

Commonwealth of Pennsylvania
Office of Liquidations, Rehabilitations
& Special Funds



Statutory Liquidator
Of
Reliance Insurance Company

PLEASE READ THIS MATERIAL IN ITS ENTIRETY

**FAILURE TO FOLLOW THE INSTRUCTIONS HEREIN
MAY RESULT IN THE DENIAL OR SUBORDINATION OF YOUR CLAIM**

INFORMATION ABOUT FILING CLAIMS FOR THE POLICYHOLDERS, DEBTORS,
PRINCIPALS, OBLIGEEES, CLAIMANTS, CREDITORS AND ALL OTHER PERSONS
INTERESTED IN THE AFFAIRS OF RELIANCE INSURANCE COMPANY (IN LIQUIDATION)

THE CLAIMS BAR DATE IS March 31, 2016.

The Commonwealth Court of Pennsylvania ordered Reliance Insurance Company (Reliance) into liquidation on October 3, 2001. The Insurance Commissioner for the Commonwealth of Pennsylvania, was appointed as the Statutory Liquidator and was ordered to take possession of Reliance property and to liquidate its business.

All references to “Reliance” herein shall include the following companies which were previously merged into Reliance Insurance Company with approval of the Commissioner: Reliance National Indemnity Company, Reliance National Insurance Company, United Pacific Insurance Company, Reliance Direct Company, Reliance Surety Company, Reliance Universal Insurance Company, United Pacific Insurance Company of New York, and Reliance Insurance Company of Illinois.

This information is important.

It is recommended that you read it carefully before contacting the Liquidator’s Office with questions.

You may also want to consult your attorney or insurance advisors before you proceed.

If you have and want to pursue a claim against Reliance:

- You must file a Proof of Claim (POC) form **NO LATER THAN 11:59 PM EST** on March 30, 2016 in order to have your claim considered. Any POCs received on or after March 31, 2016, are barred.
- Reporting a claim to Reliance is not the same thing as submitting a POC Form. You must file a POC before the Claims Bar Date **EVEN IF** you have previously reported a claim or claims to Reliance, and **EVEN IF** you have been providing updates and information with regard to that claim or claims.
- You must provide an explanation establishing that you had good cause to file your POC after the initial claim filing deadline of December 31, 2003 established by the Commonwealth Court. Because that deadline has already passed, to be considered timely filed, any POC filed now will be considered a late-filed POC pursuant to 40 P.S. §221.37, unless a good cause explanation is provided and accepted.
- POCs filed **ON** or **AFTER** the March 31, 2016 Claims Bar Date will **NOT** be considered **EVEN IF** a good cause explanation is provided.
- Your POC should identify a specific, existing claim involving identified and existing persons/entities with identified and existing injuries or damage, not a potential claim or types of potential claims that might occur in the future on or after the March 31, 2016 Claims Bar Date. You should file a separate POC for each such specific claim. If you require additional POC forms, you may download them at the Reliance website: www.reliancedocuments.com. If you have previously filed a POC for possible claims under your policy but which did not identify a specific existing claim, you must file a new POC for any specific existing claim.

- You do not need to submit a duplicate or another POC as long as the POC you filed identified a specific, existing claim involving identified and existing persons with identified and existing injuries or damage. Duplicate POCs will not be considered and will be returned.

POCs for claims under insurance policies can be filed by an insured under the policy or by a third party claimant. You are a third party claimant if you have a claim against a Reliance insured which may be covered by the insured's insurance policy. If you are a third party claimant, you may either file a POC with the Statutory Liquidator or pursue legal action directly against the insured to recover on your claim from the insured in a separate action outside of the Reliance liquidation. The Liquidator can offer no legal advice on whether your claim is viable, such as whether the applicable statute of limitations has expired. If you file a POC with the Liquidator, filing of the POC shall operate as a release of the insured's liability to you on any such separate cause of action, in the amount of applicable policy limits. If coverage of the claim is avoided by the Liquidator, this release becomes null and void.

