

In the Matter of the Rehabilitation of:

Case No.

Segregated Account of Ambac Assurance Corporation

10CV1576

**REQUEST BY THE OFFICE OF THE
WISCONSIN COMMISSIONER OF INSURANCE FOR IMMEDIATE CASE
ASSIGNMENT OF THIS CHAPTER 645, WIS. STATS., INSURANCE DELINQUENCY
PROCEEDING TO THE HONORABLE WILLIAM D. JOHNSTON**

NOW COMES the Office of the Wisconsin Commissioner of Insurance (the
“Commissioner”), by his undersigned counsel, and hereby requests that the Chief Judge or the
Clerk of this Court immediately assign the handling of this Dane County Circuit Court case to
the Honorable William D. Johnston, Circuit Court Judge of the Lafayette County Circuit Court.
This Request for Case Assignment is supported by the accompanying affidavit of the
Commissioner. The Commissioner’s Request is based on the following:

1. The subject case is an insurance rehabilitation proceeding commenced by
the Commissioner, with the consent of the affected insurance company, pursuant to the
Wisconsin Insurers Rehabilitation and Liquidation Act, Chapter 645 of the Wisconsin Statutes.

2. Although its principal office is located in New York, New York, Ambac
Assurance Corporation is a Wisconsin insurer regulated by the Commissioner. Accordingly,
pursuant to Wis. Stat. § 645.31, this Court is the proper venue for the Commissioner to file his
Verified Petition for Rehabilitation of the Segregated Account of Ambac Assurance Corporation
(the “Segregated Account”).

THIS IS AN AUTHENTICATED COPY OF THE
ORIGINAL DOCUMENT FILED WITH THE DANE
COUNTY CLERK OF CIRCUIT COURT
ARLENE COLLEDA
CLERK OF CIRCUIT COURT

2010 MAR 24 PM 3:44
DANE CO. CIRCUIT COURT

3. The Segregated Account was established in advance of this proceeding by Ambac Assurance Corporation in accordance with Wis. Stat. § 611.24, with the Commissioner's approval. As specified in Wis. Stat. § 611.24(e), the Segregated Account is deemed an "insurer" within the meaning of Wis. Stat. § 645.03(1)(f) for purposes of this insurance delinquency proceeding.

4. Because of the specialized nature and complexity of delinquency proceedings under Chapter 645, and because of the extraordinary amount of court time and specialized expertise needed to efficiently administer such proceedings, the Dane County Circuit Court has a longstanding practice of assigning such specialized proceedings to Judge Johnston. As a consequence, Judge Johnston has developed great expertise and efficiency in handling delinquency proceedings under Chapter 645.

5. Under Wis. Stat. § 751.03(3), the Chief Judge of this Judicial Administrative District may assign cases to any circuit judge within the district. Judge Johnston in the Lafayette County Circuit Court is within the same Judicial Administrative District as the Dane County Circuit Court.

6. The Chief Judge entered a standing Insurance Cases Order dated November 9, 2000 in which he directed that, consistent with the Court's prior practice, future delinquency proceedings commenced by the Commissioner under Chapter 645 shall be assigned to Judge Johnston (the "Insurance Case Assignment Order"). A copy of the Insurance Case Assignment Order is attached at Tab A and incorporated here by reference. All delinquency proceedings commenced by the Commissioner under Chapter 645 since the issuance of the standing Insurance Case Assignment Order at Tab A have been assigned to Judge Johnston. That is true for both rehabilitation and liquidation proceedings under Chapter 645. For instance,

at Tab B is a copy of the court-filed papers evidencing the commencement of the most recent prior rehabilitation proceeding commenced by the Commissioner under Chapter 645. As reflected in the attachment at Tab B, which is incorporated here by reference, that proceeding was assigned to Judge Johnston pursuant to the standing Insurance Case Assignment Order.

7. The subject proceeding involves particularly large and complex books of financial guarantee insurance business with incredibly large dollar par values and amounts of exposure. Judge Johnston's expertise in handling delinquency proceedings under Chapter 645 will be of great value in this case in serving the efficient administration of justice.

