



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

STATE OF DELAWARE ex rel.)
THE HONORABLE TRINIDAD)
NAVARRO, Insurance Commissioner)
of the State of Delaware,)
)
Plaintiff,)
)
v.) C.A. No. _____
)
ARROWOOD INDEMNITY COMPANY,)
a Delaware Domestic Property & Casualty)
Insurance Company,)
)
Defendant.)

COMPLAINT FOR ENTRY OF A
LIQUIDATION AND INJUNCTION ORDER
WITH BAR DATE PURSUANT TO 18 *DEL. C. CH. 59*

Plaintiff, the Honorable Trinidad Navarro, in his capacity as the Insurance Commissioner of the State of Delaware (the “Commissioner”), acting by and through the undersigned counsel, pursuant to 18 *Del. C. ch. 59* including, but not limited to 18 *Del. C. §§ 5905* and 5906, respectfully petitions this Honorable Court for the entry of a Liquidation and Injunction Order with Bar Date (“Liquidation Order”) declaring that, *inter alia*, ARROWOOD INDEMNITY COMPANY (“Arrowood”), a Delaware domiciled property and casualty insurer, is insolvent, in an unsound condition, in a condition that renders its further transaction of insurance presently or prospectively hazardous to its policyholders, and meets the criteria for liquidation under 18 *Del. C. §§ 5905* and

5906. Further, as noted herein, pursuant to 18 *Del. C.* § 5905(9), Arrowood has consented to the entry of the Liquidation Order through a majority of its directors. The Commissioner further requests this Honorable Court to appoint the Commissioner as Receiver of Arrowood, direct the Receiver to take possession of the property and assets of Arrowood, and to liquidate Arrowood pursuant to the provisions of 18 *Del. C.* ch. 59. Because of the Arrowood's consent, the Commissioner has, contemporaneously with the filing of this Complaint, filed a Motion for Entry of Liquidation and Injunction Order by Consent ("Motion for Liquidation Order") with proposed form of Liquidation Order and a Motion to Expedite the Motion for Entry of Consent with a proposed form of Order ("Motion to Expedite"). In support of this Complaint, the Commissioner avers the following:

BASIS FOR JURISDICTION

1. The jurisdiction of this Court is provided by the provisions of 18 *Del. C.* ch. 59 known as the Delaware Uniform Insurer's Liquidation Act ("DUILA").

THE PLAINTIFF

2. The Plaintiff, Trinidad Navarro, is the Insurance Commissioner of the State of Delaware.

THE DEFENDANT

3. Defendant, Arrowood, is a Delaware corporation, incorporated on

or about December 3, 1979 under its former name, Royal Indemnity Company, and licensed by the State of Delaware, Department of Insurance (the “Department”), as a domestic stock property and casualty insurance company.

4. Arrowood’s registered agent and registered office within the State of Delaware is Corporation Service Company, 251 Little Falls Drive, New Castle County, Delaware 19808. Its principal place of business is located at 3600 Arco Corporate Drive, Suite 150, Charlotte, NC 28273.

5. Arrowood is licensed in forty-nine (49) states and in the District of Columbia. Arrowood is authorized to transact the business of health, property, surety, marine and transportation, and casualty insurance as defined in 18 *Del. C.* ch. 9.

6. Arrowood is subject to the insurance laws of the State of Delaware, is further subject to oversight, supervision, and examination thereunder, and is subject to liquidation under the provisions of the DUILA.

7. Arrowood is a wholly owned subsidiary of Arrowpoint Group, Inc. (“AGI”), a Delaware corporation, which in turn is wholly owned by Arrowpoint Capital Corp. (“ACC”), also a Delaware corporation, and Arrowood’s ultimate parent.

8. Arrowood has a wholly owned insurance subsidiary, Financial Structures Limited (“FSL”), a Bermuda domiciled company.

9. Arrowood is currently in runoff¹ and is no longer writing any new business.

10. ACC became the ultimate parent of Arrowood in 2007 through a purchase transaction that was reviewed, evaluated, and ultimately approved by the Department pursuant to the insurance laws of the State of Delaware.

