

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

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In the Matter of

Index No.:

the Application of

**VERIFIED PETITION**

Linda A. Lacewell, Acting Superintendent of  
Financial Services of the State of New York, for an  
Order of Appointment as Ancillary Receiver of

NORTHWESTERN NATIONAL INSURANCE COMPANY  
OF MILWAUKEE, WISCONSIN.

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Linda A. Lacewell, 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” (“Order”), appointing the Superintendent (and her successors in office) ancillary receiver (“Ancillary Receiver”) of Northwestern National Insurance Company of Milwaukee, Wisconsin (“NNIC”) with all the rights and obligations granted to and imposed upon her pursuant to Article 74 of the New York Insurance Law (“Insurance Law”).

**Relief Requested**

1. NNIC, a Wisconsin domestic insurer, has been judicially determined to be insolvent and has been placed into liquidation by the Circuit Court, Dane County, Madison, Wisconsin (“Wisconsin Court”). There are New York claimants with claims under NNIC insurance policies. It is important that a New York ancillary receivership be commenced for NNIC in order for New York claimants with allowed covered claims to receive coverage from the applicable New York security fund.

### Background

2. NNIC is a property and casualty insurer domiciled in the State of Wisconsin. The company was organized in 1869 by an act of the Wisconsin legislature, and maintained its administrative office at 8200 Beckett Park Drive, Suite 201, West Chester, Ohio 45069. Its principal place of business is at 33 East Main Street, Suite 900, Madison, Wisconsin 53703. *See* Affidavit of Joan L. Riddell, Deputy Chief Insurance Examiner, Property Bureau, New York State Department of Financial Services, sworn to on May 13, 2019 (“Riddell Aff.”), attached hereto as Exhibit “2”. NNIC became licensed to do business as an authorized foreign insurer in the State of New York on or about February 28, 1990 (Riddell Aff. ¶¶ 2- 3).

3. NNIC was authorized to transact the business of insurance set forth in paragraphs 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 19, 20, and 21 of Section 1113(a) of the Insurance Law. (Riddell Aff. ¶ 4).

4. Upon the application of the Wisconsin Office of the Commissioner of Insurance, the Wisconsin Court placed NNIC into rehabilitation on March 8, 2007. On January 20, 2012, the Wisconsin Court entered a final order and discharge under which NNIC exited rehabilitation. (Riddell Aff. ¶ 5).

5. On May 2, 2019, the Wisconsin Court found NNIC to be insolvent and issued an order placing NNIC into liquidation (“Liquidation Order”) and appointing Mark Afable, Wisconsin Commissioner of Insurance, Liquidator of NNIC (“Wisconsin Liquidator”). The Liquidation Order also, among other things, established the date that is six months from the date of entry of the Liquidation Order, which is November 2, 2019, as the bar date for the filing of all claims against NNIC. *See* Liquidation Order (Riddell Aff. ¶ 6, Exhibit “B”).

6. NNIC is currently paying workers' compensation claims under insurance policies written by NNIC that are eligible for payment from the New York Workers' Compensation Security Fund. *See* N.Y. Workers' Comp. L., Art. 6-A. The Ancillary Receiver estimates that approximately 12 workers' compensation claims will be referred by the Wisconsin Liquidator to New York for handling. Commencing this ancillary receivership proceeding as soon as practicable is necessary to avoid an interruption in workers' compensation benefits, including medical and pharmacy benefits. The Wisconsin Liquidator may also refer other New York claims that may be eligible for coverage by the New York Property/Casualty Insurance Security Fund. (Riddell Aff. ¶ 9).

**The Grounds to Commence an Ancillary  
Receivership Proceeding Have Been Met**

7. Insurance Law § 7407(c) states that upon the request of a receiver who 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.

8. On May 3, 2019, the Wisconsin Liquidator sent a letter requesting that the Superintendent commence an ancillary receivership proceeding for NNIC ("Letter Request"). (Riddell Aff. ¶ 7, Exhibit "C").

9. Wisconsin is a reciprocal state. 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. Wisconsin, NNIC's domiciliary state, has adopted, in substance and effect, the provisions of the Uniform Insurers Liquidation Act. WI. Stat. Chapter 645 and § 645.89. *See* Letter Request. (Riddell Aff. ¶ 8, Exhibit C).

10. Based on the Letter Request from Wisconsin, a reciprocal state, the Superintendent now brings this application under Insurance Law § 7407 to commence an ancillary receivership proceeding for NNIC. Since all of the grounds to commence an ancillary receivership proceeding have been met, this Court should issue the Order commencing an ancillary receivership proceeding and pursuant to Insurance Law § 7410(a), appointing the Superintendent as Ancillary Receiver.

