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July 31, 2008

VIA FEDERAL EXPRESS

Meg Morocco, Clerk
Clerk of the Appellate Division
Clerk's Office,
Hughes Justice Complex
25 W. Market Street
Trenton, New Jersey 08625

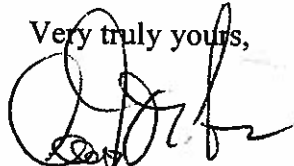
Re: In the Matter of: The Liquidation of Integrity Insurance Company,
Docket No. AM-739-07T3

Dear Ms. Morocco:

Enclosed please find an original and five (5) copies of Liquidator's Brief in Opposition to Motion for Leave to Appeal, Certification of Richard L. White, Appendix to Brief and a Certification of Service with regard to the above-referenced matter.

Please return a stamped "filed" copy of these documents to me in the enclosed self-addressed stamped envelope.

Very truly yours,



DAVID M. FREEMAN

cc: Richard L. White, Deputy Liquidator, Integrity Insurance Company
(H:\DAM\Integrity\FDP\Clerk ltr filing opp to mot to leave app 7-30-08)

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Attorneys for Steven M. Goldman,
the Commissioner of Banking and
Insurance of the State of New Jersey,
In his capacity as Liquidator of
Integrity Insurance Company

IN THE MATTER OF: : SUPERIOR COURT OF NEW JERSEY
: APPELLATE DIVISION
: Docket No.: AM-739-07T3

THE LIQUIDATION OF :
INTEGRITY INSURANCE :
COMPANY : Sat Below:
: Hon. Robert C. Wilson, J.S.C.
:
: Hearing Before:
: Hon. William J. Meehan, J.S.C.
:
: Docket No. Below: C-7022-86
:
: Civil Action
:
: CERTIFICATION OF RICHARD L. WHITE
: IN OPPOSITION TO APPELLANTS-
: MOVANTS' MOTION FOR LEAVE TO
: FILE AN INTERLOCUTORY APPEAL

RICHARD L. WHITE, of full age, hereby certifies and
states:

1. I am the Deputy Liquidator of the estate of
Integrity Insurance Company (the "Estate" or "Integrity").
I submit this Certification based upon the Liquidator's
books and records kept in the ordinary course of business in
opposition to the motion for leave to file an interlocutory
appeal of Appellants-Movants GLI-F, LLC, Liquidity
Solutions, Inc., and Capital Investors LLC (collectively

"Appellants"). Appellants seek leave to appeal from the June 20, 2008 Order of the Superior Court of New Jersey, Bergen County (the "Order"), approving the Liquidation Closing Plan (the "LCP"). A copy of the Order is annexed to Appellants' Appendix at 177Aa.

2. Appellants object to the LCP based on a single isolated provision therein - the final bar date. Specifically, Appellants oppose the LCP's June 30, 2009 final bar date (the "2009 Bar Date") on the ground that the LCP should incorporate the original bar date of December 31, 2004 (the "2004 Bar Date") from the Fourth Amended Final Dividend LCP (the "FDP").¹ However, the LCP cannot be evaluated piecemeal as the Appellants suggest, but rather must be evaluated as a whole. As explained more fully in my certification submitted in support of the Estate's motion for approval of the LCP, the LCP seeks to best balance the competing interests of Integrity's claimants, policyholders, and the general public. Specifically, the LCP provides a process which permits the Liquidator to: (1) allow all properly supported absolute claims; (2) arrive at a final

¹ Appellants incorrectly state that the bar date in the FDP was December 31, 2004. The FDP did not employ the bar date terminology. Instead, December 31, 2004 was the date by which a claimant had to submit claims valued as of the September 30, 2004 claims evaluation date which was effectively a bar date.

determination of Integrity's assets and liabilities; (3) calculate the percentage to be paid; (4) make a final distribution; and (5) close the Estate. The LCP achieves a fair, expeditious and efficient resolution to the Estate which has been in liquidation proceedings for 21 years. A copy of my March 13, 2008 Certification in Support of Liquidator's Motion for Approval of a Liquidation Closing Plan is attached to Appellant's Appendix at 64Aa.


3. The 2004 Bar Date was premised in part, upon the assumption that Integrity would pay claims which were incurred but not yet reported ("IBNR") to its policyholders. The FDP would have permitted Integrity to approve such contingent claims despite the fact that they may not become absolute for many years. However, in view of the New Jersey Supreme Court's recent decision requiring the Estate to approve only claims which are "absolute" and not contingent in any way, I created the LCP and extended the final bar date to afford claimants with contingent claims time for such claims to become absolute. The 2009 Final Bar Date promotes the interests of Integrity's claimants and policyholders -- by allowing some emergence of absolute claims which were formerly contingent at September 30, 2004, to get paid -- and the interests of the Estate -- by

finalizing its liabilities to claimants within the next year.

4. Additionally, imposition of the 2004 Final Bar Date in the LCP would create a significant administrative burden and expense for Integrity. Since the August 12, 2004 Consent Order partially staying implementation of the FDP, Integrity has approved, and in many cases made distributions on approximately \$88 million in claims. If Integrity were to now disallow these claims, it would need to expend untold hours and incur significant administrative expense trying to recoup paid monies. Indeed, it may well be impossible for Integrity to recover monies it has already paid out to these claimants. In addition, it is unfair to the claimants to retroactively disallow their claims after they have already been allowed, and in many cases, paid. Moreover, if this Court were to grant appellants' motion, it would in effect, reverse the Superior Court's Orders approving these allowed claims. Specifically, when the Estate allows claims there is a sixty (60) day objection period, after which the allowed claim becomes an Order of the Superior Court pursuant to the Liquidation Court's Order dated July 8, 1987. (Ra21, ¶3).

5. Accordingly, we respectfully request that the Appellants motion for leave to file an interlocutory appeal from the Order be denied.

