

CLERK  
MAY 03 1987  
WILLIAM J. FEEHAN

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By: Lawrence C. Johnson,  
Deputy Attorney General  
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SUPERIOR COURT OF NEW JERSEY  
CHANCERY DIVISION-BERGEN COUNTY  
GENERAL EQUITY PART  
DOCKET NO. C7022-86

KENNETH D. MERIN, Commissioner)  
of Insurance of the State of  
New Jersey, )

Plaintiff, )

v. )

INTEGRITY INSURANCE COMPANY, )  
a Stock Insurance Company of  
New Jersey, THE INTEGRITY )  
FINANCIAL GROUP, a Corporation  
Organized Pursuant to the Laws)  
of New Jersey, INTEGRITY  
CREDIT CORPORATION, a Corpora-)  
tion Organized Pursuant to the  
Laws of Missouri, )

Defendants. )

Civil Action

ORDER OF LIQUIDATION

This matter having been opened to the Court by W. Cary Edwards, Attorney General of New Jersey, (by Lawrence C. Johnson, Deputy Attorney General) attorney for the plaintiff Kenneth D. Merin, Commissioner of Insurance of New Jersey, upon verified



application and Order to Show Cause why an order should not be entered: (a) terminating the rehabilitation of Integrity Insurance Company (hereafter "Integrity"), (b) directing the Commissioner to liquidate said company and (c) granting such injunctive and other relief as may be necessary to accomplish said directive, with a hearing having been held on the Order to Show Cause on March 20, 1987, with proper notice having been given to all interested parties, and the Court having considered the Commissioner's application and the evidence, arguments, objections statements and matters presented by interested persons, and being fully advised, the Court hereby finds that:

1. Integrity is a New Jersey stock property and casualty insurance company formed pursuant to the laws of New Jersey and was heretofore authorized to engage in the insurance business in New Jersey and other states. This Court has general jurisdiction pursuant to N.J.S.A. 17:30C-2, et seq., over the rehabilitation and liquidation of Integrity.

2. The written and published notice to interested persons evidenced by the Affidavits of Notice filed with the Court constitutes the best notice practicable under the circumstances and meets the requirements of due process concerning such notice. Accordingly, this Court has constitutional as well as statutory power to enter an order of liquidation that is binding upon all parties and interested persons.

3. Integrity is insolvent. Further attempts to rehabilitate that company would be futile, and would substantially

increase the risk of loss to creditors, policyholders and to the general public.

4. Integrity has failed to comply with a November 14, 1986 Order of the Commissioner to cure its insolvency and the impairment of its capital within the time prescribed by said Order.

5. The Superior Court of California issued an Order on March 9, 1987 appointing the Commissioner of Insurance of the State of California as Liquidator of Integrity and directing her to liquidate and wind up the affairs of Integrity in California.

6. Sufficient grounds exist under N.J.S.A. 17:30C-6-(a)(d) and (j) for the entry of an order of liquidation, and such an order of liquidation should be entered pursuant to N.J.S.A. 17:30C-9.

It is, therefore, on this 24th day of March, 1987:

ORDERED as follows:

(1) The application of the Commissioner is hereby granted;

(2) The rehabilitation phase of the within delinquency proceeding as set forth in the December 30, 1986 Consent Order for Rehabilitation of Domestic Insurer is hereby terminated;

(3) Kenneth D. Merin, the Commissioner of Insurance of New Jersey and his successors in office are hereby appointed Liquidator of Integrity Insurance Company, and is vested, in addition to the powers set forth herein, with all the powers and authority expressed or implied under the provisions of N.J.S.A. 17:30C-4 et seq. The Liquidator may do all acts necessary or appropriate for the accomplishment of the liquidation of Integrity. The Liquidator