**Injunctive Relief**

11. To discharge the responsibilities as Ancillary Receiver in an orderly and fair manner for the benefit of policyholders and creditors domiciled in the State of New York, certain injunctive relief is necessary.

12. I respectfully request that this Court explicitly apply the injunctions, restrictions and directions contained in paragraphs 11, 12, 13, 14, 16 and 23 of the Liquidation Order to any and all business of NNIC that is conducted in the State of New York, and to any and all assets, books, records, files, credit cards and other property of NNIC located in the State of New York. While these injunctions, directions and restrictions, as well as the entire Liquidation Order, were issued by a court of competent jurisdiction and apply to this ancillary proceeding, an explicit ruling from this Court that the injunctions, directions and restrictions issued in paragraphs 11, 12, 13, 14, 16 and 23 of the Liquidation Order apply to this ancillary receivership proceeding will promote clarity and reduce the likelihood of unnecessary litigation.

13. Under Insurance Law § 7419(b), the Court may issue permanent injunctions or orders to prevent the commencement or prosecution of any actions, the obtaining of preferences, judgements, attachments, or other liens or making any levy against the Ancillary Receiver, NNIC, the New York Liquidation Bureau (the organization serving as the Ancillary Receiver's

staff), 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 important for the performance of the Ancillary Receiver’s 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 NNIC. This would adversely impact the ancillary receivership and could significantly increase administrative expenses and litigation costs.

15. In addition to the Permanent Injunctions, I request an order under Insurance Law § 7419(b) temporarily staying all litigations against insureds of NNIC or in which NNIC is obligated to defend an insured or provide a defense to a party pursuant to an insurance policy, 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 as administrator of the New York security funds (“Administrator”) sufficient time to review and assess the claims in litigation.

16. After NNIC is placed into ancillary receivership, the Wisconsin Liquidator will transfer the books and records of the company relating to certain New York claims under policies written by NNIC, including litigation files, to the Ancillary Receiver and Administrator for further handling. Because the files and records of an insolvent insurer often require time to review and assess, a temporary stay is necessary to ensure that claims are appropriately handled and that there is no prejudice 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) coordinate with third-party administrators for handling claims; (iii) assign claims examiners; (iv) review settlement negotiations, if any; (v) analyze the legal issues; (vi) set reserves; (vii) assign or retain counsel; and (viii) prepare to litigate the matters, if necessary, upon the expiration of the 180-Day Injunction. For these reasons, the 180-Day Injunction is warranted under Insurance Law § 7419(b), and this Court should issue an order, *inter alia*, granting the 180-Day Injunction.

#### **Additional Relief**

18. I further respectfully submit that Insurance Law § 7412(a) makes clear that the claims bar date of November 2, 2019, as set forth in paragraph 23 of the Liquidation Order, applies to this ancillary receivership proceeding and requires that all New York claims under NNIC policies and evidence supporting such claims be submitted to the Ancillary Receiver of NNIC by November 2, 2019. Claims and evidence not submitted by that date shall be barred. Applying the domestic claims bar date to the ancillary receivership proceeding will maintain an appropriate relationship between the ancillary proceeding and the domestic liquidation of NNIC, and will ensure that claims paid by the New York security funds will be eligible for reimbursement in the domestic liquidation proceeding.<sup>1</sup>

19. I further respectfully request that the Court order that the Superintendent as Ancillary Receiver, 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

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<sup>1</sup> The New York security funds will assert claims in NNIC's domestic liquidation proceeding for reimbursement of amounts paid to eligible New York claimants.

Insurance Law Articles 74 and 76 and Article 6-A of the New York Workers' Compensation Law. 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). 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 (Sup. Ct., N.Y. County 2012).

#### Conclusion

20. In light of the foregoing, I respectfully request that the Court enter the Order, which, among other things: (a) appoints the Superintendent Ancillary Receiver of NNIC, 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.

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

WHEREFORE, I respectfully request that this Court grant the relief sought in this Verified Petition, enter the Order, and grant such other and further relief as is just and proper.

Dated: New York, New York  
June 13, 2019



Linda A. Laceywell  
Acting Superintendent of Financial Services  
of the State of New York

STATE OF NEW YORK )  
 ) ss.:  
COUNTY OF NEW YORK )

Linda A. Lacewell, being duly sworn, deposes and says:

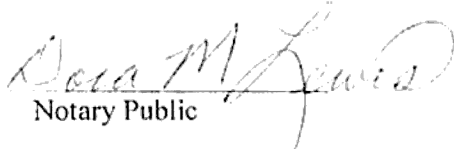
That she is the Acting Superintendent of Financial Services of the State of New York and that she executed the foregoing Verified Petition; that she is acquainted with the facts therein stated; that she knows the contents of said Verified Petition and the same are true based upon the records of the New York State Department of Financial Services.