6. I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.


RICHARD L. WHITE

Dated: July 30, 2008

(H:\DAM\Integrity\FDP\Cert. - White - opp mot leave to appeal 07-28-08.doc)

IN THE MATTER OF: : SUPERIOR COURT OF NEW JERSEY
: APPELLATE DIVISION
THE LIQUIDATION OF INTEGRITY : DOCKET NO.: AM-739-07T3
INSURANCE COMPANY :
: ON LEAVE TO APPEAL FROM:
:
: SUPERIOR COURT OF NEW JERSEY
: CHANCERY DIVISION
: BERGEN COUNTY
: Docket No. Below: C-7022-86
:
:
: Sat Below:
: Hon. Robert C. Wilson, J.S.C.
:
: Hearing Before:
: Hon. William J. Meehan,
: J.S.C.
:
:
:

LIQUIDATOR'S BRIEF AND APPENDIX IN OPPOSITION TO
MOTION FOR LEAVE TO APPEAL

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The Liquidator of Integrity
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PRELIMINARY STATEMENT

This brief is submitted on behalf of the Liquidator of Integrity Insurance Company (the "Liquidator") in opposition to the motion for leave to appeal filed by certain claimants of the Estate of Integrity Insurance Company (the "Estate" or "Integrity"). As this Court is aware, Integrity has been in liquidation proceedings for 21 years, which has already been the subject of a number of appeals and arguments before this Court as well as before the New Jersey Supreme Court. Through this appeal, appellants challenge one discreet aspect of the Liquidation Closing Plan ("LCP") which sets forth the Liquidator's latest plan to wind up the Estate's affairs. Clearly, this appeal should be denied since it seeks review of the Liquidator's purely discretionary decision to select June 30, 2009 as the final bar date for the submission of claims. As such, the Liquidator's decision may only be disturbed if the appellants can show that he acted arbitrarily and capriciously, which they cannot do.

The Liquidator developed the LCP after the Supreme Court struck down the Liquidator's prior closing plan, the Fourth Amended Final Dividend Plan ("FDP"), in its decision dated December 13, 2007. See In the Matter of the Liquidation of Integrity Insurance Company, 193 N.J. 86 (2007). The Supreme Court held that the FDP could not be approved since it was inconsistent with N.J.S.A. 17:30C-28 which only allows the

Liquidator to accept claims which are considered "absolute" and not contingent in any way. The FDP would have permitted the Liquidator to accept various contingent claims which might not become absolute for many years. The Liquidator was going to value these claims through actuarial estimates, rather than keep the Estate open for another 20-30 years to wait for these claims to mature, all the while incurring substantial administrative expenses and further delaying payments to the Estate's creditors. However, since the Supreme Court ruled that the Liquidator could not accept any of these contingent claims, he developed a new estate closing plan, the LCP.

Appellants' sole objection to the LCP is that the Liquidator extended the final bar date to include claims that became absolute through June 30, 2009. Appellants argue that the final bar date should not have been extended from the September 30, 2004 date originally set forth in the FDP.¹ They claim that the Liquidator acted arbitrarily and capriciously by extending the September 30, 2004 bar date since the Supreme Court did not disturb that date in its ruling. However, the Liquidator's selection of the final bar date is clearly within the wide discretion that he is given in administering the Estate's affairs. In Re Liquidation of

¹ Appellants incorrectly state that the bar date in the FDP was December 31, 2004. The FDP did not employ the bar date terminology. Instead, December 31, 2004 was the date by which a claimant had to submit claims valued as of the September 30, 2004 claims evaluation date.

Integrity Ins. Co., 240 N.J. Super. 480, 490-491 (App. Div. 1990);
In Re Liquidation of Integrity Ins. Co., 193 N.J. at 102 (Long,
J., dissent).

In making this application, appellants ask that the Court consider the Liquidator's selection of the final bar date in isolation from the remainder of the LCP. However, this is improper because the LCP is a fully integrated agreement which must be considered as a whole. The Liquidator developed both the FDP and now the LCP after weighing all of the competing interests which includes allowing claimants the opportunity to maximize their claims while winding up the Estate's affairs as expeditiously and efficiently as possible. This is significant because the Liquidator included a September 30, 2004 final bar date in the FDP with the expectation that claimants would be paid for their contingent claims. Now that the Supreme Court has ruled that contingent claims may not share in any distribution from the Estate, the Liquidator decided to extend the final bar date because so much time has passed from September 30, 2004 to the present. This was clearly a sound exercise of the Liquidator's discretion to permit claimants a final opportunity to show that their claims have become absolute before they are forever barred.

STATEMENT OF FACTS AND PROCEDURAL HISTORY

Integrity was a New Jersey property and casualty insurance company authorized to sell policies nationally. By Order dated December 30, 1986, the Liquidation Court placed Integrity in rehabilitation, and by Order dated March 24, 1987, Integrity was adjudicated insolvent and placed in liquidation (the "Liquidation Order"). (214Aa.²) The Liquidation Order appointed the Commissioner as Liquidator of Integrity, and directed him to wind up its business and affairs in accordance with the Liquidation Act, N.J.S.A. 17:30-1, et. seq. (216Aa, ¶¶3-5.) The Liquidation Order required all claimants against Integrity to file proofs of claim by the filing deadline of March 25, 1988. Integrity received approximately 26,000 proofs of claim, many of which were contingent in that the full extent of the claims were not yet known. As Integrity issued over 35,000 excess and umbrella policies with unlimited reporting periods, the Liquidation Order allowed policyholders to file "Policyholder Protection" claims to preserve their rights to assert claims for losses that occurred during the policy coverage period, but were contingent or unknown as of the filing deadline. (227Aa, ¶19.)

Integrity's excess and umbrella policies were issued to various Fortune 500 manufacturing companies, which have had

² Citations to "Aa" refer to Appellants' Appendix, and citations to "Ra" refer to Respondents' Appendix submitted herewith.

massive asbestos, environmental pollution and product liability claims asserted against them. As coverage under Integrity's excess and umbrella policies is not triggered until exhaustion of the underlying coverage, the covered losses must generally total many millions of dollars either on a per claim or aggregate basis, before Integrity's policies are triggered. (Ra3, ¶5.) Given the delays in both the manifestation of injury from the covered exposures, as well as in reporting the occurrence, it may take as long as 50 years, or until 2036 for these claims to be fully liquidated. (Ra3, ¶6.)

In fulfilling his obligation to wind up Integrity's affairs, in May 19, 1996, the Liquidator began the process of seeking approval of the FDP. The Liquidator considered several alternate plans in developing the FDP. The first approach the Liquidator considered, the "run off" plan, was rejected because it would keep Integrity's Estate open for at least another 20 years at a projected cost of \$80 million in administrative costs. (Ra5, ¶11.) Additionally, given the Liquidator's obligation to treat all claims in the same class equally, this method would require the Liquidator to delay final payment from Integrity until all claims were adjudicated. Thus, policyholders with liquidated claims would have to wait many years for other claimants' losses to "run off" before Integrity would make a final distribution on

their claims. For these reasons the Liquidator decided that the "run off" approach was not appropriate. (Ra5, ¶¶ 11, 12, 13.)