may appoint a Deputy Liquidator to assist him in accomplishing the directives of the Within Order. The Deputy Liquidator shall serve at the pleasure of the Liquidator and shall, subject to the approval of the Liquidator, be entitled to exercise all of the powers and authorities vested in the Liquidator pursuant to the Within Order and applicable law. Compensation of the Deputy Liquidator shall be set by the Liquidator, approved by the Court and paid out of the funds and assets of Integrity. The Deputy Liquidator shall have no personal liability for his acts or omissions in connection with his duties as Deputy Liquidator provided that such acts or omissions are undertaken or committed in good faith and without willful misconduct, gross negligence or criminal intent. The Deputy Liquidator shall not be deemed to be an employee of the State of New Jersey and thus, shall not be subject to the provisions of the New Jersey Tort Claims Act N.J.S.A. 59:1-1 et seq. All expenses and costs incurred by the Deputy Liquidation in connection with lawsuits against him in his personal capacity shall, subject to the prior written approval of the Commissioner and the court, be paid out of the funds and assets of Integrity provided that such lawsuits are not the result of any bad faith, willful misconduct, gross negligence or criminal actions on the part of the Deputy Liquidation.

(4) The Liquidator is hereby vested with title to all assets, contracts, causes of action, books, records and property of any nature of Integrity wherever located, including such property of Integrity which may be discovered hereafter, and is hereby directed to take immediate and exclusive possession and control of

same. The filing or recording of this Order with the Clerk of this Court and with the recorder of deeds of the jurisdictions in which Integrity's corporate and administrative offices are located, or, in the case of real estate, with the recorder of deeds of the jurisdiction where the property is located, shall impart the same notice as a deed, bill of sale, or other evidence of title duly filed or recorded with that recorder of deeds would have imparted. Except as otherwise inducted elsewhere in this Order, all agents and brokers and all other persons or entities holding funds, assets or property on behalf of Integrity shall forthwith give an accounting of said funds, assets or property to the Liquidator and shall thereafter, within 10 days of the entry of the Within Order, turn said funds, assets or property over to the Liquidator;

(5) The Liquidator shall wind up the business and affairs of Integrity and liquidate all property and assets of that company, wherever located, under the general supervision of the Court;

(6) The Liquidator shall honor, as expenses of administration, all expenses heretofore incurred by the Commissioner as Rehabilitator, or by his designees and appointees, which currently remain unpaid. Such expenses are to be paid out of the funds and assets of Integrity; The Liquidator shall at all times reserve and set aside such funds of Integrity as will, in his opinion, be sufficient for the expenses of administration;

(7) The Liquidator is authorized to employ, or to continue to employ, and to fix the compensation of such deputies, counsel, agents, clerks, employees, accountants, actuaries, consult-

ants, assistants and other personnel as he considers necessary, and all compensation and expenses of such persons and of taking possession of Integrity and conducting this proceeding shall be paid out of the funds and assets of Integrity;

(8) All persons, corporations, partnerships, associations and all other entities, wherever located, are hereby permanently enjoined and restrained from interfering in any manner with the possession, title and rights of the Liquidator in and to the assets and property of Integrity, and from interfering in any manner with the conduct of the liquidation and the winding up of the business and affairs of Integrity. Said persons, corporations, partnerships, associations and all other entities are hereby enjoined from wasting, transferring, selling, disbursing, disposing of, or assigning any assets, contracts, causes of action, funds, or other property of any nature of Integrity;

(9) The Liquidator may change to his own name the name of any of Integrity's accounts, funds or other property or 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 lesser action necessary for the proper conduct of the liquidation;

(10) All secured creditors or parties, pledgees, lien holders, collateral holders or other persons claiming a secured, priority or preferred interest in any property or assets of Integrity are hereby enjoined from taking any steps whatsoever to transfer, sell, encumber, attach, dispose of or exercise purported rights in or against any property or assets of Integrity;