11. At the time of the 2007 transaction, Arrowood had already been in runoff.

12. For the past fifteen (15) years, runoff claims have been settled fairly and with few policyholder or claimant complaints.

13. The claims count has been reduced from the approximately 120,000 claims that existed at the beginning of the runoff to a current claim count of approximately 7,000.

14. The later stages of every runoff present challenges, including the expected risk that with lower claims counts, the risk of significant adverse deviation increases because there is a smaller number of claims and a smaller monetary base to absorb adverse impacts.

¹ In the insurance industry, “runoff” generally refers to situations where an insurer voluntarily ceases writing new business on one or more lines of its business but continues collecting premiums and paying claims as they come due on its existing business. If the runoff includes all of the insurer’s lines of business, the goal is to completely close operations while remaining solvent. In order to succeed, assets and income must be maintained at sufficient levels to cover the remaining claims and administrative costs of handling those claims.

15. As part of its regulation by the Department, Arrowood is required to file with the Department certain financial documents that include, but are not limited to, quarterly and annual financial statements.

16. More specifically, quarterly financial statements (“Statutory Quarterly Statements”) are required to be filed within forty-five (45) days after the end (close) of the quarter that is the subject of the Statutory Quarterly Statement.

17. For example, the Statutory Quarterly Statement for the first quarter (Q1) is due on May 15, the second quarter (Q2) is due on August 15, and the third quarter (Q3) is due on November 15 (18 *Del. C.* Section 526(a)(1)).

18. The annual statement (“Statutory Annual Statement”) is required to be filed on or before March 1 of the year following the year that is the subject of the Statutory Annual Statement (18 *Del. C.* Section 526(a)).

19. In addition, an audited Statutory-Basis Financial Statement (“Audited Statement”) is due on June 1 of the year after the year-end that is the subject of the Statutory Annual Statement (18 *Del. Admin. C.* Section 301(4.1)).

20. The 2022 Statutory Annual Statement reflected: total admitted assets of \$666,599,706 (Assets, Line 28, Col. 3); total liabilities of \$653,698,419 (Liabilities, Surplus and Other Funds, Line 28); and a policyholder surplus of \$12,901,287 (Liabilities, Surplus and Other Funds, Line 37). The 2021 Statutory

Annual Statement had reflected policyholder surplus of \$50,317,287.² A true and correct copy of excerpts from the 2022 Statutory Annual Statement that contain this information are attached hereto as Exhibit “A” and incorporated herein by reference as though set forth at length. A complete copy of the 2022 Statutory Annual Statement has not been attached due to its length (246 pages).

21. Note 1(D), Going Concern of the 2022 Statutory Annual Statement states in pertinent part that:

Based on the Company’s evaluation, the Company has sufficient liquidity to continue as a going concern as defined in SSAP No. 1 Disclosures of Accounting Policies, Risks & Uncertainties, and Other Disclosures. However, as of December 31, 2022, the Company’s Risk Based Capital (RBC) Ratio, which is the ratio of the Company’s total adjusted capital to Authorized Control Level capital, has fallen below its RBC Mandatory Control Level. At the Mandatory Control Level, the Delaware Department of Insurance (DOI) is mandated to place a company under its control *except* where, as is the case with the Company, such is a property and casualty insurance company that is no longer writing new business and is running off its existing liabilities. Under these circumstances the Commissioner has the discretion to allow the continued run-off of the Company. Nevertheless, the DOI could seek to place the Company in formal proceedings (i.e., rehabilitation or liquidation) at any time based on the Company’s financial condition. The risk of a proceeding would be further increased if 1) the Company fails to execute successfully on its RBC Plan which the Company continues to operate under, 2) the Company fails to have sufficient liquid assets to meet its current obligations, or 3) the Company’s reported statutory liabilities would exceed its reported statutory admitted assets.