The Liquidator also rejected a second option which would eliminate or cut off all claims not liquidated by a date certain. Accordingly, policyholders, third parties and other claimants whose losses were not fully matured or liquidated by the cut-off date would have their claims denied. The Liquidator rejected this approach because he felt it would violate public policy by leaving many valid claimants without recourse against Integrity. Additionally, to the extent that State Insurance Guaranty Associations ("IGAs") are liable for such losses in the future -- but are precluded from obtaining any recovery against Integrity -- the public would be adversely affected if the IGAs would recoup their losses from insurers in the form of assessments, the cost of which would then be passed on to their insureds (such as New Jersey drivers) through premium surcharges. (Ra5-6, ¶¶ 14-15.)

As a result, the Liquidator decided upon a third option of estimating future contingent claims. The Liquidator proposed that he would estimate these claims by employing standard claim adjustment procedures based upon commercially accepted actuarial methods, calculate the net present value, and collect any reinsurance that may be due on the claims. By doing so, the Liquidator sought a balance of the various interests and concerns to (1) protect the interests of claimants with contingent claims;

(2) abbreviate the delay in making final payment to claimants; (3) maximize the assets of Integrity by reducing administrative costs; (4) avoid further exposure to reinsurance insolvencies; and (5) lighten the burden of Integrity's insolvency on the insurance consuming public. On November 16, 1996 the Liquidation Court sanctioned this approach. (Ra6, ¶16.) See Matter of Liquidation of Integrity Insurance Company, 299 N.J.Super. 677 (Ch. Div. 1996). Thereafter, IGAs, and various other parties conducted extensive discovery concerning the proposed FDP. This culminated in a three-day hearing in November 2003 before the Honorable William C. Meehan, P.J.S.C. On July 21, 2004 Judge Meehan issued an opinion setting forth his reasons for approving the FDP (Ra10), and on August 11, 2004 issued an Order granting the Liquidator's motion for approval on the FDP. (Ra19.) The FDP provided that claimants would have until the final claims filing date of December 31, 2004 to submit their claims valued as of the claims valuation date of September 30, 2004. (179Aa, ¶¶ 1.18, 1.8, 3.1, 3.2.)

Implementation of the FDP was partially stayed by Order dated August 12, 2004, pending resolution of the appeal brought by the Reinsurance Association of America ("RAA"). (1Aa.) After considering the RAA's appeal, the Appellate Division ruled that the FDP could not be approved in its current form. See In the Matter of the Liquidation of Integrity Insurance Company, 2006 WL

2795343 (App. Div. October 2, 2006). The Appellate Division ruled that the Liquidator could not accept incurred but not reported claims ("IBNR") claims since they were not permitted by N.J.S.A. 17:30C-28(a)(1) which requires that claims must be "absolute" in order to share in the insolvent Estate. Thereafter, the Supreme Court affirmed this ruling. In the Matter of the Liquidation of Integrity Insurance Company, 193 N.J. 86 (2007).

In response to the Supreme Court's decision, the Liquidator created the LCP. (See Certification of Richard L. White dated July 30, 2008 ("White Cert."), ¶3.) In developing the LCP, the Liquidator engaged in the same balancing test that he used when he created the FDP. However, whereas the FDP allowed for the submission of contingent claims, the Liquidator could not include such claims in the LCP. (Id., ¶2.) As a result, the Liquidator decided that it was appropriate to extend the September 30, 2004 final bar date, to allow claimants additional time to demonstrate that their claims had become absolute. (Id., ¶3.) Moreover, while the appeal of the FDP was pending, the Liquidator allowed \$88 million in claims. Distributions have been made on some of these claims. (Certification of Deputy Liquidator Richard L. White dated July 30, 2008 ("White Cert.") at ¶4). Appellants object to the Liquidator's extension of the final bar date until June 30, 2009.

LEGAL ARGUMENTS

POINT I

APPELLANT'S MOTION FOR LEAVE TO APPEAL SHOULD BE DENIED

Historically, our Courts have exercised the discretion to grant leave to appeal under R.2:2-4 "only sparingly", recognizing that "interlocutory appellate review runs counter to a judicial policy that favors an uninterrupted proceeding at the trial level with a single and complete review." State v. Reldan, 100 N.J. 187, 205 (1985) (quoting In Re Pennsylvania R.R. 20 N.J. 398, 404 (1956)); State v. Alfano, 305 N.J.Super. 178, 190 (App. Div. 1997). In this matter Appellants have failed to demonstrate that they are entitled to "highly discretionary" and "extraordinary relief" of leave to appeal and as such, their motion should be denied.

POINT II

THE LIQUIDATOR'S SELECTION OF THE JUNE 30, 2009 BAR DATE IS ENTITLED TO GREAT DEFERENCE AND SHOULD NOT BE DISTURBED

In response to the Supreme Court's decision, the Liquidator created the LCP by which he will wind up the affairs of the Estate. Because claimants are no longer entitled to be compensated for claims which remain contingent after the bar date, the LCP provided that claimants would have until September 30, 2009 to demonstrate that their additional claims were absolute as of June 30, 2009. This provision was intended to give their claimants who

have tens of millions of dollars of contingent claims and who were adversely impacted by the Supreme Court's decision, one last opportunity to be able to prove additional absolute claims before they become barred forever. Additionally, the Liquidator has already allowed and paid partial distributions on \$88 million of claims which were submitted after the original bar date employed by the FDP. This is clearly within the Liquidator's discretionary authority, and such a decision may not be disturbed absent a showing that the decision was arbitrary or capricious which appellants cannot show. See Campbell v. Dep't of Civil Service, 39 N.J. 556, 562 (1963) (on appeal from decision of Civil Service Commission sustaining dismissal of Deputy Director of Division of Worker's Compensation, the New Jersey Supreme Court noted: "we will not upset a determination by the Commission in the absence of a showing that it was arbitrary, capricious or unreasonable...").

It has already been twice acknowledged that the Liquidator is vested with wide discretion in the manner in which he administers the Estate's affairs. See In the Matter of the Liquidation of Integrity Insurance Co., 240 N.J. Super. 490-491; In the Matter of The Liquidation of Integrity Ins. Co., 193 N.J. at 102. Similarly, the Liquidation court is also given a statutory mandate to exercise wide discretion to fashion any relief which may be necessary to protect the interests of the public. N.J.S.A. 17:30C-5; Integrity, 240 N.J. Super. at 490-491.