(11) The officers, directors, trustees, shareholders, policyholders, agents and employees of Integrity, and all other persons or entities including, but not limited to, claimants, plaintiffs and petitioners, who have claims of any nature against Integrity or its subsidiaries, Integrity Credit Corporation, Integrity Realty Corp. and Prime Life Insurance Company, including crossclaims, counterclaims and third party claims, are hereby permanently enjoined and restrained from conducting any portion or phase of the business of Integrity, and from bringing, maintaining or further prosecuting any action at law, suit in equity, special or other proceeding against Integrity or its estate, Integrity's subsidiaries, or the Commissioner and his successors in office, as Liquidator thereof, or against the Deputy Liquidator appointed pursuant to paragraph 3 hereinabove or from making or executing any levy upon the property or estate of Integrity, or from in any way interfering with the Commissioner, or any successor in office, in his possession of the property and assets of Integrity, or in the discharge of his duties as Liquidator thereof, or in the liquidation of the property and assets of Integrity or in the winding up of the business and affairs of Integrity. All persons or entities, including claimants of any nature, are hereby ~~prohibited~~ <sup>RESTRAINED</sup> from commencing, maintaining or further prosecuting any direct or indirect actions against the reinsurers of Integrity for proceeds of reinsurance policies <sup>AND TREATIES OR OTHER AGREEMENTS WITH</sup> issued to Integrity. Nothing in this or ~~any~~ any other paragraph of this Order shall be deemed to abrogate the rights and/or obligations of Integrity Credit Corporation and Bell Atlantic-Tricon Leasing Corporation pursuant to certain agreements



entered into by those parties on November 12, 1986 and December 22, 1986 and referred to in the objections filed with this Court on behalf of Bell Atlantic-Tricon Leasing Corporation in opposition to entry of the within order.

(12) No bank, savings and loan association or other financial institution shall, without first obtaining permission of this court, exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever or refuse to transfer funds or assets to the Liquidator's control;

(13) Except as otherwise provided in this Order, the rights and liabilities of Integrity and of its creditors, policyholders, shareholders and all other persons interested in its estate shall be, and hereby are, fixed as of the date of entry of this Order;

(14) All insurance policies, bonds or other contracts of insurance issued by Integrity in effect on the date of entry of this Order shall automatically terminate upon the earlier of:

(a) the expiration of a period of 30 days from the date of entry of this Order;

(b) the expiration of the policy coverage pursuant to the terms of the policy or;

(c) the date when the insured has replaced the insurance coverage with insurance of another insurer or otherwise terminated the policy;

(d) Notwithstanding the provisions of this or any other paragraph herein, the New Jersey Property-Liability Insurance Guaranty Association shall remain obligated after entry of the

within order for all covered claims against Integrity in accordance with , and to the extent set forth in N.J.S.A. 17:30A-8a(1). All other guaranty associations shall remain obligated after entry of the within order in accordance with the provisions of, and to the extent set forth in, the applicable laws of their respective states.

(15) The termination of policies as set forth in Paragraph (14) above shall supersede, and control over, any other contractual or statutory provisions pertaining to the renewal or cancellation of policies;

(16) The Liquidator shall have the power:

(a) to pay from the funds or assets of Integrity all expenses of marshaling, taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business and property of Integrity;

(b) to hold hearings for the purpose of determining and evaluating claims submitted, to administer oaths, examine any person under oath and compel any person to subscribe to their testimony after it has been correctly reduced to writing, and in connection therewith to require the production of any books, papers, records or other documents which he deems relevant to the inquiry;

(c) to collect all debts and monies due and claims belonging to Integrity, wherever located, and for this purpose:

(i) to institute and maintain timely actions in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts;

(ii) to do such other acts as are necessary or expedient to marshal, collect, conserve or protect its assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon such terms and conditions as he deems appropriate, and the power to initiate and maintain actions at law or equity or any other type of action or proceeding of any nature, in this and other jurisdictions;

(iii) to pursue any creditor's remedies available to enforce his claims;

(d) to conduct public and private sales of the assets and property of Integrity, including any real property;

(e) to acquire, invest, deposit, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of or deal with any asset or property of Integrity, and to sell, reinvest, trade or otherwise dispose of any securities or bonds presently held by Integrity, upon such terms and conditions as he deems to be fair and reasonable, irrespective of the value at which such property was last carried on the books of Integrity. He shall also have the power to execute, acknowledge and deliver any and all deeds, assignments, releases and other instruments necessary or proper to effectuate any sale of property or other transaction in connection with the liquidation;

(f) to borrow money on the security of Integrity's assets, with or without security, and to execute and deliver all

documents necessary to that transaction for the purpose of facilitating the liquidation;