Deponent says that the sources of her information as to the matters stated in said Verified Petition are the affidavit referred to therein and the records of the New York State Department of Financial Services.



Linda A. Lacewell  
Acting Superintendent of Financial Services  
of the State of New York

Sworn to before me this  
13<sup>th</sup> day of June, 2019

  
Notary Public

**DORA M. LEWIS**  
Notary Public, State of New York  
No. 24-4853787  
Qualified In Kings County  
Commission Expires Feb. 17, 19-*0022*

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# **EXHIBIT 1**

At IAS Part \_\_\_\_ of the Supreme Court of the State of New York, County of New York, at the Courthouse, \_\_\_\_\_ in the County, City and State of New York, on the \_\_\_ day of \_\_\_\_\_, 2019.

P R E S E N T :

HON. \_\_\_\_\_, J.S.C.

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

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In the Matter of

Index No.:

the Application of

Linda A. Lacewell, Acting Superintendent of Financial Services of the State of New York, for an Order of Appointment as Ancillary Receiver of

**ORDER OF ANCILLARY RECEIVERSHIP**

NORTHWESTERN NATIONAL INSURANCE COMPANY OF MILWAUKEE, WISCONSIN.

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Linda A. Lacewell, 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 Northwestern National Insurance Company of Milwaukee, Wisconsin (“NNIC”), and upon reading and filing the petition of the Superintendent, duly verified on the 13th day of June, 2019 (“Verified Petition”), the Affidavit of Joan L. Riddell, Deputy Chief Insurance Examiner, Property Bureau, New York State Department of Financial Services, sworn to on the 13<sup>th</sup> day of May, 2019, and the exhibits annexed thereto, this Court finds that:

1. NNIC is a property and casualty insurer domiciled in the State of Wisconsin. The company was organized in 1869 by an act of the Wisconsin legislature, and maintained its

administrative office in West Chester, Ohio, and its principal place of business in Madison, Wisconsin;

2. NNIC was licensed in the State of New York to transact the kinds of insurance specified in New York Insurance Law § 1113(a)(3) – (17) and (19) – (21);

3. By order dated May 2, 2019, the Circuit Court, Dane County, Madison, Wisconsin issued an Order for Liquidation finding NNIC to be insolvent (“Liquidation Order”) and appointing Mark Afable, Wisconsin Commissioner of Insurance, Liquidator (“Wisconsin Liquidator”) of NNIC. The Liquidation Order also, among other things, established the date that is six months from the date of entry of the Liquidation Order, which is November 2, 2019, as the bar date for the filing of claims against NNIC (“Claims Bar Date”);

4. NNIC is subject to Article 74 of the New York Insurance Law (“Insurance Law”);

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

6. The Wisconsin Liquidator requested that the Superintendent commence an ancillary receivership proceeding for NNIC; and

7. Insurance Law § 7410(a) mandates that the Superintendent be appointed Ancillary Receiver of NNIC.

NOW, on the motion of the Honorable Letitia James, 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 is appointed Ancillary Receiver of NNIC and is vested with all rights and obligations granted to and imposed upon her pursuant to Article 74 of the Insurance Law;

3. The material provisions of the Liquidation Order as it pertains to this ancillary receivership proceeding, including injunctions, restrictions and directions set forth in paragraphs 11, 12, 13, 14, 16 and 23 apply to this ancillary receivership proceeding;
4. In accordance with Insurance Law § 7412(a), the Claims Bar Date of November 2, 2019, established in paragraph 23 of the Liquidation Order, applies to this ancillary receivership proceeding and all New York claims under NNIC policies and evidence supporting such claims must be submitted to the Ancillary Receiver by November 2, 2019, and if not submitted by that date shall be barred;
5. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings in the State of New York against NNIC, and all persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings in the State of New York against NNIC, the Superintendent as Ancillary Receiver or as administrator of the New York security funds, the New York Liquidation Bureau, and their employees, attorneys, or agents, with respect to this proceeding or in the discharge of their duties;
6. All parties to actions, lawsuits, and special or other proceedings against insureds of NNIC or in which NNIC is obligated to defend an insured or provide a defense to a party pursuant to an insurance policy 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. Judicial immunity is extended to the Superintendent in her capacities as Ancillary Receiver of NNIC and as administrator of the New York 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 and Article 6-A of the New York Workers' Compensation Law;
8. The Ancillary Receiver shall serve a copy of this Order on the Wisconsin Liquidator by overnight delivery to Mark Afable, Commissioner of Insurance for the State of Wisconsin, 125 South Webster Street, Madison, WI 53703-3474, and Amy J. Malm, Special Deputy Liquidator for NNIC at the same address;
9. The Ancillary Receiver shall provide notice of this Order, substantially in the form attached hereto (the "Notice"), to all creditors, claimants, and interested persons located in the State of New York by: (i) publication of the Notice in the *New York Daily News*, or a publication of similar circulation, within 30 days of entry of this Order; and (ii) posting the Notice and the Order 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;