Moreover, the court's function is "not to substitute [its] judgment for" an agency judgment which "reflects agency expertise." In re Pub. Ser. Elec. & Gas Co., 167 N.J. 377, 384 (2001). As the Appellate Division has instructed: "We cannot micromanage any administrative agency. How an agency chooses to implement legislation is the agency's primary responsibility, not the court's. We give agencies wide discretion in deciding how best to approach legislatively assigned administrative tasks. . . ." In re Failure by Dept. of Banking, 336 N.J. Super. 253, 262 (App. Div.), certif. denied, 168 N.J. 292 (2001). Clearly, the Liquidator's decision to extend the final bar date until June 30, 2009 is an appropriate exercise of the discretionary authority granted to him. The Liquidator's decision to extend the bar date was made after carefully weighing all of the competing factors, including maximizing claimants' recoveries in light of the Supreme Court's decision that contingent claims could not share in any distribution from the Estate. Moreover, the LCP cannot be looked at piecemeal as Appellants suggest. The Liquidator's very careful balancing process resulted a fully integrated document which, as a whole, best satisfies the competing interests of the Integrity's policyholders, claimants and the Estate.

Appellants argument that extending the bar date until June 30, 2009 will increase the cost of administering the Estate is baseless and completely unsupported by the record, and

accordingly, should be rejected by the Court. See Pfenninger v. Hunterdon Central Regional High School, 167 N.J. 230, 254-55 (2001). In fact, if Appellants' motion is granted the costs of administration will increase since the Liquidator would have to expend significant effort to recoup the distributions paid on the \$88 million of allowed claims. (White Cert. at ¶4). Undoubtedly, it will not only be extremely time consuming and costly to take such steps, it may well be fruitless. Moreover, if the Court were to grant appellants' motion, it would in effect, reverse the Superior Court's orders approving these allowed claims. Specifically, when the Estate allows claims there is a sixty (60) day objection period after which the allowed claim becomes an order of the Superior Court pursuant to the Court's Order dated July 8, 1987. (Ra 21, ¶3), (White Cert. at ¶4.) Accordingly, for the reasons set forth herein, the motion for leave to appeal should be denied.

CONCLUSION

For the foregoing reasons set forth herein, Appellant's motion for leave to appeal should be denied.

MAZIE SLATER KATZ & FREEMAN, LLC
Attorneys for Respondent
Liquidator of Integrity Insurance
Company

By: 

DAVID M. FREEMAN

Dated: July 31, 2008

(H:\DAM\Integrity\FDP\Brief - In Opp to Mtn for Leave to Appl 7-24-08.doc)

Certification of Richard L. White
Dated March 28, 2007

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and Insurance of the State of New Jersey in his capacity
as Liquidator of the Estate of Integrity Insurance Company

IN RE THE MATTER OF THE : SUPREME COURT OF NEW JERSEY
LIQUIDATION OF INTEGRITY : DOCKET NO.: 60,477
INSURANCE COMPANY, : Civil Action
: :
: ON APPEAL FROM THE SUPERIOR COURT
: OF NEW JERSEY
: APPELLATE DIVISION
: DOCKET NO. A-6972-03T5
: :
: SAT BELOW:
: HON. HOWARD H. KESTIN, J.A.D.
: HON. HELEN E. HOENS, J.A.D.
: HON. GEORGE L. SELTZER, J.A.D.
: :
: SUPERIOR COURT OF NEW JERSEY
: BERGEN COUNTY
: DOCKET NO. C-7022-86
: SAT BELOW: HON. WILLIAM MEEHAN, J.S.C.
: :
: CERTIFICATION OF RICHARD L. WHITE

RICHARD L. WHITE, hereby certifies as follows:

1. I am the Deputy Liquidator of the Integrity Insurance Company in Liquidation (the "Estate"). As such, I have knowledge of the matters set forth herein. I submit this Certification in support of the Liquidator's application to participate in the appeal which is now pending before this Court. As the Court is aware, this matter originates from the Liquidator's application before the Superior Court of New Jersey, Chancery Division for approval of the Liquidator's Fourth Amended Final Dividend Plan ("FDP") which sets forth the procedures for

winding up Integrity's twenty (20) year old Estate. Although the Liquidation Court approved the FDP by Order dated July 21, 2004, the Appellate Division ruled on October 2, 2006 that the FDP could not be approved in its current form, as a result of an appeal by the Reinsurance Association of America ("RAA"). The Appellate Division agreed with the RAA's argument that pursuant to N.J.S.A. 17:30C-28, it was impermissible for the Liquidator to compel Integrity's reinsurers to make payments to the Estate based on estimates of future claims since the current value of these claims is unknown. The Appellate Division also agreed with the RAA that the FDP improperly invalidated arbitration clauses contained in the various reinsurance contracts which would have compelled the reinsurers to adjudicate their objections to the liquidator's Notices of Determination ("NODs") in the Liquidation Court. The Estate did not appeal the Appellate Division's ruling. However, one of Integrity's policyholders American Standard Companies, Inc. ("ASI") intervened and successfully petitioned this Court for review. The Liquidator seeks to participate in this appeal because (a) the Appellate Division's decision is erroneous and (b) the ultimate resolution of this issue will have a profound impact on Integrity's policyholders and claimants as well as the way in which the winding up of the Estate will be concluded.

BACKGROUND

2. Up until December 30, 1986, Integrity was a New Jersey domiciled stock insurance company authorized to sell property and casualty insurance in all 50 states and the District of Columbia. Integrity's principal place of business was in Paramus, New Jersey.

3. On December 30, 1986, the Superior Court of New Jersey, Chancery Division, Bergen County issued an Order placing Integrity in rehabilitation. Integrity was subsequently adjudicated insolvent and placed into liquidation by order dated March 24, 1987 (the "Liquidation Order"). (A copy of the Liquidation Order is attached hereto as Exhibit "A".) The

Liquidation Order appointed the New Jersey Commissioner of Insurance as Liquidator of the Estate and directed him to liquidate Integrity's liabilities, marshal its assets and wind up Integrity's business and affairs.