8. The interests of the policyholders, creditors, and the public, which are at the forefront of rehabilitation proceedings as emphasized by Wis. Stat. § 645.01(3) and (4), will be best served by assigning the handling of this proceeding to Judge Johnston consistent with the Chief Judge's standing Insurance Case Order.


Dated this 24th day of March, 2010.

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By:


Michael B. Van Sicklen, SBN 1017827
Matthew R. Lynch, SBN 1066370

*Attorneys for Petitioner Sean Dilweg,
Commissioner of Insurance of the State of
Wisconsin*

TAB A

Dane County Case Management

File Edit View Options Window Special Help

ICAP Add Case Other Rcpt Coll A/R Add Cal CFR

Inquiry - Case: 2000GF014008 - Court Record Event OR - MLE

For the efficient administration of justice, cases designated as Insurance Liquidation cases and filed in the Dane County Circuit Court, will be assigned to the Hon. William D. Johnston, of Lafayette County. This order continues this assignment heretofor performed on a case-by-case basis, and applies to all future assignment of Insurance Liquidation cases to Judge Johnston, until further order of the court.

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County. This

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Tag	Case No.

Filed / Received

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Dane County - Case Management

File Edit View Options Window Special Help

ICAP Add Case Other Rcpt Coll A/R Add Cal CFR

Inquiry - Case: 2000GF014008 Status: Filed Only

Case Parties Judgments Assess Receipts/Receivables Payables Doc(0) Extra

Case Number: 2000GF014008 File Date: 11-09-2000 Old No.:

Caption: Insurance Liquidation Cases Order FL

Class:

Filing C.O.: 0543 Moeser, Daniel R. E-filing

Responsible C.O.: 0543 Moeser, Daniel R. Confidential

Branch: 11 Unified Case Number:

Prosecuting Agency: DA Case No.:

Prosecuting Attorney: Bond ID:

Court Record

Event Date	Event Type	Event Description	New Maint.
11-09-2000	OR	Order	<input type="checkbox"/>

Show All

Scheduled Activities

Date	Time	Court Official	Dispo Code	Activity	Notc.

OK OK, Next... OK, Previous... Cancel Help

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TAB B

**LAFOLLETTE
GODFREY
&KAHN**
ATTORNEYS AT LAW

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October 18, 2006

Clerk of Circuit Court
Attn: Roberta Jorstad
Dane County Courthouse
215 S. Hamilton St.
Madison, WI 53703-3285

RE: *In the Matter of the Rehabilitation of Northwestern National
Insurance Company of Milwaukee, Wisconsin*

Dear Ms. Jorstad:

We have enclosed for filing the Notice of Verified Petition and Verified Petition for Order for Rehabilitation of Northwestern National Insurance Company of Milwaukee, Wisconsin, a proposed Rehabilitation Plan, and a check for \$155.00 payable to Clerk of Circuit Court for the filing fee. We also have enclosed a copy of a proposed Order for Rehabilitation. We are forwarding the original proposed Order and copies of the Notice of Verified Petition and Verified Petition and the Rehabilitation Plan directly to Judge William D. Johnston in Lafayette County.

We have enclosed additional copies of each of the pleadings. Please file-stamp those copies and return them to us.

Thank you for your attention to this matter.

Sincerely,

LA FOLLETTE GODFREY & KAHN



James A. Friedman

JAF:jls

Encl.

cc: Hon. William D. Johnston (w/original Order for Rehabilitation and copies of other filings, via U. S. Mail)
Steven J. Junior (w/copy, via email and U.S. Mail)
Joseph C. Branch (w/copy, via email and U.S. Mail)

mn293060_1

**LAFOLLETTE
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&KAHN**
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October 18, 2006

Honorable William D. Johnston
Lafayette County Courthouse
626 Main Street
Darlington, WI 53530-1396

RE: *In the Matter of the Rehabilitation of Northwestern National
Insurance Company of Milwaukee, Wisconsin*

Dear Judge Johnston:

This same day, we have filed a Notice of Verified Petition and Verified Petition for Order for Rehabilitation of Northwestern National Insurance Company of Milwaukee, Wisconsin, a proposed Rehabilitation Plan, and a proposed Order for Rehabilitation with the Dane County Circuit Court. We have enclosed the original Order for Rehabilitation and copies of the other pleadings with this letter.

