

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

-----X
In the Matter of

Index No.: 402669/03

the Ancillary Receivership of

AFFIRMATION

VILLANOVA INSURANCE COMPANY.
-----X

Lauren M. Reber, an attorney at law, duly admitted to practice before the Courts of the State of New York, hereby affirms the following to be true under penalties of perjury:

1. I am an attorney with the New York Liquidation Bureau (the "NYLB"), which acts as the staff for Maria T. Vullo, Superintendent of Financial Services of the State of New York as ancillary receiver (the "Superintendent" or "Ancillary Receiver") of Villanova Insurance Company ("Villanova"), and submit this affirmation, upon information and belief based on my review of the files maintained by the NYLB in support of the Ancillary Receiver's application to, *inter alia*: (a) approve the Ancillary Receiver's final report on the status the ancillary receivership proceeding ("Ancillary Receivership") and the financial transactions delineated in such report (the "Closing Report"), the original of which is annexed hereto as Exhibit "2"; and (b) close the Ancillary Receivership by entering an order substantially in the form of the proposed order annexed hereto as Exhibit "1" (the "Order").

2. On July 25, 2003, by order of the Commonwealth Court of Pennsylvania (the "Pennsylvania Court"), Villanova was declared insolvent and placed into liquidation (the "Domestic Liquidation Proceeding") and the Insurance Commissioner of the Commonwealth of Pennsylvania was appointed as "Statutory Liquidator" of Villanova.

3. On October 17, 2003, this court issued an order appointing the then-Superintendent of Insurance of the State of New York and his successors in office as

Ancillary Receiver of Villanova, thereby commencing this Ancillary Receivership. The Superintendent has succeeded the Superintendent of Insurance as Ancillary Receiver of Villanova.

4. The Ancillary Receivership was commenced to permit the payment of eligible claims remaining unpaid by Villanova due to insolvency by the New York Property/Casualty Insurance Security Fund (the “PC Fund and the New York Workers’ Compensation Security Fund (the “WC Fund”) (collectively the “Security Funds”). During the course of the ancillary receivership, eligible claims were referred by the Ancillary Receiver to the Security Funds for handling.

5. In 2015, the Pennsylvania Court established July 28, 2015 at 5:00 p.m. E.S.T. (the “Claims Bar Date”) as the date by which any claim against Villanova, the Statutory Liquidator, her agents and representatives, or any claim that could affect any assets of Villanova, must have been filed with the Statutory Liquidator. The Claims Bar Date was made effective in the Ancillary Receivership by this Court in an order entered on June 18, 2015. No further claims may now be presented to the Security Funds, and the Security Funds may make no further claims for reimbursement in the Domestic Liquidation Proceeding.¹

6. The Ancillary Receiver has now completed the purpose for which the Ancillary Receivership was commenced. All eligible PC Fund claims have been administered and paid by the PC Fund as “allowed” claims under §7602(g). Eligible workers’ compensation claims have been received by the WC Fund, which has paid or is continuing to pay the claims. Determinations of the validity and amount of workers’ compensation claims are made by the New York Workers’ Compensation Board and no further action of the Ancillary Receiver or the

¹ The Security Funds are entitled to reimbursement, on a *pro rata* basis, from the Statutory Liquidator for claims payments and expenses on eligible New York claims and have claims in the Domestic Liquidation Proceedings for such amounts.

Court is required. Therefore, it is respectfully submitted that the Closing Report should be approved, the Ancillary Receiver, her predecessors and successors in office, and their agents, attorneys and employees, should be discharged, and the Ancillary Receivership should be terminated and closed.

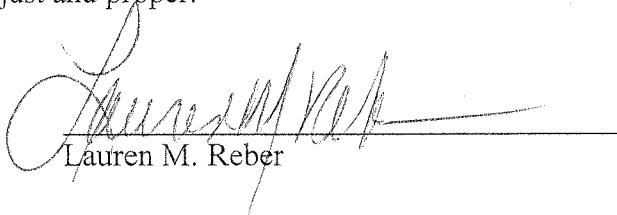
7. The Ancillary Receiver also requests that this Court issue the accompanying Order to Show Cause approving a return date for a hearing on the Ancillary Receiver's application to be held before the Court at thirty (30) days after the date of issuance of the Order to Show Cause, or as soon after such 30-day period as the Court determines to be reasonably practicable.