10. NNIC’s license to do business in the State of New York is hereby revoked;

11. 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

NORTHWESTERN NATIONAL INSURANCE COMPANY  
OF MILWAUKEE, WISCONSIN.

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12. All further papers in this proceeding shall bear the above amended caption.

E N T E R

\_\_\_\_\_  
J.S.C.

NEW YORK LIQUIDATION BUREAU  
180 MAIDEN LANE  
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  
NORTHWESTERN NATIONAL INSURANCE COMPANY  
OF MILWAUKEE, WISCONSIN

Notice is Hereby Given:

Linda A. Lacewell, Acting Superintendent of Financial Services of the State of New York (“Superintendent”), has been appointed by an order (“Order”) of the Supreme Court of the State of New York, New York County (“Court”), filed on \_\_\_\_\_, 2019, as the ancillary receiver (“Ancillary Receiver”) of Northwestern National Insurance Company of Milwaukee, Wisconsin (“NNIC”) and, as such, has been vested with all 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 David Axinn, Special Deputy Superintendent (“Special Deputy”), as her agent to carry out her duties as Ancillary Receiver. The Special Deputy carries out the Ancillary Receiver’s duties through the New York Liquidation Bureau, 180 Maiden Lane, New York, New York 10038. The Order further provides as follows:

I. On May 2, 2019, the Circuit Court, Dane County, Madison, Wisconsin issued an Order for Liquidation with a finding of insolvency against NNIC (“Liquidation Order”);

II. The material provisions of the Liquidation Order, including, but not limited to, the injunctions and restrictions set forth in paragraphs 11, 12, 13, 14, 16 and 23 apply to the ancillary receivership proceeding;

III. In accordance with Insurance Law § 7412(a), the claims bar date of November 2, 2019, established in paragraph 23 of the Liquidation Order, applies to the ancillary receivership proceeding, and all New York claims under NNIC policies and evidence supporting such claims must be submitted to the Ancillary Receiver by November 2, 2019, and if not submitted by that date shall be barred;

IV. All persons are permanently enjoined and restrained from commencing or prosecuting any actions, lawsuits or proceedings in the State of New York against NNIC, the Superintendent as Ancillary Receiver or as administrator of the New York security funds, the New York Liquidation Bureau, and their employees, attorneys or agents, with respect to this proceeding or in the discharge of their duties;

V. All parties to actions, lawsuits, and special or other proceedings against insureds of NNIC or in which NNIC is obligated to defend an insured or provide a defense to a party pursuant to an insurance policy 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;

VI. Judicial immunity is extended to the Superintendent in her capacities as Ancillary Receiver of NNIC and as administrator of the New York 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 and Article 6-A of the New York Workers' Compensation Law;

VII. NNIC's license to do business in the State of New York is hereby revoked;

VIII. All communications relating to NNIC and to the ancillary receivership proceeding thereof should be addressed to:

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

LINDA A. LACEWELL  
Acting Superintendent of Financial Services  
of the State of New York as Ancillary  
Receiver of Northwestern National  
Insurance Company of Milwaukee,  
Wisconsin

DAVID AXINN  
Special Deputy Superintendent and Agent for  
the Superintendent as Ancillary Receiver  
of Northwestern National Insurance Company  
of Milwaukee, Wisconsin

# **EXHIBIT 2**



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

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In the Matter of

Index No.

the Application of

**AFFIDAVIT**

Linda A. Lacewell, Acting Superintendent of  
Financial Services of the State of New York, for an  
Order of Appointment as Ancillary Receiver of

NORTHWESTERN NATIONAL INSURANCE COMPANY  
OF MILWAUKEE, WISCONSIN.