4. The Liquidation Order provided that any claimants against Integrity's Estate should file proofs of claim ("POC") with supporting documentation by March 25, 1988. In accordance with the Liquidation Order, the Estate received approximately 26,000 claims. However, many of these claims were contingent as of the March 25, 1988 deadline. Because Integrity had issued over 35,000 excess and umbrella policies with unlimited reporting periods, the Liquidation Order specifically permitted policyholders to file "Policyholder Protection" claims preserving their right to assert claims based on losses that had occurred during the policy period, but were contingent or unknown as of the deadline for filing POCs.

5. These excess and umbrella policies were issued to various Fortune 500 manufacturing companies, which have been the subject of massive asbestos, as well as other product liability and environmental claims, such as W.R. Grace, H.K. Porter, Dow Chemical Co., Pfizer, Inc., Dynaelectron, U.S. Minerals, GAF Corp., Union Carbide Corp., and Merck and Company, Inc. Because excess policies are not triggered until underlying coverage has been exhausted, covered losses must generally total many millions of dollars on either a per claim or on an aggregate basis before Integrity's policies are triggered.

6. Among the risks covered by these excess policies, are various extraordinary hazard losses from exposure to asbestos, environmental pollution, and personal injuries caused by failed breast implants and other medical devices. Due to the delays in both the manifestation and the reporting of these occurrences, it may take as long as fifty (50) years for these claims to be fully liquidated. Because Integrity issued its excess and umbrella policies from 1977 through

1986, it is likely that all losses covered by Integrity's policies may not be fully liquidated by judgment or settlement until approximately 2036.

7. As of December 31, 2006, the Estate had established case reserves of approximately \$329 million for 500 open claims. Fifty (50) policyholders account for \$328 million of the combined \$329 million of total expected case reserves of which approximately \$314 million were product related claims.

8. In addition to the reported contingent claims, the Estate has recorded a \$72 million liability for IBNR Losses. IBNR Losses are losses which occurred after the effective date of Integrity's policies and within the coverage of these policies, but have not yet been reported to the insurer. There is no dispute that Integrity has IBNR Losses.

9. A substantial portion of Integrity's liabilities were reinsured by other insurers. All of these reinsurance agreements contained a provision referred to as the "Insolvency Clause." The Insolvency Clause specifically provides:

In the event of the insolvency of the Company [Integrity], this reinsurance may be payable directly to the Company or to the liquidator, receiver, conservator, or statutory receiver on the basis of a liability of the Company without diminution because of the insolvency of the Company or because the liquidator, receiver, conservator, or statutory successor of the Company had failed to pay all or a portion of any claim.

A copy of the insolvency clause is attached hereto as Exhibit "B."

Accordingly, the Insolvency Clause requires the reinsurers to pay the reinsurance directly to the Liquidator of Integrity without regard to the insolvency or whether the liquidator has actually paid all or a portion of the claims.

10. From 1987 through 2006, the Estate entered into settlements or "commutations" of contingent liabilities with many of Integrity's reinsurers for a total of approximately \$328

million. The Estate has estimated that the reinsurance recoverable on the outstanding claims and IBNR was \$28 million as of December 31, 2006.

THE FINAL DIVIDEND PLAN

11. As Deputy Liquidator, one of my chief responsibilities is to develop a plan for the timely and efficient winding up of Integrity's affairs. As such, beginning in May 1996, the Liquidator moved for Court approval of the FDP. In developing a FDP to provide for the winding up of Integrity's affairs, there were several different plans that we considered. The first plan was a run-off plan. However, we elected not to use such a plan since this would require that the Estate be kept open for at least another twenty (20) years. Since the Liquidator is spending approximately \$4 million in administration costs each year, it would cost \$80 million over that time.

12. Finally, because the Liquidator is statutorily required to treat all similar claims equally, the run-off compels the Liquidator to delay final full payment of dividends from the Estate until all claims were adjudicated. Accordingly, the policyholders with liquidated claims would have to wait many years for IBNR losses to run-off before receiving full payment on their claims.¹

13. The Liquidation Court agreed that run-off was not appropriate because it "would unduly delay the closing and administration of the liquidation proceeding, which is already over ten (10) years old," and unnecessarily increase administrative expenses, thereby decreasing distributions from the Estate.

14. A second option involves a cut-off of all claims not liquidated by a certain date. Accordingly, claims that are not fully matured by the cut-off date would be denied, leaving

¹ To minimize the effect of the delay in making distributions, the Liquidator has made interim distributions to policyholders and claimants of 65% of allowed claims.

policyholders, third party claimants and others with no redress from the Estate for their unliquidated losses. This would obviously provide a windfall to the reinsurers at the expense of policyholders, claimants and the public. Under the cut-off approach, notwithstanding the fact that the reinsurers contractually undertook to pay such losses and received substantial premium for their undertaking, no reinsurance of the contingent claims would be paid to the Estate.

15. Accordingly, the Liquidation Court similarly agreed that cut-off of contingent claims would be against the public interest because many valid claimants would be left without any recourse against the Estate. Further, to the extent that state Insurance Guaranty Associations ("IGAs") are liable for such losses in the future but barred from recovery against the Estate, the public would be adversely affected because IGAs will recoup their losses from insurers in the form of assessments, which in turn would recoup the assessment from their insureds through premium surcharges.

16. A third option, which the Liquidation Court approved conceptually in 1996, is embodied in the FDP. Under the FDP, the Liquidator proposes to estimate and, in appropriate cases, allow contingent claims at their net present value, collect any reinsurance that may be due on the claims, and distribute the amounts to the various claimants. By doing so, the Liquidator seeks to (1) protect the interest of claimants with contingent claims, (2) abbreviate the delay in making final payment to claimants, (3) maximize the assets of the Estate by reducing administrative costs, (4) avoid further reinsurer insolvencies, and (5) lighten the burden of Integrity's insolvency on the insurance-consuming public. On November 16, 1996, the Liquidation Court determined that the Liquidator was authorized to estimate the Estate's contingent claims.

17. The FDP also sets forth procedures by which the Liquidation Court will allow the contingent claims against the Estate. Under the FDP, claimants can submit their contingent claims to be valued by the Liquidator. Thereafter, the Liquidator will issue a notice of determination ("NOD") valuing each claim. The Liquidator also will provide the NOD to the reinsurers with a determination as to the amount owed by the reinsurers. If any claimant or reinsurer files a timely objection to the NOD, the FDP requires that the Liquidation Court appoint a Master to hear the objections. The Master's findings shall be accepted and approved by the Liquidation Court unless the Liquidation Court determines that the Master's findings are against the weight of the evidence. This procedure was intended to supersede any arbitration provisions contained in the respective arbitration agreements so that the Liquidation Court will have full authority to liquidate the Estate in accordance with the FDP.