(g) to enter into such contracts as are necessary to carry out this Order, and to affirm or disavow any contracts to which Integrity is a party;

(h) to institute and to prosecute, in the name of Integrity or in his own name, any and all suits and other legal proceedings, to defend suits in which Integrity or the Liquidator is a party, in this state or elsewhere, whether or not such suits are pending as of the date of this Order, to abandon the prosecution or defense of suits, legal proceedings and claims which he deems inappropriate to pursue further and to compromise suits, legal proceedings or claims on such terms and conditions as he deems appropriate;

(i) to prosecute any action which may exist on behalf of the creditors, policyholders or shareholders of Integrity against any officer or director of Integrity, or any other person;

(j) to remove any or all records and other property of Integrity to the offices of the Liquidator or to such other place as may be convenient for the purposes of efficient and orderly execution of the liquidation; and to dispose of or destroy, in the usual and ordinary course, such of those records and property as the Liquidator may deem or determine to be unnecessary for the liquidation effort. Guaranty associations and ancillary receivers shall have such reasonable access to the records of Integrity as may be necessary for them to carry out their statutory obligations;

(k) to file any necessary documents for recording in the office of any recorder of deeds or record office in this state or elsewhere where property of Integrity is located;

(l) to exercise and enforce all the rights, remedies and powers of any creditor, shareholder or policyholder, including any power that may be given by law or equity to avoid any transfer or lien;

(m) to intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and to act as the receiver or trustee whenever the appointment is offered;

(n) to enter into agreements with any ancillary receiver or Insurance Commissioner of any other state or with the New Jersey Property-Liability Insurance Guaranty Association created at N.J.S.A. 17:30A-6, or any similar organization of another state, relating to the liquidation, conservation or dissolution of Integrity as he may deem to be necessary or appropriate;

(o) to perform such further and additional acts as he may deem necessary or appropriate for the accomplishment of or in aid of the purpose of liquidation, it being the intention of this Order that the aforestated enumeration of powers shall not be construed as a limitation upon the Liquidator;

(17) (a) The Liquidator <sup>may at his discretion</sup> ~~is directed~~ as of the date of this Order to ~~to~~ discontinue the defense of claims, suits and other proceedings, in this state and elsewhere, in which Integrity's insureds are parties, including those claims made and suits and proceedings undertaken prior to the date of this Order.

(18) The Liquidator shall give or cause to be given notice of the entry of this Order as soon as possible:

(a) by first class mail to policyholders, to the extent that such are reasonably ascertainable, and to claimants against Integrity, at their last known address, as indicated by the records of Integrity. As to policyholders, the notice required herein shall advise that policies will terminate in accordance with Paragraph (14) hereinabove; *Said notice to be mailed within 21 days for policy holders;*

(b) by first class mail to the Insurance Commissioner of each jurisdiction in which Integrity is, or was heretofore, doing business, either on an admitted or surplus lines basis;

(c) by first class mail to any guaranty association which is or may become obligated as a result of Integrity's liquidation;

(d) by first class mail to current, active producers and all current, active insurance agents of Integrity, as indicated by the records of Integrity at their last known address as indicated in said records;

(e) by publication in a newspaper of general circulation in the counties in which Integrity currently has its corporate and administrative offices as well as in the New York Times, the Newark Star Ledger, the New Jersey Law Journal as well as in such other newspapers circulated in such locations that the Liquidator may deem appropriate. Such publication shall commence on or about April 1, 1987 and shall be repeated once a week thereafter for two successive weeks.

(19) (a) The notice served under Paragraph (18) (a) shall require that any person seeking to receive distributions in liquidation as a claimant file with the Liquidator a claim, as hereinafter specified, together with proper proof of loss, in such manner and form as the Liquidator may in his discretion require, at a place specified in such notice, within 12 months from the date of entry of this Order and no later than the 25<sup>th</sup> day of March, 1988. The Liquidator shall in his notice specify that the reasonable cost or expense incurred by the insured in defending a claim which would, prior to entry of this Order, have been assumed by Integrity shall be part of and included in the amount of the claim. The Liquidator's notice may contain such other rules, regulations and information as he may deem necessary for the purpose of this proceeding in fixing and determining all lawful claims and demands against Integrity;