² In the Audited Statement for 2022, the auditors made a downward adjustment of Arrowood’s capital and surplus from \$12,901,287 to \$9,444,000 which largely consists of a non-admitted adjustment with respect to FSL (\$3.7m).

(Exhibit A, p. 14.1-14.2).

22. Arrowood's statements made in Note1(D) referenced in the preceding paragraph regarding RBC and the Department's discretion under the circumstances regarding Arrowood, a property and casualty insurer in run-off, are consistent with, and expressed in, Title 18 ch. 58 of the Delaware Insurance Code including, but not limited to, Section 5806.

23. The 2023 Statutory Quarterly Statement for the first quarter ("Q1 2023 SQS"), which was filed on or about May 15, 2023, reflected: total admitted assets of \$619,269,450 (Assets, Line 28); total liabilities of \$612,794,704 (Liabilities, Surplus and Other Funds, Line 28); and a policyholder surplus of \$6,474,747 (Liabilities, Surplus and Other Funds, Line 37). A true and correct copy of excerpts from the Q1 2023 SQS that contain this information are attached hereto as Exhibit "B" and incorporated herein by reference as though set forth at length. A complete copy of the Q1 2023 SQS has not been attached due to its length (62 pages).

24. The 2023 Statutory Quarterly Statement for the second quarter ("Q2 2023 SQS"), which was filed on or about August 15, 2023, reflected: total admitted assets of \$595,121,172 (Assets, Line 28, Col. 3); total liabilities of \$588,404,362 (Liabilities, Surplus and Other Funds, Line 28); and a policyholder surplus of \$6,716,810 (Liabilities, Surplus and Other Funds, Line 37). A true

and correct copy of excerpts from the Q2 2023 SQS that contain this information are attached hereto as Exhibit “C” and incorporated herein by reference as though set forth at length. A complete copy of the Q2 2023 SQS has not been attached due to its length (60 pages).

25. As a result of recent internal actuarial forecasts tracking the results of recent and projected claims activity, Arrowood projects that the 2023 Statutory Quarterly Statement for the third quarter, which is due to be filed on or about November 15, 2023, would reflect a negative overall surplus (i.e. the value of projected future claims and expenses exceed the value of assets when computed in accordance with statutory accounting principles) of approximately seventeen million dollars (\$17,000,000).

26. This deterioration in Arrowood’s financial condition is due in large part to significant reserve strengthening of \$25 million associated with several lines of Arrowood’s insurance business.

27. Statutory rules of accounting further require that certain assets be reduced in value for reporting purposes based on the decline in surplus.

28. As a consequence of these changes Arrowood is insolvent.

29. On November 3, 2023, at a duly noticed meeting, Arrowood’s Board of Directors unanimously consented to the entry of a Liquidation Order and waived formal service and hearing on the Complaint. The Arrowood Board

consists of 9 directors. Prior to the meeting, the Board was provided with information related to the financial condition of Arrowood. Presentations by Arrowood management were made to the Board regarding consent to liquidation and Arrowood management was available to answer questions. This unanimous consent was memorialized in Resolutions Adopted by the Board of Directors of Arrowood, a true and correct copy of which is attached hereto as Exhibit “D” and is incorporated herein by reference as though set forth at length.

GROUND FOR LIQUIDATION

30. Sections 5906 and 5905 of Title 18 of the Delaware Code govern the process and grounds to place a Delaware domiciled insurer into liquidation in circumstances such as those presented here. They provide in pertinent part that:

§ 5906. Grounds for liquidation

The Commissioner may apply to the court for an order appointing the Commissioner as receiver and directing the Commissioner to liquidate the business of a domestic insurer...upon any of the grounds specified in § 5905 of this title....[emphasis added]

*

*

*

§ 5905. Grounds for rehabilitation; domestic insurers.

