

At IAS Part 15 of the Supreme Court of the State of New York, County of New York, at the Courthouse, 80 Centre Street, New York, New York, on the 26 day of APRIL, 2011.

PRESENT:

HON. EILEEN A. RAKOWER, J.S.C.
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In the Matter of
the Rehabilitation of

ATLANTIC MUTUAL INSURANCE COMPANY
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In the Matter of
the Rehabilitation of

CENTENNIAL INSURANCE COMPANY
-----X

Index No. 402424/10

ORDER OF LIQUIDATION

FILED

MAR 27 2011

NEW YORK
CLERK'S OFFICE

ORDER OF LIQUIDATION OF CENTENNIAL INSURANCE COMPANY

Petitioner, James J. Wrynn, Superintendent of Insurance of the State of New York ("Superintendent"), as rehabilitator ("Rehabilitator") of Centennial Insurance Company ("Centennial") and Atlantic Mutual Insurance Company (collectively, the "Companies"), having moved this Court by order to show cause ("Order to Show Cause") for orders to convert the rehabilitation proceeding of the Companies to a liquidation proceeding, and upon reading and filing the petition of the Superintendent, duly verified the 8th day of March, 2011, the affidavit of Peter A. Giacone, Chief Financial Officer of the New York Liquidation Bureau, sworn to March 2, 2011, and the exhibits attached thereto, this Court finds that:

1. Centennial was placed into rehabilitation and the Superintendent, and his successors in office, were appointed Rehabilitator by order of this Court ("Rehabilitation Order") entered September 16, 2010;

2. The Rehabilitation Order found that Centennial was insolvent;
3. The Rehabilitation Order found that the Board of Directors consented to the entry of the Rehabilitation Order;
4. Centennial remains insolvent;
5. Further efforts to rehabilitate Centennial would be futile;
6. Centennial is subject to the New York Insurance Law ("Insurance Law") and, particularly, to Article 74 thereof; and
7. It is in the best interest of all persons concerned that the Superintendent be vested with title to all Centennial's property, contracts and rights of action and directed to liquidate its business and affairs;

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

ORDERED as follows:

1. The relief requested in the petition for an order of liquidation is granted;
2. The rehabilitation proceeding of Centennial is converted to a liquidation proceeding;
3. The Superintendent, and his successors in office, are appointed liquidator of Centennial ("Liquidator") and are: (i) vested with all powers and authority expressed or implied under Insurance Law Article 74, in addition to the powers and authority set forth in this Order; (ii) vested with title to Centennial's property, contracts, rights of action and all its books and records, wherever located, as of the date of entry of this Order; and (iii) directed to liquidate Centennial's business and affairs in accordance with Insurance Law Article 74;
4. The Liquidator may deal with the property and business of Centennial in its name or in the name of the Liquidator;
5. The officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates of Centennial and all other persons other than the Liquidator and his agents are enjoined and restrained from: (i) wasting or permitting to be done any act or thing that might waste Centennial's property; (ii) transacting the business of Centennial or disposing of Centennial's property, except as authorized by the

Liquidator; (iii) interfering with the Liquidator in the possession, control and management of Centennial's property or in the discharge of his duties; and (iv) disclosing the name, address or contact information of Centennial's policyholders, or any other information that is proprietary to Centennial or not in the public domain, except as authorized by the Liquidator;