(b) The Liquidator shall in his notice require that such claimants make and submit any actual or potential claims which they may have with or against Integrity, including both known claims and circumstances within the knowledge of such claimant which can reasonably be expected to give rise to claims;

(c) The Liquidator shall in his notice require that policyholders who do not know, or have reason to know, of the existence of actual or potential claims against them nonetheless submit a claim in accordance with subparagraph (a) hereof, in order to preserve their right to assert claims against Integrity in the future. In the case of such policyholders, the proof of loss requirement shall be deemed satisfied if the policyholder states by

way of proof that he intends to reserve his rights to assert all future claims against Integrity;

(d) The Liquidator may, in his discretion, alter the notification and filing requirements of Paragraphs 19 (a) to (c) hereof, by agreements made with ancillary receivers or with insurance commissioners of other states, the New Jersey Property-Liability Insurance Guaranty Association, or with similar organizations of other states.

(e) Guaranty Associations, for the purpose of procuring reimbursement from the Liquidator, shall file an initial single blanket proof of claim setting forth the aggregate amount of underlying claims paid or to be paid by said Guaranty Associations. Said blanket proof of claims shall be supplemented quarterly to set forth administrative expenses incurred, indemnity paid, including the details of each claim payment and such other information as may be required by the Liquidator.

(20) If notice is given in accordance with Paragraphs (18) and (19) above, the distribution of the assets of Integrity shall be conclusive with respect to all policyholders and claimants, whether or not they receive actual notice;

(21) The Liquidator may in his discretion permit a claimant to file a late proof of claim to the extent that such filing will not prejudice the orderly administration of the liquidation according to applicable law.

(22) No claim under a policy of insurance shall be allowed for an amount in excess of the applicable policy limits. If several claims founded upon one policy are filed, and the aggregate



allowed amount of the claims to which the same limit of liability in the policy is applicable exceeds that limit, each claim as allowed shall be reduced in the same proportion so that the total equals the policy limit;

(23) (a) No claim need be considered or allowed if it does not contain all the information required by the Liquidator which may be applicable;

(b) No judgment or order against an insured of Integrity entered after the date of entry of the Within Order and no judgment or order against an insured or Integrity entered at any time by default or by collusion need be considered as evidence of liability or of the amount of damages payable under said judgment or order;

(24) (a) For purposes of Paragraphs (24) and (25) hereof, the word "claim" is defined to include claims made directly against Integrity or its estate, and judgments against or settlements by insureds of Integrity for which the insured seeks reimbursement from Integrity or the estate;

(b) When a claim is denied in whole or in part by the Liquidator, written notice of that determination shall be given to the claimant or his attorney by first class mail at the address shown in the proof of claim. Within 60 days from the mailing of the notice, the claimant must file his objections, if any, with the Liquidator. If no such filing is made, claimant may not further object to the determination;

(c) Whenever objections are filed with the Liquidator and the Liquidator does not alter his denial of the claim as a

result of the objections, the Liquidator shall ask this Court for a hearing as soon as practicable and give notice of the hearing by first class mail to the claimant or his attorney and to any other persons directly affected, not less than 15 nor more than 30 days before the date of the hearing. The matter shall be heard by this Court or by a Court-appointed referee, who shall submit findings of fact along with his recommendation;

(25) The Liquidator may compound, compromise or in any other manner negotiate the amount for which claims will be recommended to this Court except where the Liquidator is required by law to accept claims by any person or organization, including any guaranty association. Unresolved disputes shall be determined under Paragraph (24) above;

(26) The amount recoverable by the Liquidator from reinsurers shall not be reduced as a result of the delinquency proceedings, or by reason of partial distribution on an reinsured claim. Setoffs shall be allowed between Integrity and its reinsurers. Unless either the insurance contract or an applicable statute provides to the contrary, payment made directly to an insured or other creditor shall not diminish the reinsurer's obligation to Integrity's estate;

(27) (a) Mutual debts or mutual credits between Integrity and another person shall be set off and the balance only shall be allowed or paid, except as provided in Paragraphs (27) (b) and (28) (a);