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

WHEREFORE, it is respectfully requested that this Court enter the Order:

- (1) approving the Closing Report and the financial transactions delineated therein;
- (2) authorizing the continued payment of administrative expenses, including such expenses for the closing of the Ancillary Receivership;
- (3) terminating and closing the Ancillary Receivership;
- (4) authorizing the NYLB to receive and disburse to the PC Fund and WC Fund any distributions from the Statutory Liquidator in payment of amounts owed to the PC Fund and WC Fund without further application to the Court;
- (5) releasing and discharging the Ancillary Receiver, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Ancillary Receivership; and
- (6) granting such other relief as may be just and proper.

Dated: New York, New York
November 14, 2017



Lauren M. Reber

EXHIBIT 1

At IAS Part 34 of the Supreme Court of the State of New York, County of New York, at the courthouse at 80 Centre Street, in the County, City and State of New York, on the ____ day of _____, 2017.

P R E S E N T:

HONORABLE CARMEN VICTORIA ST. GEORGE

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

-----X

In the Matter of

the Liquidation of

Index No.: 402669/03

ORDER

VILLANOVA INSURANCE COMPANY.

-----X

Upon the motion of the Superintendent of Financial Services of the State of New York, as ancillary receiver (“Ancillary Receiver”) of Villanova Insurance Company (“Villanova”), for an order: (1) approving the Ancillary Receiver’s report (“Closing Report”) on the status of and request to close Villanova’s ancillary receivership proceeding (“Ancillary Receivership”) and the financial transactions detailed therein; (2) authorizing the continued payment of administrative expenses, including such expenses for the closing of the Ancillary Receivership; (3) terminating and closing the Ancillary Receivership; (4) authorizing the NYLB to receive and disburse to the York Property/Casualty Fund (“PC Fund”) and New York Workers’ Compensation Security Fund (“WC Fund”) any distributions from the Statutory Liquidator in payment of amounts owed to the PC Fund and WC Fund without further application to the Court; and (5) releasing and discharging the Ancillary Receiver, her predecessors and successors in office, and their agents,

attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Ancillary Receivership;

NOW, based upon the on motion of the Ancillary Receiver and no opposition having been filed with the Court, it is

ORDERED, that the application is granted; and it is further

ORDERED, that the Closing Report on the status of the Ancillary Receivership and the financial transactions delineated in such Closing Report is approved; and it is further

ORDERED, that the Ancillary Receiver is authorized to continue payment of administrative expenses, including such expenses for the closing of the Ancillary Receivership; and it is further

ORDERED, that the Ancillary Receivership is terminated and closed; and it is further

ORDERED, that the New York Liquidation Bureau is authorized to receive and disburse PC Fund and WC Fund any distributions from the Acting Commissioner of the Pennsylvania Insurance Department in her capacity as the "Statutory Liquidator" of Villanova in payment of amounts owed to the PC Fund and WC Fund without further application to this Court; and it is further

ORDERED, that the Ancillary Receiver, her predecessors and successors in office, and their agents, attorneys and employees, are released and discharged from any and all liability arising from their acts or omissions in connection with the Ancillary Receivership.

ENTER

J.S.C.

EXHIBIT 2

**REPORT ON THE STATUS OF AND REQUEST TO CLOSE
THE ANCILLARY RECEIVERSHIP PROCEEDING
OF VILLANOVA INSURANCE COMPANY**

Maria T. Vullo, Superintendent of Financial Services of the State of New York (the "Superintendent") as ancillary receiver (the "Ancillary Receiver") of Villanova Insurance Company ("Villanova"), submits this report (the "Closing Report") on the status of the ancillary receivership proceeding ("Ancillary Receiver") and respectfully requests that the proceeding be closed.

**COMMENCEMENT OF DOMESTIC RECEIVERSHIP AND
ANCILLARY RECEIVERSHIP**

On July 25, 2003, the Commonwealth Court of Pennsylvania (the "Pennsylvania Court"), entered a liquidation order with a finding of insolvency against Villanova and appointed the Insurance Commissioner of the Commonwealth of Pennsylvania as "Statutory Liquidator" of Villanova. By an order of the Supreme Court, New York County (the "Court") entered on October 17, 2003, Villanova was placed into Ancillary Receivership in the State of New York and the Superintendent of Insurance of the State of New York and his successors in office were appointed Ancillary Receiver of Villanova. These proceedings were commenced to permit the Security Funds (defined below) to pay eligible claims remaining unpaid by Villanova due to Villanova's insolvency. The Security Funds consist of the New York Property/Casualty Insurance Security Fund (the "PC Fund") and the New York Workers' Compensation Security Fund (the "WC Fund"). During the course of the Ancillary Receivership, eligible claims were referred by the Ancillary Receiver to the Security Funds for handling.