Certain claims may be covered by guaranty associations (GAs) in the state of residence of the third party claimant or in the state of the insured's residence. GAs were created by state law to provide protection to insureds in the case of a liquidation. The various state laws governing the GAs include eligibility requirements and limits on the amount of coverage available. Insureds or third party claimants who are covered by a Reliance policy may be entitled to the protection of the property and casualty insurance GA, the workers' compensation GA, or the life and health GA in the state where they reside or in the state in which the insured property is situated. Some state GAs have a statutory provision that prohibits payment of claims submitted to a GA after a GA claim filing deadline, which may be earlier than any date set by the Commonwealth Court.

It is important to note that although Reliance is insolvent, it has significant assets and therefore funds will be available to distribute to certain claimants in accordance with priorities set by law. Commonwealth Court has already approved interim distributions to claimants with approved claims, but it may be several years before all assets are collected and all claims are evaluated in order to make a final distribution. In order to participate in any distribution **YOU MUST FILE OR HAVE ALREADY FILED A POC BEFORE THE MARCH 31, 2016 CLAIMS BAR DATE.**

CHANGE OF ADDRESS NOTIFICATION

YOU ARE REQUIRED BY 40 P.S. 221.24(b) TO NOTIFY THE STATUTORY LIQUIDATOR OF YOUR CHANGE OF ADDRESS. IF YOU FAIL TO DO SO YOU MAY JEOPARDIZE YOUR RECOVERY

Included with this Notice are answers to frequently asked questions regarding the liquidation process and the filings of claims. Please review this material carefully. This notice and the information contained herein are in summary form and may not contain all necessary information for your particular situation. You are urged to consult an attorney if you have any questions. All claims are subject to payment only in accordance with applicable law.

General questions about the liquidation procedure should be addressed to the Statutory Liquidator at:

Statutory Liquidator of Reliance Insurance Company
P.O. Box 13527
Philadelphia, PA 19101-3527
(215) 864-4000 (phone)
(215)-864-4010 (fax)
Liquidator@relianceinsurance.com (email)

Information about the Liquidation of Reliance Insurance Company and Filing a Claim

The Commonwealth Court of Pennsylvania declared Reliance Insurance Company (Reliance) to be insolvent and ordered the company into liquidation effective October 3, 2001. Below are answers to frequently asked questions about submitting claims and the liquidation procedure.

The Office of Liquidations, Rehabilitations and Special Funds of the Pennsylvania Insurance Department was assigned the responsibility of liquidating Reliance, and all questions concerning the liquidation of Reliance should be directed to the Statutory Liquidator for Reliance at P. O. Box 13527, Philadelphia, PA 19101-3527, telephone (215) 864-4000, fax (215) 864-4010; Liquidator@relianceinsurance.com (email).

1. What happens when a company becomes insolvent and is liquidated? Liquidation is similar to bankruptcy. When a company is liquidated, the Insurance Department's Office of Liquidations, Rehabilitations and Special Funds gathers the company's assets and determines what liabilities, such as bills and claim payments, it has. The liquidation process is very complex and is expected to take several more years.

2. You say Reliance was ordered liquidated. Does this mean my policy is worthless? No. Although Reliance has been placed into liquidation, the GA in the state where you reside or where the property is situated may be obligated to provide coverage under insurance policies issued by Reliance subject to certain limitations. Any claim or portion thereof which is not covered by a GA becomes a claim against the Reliance estate, and the amount deemed to be an allowed claim will be paid to the extent funds are available, on an equal basis with all other claims in the same category. The Liquidator has collected significant assets for distribution and the Commonwealth Court has already approved interim distributions to claimants with approved claims. Although the final distribution amount is unknown, it is expected that there will be insufficient funds to pay 100% of claims by policyholders and third party claimants.

3. Was my policy canceled because of the liquidation? A paid Reliance policy terminated at its normal expiration, upon replacement, or November 2, 2001 (30 days from the date of liquidation), whichever was sooner.

4. I believe I have a claim against Reliance but I am not a policyholder or a third party claimant under a Reliance policy. How do I make a claim? Claims filed against Reliance by general creditors, stockholders, trade creditors, governmental agencies, reinsurers, cedants, agents, employees, former officers and directors and other persons interested in the affairs of Reliance are handled by the Statutory Liquidator. To file a claim for monies owed to you by Reliance, you must file a POC with the Statutory Liquidator as explained above. If you fail to file a POC form BEFORE the March 31, 2016 Claims Bar Date, your claim will not be considered.

