

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

JOEL S. ARIO,  
Insurance Commissioner of the  
Commonwealth of Pennsylvania,  
in his official capacity as Liquidator  
of Reliance Insurance Company,

Plaintiff,

v.

RELiance INSURANCE COMPANY,

Defendant.

No. 269 M.D. 2001

2008 SEP 29 P 2:33

RECEIVED AND FILED  
OFFICE OF THE CLERK  
OF THE COMMONWEALTH COURT  
OF PENNSYLVANIA

**QUARTERLY REPORT OF THE LIQUIDATOR  
ON THE STATUS OF THE LIQUIDATION OF  
RELiance INSURANCE COMPANY AS OF JUNE 30, 2008**

**I. INTRODUCTION**

Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator (“Liquidator”) of Reliance Insurance Company (“Reliance or Estate”), through his undersigned counsel, hereby submits this report on the status of the liquidation of Reliance, incorporating financial results and claims information through June 30, 2008 (“Report”).

**II. REPORT**

**A. Financial Statements**

**1. Special Purpose Statement of Assets and Liabilities**

Reliance has prepared and attached as Exhibit A, a Special Purpose Statement of Assets and Liabilities showing the financial position of Reliance at June 30, 2008 and December 31,

2007 (“Statement”). The amounts set forth on this Statement for losses and loss adjustment expense liabilities, reinsurance recoverables and several other categories for June 30, 2008 are based upon independent actuarial estimates, utilizing data as of December 31, 2005. These estimates utilized Guaranty Association (“GA”) claim data, Proof of Claim (“POC”) and Notice of Determination (“NOD”) data, pre-liquidation historical data and industry data. Actual liability figures will not be known for several years because, among other things, many of the claims will not develop for some time or are contingent claims dependent on a resolution of underlying litigation which may not be resolved for several years. An independent actuarial firm prepared the analysis of losses and allocated loss adjustment expense (“ALAE”) reserves on direct business and reviewed the analysis of losses and ALAE reserves on assumed business which was prepared by Reliance actuaries (see paragraph II.A.9). Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used and the variability resulting from the effect of the liquidation process, the actual emergence of losses may be significantly different than the estimate of losses and ALAE reserves included in the Statement.

The reinsurance receivables and reinsurance recoverables shown on the Statement may also change significantly over time because, among other things, 1) the amount of reinsurance recoverable will not be known until all valid POCs have been evaluated and allowed amounts determined and 2) reinsurance collection will be affected by valid offsets, disputes and uncollectible amounts due to the financial condition of reinsurers.

Thus, the Statement does not fully reflect the effects of the liquidation upon many assets and liabilities and also does not include an estimate of the liquidation expenses that will be incurred by Reliance and the GAs in administering the Estate over time. Reliance liquidation expenses are class (a) first priority payments under the Insurance Department Act of 1921, 40

P.S. §221.1 et seq. (“Act”), as are certain GA expenses, to the extent permitted by the Act. Both Liquidator and GA expenses will be significant and will be paid before distributions for claims under policies for losses, class (b) priority, and other lower classes of creditors. Consequently, the ultimate distribution to creditors is unknown at this time. For this reason, third parties should not rely on the financial information contained herein as providing any certainty or any clear indication as to the ultimate distribution that will be made from Reliance. The notes to the Special Purpose Statements, attached as Exhibit D, describe the limitations of the Statements and should be included in any review of Reliance’s financial information.

As of June 30, 2008, the Statement shows estimated total assets were \$5.5 billion, with the most significant balance, \$2.0 billion, relating to reinsurance receivables and future reinsurance recoverables. Early access advances to GAs total \$1.7 billion (see paragraph C.2). Total invested assets were \$1.7 billion.

Total estimated liabilities at June 30, 2008 were \$9.2 billion. The most significant balance of \$4.9 billion is estimated for losses and ALAE to be processed on business classified by Reliance as direct insurance business, virtually all related to class (b) POCs. The \$4.9 billion is comprised of estimated reserves for POCs where a NOD has not yet been issued and estimated amounts for future claims to be paid by GAs. Court approved NODs for class (b) creditors total \$510.1 million offset by the first interim distribution approved by the Court which now totals \$59.7 million. Losses and ALAE paid by the GAs on business classified by Reliance as direct insurance business were \$2.5 billion. Also included in total liabilities is \$1.2 billion relating to losses and ALAE on assumed reinsurance business, which are class (e) general creditor claims under 40 P.S. §221.44, unless valid offset rights exist.

Attached to this report as Exhibit B is a Special Purpose Statement of Changes in Policyholders' Surplus for the six months ended June 30, 2008 and for the period from October 3, 2001 to June 30, 2008. The estimated net deficit at June 30, 2008 was \$3.6 billion, up from \$2.7 billion at the date of liquidation, but is subject to change as noted above.