(b) In accordance with N.J.S.A. 17:30C-27 no set off against Integrity shall be allowed in favor of any person if:

- (i) except with respect to Paragraph (27) hereof, the obligation of Integrity to the person would not have entitled the person to share as a claimant in the assets of as of the date of entry of the Within Order;
- (ii) the obligation of Integrity to the person was purchased by or transferred to the person with a view to its being used as a setoff; or
- (iii) the obligation of such person is to pay a balance upon a subscription to the capital stock of Integrity;

(28) (a) An agent, broker, premium finance company, or any other person, other than the insured, responsible for the payment of a premium shall be obligated to pay any unpaid premiums, whether earned or unearned, as shown on the records of Integrity as of the date of entry of the Order. No credit or setoff shall be allowed in favor of such person against his account with Integrity, for the unearned portion of the premium on any cancelled policy, unless (i) that policy was cancelled prior to the entry of this order, and (ii) the unearned premium on the cancelled policy was in fact refunded or credited to the insured or his assigns prior to the entry of said order. The Liquidator shall also have the right to recover from such person any part of an unearned premium that represents a commission to such person;

(b) An insured shall be obligated to pay any unpaid earned premium due Integrity at any time, as shown on the records of Integrity;

(29) (a) When all assets justifying the expense of collection and distribution have been collected and distributed under this Order, the Liquidator shall apply to the Court for discharge. The Court may grant the discharge and make any other orders, including an order to transfer any remaining assets that are uneconomic to distribute, as may be deemed appropriate;

(b) Any other person may apply to the Court at any time for an Order under Paragraph (29) (a) hereof. If the application is denied, the applicant shall pay the costs and expenses of the Liquidator in resisting the application, including a reasonable attorney's fee;

(30) After the liquidation proceeding has been terminated and the Liquidator discharged, the Commissioner or other interested party may at any time petition this Court to reopen the proceedings for good cause, including the discovery of additional assets. If the Court is satisfied that there is justification for reopening, it shall so order;

(31) All unclaimed funds subject to distribution remaining in the Liquidator's hands when he is ready to apply to the Court for discharge, including those amounts distributable to any creditor, shareholder, member or other person who is unknown or cannot be found, shall be deposited with the state treasurer, and shall be paid without interest to the person entitled thereto or his legal representative upon proof satisfactory to the state treasurer of his right thereto. Any amount on deposit not claimed



within 14 years from the discharge of the Liquidator shall be deemed to have been abandoned and shall be escheated to the general fund of the State of New Jersey pursuant to N.J.S.A. 2A:37-13;

(32) (a) Existing contracts and other obligations by and between Integrity and any reinsurer may, at the discretion of the Liquidator, be terminated. Such termination shall be effected by written notice issued by the Liquidator addressed to the reinsurer;

(b) Except as provided in Paragraphs (14) and (32) (a) hereof, all existing contracts and other obligations of Integrity are terminated, and all liability thereunder shall cease and become fixed as of the date of entry of this Order, provided, however, that the Liquidator may in writing affirm any such contract or obligation;

(33) Integrity, its officers, directors, trustees, policyholders, agents and employees, and all other persons, having any property or records belonging to Integrity, including data processing information and records of any kind such as, by way of example only, source documents, are hereby directed to assign, transfer and deliver to the Liquidator all of such property in whatsoever name the same may be, and any persons, firms or corporations having any books, papers or records relating to the business of Integrity shall preserve the same and submit these to the Liquidator for examination at all reasonable times;

(34) If any provision of this Order or the application thereof is for any reason held to be invalid, the remainder of this Order and the application thereof to other persons or circumstances shall not be affected thereby;

(35) Within 120 days of the entry of this Order the Liquidator shall make application to this Court pursuant to N.J.S.A. 17:30C-31 for approval of a proposal to disburse assets out of Integrity's marshaled assets, from time to time as such assets become available, to the New Jersey Property-Liability Insurance Guaranty Association and to any similar organization in another state having substantially the same provision of law.