THE ANCILLARY RECEIVERSHIP MAY BE CLOSED

Following the placement of Villanova into liquidation (the “Domestic Liquidation Proceeding”), the Pennsylvania Court entered an order establishing July 28, 2015 at 5:00 p.m. E.S.T. as the date (the “Claims Bar Date”) by which any claim against Villanova, the Statutory Liquidator, her agents and representatives, or any other claim that could affect any assets of Villanova, must be filed with the Statutory Liquidator. The Claims Bar Date was made effective in the Ancillary Receivership by Court order entered on June 18, 2015. Due to the establishment of the Claims Bar Date, no new claims may be submitted in the Domestic Liquidation Proceeding and no additional claims will be accepted by the Ancillary Receiver.

The Security Funds have now completed the handling of all eligible claims.¹ Eligible claims of the PC Fund have been administered and paid by the PC Fund as “allowed” claims in accordance with Insurance Law §7602(g). Eligible workers’ compensation claims have been referred to the WC Fund, which has paid or is continuing to pay the claims. Determinations of the validity and amount of workers’ compensation claims are made by the New York Workers’ Compensation Board and no further action of the Ancillary Receiver or the Court is required. In light of the foregoing, the Ancillary Receiver respectfully requests that the Ancillary Receivership be closed.

FUTURE DISTRIBUTIONS TO THE SECURITY FUNDS

The Security Funds are entitled to reimbursement, on a *pro rata* basis, from the Statutory Liquidator for claims payments and expenses, including loss adjustment expenses (“LAE”) paid in connection with the administration of eligible New York claims of Villanova. Each Security

¹ The Ancillary Receiver submitted Villanova’s last PC Fund claim to this Court on October 19, 2017, under Court Order number 465, which is currently *sub judice*.

Fund has submitted claims for reimbursement in the Domestic Liquidation Proceeding and may receive additional reimbursements by the Statutory Liquidator after the closing of the Ancillary Receivership, which will be distributed to the Security Funds.

FINANCIAL REPORT

The Ancillary Receiver completed all activities related to these proceedings and has closed Villanova's books as of August 31, 2017 ("Closing Date"). Villanova's Summary of Losses, LAE, and Administrative Expenses (the "Financial Statement") for the period between October 17, 2003 and the Closing Date is annexed hereto as Exhibit A. The Financial Statement provides a breakdown of the sources and amounts of receipts and disbursements in the Ancillary Receivership, as follows:

Disbursements

a) Security Fund Claim Disbursements

The policyholder claims for losses and unearned premium paid in the Ancillary Receivership total \$100,243,075. The PC Fund paid claims that were allowed in this proceeding pursuant to Insurance Law Section 7602(g) for losses and unearned premium in the amount of \$96,046,965. The WC Fund paid claims for losses and return premium in the amount of \$4,196,110. All claims covered by the Security Funds have now been paid or, in the case of the WC Fund, are continuing to be paid.

b) Expense Disbursements from the Security Funds

The PC Fund paid \$13,120,170 and the WC Fund paid \$188,863 for LAE. In addition, the PC Fund paid \$13,495,705 and the WC Fund paid \$1,629,521 for administrative expenses incurred in connection with overhead and general expenses.

c) Early Access Receipts

The Ancillary Receiver, the Statutory Liquidator and the guaranty funds of other states triggered by the Domestic Liquidation Proceeding, entered into a “refunding agreement” in March 2006, pursuant to which the Statutory Liquidator provided early access distributions to the Security Funds during the course of the Domestic Liquidation Proceeding. The Security Funds received distributions from the Statutory Liquidator totaling \$69,805,838, in partial reimbursement of claims and expense payments made by the Security Funds. These funds were paid to the Security Funds pursuant to Insurance Law § 7609(a) and to Workers’ Comp Law § 109-c.

Reserves

As of the Closing Date, reserves on open workers’ compensation claims total \$2,965,544, of which \$2,475,785 is for losses, \$189,992 is for LAE and \$299,767 is for administrative expenses. Workers’ compensation claims will continue to be paid by the WC Fund and require no further action by the Ancillary Receiver or the Court.

Reimbursement of the Security Funds by the Statutory Liquidator

The claims of the PC Fund and the WC Fund submitted to the Statutory Liquidator in the Domestic Liquidation Proceeding, inclusive of LAE and administrative expenses, total \$122,662,840 and \$8,980,038, respectively, and distributions paid by the Statutory Liquidator to date total \$65,824,233 to the PC Fund and \$3,981,605 to the WC Fund.

In addition, salvage and subrogation recoveries totaled \$1,171 for the PC Fund and \$373,310 for the WC Fund. The WC Fund also received \$1,405,263 in large deductible recoveries collected by the Statutory Liquidator and \$173,071 from the New York Second Injury Special Fund on eligible Villanova claims.