18. Following the Liquidation Court's 1996 ruling, extensive discovery concerning the initial FDP was conducted by IGAs, reinsurers and the RAA. This culminated in a three (3) day hearing on the Liquidator's application for approval of the FDP before the Honorable William C. Meehan, P.J.S.C. in November 2003. Judge Meehan issued an Order on July 21, 2004 and an Order on August 12, 2004 granting the Liquidator's Motion for approval of the FDP and ordering that the Estate would be wound up pursuant to the terms of the FDP.

19. As the Court is aware, the Appellate Division has now reversed the Liquidation Court's determination and has ruled that the Insurance Rehabilitation and Liquidation Act, N.J.S.A. 17:30C-1, et seq. (the "Liquidation Act") prohibits the Liquidation Court from ordering that contingent claimants can share in the distribution of Integrity's assets. The Appellate Division has also ruled that the reinsurers cannot be compelled to have their objections heard by a Master. Rather, they are entitled to have such claims arbitrated in accordance with the

respective reinsurance contracts. The Estate did not seek certification of the Appellate Division's decision. However, as set forth above, one of Integrity's insureds, ASI, successfully petitioned for this Court's review of the Appellate Division's ruling.

20. The Liquidator supports ASI's petition and wishes to participate in the proceedings. How this Court ultimately rules as to whether N.J.S.A. 17:30C-28 permits the Liquidator to allow appropriately supported contingent claims, will have a substantial impact on Integrity's Estate and correspondingly Integrity's claimants and policyholders. The Liquidator also seeks this court's review of the Appellate Division's ruling that the objections that any reinsurer makes to the NODs must be arbitrated. Such a ruling is in conflict with N.J.S.A. 17:30-4(d) and 5(b) which gives authority to the Liquidation Court to resolve reinsurance disputes arising from the FDP. More significantly, the Appellate Division's ruling would impair the Liquidation Court's ability to Liquidate the Estate in accordance with the FDP. For these reasons, it is important that the Liquidator participate in any further proceedings on this issue before the Supreme Court so that this Court will have a full appreciation and understanding of the ramifications of any decision that it will make.

I hereby certify that the foregoing statements made by me are true. I am aware that if any of the foregoing statements made by me are willfully false, I am subject to punishment.



RICHARD L. WHITE

Dated: 3-28-07

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In the Matter of:

**THE LIQUIDATION OF INTEGRITY
INSURANCE COMPANY**

SUPERIOR COURT OF NEW JERSEY

CHANCERY DIVISION: BERGEN

DOCKET No. C - 7022 -86

CIVIL ACTION

OPINION

Argued: November 20th, 2003

Decided: July 21st, 2004
Honorable William C. Meehan, P.J.S.C.

Joseph J. Schiavone Esq., Christine Franck Esq. of Budd Lerner P.C., Jeffrey S. Leonard Esq., and Debra Hall Pro Hac Vice appearing on behalf of the Reinsurance Association of America.

Thomas Novak Esq. of Sills, Cummis, Epstein and Gross appearing on behalf of the Commissioner of Banking and Insurance of the State of New Jersey, in Her Capacity as Liquidator of Integrity Insurance Company.

Rodney T. Richards, Esq. of Bressler, Amery & Ross, attorneys for the New Jersey Property/Liability Insurance Guaranty Association.

Re: Integrity
Docket No. C-7022-86

Introduction

Before the court is an application brought on behalf of the New Jersey Commissioner of Banking and Insurance in her capacity as Liquidator (hereinafter "Liquidator") of the Estate of Integrity Insurance Company (hereinafter "Integrity" or "Estate"), seeking this Court's approval of the Fourth Amended Final Dividend Plan (hereinafter the "FAFDP" or "Plan"). The matter is opposed by the Reinsurance Association of America (hereinafter "RAA"). A three-day hearing on the matter was commenced on November 18, 2003 and ended on November 20, 2003. The application is granted for the reasons set forth herein.

Integrity Insurance Company was a New Jersey stock insurance company that issued various types of insurance policies as well as surety bonds. From 1977 to 1986, Integrity issued, amongst other types of policies, over 25,000 excess and umbrella insurance policies. By order of this Court, on March 24, 1987 Integrity was declared insolvent and the New Jersey Commissioner of Insurance was appointed liquidator. Pursuant to procedures established in NJSA 17:30C-20 and implemented by an order of this Court dated July 8, 1987, approximately 26,000 claims were filed against the Estate by March 25, 1988, the claim bar date. Pursuant to the Liquidation act, the Liquidator was directed to liquidate Integrity's liabilities, marshal its assets, and wind up its business and affairs. This Court appointed Special Masters to facilitate the claims against the Estate by policyholders and creditors who objected to notice of determinations (hereinafter "NOD") by the Estate.

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Many of Integrity's policies covered large manufacturing companies who were the subject of massive environmental, asbestos and other product liability claims, which claims although incurred may not be reported for as long as fifty years. The Liquidator devised a plan seeking to resolve the Estate expeditiously while not cutting off those claims that have been incurred but not reported (hereinafter "IBNR"). In June 1996, the Liquidator filed a motion to establish procedures for court approval of the first "Final Dividend Plan" (hereinafter "FDP"). The FDP provided that an actuary would estimate Integrity's potential obligation on all pending and future claims and then allocate such claims to reinsurers. Following such allocations, reinsurance on the claims would come due, and the Liquidator would resolve all claims of and against the Estate in the FDP, which would expectantly close the Estate in three to five years. In a written opinion dated November 15, 1996, this Court held that the liquidator has legal authority to estimate net present value of incurred, but not yet known or reported losses and insurer's pending case reserves on behalf of future claimants and allow such contingent claims to participate in final distribution of assets. See In Re Liquidation of Integrity Ins. Co., 299 N.J. Super. 677 (Ch. Div. 1996).

At that time, numerous reinsurers opposed the approval of the FDP and asserted their purported right to litigate and challenge each claim as it arose demanding that they should not be obligated to pay into a fund for claims that have not materialized. Essentially, the reinsurers argued for a runoff scheme. After the opinion of November 1996, for the most part, the reinsurers decided to commute their reinsurance obligations, pay a set amount on those obligations, and waive their right to participate further in the

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matter. Now, the RAA, an organization comprised of seventeen reinsurers some of which reinsure Integrity, remains and continues to oppose the approval of the FAFDP on several different grounds.

