

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

Plaintiff, :

v. :

RELiance INSURANCE COMPANY, :

Defendant. :

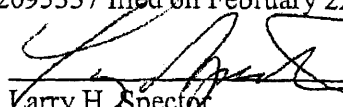
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COMMONWEALTH COURT
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**LIQUIDATOR'S WITHDRAWAL OF PETITION TO STAY ,
APPOINTMENT OF A REFEREE AND CONSENT TO APPOINTMENT
OF A REFEREE REGARDING PROOF OF CLAIM NUMBER 2095337
FILED BY FACTORY MUTUAL INSURANCE COMPANY**

For the reasons set forth in the attached Stipulation, M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Statutory Liquidator of Reliance Insurance Company (the "Liquidator") hereby

1. withdraws The Statutory Liquidator's Petition to Stay Appointment of a Referee In All Future Proceedings As To Proof Of Claim No. 2095337 filed February 7, 2005; and
2. consents to the entry of the proposed Order Appointing Referee submitted with the Petition of Factory Mutual Insurance Company Seeking Appointment Of Referee To Resolve Dispute Regarding Proof of Claim Number 2095337 filed on February 22, 2005.



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Attorney for the Liquidator

Dated March 11, 2005

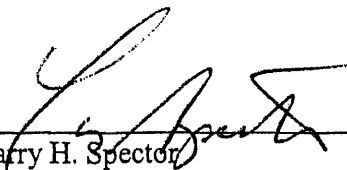
6. The parties have disputed whether it is appropriate for a referee to be appointed to resolve the issues arising from Factory Mutual's objection in light of the pending preference action. The Liquidator now believes, however, that the amount involved in the Proof of Claim does not warrant the further expenditure of the Estate's resources necessary to resolve that dispute under the unique circumstances of this claim.

7. The parties agree that a referee can be appointed to resolve the Factory Mutual objection. However, the parties agree that the only issues to be presented to the Referee will be: (1) whether Factory Mutual's claim for \$220,527.50 is entitled to class g or class b priority and (2) whether \$25,000 of that sum is entitled to different treatment because Factory Mutual contends that it represents the deductible paid by Reliance's insured, Coastal Transportation, to Reliance for payment to Factory Mutual as part of the underlying settlement prior to the appointment of the Liquidator. The Liquidator reserves the right to dispute any and all of Factory Mutual's contentions, including but not limited to, the right to dispute the Referee's jurisdiction to decide any argument by Factory Mutual that the \$25,000 is not an asset of the Estate.

8. During proceedings before the referee, Factory Mutual agrees not to seek any finding, recommendation, or other ruling concerning the extent to which, if any, or when, Factory Mutual is entitled to a distribution of any portion of claim 2095337, including the \$25,000, or to a set-off of that claim against the Liquidator's preference claim. Once the priority issue is determined, Factory Mutual and the Liquidator agree that Factory Mutual can petition the Court, subject to the Liquidator's right to oppose such petition, to determine the timing of any distribution on the claim or whether it can be used as a set-off against the Liquidator's preference claim in the event that the preference action is decided in favor of the Liquidator.

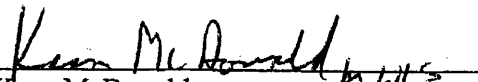
9. The Liquidator's agreement, reflected in this stipulation, applies exclusively to POC 2095337. The Liquidator enters into this stipulation under a full reservation of rights with

respect to the appropriate application of 40 P.S. §221.31 to other proof of claim matters where the Liquidator is seeking the recovery of a preference from the creditor for the benefit of the Reliance estate.



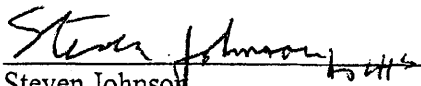
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DATED: March 11, 2005

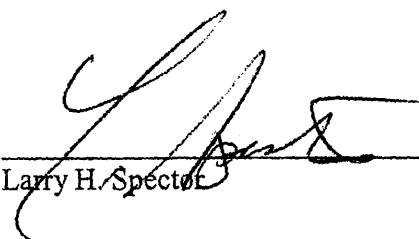
CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Liquidator's Withdrawal of Petition to Stay Appointment of a Referee and Consent to Appointment of a Referee Regarding Proof of Claim Number 2095337 Filed By Factory Mutual Insurance Company was served by telecopier and first class mail on January 28, 2005 on the following:

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