-----x

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

Joan L. Riddell, being duly sworn, deposes and says:

1. I am employed as Deputy Chief 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 Northwestern National Insurance Company of Milwaukee, Wisconsin (“NNIC”) and appointing the Superintendent and her successors in office as ancillary receiver of NNIC as authorized by Article 74 of the New York Insurance Law (“Insurance Law”).

2. NNIC is a property and casualty insurer domiciled in the State of Wisconsin. The company was organized in 1869 by an act of the Wisconsin legislature, and maintained its administrative office at 8200 Beckett Park Drive, Suite 201, West Chester, Ohio 45069. Its principal place of business is at 33 East Main Street, Suite 900, Madison, Wisconsin 53703.

3. NNIC became licensed to do business as an authorized foreign insurer in the State of New York on or February 28, 1990.

4. NNIC was authorized to transact the business of insurance set forth in paragraphs (3)-(17) and (19)-(21) of Section 1113(a) of the Insurance Law.

5. On March 8, 2007, NNIC was placed into rehabilitation by the Circuit Court, Dane County, Madison, Wisconsin (“Wisconsin Court”) and on January 2012, exited from rehabilitation by final order and discharge of the Wisconsin Court.

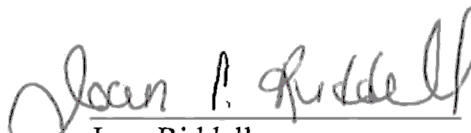
6. On May 2, 2019, the Wisconsin Court found NNIC to be insolvent and issued an order placing NNIC into liquidation (“Liquidation Order”) and appointing Mark Afable, Wisconsin Commissioner of Insurance, Liquidator of NNIC (“Wisconsin Liquidator”). The Liquidation Order also, among other things, established the date that is six months from the date of entry of the Liquidation Order, which is November 2, 2019, as the claims filing bar date for all claims against NNIC. A copy of the Liquidation Order is attached hereto as Exhibit “A”.

7. On May 3, 2019, the Wisconsin Liquidator sent a letter requesting that the Superintendent commence an ancillary receivership proceeding for NNIC (the “Letter Request”). A copy of the Letter Request is attached hereto as Exhibit “B”.

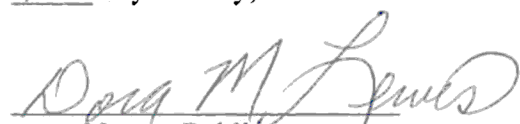
8. Wisconsin is a reciprocal state. Insurance Law § 7408(b)(6) defines a reciprocal state as any state, other than the State of New York, in which the provisions of the Uniform Insurers Liquidation Act (Insurance Law §§ 7408-7415), in substance and effect, are in force. Wisconsin, NNIC’s domiciliary state, has adopted, in substance and effect, the provisions of the Uniform Insurers Liquidation Act. WI. Stat. Chapter 645, and §645.89.

9. NNIC is currently paying workers’ compensation claims under insurance policies written by NNIC that are eligible for payment from the New York Workers’ Compensation Security Fund. *See* N.Y. Workers’ Comp. L., Art. 6-A. The Ancillary Receiver estimates that

approximately 12 workers' compensation claims will be referred to New York by the Wisconsin Receiver for handling. The Wisconsin Receiver may also refer other New York claims that may be eligible for coverage by the New York Property/Casualty Insurance Security Fund.

  
Joan Riddell

Sworn to before me this  
13<sup>th</sup> day of May, 2019

  
Notary Public

**DORA M. LEWIS**  
Notary Public, State of New York  
No. 24-4853787  
Qualified in Kings County  
Commission Expires Feb. 17, 2022

# **EXHIBIT A**

**FILED**  
**05-02-2019**  
**CIRCUIT COURT**  
**DANE COUNTY, WI**  
**2019CV001209**

**DATE SIGNED: May 2, 2019**

Electronically signed by Richard G. Niess  
Circuit Court Judge

STATE OF WISCONSIN

CIRCUIT COURT

DANE COUNTY

In the matter of the Liquidation of  
Northwestern National Insurance Company  
of Milwaukee, Wisconsin

Case No. \_\_\_\_\_  
Case Code: 30703

ORDER FOR LIQUIDATION

WHEREAS, on May 1, 2019 Mark Afable, the Wisconsin Commissioner of Insurance (“Commissioner”), filed a Petition seeking the entry of a Liquidation Order concerning Northwestern National Insurance Company of Milwaukee, Wisconsin (“NNIC”) pursuant to § 645.41 Wis. Stat.;

WHEREAS, the Commissioner has provided the Court with evidence sufficient to support the conclusion that NNIC is insolvent and should be liquidated, including that NNIC’s shareholder and board of directors have consented to the entry of a Liquidation Order through unanimous consent;