**2. Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments**

Attached to this report as Exhibit C is a Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments ("Cash Flow Statement") for the period from January 1, 2008 through June 30, 2008. Short and intermediate duration investments available at the beginning of the period were \$1.3 billion, increasing to \$1.5 billion at the end of the period.

Reinsurance collections were the primary source of cash receipts totaling \$297.7 million. Other sources of receipts included premium collections, claim recoveries and investment income. For further explanation of reinsurance collections, see paragraph A.8. Total cash receipts were \$353.7 million.

The largest disbursement were the checks cashed relating to the first interim distribution to class (b) creditors of \$54.2 million (see paragraph D.3.). Other cash disbursements consisted of losses and ALAE of \$1.7 million and operating expenses of \$44.4 million. Additional detail is provided for operating expenses in paragraph B.2. Total cash disbursements were \$100.3 million. The decrease in market value of short and intermediate duration investments managed by investment managers, which is considered a non-cash item, was \$50.9 million. Overall, short and intermediate duration investments increased for the six months ended June 30, 2008 by \$202.5 million.

### **3. Short and Intermediate Duration Investments**

Due to strong positive cash flows since the beginning of the liquidation, primarily reinsurance collections and asset sales, Reliance increased its liquid investment portfolio to \$1.5 billion as of June 30, 2008. Excess cash flows over and above the immediate operating needs of the Estate are transferred to investment managers and invested in short and intermediate duration bond portfolios and an equity index fund. An Investment Committee oversees the investment operations at Reliance under approved investment guidelines. The Committee utilizes investment advisors, money managers, valuation consultants and other professionals in its oversight duties. Specific securities held in the portfolio are regularly traded as the managers actively manage the portfolio in accordance with the guidelines.

### **4. Investments Held in Segregated Accounts**

At June 30, 2008, Reliance held \$8.2 million in trust for specific obligations to secured creditors relating primarily to losses on assumed reinsurance business. In addition, Reliance held \$20.2 million representing collections under large deductible policies, which are not Estate assets and will be administered and paid to GAs and other claimants in accordance with 40 P.S. §221.23a.

At June 30, 2008 Reliance held \$12.8 million solely for the benefit of uncovered claimants (claimants whose class (b) losses are not covered by GAs). This balance consists of funds received from the settlement of the large deductible reimbursement dispute with the GAs, plus accrued interest.

### **5. Real Estate**

Disposition of the last remaining holding, 3 acres in Loudoun County, VA, is awaiting final signoff from various parties and negotiation with the selected purchaser. Failing that, a

condemnation by the County may take place and fair value will be received through that process. If the condemnation does not occur, disposition of the property may be delayed into 2009.

**6. Affiliates and Subsidiaries / Non-Liquid Investments**

Reliance continues to monitor all remaining assets in this category to determine the best strategy and timing for maximizing value. Included in these assets are the Reliance Canadian Branch; RCGIT, the indirect information technology subsidiary of Reliance; residual equity from liquidation of the former Reliance Singapore and UK subsidiaries; and various other illiquid securities, including the investment in Onyx (a private real estate company) whose underlying properties may provide some value in the future.

**7. Premium Balances**

As of June 30, 2008, Reliance estimates current and future premium receivables of \$81.4 million which includes billed receivables and an estimate of \$48.6 million for future billings under retrospectively rated policies, where future premium billings will be based on paid losses. Premiums on retrospective policies will be billed and collected on an ongoing basis. Reliance is aggressively pursuing receivable amounts due the Estate and legal proceedings have been initiated where appropriate.

**8. Reinsurance**

**a. Reinsurance Billings and Collections**

As of June 30, 2008, reinsurance receivables and future reinsurance recoverables were \$2 billion after deductions for estimated future uncollectible amounts and offsets. At June 30, 2008 Reliance held approximately \$482.4 million in collateral as security for this exposure. Reinsurance collections for the first six months of 2008 totaled \$297.7 million with total collections of \$2.6 billion since the date of liquidation. These totals are inclusive of receipts on

ordinary ceded loss billings, dispute settlements, commutations, releases of funds from reinsurance trusts and distributions from insolvent reinsurers.

The inventory of billed reinsurance receivables is \$227 million as of June 30, 2008, consisting primarily of post-liquidation balances. Nearly all of the pre-liquidation balances of \$59 million are either in dispute, claimed by reinsurers as offsets, or are due from insolvent or financially distressed companies. Included as Exhibit E is a listing of balances due from reinsurers at June 30, 2008.

On a monthly basis, Reliance receives GA data feeds reflecting paid and outstanding claim information. This GA data plus the NODs issued by the Liquidator have generated approximately \$1.78 billion of post-liquidation reinsurance billings, of which approximately \$168 million were unpaid at June 30, 2008. The post-liquidation amount readily available to collect is estimated at \$58 million. The remaining balances of \$110 million are either disputed by reinsurers, due from financially distressed companies or claimed by reinsurers as offsets.

