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in Liquidation  
Attorney Bar Id. No. 041771988

**FILED**

**MAR 28 2014**

**ROBERT C. WILSON, J.S.C.**

|                          |                                   |
|--------------------------|-----------------------------------|
|                          | :SUPERIOR COURT OF NEW JERSEY     |
|                          | :CHANCERY DIVISION; BERGEN COUNTY |
|                          | :GENERAL EQUITY PART              |
|                          | :DOCKET NO.: BER-C-7022-86        |
| IN THE MATTER OF THE     | :                                 |
| LIQUIDATION OF INTEGRITY | : CIVIL ACTION                    |
| INSURANCE COMPANY        | :                                 |
|                          | :ORDER APPROVING THE FINAL        |
|                          | :DISTRIBUTION OF ASSETS AND       |
|                          | :CLOSING THE ESTATE               |
|                          | :                                 |

THIS MATTER HAVING BEEN opened to the Court upon the motion of Mazie Slater Katz & Freeman, LLC, attorneys for the Commissioner of Banking and Insurance of the State of New Jersey, in his capacity as liquidator (the "Liquidator") of the Estate (the "Estate") of Integrity Insurance Company ("Integrity") for an Order granting permission to make a final distribution of Integrity's assets and for other relief relating to the termination of the liquidation of the Estate, and the Court having considered the Certification of Deputy Liquidator Richard L. White submitted in support of this motion, any opposing papers, and the argument of counsel; and for good cause shown;

IT IS on this 28<sup>th</sup> day of March, 2014;

ORDERED that:

1. The Amended Proposed Final Distribution Formula for Integrity dated March 21, 2014 as attached hereto as Exhibit "B" is hereby approved.
2. The Liquidator shall establish a reserve in the amount of \$456,000 net of

future receipts for the Estate's future administrative fees and expenses which will be incurred to complete the remainder of the liquidation of Integrity. The Estate also shall establish a reserve of \$35 million so that there are sufficient funds to satisfy the claim of a class of individuals who filed a proof of claim against Integrity based on claims against Robert A. Keasbey Company (the "Defendant Class") which is the sole objector to this application (the "Objector Reserve"). The Objector Reserve shall be the source of funds to satisfy the Defendant Class's claim in the event that the Liquidator's denial of its Proof of Claim is revised, reversed or overruled, in whole or in part, with any funds remaining to be distributed to allowed claimants, including the Defendant Class, on a pro rata basis as set forth in ¶5 below. In the event that the Liquidator's denial of the Defendant Class's Proof of Claim is upheld or the Defendant Class abandons its claim in whole or in part, the Objector Reserve shall be distributed to allowed claimants on a pro rata basis as set forth in ¶5 below.

3. The Liquidator shall distribute the sum of approximately \$1.2 million to the Priority One claimants, after which distribution, all allowed Priority One claims shall be paid in full.

4. The Liquidator shall distribute the sum of \$157 million to eligible allowed Priority Four claimants which will result in Priority Four allowed claimants having been paid approximately 88% of their claims.

5. Any surplus remaining in the Estate (after satisfaction of administrative fees and expenses and making the distributions set forth in ¶2, ¶3 and ¶4 above) shall be paid to the allowed claimants on a pro rata basis, if practical and economical.

6. Payment by the Liquidator shall be complete upon the mailing of the

Estate's check to the claimant at the claimant's last known address. If a payment is returned and, after reasonable inquiry, the whereabouts of said claimant are unknown, the cumulative total of such amounts will be remitted to the New Jersey Unclaimed Property Trust Fund and shall constitute complete payment to all such claimants.

7. The Liquidator is hereby authorized to transfer any unclaimed payments to the New Jersey Unclaimed Property Trust Fund. The Trustees of the New Jersey Unclaimed Property Trust Fund shall escheat all abandoned funds and other abandoned assets to the State, pursuant to the provisions of the New Jersey Uniform Unclaimed Property Act, N.J.S.A. 46:30:B-1, *et seq.*, and the comparable law of other applicable states.