WHEREAS, this Court finds that sufficient cause exists pursuant to § 645.41, Wis. Stat., for the entry of a Liquidation Order with a finding of insolvency concerning NNIC; and

WHEREAS, a formal hearing on the Commissioner’s Petition is not necessary due to NNIC’s consent to the relief requested by the Commissioner and NNIC’s waiver of formal service of process and formal hearing on the Petition;

NOW, THEREFORE, the Court finds, and Orders as follows:

1. Pursuant to § 645.42, Wis. Stat., Commissioner Mark Afable and his successors in office or any of his delegees are hereby appointed Liquidator.
2. Pursuant to § 645.46 (1), Wis. Stat., Amy J. Malm is appointed Special Deputy Liquidator for NNIC. When this order refers to Liquidator, it includes Special Deputy Liquidator. This Court shall be the Liquidation Court for all matters relating to NNIC.
3. The evidence contained in the Commissioner’s Liquidation Petition is sufficient to support the conclusion that NNIC is insolvent. Because NNIC has not contested the Liquidation Petition and NNIC’s shareholder has consented to the entry of this Order, the allegations of the Liquidation Petition are deemed admitted as against NNIC for purposes of this proceeding.

4. As a separate and independent basis for entry of the Liquidation Order, evidence that the directors of NNIC have unanimously consented to the entry of the Liquidation Order is attached to the Liquidation Petition.

5. Given the determination set forth above, a formal hearing on the Commissioner's Liquidation Petition is not necessary.

6. Consequently, NNIC is hereby declared insolvent, and sufficient cause exists for the liquidation of NNIC pursuant to § 645.41, Wis. Stat., and this Liquidation Order with a finding of insolvency concerning NNIC is hereby entered.

7. Pursuant to § 645.46, Wis. Stat., the Liquidator shall forthwith conduct and carry out the liquidation of NNIC pursuant to the terms of this Order and shall immediately take exclusive possession and control of and be vested with all right, title, and interest in, of, and to the property of NNIC, including, without limitation, all of NNIC's assets, contracts, rights of action, books, records, bank accounts, certificates of deposit, collateral securing obligations to, or for the benefit of, NNIC or any trustee, bailee, or any agent acting for or on behalf of NNIC (collectively, "the Trustees"), securities or other funds, and all real or personal property of any nature of NNIC including, without limitation, furniture, equipment, fixtures, and office supplies, wherever located, and including such property of NNIC or collateral securing obligations to, or for the benefit of, NNIC or any Trustee thereof that may be discovered hereafter, and all proceeds of or accessions to any of the foregoing, wherever located, in the possession, custody, or control of NNIC or any Trustee thereof (collectively, the "Assets").

8. The Liquidator may, at his election, change to his own name as Liquidator the name of any of NNIC's accounts, funds, or other Assets held with any bank, savings and loan association, or other financial institution, and may withdraw such funds, accounts, and other Assets from such institutions or take any other action necessary for the proper conduct of this Liquidation.

9. The Liquidator's right, title, and interest in and to the Assets shall continue until further order of the Court, and he/she is authorized to manage the Assets, business, and affairs of NNIC including, without limitation, the right to sue, defend, and continue to prosecute suits or actions already commenced by or for NNIC, or for the benefit of NNIC's policyholders, cedents, creditors, and stockholders in the courts, tribunals, agencies, or arbitration panels for this State and other states and jurisdictions in his name as the Insurance Commission of the State of Wisconsin, as Liquidator of NNIC, or in the name of NNIC.

10. The Liquidator is hereby vested with the right, title, and interest in and to all funds recoverable under treaties and agreements of reinsurance heretofore entered into by NNIC as the ceding insurer or as the assuming insurer. The amounts recoverable by the Liquidator from any reinsurer of NNIC shall not be reduced or diminished by any reinsured payment, contract, or claim, and each such reinsurer of NNIC is hereby enjoined and restrained from terminating, canceling, failing to extend or renew, or reducing or changing coverage under any reinsurance policy, reinsurance contract, or letter of credit. The Liquidator may terminate or

rescind any ceded or assumed reinsurance agreement or contract that is contrary to the best interest of the liquidation.