The Commissioner may apply to the court for an order appointing the Commissioner as receiver of and directing the Commissioner to rehabilitate a domestic insurer upon one or more of the following grounds, if the insurer:

(1) Is impaired or insolvent or is in unsound condition or in such condition....as to render its further transaction of insurance presently or prospectively hazardous to its policyholders;

*

*

*

(9) Has consented to such an order through a majority of the directors, stockholders, members or subscribers;

*

*

*

31. Section 5901(1) of Title 18 of the Delaware Code defines impairment or insolvency as follows:

(1) “Impairment” or “insolvency.” —

The capital of a stock insurer...shall be deemed to be impaired, and the insurer shall be deemed to be insolvent, when such insurer is not possessed of assets at least equal to all liabilities and required reserves together with its total issued and outstanding capital stock...required by this title to be maintained for the kind or kinds of insurance it is then authorized to transact.

*

*

*

32. Arrowood, as of September 30, 2023, has a negative surplus of approximately seventeen million dollars (\$17,000,000) and does not have assets at least equal to all liabilities and required reserves together with its total issued and outstanding capital stock that it is required to maintain pursuant to 18 *Del. C.* § 511. Therefore, Arrowood is insolvent, in an unsound condition, and in a condition that renders its further transaction of insurance presently or prospectively hazardous to its policyholders under 18 *Del. C.* § 5901(1) and thus

liquidation is proper under § 5906.³

33. In addition, the entry of a liquidation order with a finding of insolvency is expected to trigger the involvement of guaranty associations or similar funds and afford some statutory coverage under the enabling statutes for each such association or fund for many of the policy claims against Arrowood. Only a few state enabling statutes trigger involvement of a guaranty association or fund with a finding of insolvency without a liquidation order. The Receiver believes that many of the enabling statutes would provide the claimants with substantial coverage.

34. The coverage afforded to some other claimants by guaranty associations or funds would be governed by those associations or funds' enabling statutes and the applicable limitations on and exceptions to the coverage.

35. The availability of the guaranty fund coverage will mitigate the losses to policyholders.

36. In addition, to avoid hardship to individuals, the Receiver intends to continue payments for medical expenses and indemnity payments for workers compensation claimants, payments for medical expenses and wage/income loss for motor vehicle claimants, and medical expense and wage/income loss

³ The unanimous consent of the directors of Arrowood is also an independent ground for the entry of liquidation pursuant to §§ 5905(9) and 5906.

payments under similar programs, including but not limited to the Federal Black Lung program, until such time as the claims files are transferred to the applicable guaranty association and the guaranty association begins making payments to those individual claimants.

37. Because Arrowood, the entity which would have standing to object to liquidation, meets the criteria of §§ 5905(1), 5905(9) and 5906 and has consented to liquidation and waived formal service and a hearing, this Court should find that the Commissioner's determination to place Arrowood into liquidation is a reasonable and appropriate exercise of his discretion.

38. Because of the consent of Arrowood, through its Board of Directors, it is respectfully submitted that the Court can decide the financial status of Arrowood and the Motion on the papers submitted and a hearing is not necessary. *Cohen v. State ex rel. Stewart*, 89 A.3d 65 (Del. 2014) (holding hearing unnecessary where consent to liquidation given by board). *See also In re Rehabilitation of Scot. Re (U.S.), Inc.*, 274 A.3d 1019, 1028–29 (Del. Ch. 2022) (“Because the Company consented to the rehabilitation proceeding, a hearing on the Delinquency Petition was unnecessary”). Notwithstanding, the Commissioner's representatives are available should the Court require a hearing or other action with respect to this Motion.

39. Accordingly, the Commissioner requests the entry of a Liquidation

Order because it is the appropriate remedy and respectfully submits that this Court should enter a declaration that Arrowood is insolvent and impaired, in such condition as to render its transaction of insurance presently or prospectively hazardous to its policyholders and should be liquidated.

ORDER SOUGHT

40. For the reasons set forth herein, the Commissioner, in his capacity as such and on behalf of his successors in office, seeks an Order declaring that Arrowood is insolvent, in an unsound condition and a condition that renders its further transaction of insurance presently or prospectively hazardous to its policyholders.