We note that we have scheduled with your Clerk a hearing on the Petition and Plan for March 8, 2007 at 1:30 p.m. in the Lafayette County Courthouse. In addition, we have indicated in the Notice that objections shall be filed and served by no later than February 12, 2007, and any responsive pleadings are due by February 28, 2007. Based on our discussion with your scheduling clerk, we will assume that you are satisfied with these dates unless we hear from you otherwise.

Thank you for your attention to this matter.

Sincerely,

LA FOLLETTE GODFREY & KAHN



James A. Friedman

JAF:jls

Encl.

cc: Roberta Jorstad (w/copy, via U. S. Mail)
Steven J. Junior (w/copy, via email and U.S. Mail)
Joseph C. Branch (w/copy, via email and U.S. Mail)

mn293069_1

STATE OF WISCONSIN : CIRCUIT COURT : DANE COUNTY

2006 OCT 18 PM 3:48

In the Matter of the Rehabilitation of
DANE CO. CIRCUIT COURT

Northwestern National Insurance Company of
Milwaukee, Wisconsin.

Case No. **06CV3585**
30703

**NOTICE OF VERIFIED PETITION AND
VERIFIED PETITION FOR ORDER FOR REHABILITATION**

TO: All Interested Parties

NOTICE

PLEASE TAKE NOTICE that the Petitioner, Jorge Gomez, Commissioner of Insurance of the State of Wisconsin (the "Commissioner"), brings this Verified Petition for Order of Rehabilitation (the "Verified Petition") before the Circuit Court for Dane County, the Hon. William D. Johnston, for hearing on March 8, 2007 at 1:30 p.m. in the Lafayette County Courthouse, 626 Main Street, Darlington, Wisconsin 53530. Written objections to the Verified Petition, the proposed Order of Rehabilitation, or the Rehabilitation Plan filed this same day, along with supporting documentation, shall be filed with the Court and served on the Commissioner, by his attorneys, William H. Levit, Jr. and James A. Friedman, Godfrey & Kahn, S.C., by no later than February 12, 2007. The Commissioner shall file and serve any responsive pleadings by no later than February 28, 2007.

VERIFIED PETITION

JORGE GOMEZ, Commissioner of Insurance of the State of Wisconsin (the "Commissioner"), hereby petitions the Court, pursuant to Wis. Stat. § 645.31, to enter the Order of Rehabilitation for Northwestern National Insurance Company of Milwaukee, Wisconsin

("NNIC") and to adopt the Rehabilitation Plan filed this same day. As grounds for this Petition, the Commissioner states as follows:

1. He is the duly appointed and confirmed Commissioner of Insurance of the State of Wisconsin and makes this Verified Petition as he is authorized to do pursuant to Wis. Stat. § 645.31.

2. NNIC is a Wisconsin domestic, stock, property and casualty insurance company. It was incorporated on February 20, 1869. NNIC wrote both direct insurance and reinsurance.

3. In 1986, NNIC began a run-off operation. By Order dated January 30, 1987 in Office of the Commissioner of Insurance ("OCI") Case No. 87-C3090, which Order was subsequently amended, then Wisconsin Commissioner of Insurance Thomas P. Fox ordered NNIC, among other things, to cease writing all new or renewal business. Since that time, except for mandatory writings, including guaranteed renewable accident and health insurance policies, assignments, and retroactive adjustments or endorsements to prior year policies, NNIC has written no new business.

4. By written consent dated April 28, 2004, the Board of Directors of NNIC adopted a series of resolutions, including a resolution granting OCI incontestable authority to place NNIC into rehabilitation pursuant to Wis. Stat. chapter 645, as determined by OCI at its sole and absolute discretion.

5. Pursuant to a Stipulation and Order dated May 13, 2004 in OCI Case No. 04-C29007, NNIC established an optional segregated account for purposes of satisfying its obligations to its direct policyholders and certain other obligations. All other obligations of NNIC are to be satisfied from NNIC's remaining funds (the "General Account").

