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At IAS Part 21 of the Supreme Court of the State of New York, County of Nassau, at the courthouse located at 100 Supreme Ct Dr., Mineola, New York, on the 21 day of January 2020

PRESENT:

HON. Julianne T. Caputo, <sup>rel/specterm</sup> J.S.C.

MOTION SEQUENCE # 001

ORIGINAL RETURN DATE \_\_\_\_\_

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NASSAU

RELIEF \_\_\_\_\_

In the Matter of

Index No. 600620/2020

the Application of

**ORDER TO SHOW CAUSE**

Linda A. Lacewell, Superintendent of Financial Services of the State of New York, for an order to take possession and liquidate the business and affairs of

MAIDSTONE INSURANCE COMPANY.

Based on the verified petition ("Verified Petition") of Linda A. Lacewell, Superintendent of Financial Services of the State of New York ("Superintendent"), duly verified on January 7, 2020, the supporting Affidavit of Marc Allen, dated December 11, 2019, and the exhibits and schedules attached thereto, and it appearing that the relief sought should be granted;

NOW, on motion of Letitia James, Attorney General of the State of New York, attorney for the Superintendent, and after due deliberation having been had thereon;

LET Maidstone Insurance Company ("Maidstone") show cause before this Court at the Courthouse located at 100 Supreme Ct Dr., Mineola in the County of Nassau, State of New York, on the 13 day of Feb, 2020, at 9:30 o'clock a.m., or as soon thereafter as counsel can be heard ("Return Date"), why an order in the form of Exhibit 1 to the Verified Petition should

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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 liquidator of Maidstone (the “Liquidator”); (2) directing the Liquidator to take possession of Maidstone’s property and to liquidate Maidstone’s business and affairs; (3) vesting title to all of Maidstone’s property, contracts, and rights of action and all of its books and records, wherever located, in the Liquidator and her successors; (4) permitting the Liquidator to deal with the property and business of Maidstone in Maidstone’s name or in the name of the Liquidator; (5) permanently enjoining and restraining all persons, except as authorized by the Liquidator, from transacting Maidstone’s business (including the issuance of insurance policies) or the waste or disposition of Maidstone’s property; (6) granting injunctions permanently enjoining and restraining all parties from interfering with the Liquidator or this proceeding, or wasting assets of Maidstone or obtaining any preferences, judgments, attachments or other liens, or making any levy against Maidstone, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against Maidstone, the Superintendent as Liquidator of Maidstone, the New York Liquidation Bureau, or their present or former employees, attorneys or agents, relating to this proceeding or the discharge of their duties under Insurance Law Articles 74 and 76 in relation thereto; (7) enjoining and restraining all parties to actions, lawsuits, and special or other proceedings in which Maidstone’s policyholders or insureds are a party or are obligated to defend a party pursuant to an insurance policy, bond, contract or otherwise, from proceeding with any discovery, court proceedings or other litigation tasks or procedures, including, but not limited to, conferences, trials, applications for judgment or proceedings on settlement or judgment, for a period of 180 days from the date an order of liquidation is signed; (8) enjoining and restraining all persons who have first party policyholder loss claims, from presenting and filing claims with the Liquidator for a period of 90

days from the date an order of liquidation is signed), except that the Liquidator may, in her discretion, waive such period in order to process new claims and resolve outstanding balances in respect of policies still in-force; (9) (i) enjoining and restraining, for a period of 90 days from the date an order of liquidation is signed, all owners and operators of garages where motor vehicles owned or operated by Maidstone's policyholders or its third-party claimants are being repaired, maintained or stored from selling such vehicles or otherwise satisfying any lien held by such garage owners or operators in respect of such vehicles, and (ii) providing that any fees charged by such garage owners or operators to Maidstone, its policyholders or its third-party claimants during this 90-day period shall be reasonable in the ordinary course of business and may, at the Liquidator's discretion, be submitted to this Court for review and approval; (10) vesting all rights in Maidstone's contracts and agreements, however described, with the Liquidator and permitting the Liquidator, in her discretion, to reject any executory contracts to which Maidstone is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection; (11) requiring that any bank, savings and loan association, other financial institution or any other entity or person, that has on deposit or in its possession, custody or control any of Maidstone's funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding; (12) requiring that all persons or entities (including, without limitation, Standard Diversified Inc., Pillar General Inc. and Interboro Management, Inc.) having property, papers (including attorney work product and documents held