41. The Commissioner seeks to be appointed as the Receiver of Arrowood.

42. The Commissioner seeks a Liquidation Order directing him to immediately take exclusive possession and control of and be vested with all right, title, and interest in, of, and to the property of Arrowood, as defined in the proposed form of Liquidation Order submitted with the Motion to Approve, and further authorizing the Receiver to take such actions as the nature of this cause and interests of the policyholders, other creditors, and stockholder(s) of Arrowood and the public may require.

43. The Commissioner seeks a Liquidation Order authorizing him to manage the assets, business, and affairs of Arrowood, including, without limitation, the right to sue, defend, and continue to prosecute suits or actions already commenced by or for Arrowood, or for the benefit of Arrowood's policyholders, other creditors, and stockholder in the courts and tribunals, agencies, or arbitration panels for this State and other states or jurisdictions in his name as the Insurance Commissioner of the State of Delaware, or in the name of Arrowood.

44. The Commissioner seeks to have the order vest him with right, title, and interest in and to all funds recoverable under treaties and agreements of reinsurance heretofore entered into by Arrowood as the ceding insurer or as the assuming insurer.

45. The Liquidation Order sought would provide that the amounts recoverable are not diminished by reason of the unsound condition, impairment or insolvency of Arrowood, and would enjoin the termination, cancellation, failure to renew, or modification of coverage under any reinsurance or contract with Arrowood. However, the form of Order sought would allow the Receiver to terminate or rescind any reinsurance or retrocession agreement or contract that is contrary to the best interests of the estate.

46. The Commissioner seeks the entry of injunctive relief, to protect

Arrowood's policyholders and other creditors, pursuant to 18 *Del. C.* § 5904, which provides:

(a) Upon application by the Commissioner for such an order to show cause, or at any time thereafter, the court may without notice issue an injunction restraining the insurer, its officers, directors, stockholders, members, subscribers, agents and all other persons from the transaction of its business or the waste or disposition of its property until the further order of the court.

(b) The court may at any time during a proceeding under this chapter issue such other injunctions or orders as may be deemed necessary to prevent interference with the Commissioner or the proceeding or waste of the assets of the insurer or the commencement or prosecution of any actions or the obtaining of preferences, judgments, attachments or other liens or the making of any levy against the insurer or against its assets or any part thereof.

(c) Notwithstanding any other provision of law, no bond shall be required of the Commissioner as a prerequisite for the issuance of any injunction or restraining order pursuant to this section.

47. Pursuant to 18 *Del. C.* § 5904, the Commissioner seeks to have the Court order that Arrowood, its officers, directors, stockholders, agents, servants, and employees and all other persons or entities, including but not limited to all banks, brokerage houses, financial institutions, creditors, or contractual counterparties, having notice of these proceedings or of the Liquidation Order be prohibited from transacting any business of Arrowood or selling, transferring, destroying, wasting, encumbering, or disposing of any property, assets, books, or

records of Arrowood in their possession, custody, or control, whether such assets, property, books, or records are or may be the property of Arrowood, without the prior written permission of the Receiver or until further Order of this Court. This prohibition would include, but not be limited to, property, books, or records pertaining to any business transaction between Arrowood and any of said parties. The Order would provide that no actions concerning, involving, or relating to such assets, property, or records may be taken by any of the aforesaid persons or entities enumerated herein, without the express written consent of the Receiver, or until further Order of this Court.

48. In addition, pursuant to 18 *Del. C.* § 5904, the Order sought would require third parties having notice of these proceedings or of the Liquidation Order to be prohibited from exercising or relying upon any contractual right which would permit such third party or parties from withholding, failing to pay, setting-off (except as provided by 18 *Del. C.* § 5927), or taking similar action with respect to any obligations owed to Arrowood.

