	0
26. Total (Lines 24 and 25)	1,332,616	1,164,634	167,982	2,578,173
DETAILS OF WRITE-INS				
0901.....	0	0	0	0
0902.....	0	0	0	0
0903.....	0	0	0	0
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
7 2301.....	0	0	0	0
2302.....	0	0	0	0
2303.....	0	0	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0

**THE LION INSURANCE COMPANY IN REHABILITATION**

**LIABILITIES, SURPLUS AND OTHER FUNDS**

	1 August 31, 2014	2 September 6, 2007
1. Losses (Part 2A, Line 35, Column 6).....	0	138,246
2. Reinsurance payable on paid losses and loss adjustment expenses (Schedule F, Part 1, Column 6).....	0	0
3. Loss adjustment expenses (Part 2A, Line 35, Column 6).....	0	1,624
4. Commissions payable, contingent commissions and other similar charges.....	0	0
5. Other expenses (excluding taxes, licenses and fees).....	9,187	111,284
6. Taxes, licenses and fees (excluding federal and foreign income taxes).....	0	31,574
7.1 Current federal and foreign income taxes (Including \$ on realized capital gains (losses)).....	0	0
7.2 Net deferred tax liability.....	0	0
8. Borrowed money \$ and interest thereon \$.....	0	0
9. Unearned premiums (Part 1A, Line 38, Column 5) (after deducting unearned premiums for ceded reinsurance of \$.....and including warranty reserves of \$.....)	0	0
10. Advance premium.....	0	0
11 Dividends declared and unpaid:		
11.1 Stockholders.....	0	0
11.2 Policyholders.....	0	0
12. Ceded reinsurance premiums payable (net of ceding commissions).....	0	0
13. Funds held by company under reinsurance treaties.....	0	0
14. Amounts withheld or retained by company for account of others.....	0	0
15. Remittances and items not allocated.....	0	0
16. Provision for reinsurance (Schedule F, Part 7).....	0	0
17. Net adjustments in assets and liabilities due to foreign exchange rates.....	0	0
18. Drafts outstanding.....	0	0
19. Payable to parent, subsidiaries and affiliates.....	0	0
20. Payable for securities.....	0	0
21. Liability for amounts held under uninsured plans.....	0	0
22. Capital notes \$..... and interest thereon \$.....	0	0
23. Aggregate write-ins for liabilities.....	0	0
24. Total liabilities excluding protected cell liabilities (Lines 1 through 23).....	9,187	282,728
25. Protected cell liabilities.....	0	0
26. Total liabilities (Lines 24 and 25).....	9,187	282,728
27. Aggregate write-ins for special surplus funds.....	0	0
28. Common capital stock.....	1,500,000	1,500,000
29. Preferred capital stock.....	0	0
30. Aggregate write-ins for other than special surplus funds.....	0	0
31. Surplus Notes.....	0	0
32. Gross paid in and contributed surplus.....	2,500,000	2,500,000
33. Unassigned fund (surplus).....	(3,841,205)	(1,704,556)
34. Less treasury stock, at cost		
34.1 shares common (value included in Line 28		
\$ 0 ).....	0	0
34.2 shares preferred (value included in Line 29)		
\$ 0 ).....	0	0
35. Surplus as regards policyholders (Lines 27 to 33 minus line 34).....	168,795	2,296,445
36. Total.....	167,982	2,578,173
<b>DETAILS OF WRITE-INS</b>		
2301.....	0	0
2302.....	0	0
2303.....	0	0
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0
2701.....	0	0
2702.....	0	0
2703.....	0	0
2798. Summary of remaining write-ins for Line 27 from overflow page	0	0
2799. Totals (Lines 2701 through 2703 plus 2798) (Line 27 above)	0	0
3001.....	0	0
3002.....	0	0
3003.....	0	0
3098. Summary of remaining write-ins for Line 30 from overflow page	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	0	0

**THE LION INSURANCE COMPANY IN REHABILITATION**  
**Statement of Changes in Cash and Invested Assets**  
**From the Date of Rehabilitation to August 31, 2014**

**Receipts**

Net Investment Income Received	\$ 100,776
Salvage and Subrogation	1,870
Litigation Awards	20,500
Miscellaneous	65,155
Total Receipts	<u>188,301</u>

**Disbursements**

Claims Paid	300,842
Loss Adjustment Expense	18,374
Salaries	906,532
Employee Relations and Welfare	655,920
Rent and Related Expenses	210,424
Professional Fees	308,318
General and Administrative Expenses	77,637
Other	135,068
Total Disbursements	<u>2,613,115</u>

Net Increase (Decrease) of Receipts Over Disbursements	<u>(2,424,814)</u>
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Cash, Cash Equivalents and Invested Assets (Unrestricted), as of the Date of Rehabilitation, September 6, 2007	2,592,796
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Cash, Cash Equivalents and Invested Assets (Unrestricted), as of August 31, 2014	<u>\$ 167,982</u>
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# EXHIBIT C



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

PRESENT:

G7SCH5  
HON. JUDITH J. GISCHE Justice

PART 10

INDEX NO.