8. If and in the event the Liquidator receives additional assets of the Estate after the date of the final distribution of the Estate's assets as provided for herein, or the Objector's Reserve is released in whole or in part, the Liquidator shall, distribute such assets on a pro rata basis to allowed claimants, including the Defendant Class if its claim has been allowed in whole or in part upon final resolution as set forth above, after the payment of any associated administrative expenses of the Estate. The Liquidator may establish a de minimus level of recovery to insure that the administrative costs associated with distribution are minimized while distributions to the claimants within the same priority level are maximized. If the Liquidator determines that the distribution of such assets would be uneconomic or otherwise impractical, the Liquidator shall escheat such assets to the New Jersey Unclaimed Property Trust Fund, after adjustment for any associated administrative expenses of the Estate.

9. Upon entry of this Order, the Liquidator is hereby authorized to destroy all

of the Estate's policy and claim files as well as the Estate's human resources, accounting and data processing records except those relating to the claim of the Defendant Class which may be destroyed after its claim is finally adjudicated or otherwise finally resolved.

10. Upon compliance with this Order, and the filing with this Court of a final accounting showing performance of same, the Liquidator, the Deputy Liquidator, and their agents, attorneys, employees and other representatives are discharged and released from any and all further liability arising out of the liquidation of Integrity, and this liquidation proceeding will be terminated without need of any further Court Order.

11. The New Jersey Commissioner of Banking and Insurance, or any successor in office as Commissioner as Liquidator of Integrity, may take any and all additional actions as he/she deems advisable for the administration and termination of the Integrity estate without need for further applications before this or any other Court.

12. A copy of this Order shall be added to the Estate's website within 7 days of the date hereof.

  
HON. ROBERT C. WILSON, J.S.C.

\_\_\_\_\_ Opposed

\_\_\_\_\_ Unopposed

|  |                            |                            |                       | <u>Exhibit B</u> |
|--|----------------------------|----------------------------|-----------------------|------------------|
| <u>Proposed Final Distribution Formula</u>     |                            |                            |                       |                  |
|  | <u>Priority 4 Balances</u> | <u>Priority 1 Balances</u> | <u>Total Balances</u> |                  |
| Liquid Assets                                  | \$193,085,000              |                            | \$193,085,000         |                  |
| Advances:                                      |                            |                            |                       |                  |
| Guaranty Associations                          | 268,573,432                | \$19,621,283               | 288,194,715           |                  |
| Non-Guaranty Associations                      | 419,470,859                | 0                          | 419,470,859           |                  |
|  | <u>881,129,291</u>         | <u>19,621,283</u>          | <u>900,750,574</u>    |                  |
| Less:  |                            |                            |                       |                  |
| Provision for future administration costs, net | 456,000                    |                            | 456,000               |                  |
| Objector Reserve.                              | 35,000,000                 |                            | 35,000,000            |                  |
| Encumbrance of assets for GA final P1          | <u>1,211,026</u>           | <u>1,211,026</u>           | <u>0</u>              |                  |
| Assets Available for final distribution (A)    | <u>\$844,462,265</u>       | <u>\$20,832,309</u>        | <u>\$865,294,574</u>  |                  |
| Eligible Allowed Priority 4 Claims:            |                            |                            |                       |                  |
| Guaranty Associations Priority 1               |                            | \$20,832,309               | \$20,832,309          |                  |
| Guaranty Associations Priority 4               | \$361,466,126              |                            | 361,466,126           |                  |
| Non-Guaranty Associations                      | <u>599,509,554</u>         | <u>0</u>                   | <u>599,509,554</u>    |                  |
|  | <u>\$960,975,680</u>       | <u>\$20,832,309</u>        | <u>\$981,807,989</u>  |                  |
| (B)  |                            |                            |                       |                  |
| Final Distribution Rate (A divided by B)       |                            |                            |                       |                  |