(36) All further papers filed in these proceedings shall bear the caption and be entitled:

In the Matter of the Liquidation of Integrity Insurance Company	) SUPERIOR COURT OF NEW JERSEY CHANCERY DIV. - BERGEN COUNTY ) GENERAL EQUITY PART DOCKET NO. C7022-86
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(37) The Commissioner or Liquidator may at any time make further application for such further and different relief as he sees fit;

(38) All applicable State Guaranty Funds or Associations shall be notified and activated;

(39) This Court shall retain jurisdiction for all purposes necessary to effectuate and enforce this Order.

  
\_\_\_\_\_  
William C. Meehan, J.S.C.







State of New Jersey

DEPARTMENT OF LAW AND PUBLIC SAFETY  
DIVISION OF LAW  
BANKING, INSURANCE AND PUBLIC SECURITIES SECTION

RICHARD J. HUGHES JUSTICE COMPLEX  
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(609) 984-4964  
March 27, 1987

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ASSISTANT ATTORNEY GENERAL  
DIRECTOR

Richard R. Spencer, Esq.  
Stryker, Tams and Dill, Esqs.  
33 Washington Street  
Newark, New Jersey 07102

Re: In the Matter of the Liquidation of  
Integrity Insurance Company  
Docket No. C-7022-86

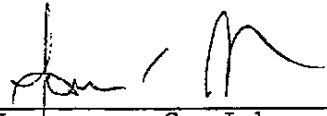
Dear Dick:

I enclose herewith a filed copy of the March 25, 1987  
Order Amending and Supplementing Order of Liquidation in the  
above matter.

Very truly yours,

W. CARY EDWARDS  
Attorney General of New Jersey

By

  
Lawrence C. Johnson  
Deputy Attorney General

LCJ:pd  
Att.

✓ CC: Jesse Benton, Executive Director  
New Jersey Guaranty Assn.  
560 Main Street  
P.O. Box 868  
Chatham, New Jersey 07928

CC: Hughe Francis, Esq.

RECEIVED

MAR 21 1987

N. J. P. L. I. G. A.

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MAR 25 1987  
WILLIAM C. MEEHAN

In the Matter of the  
Liquidation of Integrity  
Insurance Company

) SUPERIOR COURT OF NEW JERSEY  
) CHANCERY DIVISION - BERGEN COUNTY  
) GENERAL EQUITY PART  
DOCKET NO. C 7022-86

Civil Action

ORDER AMENDING AND  
SUPPLEMENTING ORDER  
OF LIQUIDATION

This matter having been opened to the Court upon the ex parte application of W. Cary Edwards, Attorney General of New Jersey (by Lawrence C. Johnson, Deputy Attorney General) for an Order supplementing and amending in certain respects this Court's Order of Liquidation entered on March 24, 1987 with good cause appearing.

IT IS therefore on this 25<sup>th</sup> day of March, 1987;

ORDERED that this Courts Order of Liquidation entered on March 24, 1987 be and the same hereby is amended and supplemented as follows:

1. The provisions of paragraph 17(a) on page 12 the Court's March 24, 1987 Order of Liquidation are hereby vacated.

2. The Liquidator is hereby directed as of the date of the March 24, 1987 Order of Liquidation to discontinue the defense of all claims, suits and other proceedings in this state and elsewhere, in which Integrity's insureds are parties, <sup>by reason of insurance policies,</sup> including those

claims made and suits and proceedings commenced prior to March 24, 1987.

3. All persons and entities are hereby enjoined and restrained for a period of 45 days from the date of the March 24, 1987 Order of Liquidation from commencing, maintaining or further prosecuting any claims, suits or other proceedings of any nature against any insured of Integrity in order to permit the orderly transfer of responsibility for defending such actions against Integrity's insureds to said insureds or to the applicable guaranty associations.

4. The Liquidator shall within 90 days from the date of receipt of a proof of claim from a claimant give written notice to said claimant that the claim is either denied or accepted or that further information regarding the claim is required in order to process the same.

5. Except as noted hereinabove all other provisions of this Court's March 24, 1987 Order of Liquidation remain effective.

WILLIAM C. MEEHAN, J.S.C.  
William C. Meehan, J.S.C.