11. All persons or entities (other than the Liquidator or person acting on behalf of NNIC with consent of the Liquidator) that have in their possession or control Assets or possible Assets and/or have notice of these proceedings or of this Order are hereby enjoined and restrained from transacting any business of, or on behalf of, NNIC or selling, transferring, destroying, wasting, encumbering, or disposing of any of the Assets without the prior written permission of the Liquidator or until further Order of this Court. This prohibition includes, without limitation, Assets or possible Assets pertaining to any business transaction between NNIC and any of said parties. No actions concerning, involving, or relating to such Assets or possible Assets may be taken by any of the aforesaid persons or entities enumerated herein without the express consent of the Liquidator or until further Order of this Court.

12. All persons or entities, including but not limited to reinsurers and cedents, having notice of these proceedings or of the Liquidation Order are hereby enjoined and restrained from exercising or relying upon any contractual right which would permit such third party or parties from withholding, failing to pay, setting off, netting, or taking similar action with respect to any obligations owed to NNIC.

13. All persons or entities, including but not limited to reinsurers and cedents, having notice of these proceedings or of the Liquidation Order are hereby enjoined and restrained from commutating, terminating, accelerating, or modifying any agreement of reinsurance, or asserting a default or event of default, or otherwise exercising, asserting, or relying upon any other right or remedy, based upon (1) the filing of the Petition for Entry of Liquidation Order, (2) the entry of this Liquidation Order, (3) the insolvency of NNIC, or (4) the facts and circumstances set forth in the Petition for Entry of Liquidation Order, without prior written permission of the Liquidator or until further Order of this Court.

14. Except as otherwise indicated elsewhere in this Order or except as excluded by express written notice provided by the Liquidator, all persons or entities holding Assets or possible Assets of, or on behalf of, NNIC shall file with the Liquidator within 10 calendar days of the entry of this Order an accounting of those Assets and/or possible Assets, regardless of whether such persons or entities dispute the Liquidator's entitlement to such Assets.

15. Except as otherwise indicated elsewhere in this Order or except as excluded by express written notice provided by the Liquidator, all persons or entities holding Assets or possible Assets of, or on behalf of, NNIC shall within 10 days of the entry of this Order turn those Assets or possible Assets over to the Liquidator, regardless of whether such persons or entities dispute the Liquidator's entitlement to such Assets or possible Assets.

16. All persons or entities that have notice of these proceedings or of this Order are hereby enjoined and restrained from asserting claims for refunds of premium resulting from the cancellation of policies of insurance or agreements of reinsurance issued by NNIC.



17. All persons and entities are hereby enjoined and restrained from asserting any claim against the Commissioner as Liquidator of NNIC or the Deputy Liquidator in connection with their duties as such, or against the Assets, except insofar as such claims are brought in the Liquidation proceedings of NNIC and in a manner otherwise compliant with this Order.

18. The filing or recording of this Order or a certified copy hereof in the State of Wisconsin with the recorder of deeds or, in the case of real estate or other property interests, with the recorder of deeds of the jurisdiction where the property is located, shall impart the same notice as would be imparted by a deed, bill of sale, or other evidence of title duly filed or recorded with that recorder of deeds. Without limiting the foregoing, the filing of this Order with the Register of Deeds in the State of Wisconsin also constitutes notice to all sureties and fidelity bondholders of NNIC of all potential claims against NNIC under such policies and shall constitute the perfection of a lien in favor of NNIC under the Uniform Commercial Code or any like federal or state law, regulation, or order dealing with the priority of claims.

19. The Liquidator is hereby authorized to transfer some or all of NNIC's Assets and liabilities to a separate affiliate or subsidiary for the overall benefit of NNIC's policyholders, cedents, creditors, and stockholders, subject to approval by this Court.

20. The Liquidator may, in his discretion, reject any executory contract to which NNIC is a party.

21. Pursuant to § 645.46 (2), Wis. Stat., the Liquidator may, in his discretion, appoint one or more consultants including but not limited to legal counsel, accountants and actuaries (collectively, the "Designees") as considered necessary, and fix their compensation, and all compensation and expenses of the Designees shall be paid out of the funds and Assets of NNIC as administrative expenses. The Liquidator may also retain those of NNIC's current management personnel and other employees as Designees as he/she, in his/her discretion, determines would facilitate the Liquidation of NNIC. All such Designees shall be deemed to have agreed to submit disputes concerning their rights, obligations, and compensation in their capacity as Designee to this Court.

22. The Liquidator and the Designees (collectively, "Indemnitees") shall have no personal liability for their acts or omissions in connection with their duties, provided that such acts or omissions are or were undertaken in good faith and without willful misconduct, gross negligence, or criminal intent. All expenses, costs, and attorneys' fees incurred by the Indemnitees in connection with any lawsuit brought against them in their representative capacities shall be subject to the approval of the Liquidator, except that in the event that the Liquidator is the Indemnitee this Court's approval shall be required, and such expense, cost, and attorneys' fees shall be exclusively paid out of the funds and Assets of NNIC. The Indemnitees in their capacities as such shall not be deemed to be employees of the State of Wisconsin.