49. Further, pursuant to 18 *Del. C.* § 5904, the Order sought would require all third parties having notice of these proceedings or of the Liquidation Order be prohibited from the commutation, termination, acceleration or modification of any agreement or the assertion of a default or event of default or otherwise exercising, asserting or relying upon any other right or remedy, based

upon (1) the filing of this Complaint for Entry of Liquidation and Injunction Order with Bar Date, (2) the entry of the Liquidation and Injunction Order, (3) the unsound condition or insolvency of Arrowood, or (4) the facts and circumstances set forth in this Complaint for Entry of Liquidation and Injunction Order without the prior written permission of the Receiver or until further Order of this Court. However, the form of Order sought would allow the Receiver to terminate or rescind any agreement that is contrary to the best interests of the estate.

50. The Order sought would require all persons or entities holding or controlling assets, possible assets, property, books, or records of Arrowood to provide the Receiver with an accounting of such assets, possible assets, property, books, or records in their possession, custody, or control, regardless of whether such parties dispute the Receiver's right to such assets or property, and to turn over such assets, possible assets, property, books, and records within ten (10) days of notice of the entry of the Liquidation Order.

51. The Commissioner seeks to have the Court order that all officers, directors, stockholders, agents, and employees of Arrowood, and all other persons and companies having notice of these proceedings or of this Order, be prohibited from instituting or further prosecuting any action at law or in equity or in other proceedings against Arrowood, or the Commissioner as Receiver, the Deputy

Receiver(s), or the Designees in connection with their duties as such, or from obtaining preferences, judgments, attachments, or other like liens or encumbrances, or foreclosing upon or making of any levy against Arrowood or the property or assets of Arrowood during these receivership proceedings or while such property or assets are in the possession and control of the Commissioner as Receiver, or in any way interfering with the Commissioner as Receiver in his possession and control of the property, books, records, and all other assets of Arrowood.

52. The Order sought would also impose a stay of 180 days, pursuant to 18 *Del. C.* § 5904, of all proceedings in which Arrowood is obligated to defend a party in any court or tribunal in this State or in any other state or jurisdiction, to prevent interference with the Receiver's duties, to protect the policyholders entitled under their policies to a defense, and to permit the Receiver to prepare a proper defense of all pending causes of action, if appropriate. Notwithstanding the foregoing, the Order sought by the Commissioner would expressly authorize the Receiver to consent that any such proceeding or proceedings so stayed could proceed under circumstances where the Receiver determines, at his discretion, that it would be in the best interests of Arrowood estate, its policyholders, or other creditors, to do so.

53. The Order sought by the Commissioner would also expressly

authorize him to reject any executory contract to which Arrowood is a party.

54. The Order sought by the Commissioner also seeks to authorize the Receiver to continue payments for medical expenses and indemnity payments for workers compensation claimants, payments for medical expenses and wage/income loss for motor vehicle claimants, and medical expense and wage/income loss payments under similar programs, including but not limited to the Federal Black Lung program, until such time as the claims files are transferred to the applicable guaranty association and the guaranty association begins making payments to those individual claimants.

55. The Order sought by the Commissioner would further provide that all persons would be enjoined and restrained from asserting any claim against the Commissioner as Receiver of Arrowood, his designees and others acting at his direction, against Arrowood, or against Arrowood's property or assets, except insofar as such claims are brought in the liquidation proceedings of Arrowood.

56. The Order sought would provide for filing or recording of the Order in Delaware and other jurisdictions, as determined appropriate by the Receiver.

57. The Commissioner further seeks an Order which provides for the Receiver's appointment of a Deputy Receiver and the appointment of other assistants ("Designees"), who would be deemed to have agreed to submit disputes concerning their rights, obligations, and compensation to this Court.

58. By virtue of the requested Order, the Receiver would also be authorized to pay from the assets of Arrowood those administrative expenses which he has already incurred but not paid during the course of the efforts to examine Arrowood and file this Motion, including, but not limited to, attorneys' fees, accounting fees, consulting fees, and expenses of the Department, as administrative expenses of Arrowood estate under 18 *Del. C.* § 5913(f).

59. The Commissioner further seeks a Liquidation Order which provides for indemnification of the Receiver, the Deputy Receiver, and the Designees (collectively the "Indemnitees") for their acts or omissions undertaken in good faith and without willful misconduct, gross negligence, or criminal intent during the liquidation proceeding.