The PC Fund and the WC Fund have remaining claims, after recoveries, receipts and early access distributions, in the Domestic Liquidation Proceeding in the amount of \$56,837,436 and \$3,046,789, respectively.

RELIEF SOUGHT

The Ancillary Receiver submits this Closing Report in order to inform the Court of the status of the Ancillary Receivership, the actions taken within these proceeding, and to advise the Court that the Ancillary Receiver believes the Ancillary Receivership is complete and may be closed. The Ancillary Receiver respectfully requests that the Court enter an order:

1. approving the Closing Report and the financial transactions delineated herein;
2. authorizing the continued payment of administrative expenses, including such expenses for the closing of the Ancillary Receivership;
3. terminating and closing the Ancillary Receivership;
4. authorizing the New York Liquidation Bureau to receive and disburse to the PC Fund and WC Fund, after deduction of administrative expenses, any distributions from the Statutory Liquidator in payment of amounts owed to the PC Fund and WC Fund without further application to the Court;
5. releasing and discharging the Ancillary Receiver, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Ancillary Receivership; and
6. granting such other relief as may be just and proper.

Dated: New York, New York
November 14, 2017



David Axinn
Special Deputy Superintendent and
Agent of Maria T. Vullo, Superintendent of
Financial Services of the State of New York
as Ancillary Receiver of Villanova
Insurance Company

L22844

EXHIBIT A

**NEW YORK LIQUIDATION BUREAU
VILLANOVA INSURANCE COMPANY
NEW YORK SECURITY FUNDS
Incurred Losses, Loss Adjustment Expenses
and Administrative Expenses
from Inception to August 31, 2017**

Description	Inception to August 31, 2017		
	Property and Casualty Security Fund	Workers Compensation Security Fund	Combined Total
Disbursements:			
Policyholder Claims	96,045,687	4,091,295	100,136,982
Unearned Premium Claims	1,278	104,815	106,093
Loss Adjustment Expenses	13,120,170	188,863	13,309,033
Administrative Expenses	13,495,705	1,629,521	15,125,226
Total Disbursements	122,662,840	6,014,494	128,677,334
Reserves:			
Policyholder Claims	-	2,475,785	2,475,785
Loss Adjustment Expenses	-	189,992	189,992
Administrative Expenses	-	299,767	299,767
Total Reserves	-	2,965,544	2,965,544
Total Incurred: Disbursements and Reserves	122,662,840	8,980,038	131,642,878
Receipts and Recoveries:			
Early Access Distributions	65,824,233	3,981,605	69,805,838
Large Deductible Distributions	-	1,405,263	1,405,263
Section 15.8 Reimbursements	-	173,071	173,071
Salvage and Subrogation	1,171	373,310	374,481
Total Receipts and Recoveries	65,825,404	5,933,249	71,758,653
Net after Receipts and Recoveries	56,837,436	3,046,789	59,884,225

**NEW YORK LIQUIDATION BUREAU
VILLANOVA INSURANCE COMPANY
NEW YORK SECURITY FUNDS
Paid Losses, Loss Adjustment Expenses
and Administrative Expenses
from Inception to August 31, 2017**

Description	Property and Casualty Security Fund	Workers Compensation Security Fund	Combined Total
Policyholder Claims	96,045,687	4,091,295	100,136,982
Unearned Premium Claims	1,278	104,815	106,093
Loss Adjustment Expenses (LAE)	13,120,170	188,863	13,309,033
Total Claims and LAE	109,167,135	4,384,973	113,552,108
Third Party Administrators	879,816	117,277	997,093
Large Deductible Collection Fees	-	38,391	38,391
Employee Salaries	6,872,510	759,619	7,632,129
Employee Relations and Welfare	2,990,226	328,104	3,318,330
Rent and Related Expenses	1,789,847	202,101	1,991,948
Professional Services	212,719	59,813	272,532
General and Administrative Expenses	480,879	64,586	545,465
Other Miscellaneous Expenses	269,708	59,630	329,338
Total Administrative Expenses	13,495,705	1,629,521	15,125,226
Total Disbursements	122,662,840	6,014,494	128,677,334
Receipts and Recoveries:			
Early Access Distributions	65,824,233	3,981,605	69,805,838
Large Deductible Distributions	-	1,405,263	1,405,263
Section 15.8 Reimbursements	-	173,071	173,071
Salvage, Subrogation Recoveries	1,171	373,310	374,481
Total Receipts and Recoveries	65,825,404	5,933,249	71,758,653