by attorneys) and/or information, including, but not limited to, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Maidstone shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator; (13) authorizing, permitting and allowing the Liquidator to sell, assign or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in her discretion, she deems to be in the best interest of the creditors of Maidstone, and further authorizing the Liquidator to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers and assignments, without the further approval of this Court; (14) cancelling all existing insurance policies of Maidstone at 12:01 A.M. local time on the earlier of: (i) the expiration date of the policy; or (ii) the date that is 60 days after the order of liquidation is signed; (15) providing that all claims, with all supporting evidence to establish the existence of an actual loss for which Maidstone is liable, must be presented to the Liquidator by the date that is one year after the date an order placing Maidstone into liquidation is signed (the "Bar Date"), and that all claims submitted after the Bar Date are barred and discharged, except that the Bar Date shall not apply to the Liquidator's claims for administrative expenses or to claims for reimbursement submitted by the New York Property/Casualty Insurance Security Fund, the New York Public Motor Vehicle Liability Security Fund or a guaranty fund in another state that covers claims against Maidstone policyholders; (16) requiring that persons or entities filing claims and supporting evidence of claims against Maidstone for the first time file the same using the electronic portal for the submission of claims located on the website [www.nylbpoc.org](http://www.nylbpoc.org) on or before the Bar Date; (17) authorizing the Liquidator, in her discretion, to refrain from

adjudicating some or all claims falling into Classes three through nine (Insurance Law § 7434(a)(1)(iii)–(ix)) unless and until she reasonably believes that adjudication of such claims may reasonably lead to a distribution or is otherwise in the best interests of the estate; (18) extending immunity to the Superintendent in her capacity as Liquidator of Maidstone, 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; (19) declaring that Maidstone is insolvent within the meaning of Insurance Law § 1309(a); and (20) granting such other and further relief as the Court may deem proper and just.

AND, sufficient cause having been shown therefor, pursuant to New York Insurance Law § 7418(a)(1), let service of a copy of this order to show cause and its supporting papers be made: (i) <sup>pursuant to 308 (1)</sup> upon Maidstone Insurance Company, Attention: Chantal Lecorps, Chief Financial Officer and Secretary, 155 Mineola Boulevard, Mineola, New York 11501; and (ii) by posting on the internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org>; and let such service be made at least 15 days prior to the Return Date, and such service shall be deemed good and sufficient service; and it is hereby

ORDERED, that all answering papers and supporting documentation (“Answering Papers”) be served on the Superintendent so as to be received at least seven days prior to the Return Date, and that service on the Superintendent shall be made by first class mail or overnight carrier <sup>pursuant to CLE 307.1</sup> at the following addresses:

Office of the Attorney General  
28 Liberty Street  
New York, NY 10005  
Attention: Roderick Arz

New York Liquidation Bureau  
 180 Maiden Lane, 15<sup>th</sup> Floor  
 New York, New York 10038  
 Attention: General Counsel

and Answering Papers shall be submitted to this Court at IAS Part 27 at the Courthouse located at 100 Supreme Ct Dr, Mineola, New York, on or before the Return Date; and it is further

ORDERED, that pursuant to Insurance Law § 7419, pending the determination of this application, Maidstone, its officers, directors, shareholders, members, trustees, agents, servants, employees, policyholders, attorneys, and managers, and all other persons, are hereby restrained, except as authorized by the Superintendent, from transacting Maidstone's business (including the issuance of new insurance policies) or disposing of Maidstone's property, and all persons are restrained from wasting any of Maidstone's property; and it is further

ORDERED, that pursuant to Insurance Law § 7419 pending the determination of this motion, all actions or proceedings against Maidstone and its insureds, and all actions or proceedings in which Maidstone is obligated to defend a party, are stayed; and it is further

ORDERED, that pursuant to Insurance Law § 7419 pending the determination of this motion, all persons are restrained from obtaining preferences, judgments, attachments or other liens, or making any levy or commencing or prosecuting any actions or proceedings against Maidstone or its assets.

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J. S. C.