23. Claims filing deadlines, procedures, and forms are as specified by the Liquidator. The deadline for filing claims is six (6) months after the entry of this Order.

24. Pursuant to § 645.43 (1), Wis. Stat., all insurance policies issued by NNIC that are not continued by the affected Guaranty Associations are terminated effective upon the earlier of the following to occur:

- (a) The elapse of 15 days from the date of entry of the liquidation order;
- (b) The normal date for the expiration of coverage;
- (c) The date when the insured has replaced the insurance coverage with equivalent insurance in another insurer; or
- (d) The date when the Liquidator has effected a transfer of the policy obligations pursuant to § 645.46(8).

25. Pursuant to § 645.43 (2), Wis. Stat., if coverage is replaced by insurance that is not equivalent, the coverage continued shall be excess coverage over the replacement policy to the extent of the deficiency.

26. That all reinsurance amounts recoverable by NNIC be paid to the NNIC estate unless the reinsurer's obligations is relieved pursuant to § 645.58 Wis. Stat.

27. Each captive reinsurer for which NNIC wrote fronting policies is required to take one of the following actions and to inform the Liquidator of the action it has chosen no later than fifteen (15) days of the Liquidation Order:

- (a) The captive reinsurer shall send complete copies of all open claim files to NNIC for all such claims no later than fifteen (15) days after the date of the Liquidation Order. In addition, the captive reinsurer shall include a report to the Liquidator with each payment made sufficient to provide the Liquidator with the information necessary to pay the claim and update the claims file, or
- (b) Enter into a written agreement with the Liquidator to fully and finally assume the obligations under the captive reinsurance arrangements and to administer the claims and make payments directly to the insured or claimant, as applicable.

28. If the captive reinsurer chooses to return the claims, they are required to continue payments for 30 days to allow an orderly transition.

29. Any person or entity violating the terms of this Order shall be subject to the sanctions contained in § 645.07, Wis. Stat.

30. This Court shall retain personal and subject matter jurisdiction and venue over all matters covered by this proceeding to grant such other and further relief in these proceedings as may be equitable under Chapters. 645 and 646 of the Wisconsin Statutes.

31. As there has been no written objections by any person or party of interest pursuant to Dane County Rule 318, no hearing will be held regarding the Petition.

32. Hereafter, the caption of this case and all pleadings in this matter shall read as:

In the matter of the Liquidation of Northwestern National Insurance Company of Milwaukee, Wisconsin

33. This Court shall retain jurisdiction in this case for the purpose of granting such other and further relief as this case, the interests of the policyholders, cedents, reinsurers, creditors, stockholders of NNIC, the guaranty associations and the public may require. The Liquidator, or any interested party upon notice to the Liquidator, may at any time make application for such other and further relief as either sees fit.

SO ORDERED this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

\_\_\_\_\_  
Honorable Richard Niess

# **EXHIBIT B**



## State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Tony Evers, Governor  
Mark V. Afable, Commissioner

Wisconsin.gov

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May 3, 2019

Linda A. Lacewell,  
Acting Superintendent of Financial Services of the State of New York  
c/o David Axinn, Special Deputy Superintendent and Agent  
New York Liquidation Bureau  
180 Maiden Lane, 15<sup>th</sup> Floor  
New York, NY 10038

RE: Northwestern National Insurance Company of Milwaukee, Wisconsin

Dear Mr. Axinn:

As you are aware, Northwestern National Insurance Company of Milwaukee, Wisconsin (“NNIC”) was placed into liquidation on May 2, 2019 (“Liquidation Order”) by the Dane County Circuit Court. The Liquidation Order contains a finding of NNIC’s insolvency. Because the Liquidation Order found NNIC to be insolvent, various guaranty funds, including the New York security funds, will be triggered.

NNIC was licensed to do business in New York and we require the triggering of the New York security funds to handle open and newly reported claims in New York.

We have reviewed the Uniform Insurers Liquidation Act and the six criteria required to be deemed a reciprocal state. The requirements have been met by Wisconsin Statute, Chapter 645, and §645.89.

Based on the foregoing, we are requesting you commence an ancillary proceeding in the Supreme Court of the State of New York, New York County, as soon as reasonably possible.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark V. Afable'.

Mark V. Afable  
Commissioner of Insurance of the State of Wisconsin  
Receiver