EXHIBIT 3

**IN THE MATTER OF THE ANCILLARY RECEIVERSHIP OF
VILLANOVA INSURANCE COMPANY
Supreme Court County of New York
Index No.: 402669/2003**

NOTICE

Pursuant to an order of the Supreme Court of the State of New York, County of New York ("Court"), entered on October 17, 2003, the Superintendent of Insurance of the State of New York and his successors in office were appointed as ancillary receiver ("Ancillary Receiver") of Villanova Insurance Company ("Villanova"), and as such, was directed to take possession of the Villanova's property located in the State of New York pursuant to Article 74 of the New York Insurance Law ("Insurance Law"), deal with Villanova's property and business, take and preserve all other assets and claims comprising Villanova's property and protect the same for the benefit of Villanova's policyholders, creditors, and other interested parties located in the State of New York. The Superintendent of Financial Services of the State of New York has now succeeded the Superintendent of Insurance as Ancillary Receiver of Villanova. The Ancillary Receiver has, pursuant to Insurance Law Article 74, appointed David Axinn, Special Deputy Superintendent ("Special Deputy"), as her agent for the ancillary receivership of Villanova. The Special Deputy carries out his duties through the New York Liquidation Bureau ("NYLB"), 110 William Street, New York, New York 10038.

The Ancillary Receiver has submitted to the Court a motion seeking an order: (1) approving the Ancillary Receiver's report on the status of Villanova's ancillary proceedings and the financial transactions delineated in such report; (2) authorizing the continued payment of administrative expenses, including such expenses for the closing of the ancillary proceeding; (3) terminating and closing the ancillary proceeding ("Ancillary Receivership"); (4) authorizing the NYLB to receive and disburse to the New York Property/Casualty Fund ("PC Fund") and New York Workers' Compensation Security Fund ("WC Fund") any distributions from the Acting Commissioner of the Pennsylvania Insurance Department in her capacity as "Statutory Liquidator" of Villanova in payment of amounts owed to the PC Fund and WC Fund without further application to this Court; (5) releasing and discharging the Ancillary Receiver, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the Ancillary Receivership.

A hearing is scheduled on the Ancillary Receiver's motion on the ____ day of _____, 2017, ("Return Date") at __: __.m., before the Court at the Courthouse, IAS Part 34, 80 Centre Street, Room 308, New York, New York 10007. If you wish to object to the motion, you must serve a written statement setting forth your objections and all supporting documentation ("Answering Papers") upon the Ancillary Receiver at least seven (7) days prior to the hearing. Service on the Ancillary Receiver shall be made by first class mail at the following address:

Superintendent of Financial Services of the State of New York as
Ancillary Receiver of Villanova Insurance Company
110 William Street
New York, New York 10038
Attention: General Counsel

and by submitting copies of the Answering Papers, with affidavit of service on the Ancillary Receiver as above, to the Court at IAS Part 34 at the Courthouse located at 80 Centre Street, Room 308, New York, New York on or before the Return Date.

The Ancillary Receiver's motion is available for inspection at <http://www.nylb.org>. In the event of any discrepancy between this notice and the documents submitted to Court, the documents control.

Requests for further information should be directed to the NYLB, Creditor and Ancillary Operations Division, at (212) 341-[inset extension].

Dated: _____, 2017

MARIA T. VULLO
Superintendent of Financial Services of the
State of New York as Ancillary Receiver
of Villanova Insurance Company

Index No. 402669

Year 2003

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

In the Matter of

the Liquidation of

VILLANOVA INSURANCE COMPANY.

ORDER

(Initial Report)

JOHN PEARSON KELLY

Attorney for Superintendent of Financial Services of the State of New York as Ancillary Receiver

Office and Post Office Address, Telephone

New York Liquidation Bureau
110 William Street
New York, NY 10038
(212) 341-6755
Fax (212) 233-0461

ATTORNEY CERTIFICATION

The undersigned, an attorney admitted to practice in the courts of New York State, certifies that, upon information, belief and reasonable inquiry, the contentions in the above referenced document(s) are not frivolous.

Dated:

New York, New York

Lauren M. Reber

NOTICE OF ENTRY

that the within is a (*certified*) true copy of a
duly entered in the office of the clerk of the within named court on the day of 20

NOTICE OF SETTLEMENT

that an order
settlement to the HON.

of which the within is a true copy will be presented for
one of the judges of the within named court, at
20 at

Dated:

, on

Yours, etc.

JOHN PEARSON KELLY

Attorney for Superintendent of Financial Services
of the State of New York as Ancillary Receiver

Office and Post Office Address, Telephone

New York Liquidation Bureau
110 William Street
New York, NY 10038
(212) 341-6755
Fax (212) 233-0461