MOTION DATE

MOTION SEQ. NO.

MOTION CAL. NO.

The following papers, numbered 1 to 10 were read on this motion to/for

PAPERS NUMBERED

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

Answering Affidavits — Exhibits

Replying Affidavits

Cross-Motion: ☐ Yes ☒ No

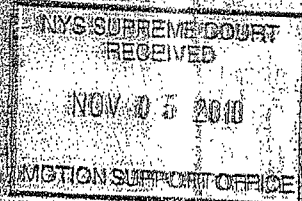
Upon the foregoing papers, it is ordered that this motion

Holbert has filed due proof of service.

No one has appeared in opposition (11/15/10)

The motion is granted as per separate

order signed



Dated: 11/4/10

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

Check one: ☐ FINAL DISPOSITION ☒ NON-FINAL DISPOSITION

Check if appropriate: ☐ DO NOT POST ☐ REFERENCE

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

At IAS Part 10, Room 232 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 4<sup>th</sup> day of November, 2010.

PRESENT:

HON. JUDITH J. GISCHE

JUSTICE.

.....  
In the Matter of the

Rehabilitation of

Lion Insurance Company.  
.....

Index No. 405446/07

**FILE**  
NOV 08 2010  
NEW YORK  
COUNTY CLERK'S OFFICE

**ORDER ESTABLISHING BAR DATE FOR CLAIMS  
AGAINST LION INSURANCE COMPANY**

Upon the petition of Dennis J. Hayes, Special Deputy Superintendent and Agent of James J. Wynn, Superintendent of Insurance of the State of New York as Rehabilitator ("Rehabilitator") of the Lion Insurance Company, a New York insurance company in Rehabilitation ("Lion"), duly verified the 12<sup>th</sup> day of July, 2010, and the exhibits annexed thereto (the "Petition"), and due notice thereof having been given to the parties-in-interest pursuant to an Order to Show Cause signed July 22, 2010, it is hereby

ORDERED that December 1, 2010 is hereby established as the bar date ("Bar Date") for presentment of all claims to the Rehabilitator other than claims for administrative costs and expenses ("Claims"), and it is further

ORDERED, that the Bar Date is hereby established as the last date on which a claimant who has previously presented a timely Claim against Lion arising under New York Insurance Law ("Insurance Law") Article 51 ("No-Fault Claim"), may submit an amendment to such No-Fault Claim, including any evidence or other relevant documents or materials ("No-Fault Claim Amendment"); and it is further

ORDERED, that all Claims, including No-Fault Claims and No-Fault Claim Amendments, submitted after the Bar Date shall be barred and discharged; and it is further

ORDERED that, as of the Bar Date, all No Fault-Claims and No-Fault Claim Amendments shall be barred and discharged unless the claimant has submitted sufficient evidence that the No-Fault Claim or No-Fault Claim Amendment was previously reported to Lion within the periods prescribed for submitting such No-Fault Claim or No-Fault Claim Amendment by the New York Insurance Department No-Fault Regulation 68-A, 11 N.Y.C.R.R. 65-1.1, and it is further

ORDERED that all Claims, No-Fault Claims and/or No-Fault Claim Amendments shall be made in writing and sent by first class mail, postage paid and postmarked on or before the Bar Date, or by overnight courier service, fees paid and written acknowledgement of receipt by such courier on or before the Bar Date, to the Rehabilitator at the following address:

Superintendent of Insurance of the State of New York  
as Rehabilitator of Lion Insurance Company  
123 William Street  
New York, New York 10038-3889  
Attn: Estates Management  
Gail Pierce-Siponen, Director

and it is further

ORDERED, that notice of this Order shall be made as follows: service of notice of this Order in substantially the form annexed to the Verified Petition as B (the "Notice") shall be made on to Lion's claimants, creditors and all other interested parties on Lion's books and records, by sending a copy of the Notice by First Class Mail to their last known address in the records of the Rehabilitator, by publishing the Notice in *New York Newsday*, Long Island Edition, such publication to occur twice in the 30 business days following the entry of this Order, and by posting the Notice on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within ten business days following the entry of an order granting the relief sought in the Verified Petition; and it is further

ORDERED, that the form and method of notice 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 all persons and entities entitled to receive such notice.

NOV 04 2010

FILED

ENTER

NOV 08 2010

COUNTY

NEW YORK

CLERK'S OFFICE

J.S.C.

HON. JUDITH J. GISCHE