As it has already been decided in a prior opinion by this Court that the Liquidator has the legal authority to estimate the Estate's contingent IBNR and reported liabilities as a method to conclude the Estate, the central issue before this Court is limited to whether the proposed Fourth Amended Final Dividend Plan achieves that objective (1) using generally accepted estimation techniques; (2) in a commercially reasonable manner; and (3) while protecting the policyholders, insureds, and the public.

Accepted Estimation Techniques

As a prefatory matter, the Court will address the RAA's assertion that the FAFDP is flawed because contingent claims and IBNR are purportedly incapable of being made "absolute" and cannot be estimated in a reasonable manner. On this point, the Court notes that it is disingenuous for the RAA an organization whose members themselves employ these techniques to assert that the Plan is somehow unfair because the actuarial estimates may not represent what would actually occur if the Estate were to run-off. As the RAA well knows, it is axiomatic that an actuarial estimate is not a 100% guarantee. Rather it is an evaluation generated by an actuary using the most up-to-date technology available. Indeed, it is a process that is employed and relied upon by major insurance and reinsurance companies including the RAA and its members on a regular basis for such transactions as commutations, takeovers, and mergers. In fact, at trial and again in their post-trial brief the RAA has recognized that these techniques are a part of

Re: Integrity
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their business and necessary to prepare for IBNR claims stemming from such claims as asbestos, which claims may have a latency period of up to fifty years. The RAA also acknowledges that reinsurers post IBNR reserves to make conservative provisions against future losses based on estimates of actuaries.

Turning now to the actuarial techniques themselves, the Court, before approving the Plan, must be convinced that the proposed plan will require that generally accepted estimation techniques are employed in arriving at the liability figures for the parties involved.

After hearing the testimony elicited at trial and upon reviewing both the FDP and the post-trial briefs submitted by both parties, the Court is satisfied that the Fourth Amended Final Dividend Plan successfully addresses the foregoing issue.

Although the Plan does not specify the exact types of actuarial techniques¹ to be employed, it does however provide for a process that the Court is persuaded will ensure that such techniques will be employed. For instance, Part 4 of the FAFDP is entitled, "Adjustment and Allowance of Claims." That part sets forth the procedure for approval

¹ An example of the actuarial techniques, which would be used in estimating contingent and IBNR claims, is known in the industry as "bottom up" estimation. An expert, Christopher Diamontoukos, a Senior Consulting Actuary at Ernst & Young, explained this technique at trial. Mr. Diamontoukos represented to the Court that "bottom up" estimation is the most up-to-date and accurate method of estimating extraordinary hazard losses; typically environmental, asbestos, and other toxic tort claims. He further represented that although no technique is 100% accurate the development of bottom up based estimation has allowed actuaries to estimate contingent and IBNR liabilities with much greater accuracy. Essentially, the method traces the loss from its inception or source of exposure to the ultimate cost.

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of an IBNR claim; these are the claims that the RAA most strongly objects to being liquidated. Specifically, Part 4 requires that a policyholder Claimant must submit information to value its claim for IBNR and comply fully with the requirements in the "proof of claim." The proof of claim requires that the policyholder must establish their IBNR claim by qualified personnel employing standard reserving practices and claim adjustment procedures. In order that this standard is met, the procedure also provides for the allowance of an objection on the part of a reinsurer after they receive a notice of determination on a particular claim. If an objection is timely filed the parties will have a chance to settle the matter. If the parties fail to settle the matter, a Special Master appointed by this Court will hear it. This Court must then approve the Special Master's decision in order for it to be final. The failure on the part of a reinsurer to avail itself of this process will be deemed a waiver of such rights.

In light of the safeguards provided by Part 4 of the Plan, the Court is satisfied that the Plan insists that only the most up-to-date actuarial techniques will be employed.

Commercially Reasonable

Consistent with this Court's prior rulings, it is critical the FAFDP is proven to be commercially sound. That is to say, that the estimation techniques can be applied in a commercially reasonable manner and will attain commercially reasonable results. For many of the same reasons mentioned above, the Court is satisfied that the FAFDP ensures that these goals will be achieved.

It is a forgone conclusion, as evidenced by the industry's pervasive use of them, that actuarial estimates can be applied in a commercially reasonable manner and will

Re: Integrity
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achieve commercially reasonable results. Mr. Diamantoukos, an expert in actuarial estimation, testified at trial that based upon his training and experience, IBNR on extraordinary and non-extraordinary hazards can be allocated to reinsurers in a commercially reasonable manner. This Court does not agree with the RAA's assertion that the non-consensual nature of the Plan alone renders it commercially unreasonable. The Court recognizes that generally such techniques are voluntarily employed and not involuntarily as with the FAFDP. However, any risks that may exist in allowing insureds, claimants, and policyholders to provide their own actuarial estimates for their own claims are nullified by way of Part 4 of the FDP, which as discussed above, provides safeguards to ensure that insureds, claimants, and policyholders employ only those techniques that will achieve a commercially reasonable result.

Specifically, Part 4 of the FAFDP in referencing Appendix A, textually requires that a claim will be deemed absolute and thereby ripe for disbursement only when the claim is established by qualified personnel employing standard reserving techniques and claim adjustment procedures, consistently applied in a *commercially reasonable manner* and approved by this Court and any appellate court(s) which may review the matter. Further, as already explained above, Part 4 provides for an objection process whereby a reinsurer may voice an objection for, inter alia, commercial unreasonableness that will then be considered before a Special Master and then reviewed by this Court thereby protecting a reinsurer from an unreasonable estimate.

Thus, the Court is satisfied that the FAFDP will achieve commercially reasonable results.

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Protection of Policyholders, Insureds, and the Public

Finally, and a paramount issue to this Court, is that the Plan affords insureds, claimants, policyholders, and the public protection against the risks they would otherwise be exposed to absent such Plan.

It is the Court's Opinion that the Fourth Amended Final Dividend Plan is the best available option to close the Estate in a fashion that will significantly reduce, if not, eliminate the perils that currently exist and will continue to exist absent such plan.

The RAA on the other hand essentially argues for a run-off scheme whereby the Estate would be kept open until such time as all the claims were matured or liquidated, at which time the Liquidator would apply for a winding up order. Although the Court recognizes the success of such schemes under the right circumstances, in this case it is not as fair or commercially reasonable as the FAFDP.

