

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. DIANE KOKEN
Insurance Commissioner of the
Commonwealth of Pennsylvania,

Plaintiff,

v.

RELIANCE INSURANCE COMPANY,

Defendant.

DOCKET NO. 269 MD 2001

STIPULATION BY AND BETWEEN NEW YORK UNIVERSITY AND
THE STATUTORY LIQUIDATOR FOR RELIANCE INSURANCE COMPANY

This Stipulation ("Stipulation") is entered into by New York University ("NYU"), on the one hand, and M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Liquidator of Reliance Insurance Company ("Liquidator") and Reliance Insurance Company (In Liquidation) Collectively "Reliance"), on the other hand, by and through their respective counsel, as follows:

WHEREAS, on or about December 18, 2003, NYU contends that it filed three Proofs of Claim in the Reliance Liquidation matter with regard to Reliance Insurance Policies Number NUH0122261, Number NUH0115903, and Number NUH108566, which claims were in the aggregate amount of Two Million Six Hundred Eighty-Seven Thousand Eight Hundred Sixty-Seven (\$2,687,867.00) Dollars, plus interest and costs; and

WHEREAS, Reliance contends that it received only two of the three Proofs of Claim, namely the Proof of Claim filed with regard to Reliance Policy Number NUH0122261 and the Proof of Claim filed with regard to Reliance Policy Number NUH0115903; and

WHEREAS, NYU's Proof of Claim No. 2077801 ("POC 2077801") pertains to Reliance Policy Number NUH0122261 and Proof of Claim No. 2133228 ("POC 2133228") pertains to Reliance Policy Number NUH0115903; and

WHEREAS, on March 26, 2004, Reliance issued a Notice of Determination for POC 2077801, and on June 18, 2004 Reliance issued a Notice of Determination for POC Number 2133228;

WHEREAS, both Notices of Determinations assigned Priority level (e) to both of NYU's Proof of Claims, without assigning an allowed amount.

WHEREAS, NYU filed a timely Objection to the Notice of Determination ("NOD") regarding POC 2077801 in which it contends that its claim was entitled to Priority Level (b) status ("the Objection"); and

WHEREAS, Reliance filed a timely Response ("the Response") to NYU's Objection; and

WHEREAS, by Order of July 15, 2004, the Commonwealth Court of Pennsylvania ("the Court") appointed Adam D. Wilf, Esq. as Referee to hear the Objection and the Response, and issue a recommendation to the Court regarding same; and

WHEREAS, after good faith negotiations, and so as not to incur any additional costs at this time, NYU and Reliance have agreed to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein, the parties, intending to be legally bound, stipulate and agree as follows:

1. The above recitals are incorporated herein as though fully set forth at length.
2. NYU hereby withdraws its Objection, without prejudice.
3. Reliance agrees to process NYU's third Proof of Claim, with regard to Reliance Insurance Policy Number NUH108566, upon receipt of that Proof of Claim from NYU and

agrees to issue a Notice of Determination for that Proof of Claim which assigns the claim Priority Level (e) and will provide, as did the other two NODs issued by Reliance to NYU, that the claim will not be evaluated as to amount allowed unless and until it is determined that funds are available and, if funds become available for the payment of priority level (e) claims, NYU will be sent Amended NODs for all three of the Proofs of Claim as to the amount allowed for each of those claims. Once NYU receives Amended NODs regarding the 3 claims, it will have all rights available to dispute, litigate, arbitrate or otherwise contest the allowed amount of the claims, but not the priority levels assigned to them, and no part of this stipulation or any of the discussions, events or negotiations leading to it may be used against NYU or Reliance in any such proceedings.

4. If necessary, Reliance shall submit this Stipulation to the Court for approval, and the parties agree to cooperate to obtain such approval.

5. In the event any necessary approvals cannot be obtained or are denied, the parties shall return to their respective rights as though no settlement whatsoever of the three Claims shall have occurred, with the exception that the parties acknowledge and agree that NYU has filed three Proofs of Claim in this proceeding and that NODs must be issued by Reliance with regard to each of the three Proofs of Claim in accordance with this stipulation.

6. The parties agree to execute any and all documents and to do and perform any and all acts, upon request by the other, reasonably necessary or proper to effectuate or further evidence the terms and provisions of this Stipulation.

7. Each party shall bear and be responsible for its own costs and attorneys' fees incurred in connection with the Claims.

8. Nothing in this Stipulation shall be deemed to be an admission of any fact or legal principle asserted with respect to the Claims.


9. This Stipulation may be executed in any number of counterparts, each of which shall be deemed an original but all of which shall constitute one complete instrument.

10. The individuals executing this Stipulation on behalf of each of the parties warrant that they have the authority to bind said Party to the terms and conditions of the Stipulation.

11. This Stipulation constitutes the entire agreement between the parties and may not be altered or modified other than by a writing signed by the parties.

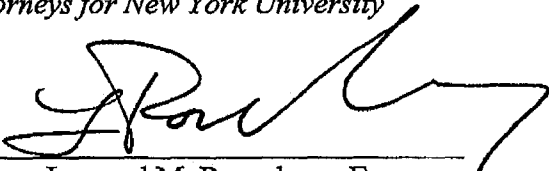
Dated: June 20, 2005

ROSENN, JENKINS & GREENWALD, L.L.P.
*Attorneys for Reliance Insurance
Company in Liquidation*

By: 
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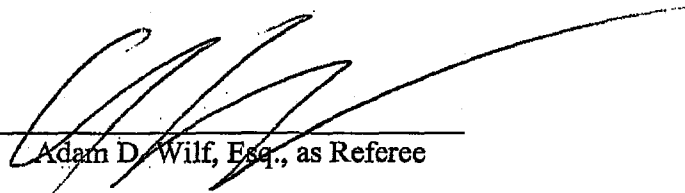
Dated: June 16, 2005

GARFUNKEL, WILD & TRAVIS, P.C.
Attorneys for New York University

By: 
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Dated: June 27, 2005

Approved and Recommended by Referee

By: 
Adam D. Wilf, Esq., as Referee