6. The petitioner incorporates by reference and refers the Court to Section II of the Rehabilitation Plan, "BACKGROUND," for additional background information.

7. The grounds for rehabilitation are as follows:

(a) NNIC is or is about to become insolvent;

(b) NNIC does not satisfy the requirements that would be applicable if NNIC were seeking initial authorization to do an insurance business in this state;

(c) by a written consent dated April 28, 2004, NNIC's Board of Directors has granted OCI the authority at its sole discretion to place NNIC in rehabilitation; and

(d) the Commissioner believes that NNIC may be successfully rehabilitated without any substantial increase in the risk of loss to creditors of NNIC or to the public.

See Wis. Stat. § 645.31(1), (14).

8. The rehabilitation of NNIC, consistent with the Rehabilitation Plan, will maximize the recovery of, and be in the best interest of, creditors of NNIC.

9. NNIC can be successfully rehabilitated if the Court enters the Order of Rehabilitation and adopts the Rehabilitation Plan.

10. NNIC's ability to continue to conduct its remaining business shall not be adversely affected by a rehabilitation.

11. Pursuant to Wis. Stat. § 645.33(2), the Commissioner hereby seeks authorization from the Court to delegate to NNIC's officers, directors, managers, and employees the authority and right to operate NNIC during the pendency of the rehabilitation proceedings and to rescind such delegation at any time at his discretion or at the discretion of the Special Deputy Rehabilitator, and to permit NNIC, at the discretion of the Court, to retain title to and possession of all of its assets, books, records, and business generally.

12. The Commissioner shall, within 30 days of the filing of this Verified Petition, provide notice of the Verified Petition, the proposed Order of Rehabilitation, and the Rehabilitation Plan to all creditors of NNIC, current in-force policyholders and insureds of NNIC, claimants of NNIC, reinsureds of NNIC, individuals and entities against whom NNIC has or may have a claim, and all other interested parties (collectively, the "interested parties") as follows:

(a) If NNIC or the Commissioner has a mailing address for the interested party, by mailing via first class mail a copy of the Verified Petition, the proposed Order of Rehabilitation, and the Rehabilitation Plan; and,

(b) For all other interested parties, by publishing in newspapers likely to apprise the interested parties and by placing on OCI's web site the Verified Petition, with instructions for obtaining copies of the proposed Order of Rehabilitation and the Rehabilitation Plan.

WHEREFORE, Petitioner requests the Court to enter the accompanying Order of Rehabilitation and adopt the Rehabilitation Plan.

Dated at Madison, Wisconsin, this 18th day of October, 2006.

GODFREY & KAHN, S.C.
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By: 

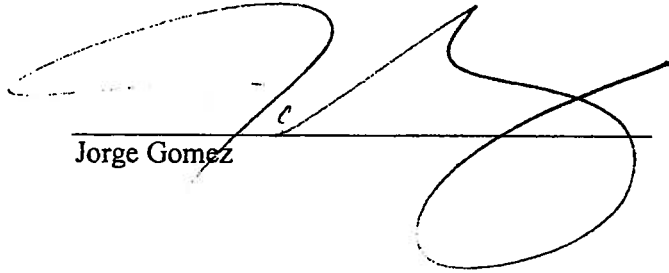
James A. Friedman
Attorneys for Petitioner Jorge Gomez,
Commissioner of Insurance of the State of
Wisconsin

VERIFICATION

STATE OF WISCONSIN)
) ss.
COUNTY OF DANE)

JORGE GOMEZ, being first duly sworn on oath, deposes and states as follows:

1. I am the Commissioner of Insurance of the State of Wisconsin and verify the foregoing Petition for Order for Rehabilitation ("Petition") on its behalf as I am authorized to do.
2. I have read the Petition and to the best of my knowledge, information and belief, it is true and correct.



Jorge Gomez

Subscribed and sworn to before me
this 10 day of October, 2006.



Notary Public, State of Wisconsin
My Commission: permanent