6. All persons are enjoined and restrained from commencing or prosecuting any actions or proceedings against Centennial, the Liquidator or the New York Liquidation Bureau, their present or former employees, attorneys or agents with respect to any claims against Centennial;
7. All persons are enjoined and restrained from obtaining preferences, judgments, attachments or other liens, or making any levy against Centennial's assets or any part thereof;
8. All parties to actions, lawsuits, and special or other proceedings in which Centennial 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 settlement or judgment and the making of all liens, levies or other efforts to execute or collect on debts or judgments for a period of 180 days from the date of entry of this Order;
9. All persons who have first party or New York Comprehensive Automobile Insurance Reparation Act (No Fault) policyholder loss claims against Centennial are enjoined and restrained from presenting and filing claims with the Liquidator for a period of 90 days from the date of entry of this Order;
10. The Liquidator is authorized, permitted and allowed to sell, assign or transfer any and all stocks, bonds or securities, and any real or other property of Centennial at market price or better, or if there is no market price, at the best price obtainable at private sale at such times and upon such terms and conditions as, in his discretion, he deems is in the best interest of the creditors of Centennial, and he is further authorized 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;
11. The Liquidator is vested with all of Centennial's rights under all its contracts and agreements not previously terminated, including all leases, tax sharing agreements and employment contracts of Centennial, however described, unless the Liquidator expressly terminates any such contract or agreement, in which case all liability under such contract or agreement shall cease and be fixed as of the date of termination;

12. All existing insurance policies of Centennial shall terminate within 45 days of the entry of this Order;
13. Centennial and its officers, directors, shareholders, members, depositories, trustees, policyholders, agents, servants, employees, attorneys, managers and affiliates, and all firms, corporations, associations and other persons or entities having any property and/or information, including, but not limited to, business records, insurance policies, claims files (electronic or paper), software programs, bank records and/or any tangible or intangible items of value, belonging to or relating to Centennial, 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 or his designees;
14. Any person or entity providing claims processing services, data processing services, electronic records retention services or other information technology services to Centennial shall maintain and preserve all information in its possession relating in any way to Centennial, wherever located, including, but not limited to, all documents, data, electronic files and records, computer equipment (*i.e.*, servers and printers), software programs and software licenses owned or leased by Centennial and are directed, upon the Liquidator's request, to promptly submit all such information to the Liquidator or his designees;
15. Any bank, savings and loan association, other financial institution or any other entity or person, which has on deposit or in its possession, custody or control of any of Centennial's funds, accounts or assets shall immediately, upon the Liquidator's request and direction: (i) turn over custody and control of such funds, accounts or assets to the Liquidator; (ii) transfer title of such funds, accounts or assets to the Liquidator; (iii) change the name of such accounts to the name of the Liquidator; (iv) withdraw funds from such bank, savings and loan association or other financial institution; or (v) take any lesser action necessary for the proper conduct of the liquidation proceeding;
16. In accordance with Insurance Law Section 7432(b), all claims against Centennial must be presented to the Liquidator within four months of the date of entry of this Order;
17. Any distribution of assets shall be in accordance with the priorities set forth in Insurance Law Article 74;
18. Immunity is extended to the Superintendent in his capacity as Liquidator and his successors in office and their agents and employees and such immunity is extended to them for any cause of action of any nature against them, individually or jointly, for any action or omission by any one or more of them when acting in good faith, in accordance with this Order, or in the performance of their duties pursuant to Insurance Law Article 74;

19. The Liquidator may at any time make further application to this Court for such further and different relief as he sees fit;
20. The Liquidator shall provide notice of this Order to all creditors, claimants and other interested persons by: (i) posting this Order on the Internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org> within 30 days after the entry of this Order; and (ii) publication of notice of this Order in *Business Insurance* once a week in two consecutive publication weeks, commencing within four weeks of entry of this Order, in a form substantially similar to the one attached hereto;
21. Such notice shall inform all creditors, claimants and other interested persons that this Order has been entered;
22. The notice prescribed in decretal paragraph 20 hereof is sufficient notice to all persons interested in Centennial;
23. This Court shall retain jurisdiction over this matter for all purposes;
24. The caption to this proceeding is hereby amended as follows:

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

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In the Matter of
 the Liquidation of

ATLANTIC MUTUAL INSURANCE COMPANY

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In the Matter of
 the Liquidation of

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

ENTER



 HON. WILLEM A. FALKENBERG