60. The Commissioner also believes that it is necessary to have the Court order a deadline for the submission of claims against the estate. Due to the large number of claims and the anticipated complexity of this estate, the Receiver believes that a Bar Date of January 15, 2025 would be appropriate unless otherwise extended by the Court. Bar dates are authorized in insurer liquidations in Delaware pursuant to 18 *Del. C.* §§ 5917 and 5929. The provisions of 18 *Del. C.* § 5929(b) require that a bar date in a liquidation proceeding shall not be less than six months after the entry of the order of insolvency.

61. **If the Court grants the Commissioner's Motion, all claimants shall**

be required to file their claims with the Receiver on or before January 15, 2025 unless extended by the Court, or be barred forever from recovering on their claims against Arrowood, or its estate.

62. Notwithstanding, contingent claims which are not liquidated and absolute by the Bar Date, as well as other claims not submitted by the Bar Date, would still qualify as priority Class VII claims pursuant to 18 *Del. C.* § 5918(e)(7). However, those claims would not be entitled to share in any distributions of the estate's assets unless and until all higher priority claims were paid in full.

63. The Commissioner's investigation indicates that insurance policies, surety bonds, or contracts of insurance are still in force. Therefore, the proposed Order would require that all insurance policies, surety bonds, or contracts of insurance still in effect be cancelled and terminated as of: (1) the earlier of the expiration or termination date of the insurance policies, surety bonds or contracts of insurance; (2) the effective date and time of replacement insurance policies, surety bonds, or contracts of insurance of the same type issued by another insurer; (3) the effective date and time of any legally authorized transfer of the insurance policies, surety bonds, or contracts of insurance; and (4) for all other insurance policies, surety bonds, or contracts of insurance not addressed above, such insurance policies, surety bonds, or contracts of insurance would be cancelled as of 12:01 a.m. on the thirtieth (30th) days after entry of the

Liquidation Order.

64. Pursuant to 18 *Del. C.* § 5924, the rights and liabilities of Arrowood and of its creditors, policyholders, principals, obliges, claimants, stockholders, members, subscribers, and all other persons interested in its estate shall, unless otherwise directed by the Court, be fixed as of the date of this Liquidation Order, subject to the provisions of Chapter 59 of Title 18 of the Delaware Code with respect to the rights of claimants holding contingent claims.

65. The Commissioner anticipates that the receivership estate would file reports of receipts and disbursements with the Court on an annual basis in a form consistent with past practice in other receiverships. The proposed form of Liquidation Order also includes certain provisions pertaining to the filing of claims against the receivership estate and the caption of this matter.

66. The Commissioner respectfully requests that this Honorable Court grant the relief sought herein in an expedited fashion because, as aforesaid, Arrowood is insolvent, in an unsound and hazardous condition, and the Commissioner, with the consent of Arrowood, needs to protect the assets of Arrowood for its policyholders and other creditors.

WHEREFORE, the Honorable Trinidad Navarro, in his capacity as the Insurance Commissioner of the State of Delaware, submits that sufficient cause exists for the liquidation of Arrowood Indemnity Company under 18 *Del. C.* §§

5905(1), 5906, and 5905(9). Therefore, the Commissioner hereby petitions this Honorable Court for the entry of a Liquidation and Injunction Order with Bar Date substantially in the form filed contemporaneously herewith, and for such other and further relief as the Court deems just.

Respectfully submitted,

THE HONORABLE KATHY JENNINGS.
ATTORNEY GENERAL OF THE STATE
OF DELAWARE

By: /s/ Kathleen P. Makowski
Kathleen P. Makowski (DE Bar No. 3648)
Deputy Attorney General
Delaware Department of Insurance
503 Carr Road, Suite 303
Wilmington, DE 19809
(302) 674-7326
Email: Kathleen.Makowski@delaware.gov

Dated: November 6, 2023

Attorney for Plaintiff,
The Honorable Trinidad Navarro
Insurance Commissioner of the State
of Delaware