The Integrity Estate has been in existence for over seventeen years at a cost to the Estate of over \$130 million dollars through December 31, 2002, approximately \$8.5 million per year. Although that figure has been reduced in recent years as a result of minimizing the staff and use of consultants, it is enormous nonetheless. At a current annual cost of \$5.4 million, to allow the Estate to run-off as suggested by the RAA would be an unjustifiable depletion and waste of Estate assets. A run-off scheme could take approximately 25 years until all claims on Integrity's excess and umbrella policies matured. Therefore, in espousing a run-off scheme the RAA is in essence requesting this Court to forgo the approval of the FAFDP that would in all probability close the Estate in three to five years, and instead endorse additional Estate expenditures of more than \$100

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million dollars for operating costs so that the reinsurers may take the "wait and see" approach and litigate each individual claim. This Court disagrees with such an approach as it flies in the face of practicality and public policy. Unlike the FAFDP, a run-off scheme would significantly reduce the Estate's assets thereby diminishing the available proceeds for insureds, claimants, and policyholders.

Moreover, a run-off scheme would leave the Estate open to reinsurer insolvency. To date, the Estate has already been unable to collect on many claims ceded to reinsurers due to reinsurer insolvency; 49 of Integrity's reinsurers have become insolvent. The Estate simply cannot agree to a scheme that would increase the risk of further reinsurer insolvency. The best way to guard against such risk is to close the Estate as quickly as possible contradictory to a run-off scheme that allows the Estate to continue, as a practical matter, into perpetuity. The FAFDP, however, intends to close the estate within three to five years thereby significantly diminishing the risk of additional reinsurer insolvency.

The Court is convinced that the FAFDP provides the necessary safeguards to protect insureds, policyholders, and the public from the above-mentioned perils while at the same time fashioning a commercially reasonable outcome for reinsurers.

Conclusion

For the foregoing reasons the Liquidator's application is granted and the Fourth Amended Final Dividend Plan is hereby approved.

BUDD LARNER, P.C.
150 John F. Kennedy Parkway
CN-1000
Short Hills, New Jersey 07078-0999
Attorneys for the Reinsurance
Association of America

FILED

AUG 11 2004

WILLIAM C. MEEHAN, P.J.S.C.

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 GRANTING THE LIQUIDATOR'S MOTION FOR
APPROVAL OF FOURTH AMENDED FINAL DIVIDEND PLAN

THIS MATTER having been opened to the Court upon the application of the Honorable Holly C. Bakke, the New Jersey Commissioner of Banking and Insurance, in her capacity as Liquidator of Integrity Insurance Company; through her attorneys, Sills Cummis Epstein & Gross, P.C. (Thomas S. Novak, Esq. and Jodi F. Bouer, Esq. appearing) for an Order approving the Liquidator's Fourth Amended Final Dividend Plan, and in the presence of Debra J. Hall, Esq. and Budd Lerner, P.C. (Jeffrey S. Leonard, Esq. and Christin Franckle, Esq. appearing), counsel for the Reinsurance Association of America, and Bressler, Amery & Ross (Rodney T. Richards, Esq. appearing), counsel for the New Jersey Property/Liability Insurance Guaranty Association, and the Court having conducted an evidentiary hearing from November 18, 2003 to

November 20, 2003, and the Court having considered the briefs, trial exhibits, and designated deposition testimony on file, and the hearing testimony and argument of counsel in Court, and for good cause shown;

IT IS ON THIS 11th DAY OF AUGUST 2004;

ORDERED that the Liquidator's motion for Court approval of her proposed Fourth Amended Final Dividend Plan be, and the same is hereby granted; and it is further

ORDERED that the Integrity estate be wound up pursuant to the terms of the Fourth Amended Final Dividend Plan, which is annexed hereto as Exhibit A.


WILLIAM C. MEEHAN, P.J.S.C.

 Unopposed
 X Opposed

511773-C

**FILED
WITH THE COURT
JUL 8 1987**

M. 1111

WILLIAM C. MERIAM, J.S.C.

FRANCIS & BERRY
310 SOUTH STREET
MORRISTOWN, N. J. 07960
(201) 540-0722
ATTORNEYS FOR Deputy Liquidator
of Integrity Insurance Company

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. :

Civil Action

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 :
Corporation Organized Pursuant: :
to the Laws of Missouri, :

ORDER ESTABLISHING PROCEDURE
FOR ALLOWANCE OR DISALLOWANCE
OF PROOFS OF CLAIM

Defendants. :

This matter having been opened to the Court by Francis & Berry, Esqs., attorneys for Deputy Liquidator of Integrity Insurance, upon application for an Order establishing a procedure by which the Liquidator or Deputy Liquidator may recommend to this Court the allowance or disallowance of Proofs of Claim

against the estate, and the Court having read the application filed in support of said Petition, and for good cause shown,

IT IS on this 8th day of July, 1987,

ORDERED that within 180 days of receipt of a Proof of Claim, the Liquidator or Deputy Liquidator shall:

1. Serve upon the claimant or claimant's attorney and file with this Court, a Notice of Determination, in the form annexed hereto, setting forth the recommendation as to the allowance or disallowance of such claim;
2. Within 60 days from mailing of such Notice, such claimant shall file with the Deputy Liquidator any objection to the allowance or disallowance of such claim;
3. Absent timely objection, the recommended allowance or disallowance shall constitute the final determination and judgment of this Court as to such Proof of Claim and such claimant shall be barred thereafter from objecting to the allowance or disallowance of such claim;
4. Upon receipt of timely objection, the Deputy Liquidator may amend or modify his recommended allowance or disallowance and thereupon file an amended Notice with such claimant and this Court in which case claimant shall file any objection to the amended allowance or disallowance within 60 days of the mailing of such amended Notice.
5. If upon receipt of timely objection to the Notice or amended Notice, the Deputy Liquidator declines to modify his recommended allowance or disallowance, he shall file with this Court and serve upon the claimant or claimant's attorney, not less than 15 nor more than 30 days before the date of hearing a Motion for determination by this Court the allowance or disallowance of such Proof of Claim unless another procedure is adopted at a later date by the Court.
6. Upon such hearing, the finding of this Court shall constitute the final determination and judgment as to such Proof of Claim.


~~WILLIAM C. MEEHAN, J.S.C.~~
WILLIAM C. MEEHAN, J.S.C.