5. What is the deadline for filing a new claim? Commonwealth Court has set a Claims Bar Date of March 31, 2016. That means that you must file a POC **BY 11:59 PM EST** on March 30, 2016 or your claim will be barred. The only exception to that deadline is if your claim accrued within 30 days PRIOR to the Claims Bar Date in which case you must file a POC for that new claim within 30 days of when your claim or cause of action accrued.

6. What is the difference between the claim filing deadline of December 31, 2003 and the Claims Bar Date of March 31, 2016? The claim filing deadline of December 31, 2003, was the initial deadline imposed by the Statutory Liquidator and the Commonwealth Court for filing POCs against Reliance. However, any POCs filed after the claim filing deadline of December 31, 2003 (but BEFORE the Claims Bar Date) could still be considered timely filed if you establish that there was "good cause" for

filing your POC after December 31, 2003 pursuant to 40 P.S. §221.37. If good cause is established, the claimant could still receive a distribution from the Reliance assets. NO claims will be considered timely filed if submitted **ON or AFTER** the Claims Bar Date, regardless of whether good cause exists for the late filing and no claimant who submits a POC after the Claims Bar Date will receive a distribution from the Reliance assets. The Claims Bar Date prohibits the filing of any additional POCs so that the Liquidator can take steps to determine the final claims liability in order to make a final distribution.

7. When is a POC considered filed? That information is set forth in PA Rule of Appellate Procedure 3871(a)(3) which you can find on the reliancedocuments.com website under Selected PA Rules Governing Insurance Liquidations. If necessary, you can recite the rule.

Pa. R.A.P. 3871(a)(3): A POC is deemed to be filed when received by the Liquidator subject to the following exceptions:

The liquidator is deemed to have received the proof of claim form on the date of mailing as established by a United Postal Service Form 3817 Certificate of Mailing or by any similar form from which the date of deposit in the mail can be verified or the date of transmission by facsimile (fax) or electronic mail (e-mail), as documented by the sender's fax or computer.

If the POC is transmitted by fax, the claimant shall also comply with the requirements of Pa. R.C.P. No. 440(d)(2), relating to a fax cover sheet as follows:

The copy served shall begin with a facsimile cover sheet containing

- (i) the name, firm, address, telephone number, of both the party making service and the party served,
- (ii) the facsimile telephone number of the party making service and the facsimile telephone number to which the copy was transmitted,
- (iii) the title of the legal paper served and
- (iv) the number of pages transmitted.

The mailing address, email address and fax number are on page 2 of the POC form.

8. Why do I have to provide a good cause explanation for filing a POC if it is filed before the Claims Bar Date? By statute, any POC filed after the claim filing deadline of December 31, 2003 is considered to be filed late unless a good cause explanation is provided and accepted by the Liquidator – even if the POC is filed before the Claims Bar Date. The fact that Commonwealth Court has established a Claims Bar Date does not affect the requirement that a good cause explanation must be provided for any POC filed after December 31, 2003.

9. What is a good cause explanation? Samples of good cause explanations are provided in the statute, 40 P.S. §221.37, such as:

- (1) the existence of a claim was not known to the claimant and the claimant filed his/her claim as promptly as reasonably possible after learning of the existence of the claim; and
- (2) the claim was contingent and became absolute, and was filed as soon as reasonably possible after it become absolute.

10. I already filed a POC, do I need to submit another one? NO, duplicate POCs should not be filed and will not be considered. However, if the POC you previously filed does not make a claim for a specific, existing claim involving identified and existing persons/entities with identified and existing injuries or damage, then you must file a new POC identifying a specific claim.

11. I received a Notice of Determination (NOD) and a partial distribution. Will the Claims Bar Date affect that claim? No. You will continue to receive future distributions as they are approved by the Commonwealth Court.

12. I filed an objection to my NOD and the dispute is before a referee or the court. How will the Claims Bar Date affect this claim or the dispute? The Claims Bar Date will not affect any dispute pending before a referee or before Commonwealth Court.

13. I received a NOD that said the GA would be paying my worker's compensation claims and they have been paying. How will the Claims Bar Date affect future GA payments on my worker's compensation claim? Generally, the Claims Bar Date should not affect future GA payments on a worker's compensation claim that a GA has accepted. However, you should check with the GA to make sure.