Reliance deals with many reinsurers who have significant offset balances due to assumed reinsurance business written by Reliance. The research and reconciliation analysis required for the offset process will continue for several years as claims from assumed business mature and are reported to the Estate.

**b. Reinsurance Collection Issues**

Reinsurance is the largest asset of Reliance and the structure, procedures and controls within the Reinsurance Department and throughout Reliance operations have been analyzed and redesigned to maximize collections in a liquidation environment. Reliance has dedicated staff, many of whom have extensive reinsurance experience, coordinating with reinsurers to provide appropriate claims documentation, respond to inquiries, resolve disputes and verify proper

offsets. Reliance also continues to seek additional cooperation and support from insureds, claimants and the GAs in providing timely, complete and accurate claims documentation and data to support reinsurance billings. Reliance has completed 27 reinsurance reviewed at various GAs during 2008.

Notwithstanding these efforts, reinsurance collections are a difficult and lengthy process in liquidation. In almost all cases, time frames for responses and payments from reinsurers have lengthened considerably. While there are some reinsurers who have dealt with Reliance in a professional, responsive manner, many do not fall into this category. Many reinsurers now require much more documentation (significantly more than prior to liquidation and often more than is contractually required) and then respond with many questions in a series of inquiries before even stating their payment position on the billings. Numerous requests for reinsurer audits have been accommodated and these requests will continue in the future. Some of the audits are used by the reinsurers to inflate perceived or minor discrepancies, which provide reinsurers with a contrived basis for delay, forced compromise, commutation settlement or for trying to avoid liability altogether. Formal and informal dispute resolution actions continue against several reinsurers with substantial overdue balances. At June 30, 2008 Reliance had legal actions pending against Canada Life (as successor to Crown Life), Continental Casualty, Monumental Life, Republic Western, Unum Life, U.S. Life and Zurich Specialties Ltd. as well as three legal actions pending against Underwriters at Lloyds. In addition, Reliance expects to commence additional legal actions against recalcitrant reinsurers as necessary to enforce its rights.

Collections in this environment result from constant, intensive day-to-day “blocking and tackling” by the Reinsurance Department, assisted by the Claims Department and other Reliance



staff at all levels. Liquidator and Reliance staffs have decades of experience in reinsurance collections, specifically including collections in a run-off or liquidation environment. In addition, they are intimately familiar with the several thousand complex treaties and facultative placements covering the wide variety of Reliance products marketed over the last 20 years. Reliance is in constant contact with its major reinsurers and will continue its aggressive collection efforts.

Reliance will also use commutations as an alternative in dealing with reinsurers. In a commutation, Reliance would receive a lump sum payment today from its reinsurer representing an estimate of all known and future unknown losses. During 2007, Reliance targeted a select group of companies, where significant data was available on known loss exposures, for commutation. During 2008 and beyond, as more claims information is reported by claimants, the commutation program will be expanded. Where applicable, commutations will be submitted for approval consistent with the asset guidelines previously communicated by the Court.

Reinsurer financial strength remains a problem for the insurance industry in general, and will continue to be a major concern for the duration of the liquidation proceedings. Reliance has dedicated resources to monitor the financial condition of its significant reinsurers and where possible will attempt to settle its overall exposure with distressed companies through commutation. In these distressed commutation situations, it is likely that Reliance will accept substantial discounts for its recoverables. Similar to many ongoing insurance entities, Reliance will experience significant write-offs for uncollectible reinsurance and disputes. Thus, an appropriate bad debt reserve has been established.

## **9. Independent Actuarial Review**

In late 2006, PricewaterhouseCoopers LLP (“PwC”) completed a post-liquidation independent actuarial review of estimated losses and ALAE exposures, both known and unknown, as well as reinsurance recoverables. Estimates were based on information as of December 31, 2005, including GA claim data, POC and NOD data, pre-liquidation historical data and industry data modified for current trends as well as prevailing economic, legal and social conditions. The financial results of the PwC selected best estimate, were first recorded in the September 30, 2006 financial statements and the current financial statements continue to reflect this estimate. Reliance has engaged PwC to prepare an updated actuarial review based on September 30, 2008 data. When that study is completed, the new selected best estimate will be reflected in the next quarterly financial statement prepared in 2009.

### **B. Expenses**

#### **1. Losses and Allocated Loss Adjustment Expenses**

Losses and ALAE shown on the Cash Flow Statement, Exhibit C, represent amounts incurred by the Estate for handling certain creditor claims, POCs, NODs and the related objection process.

#### **2. Operating Expenses**

The operating expenses of Reliance relate to efforts by the Liquidator to marshal and maximize the assets of the Estate for the benefit of all Reliance policyholders and claimants, as well as to review and determine the ultimate liabilities of the Estate, to fulfill the public policies and purposes of the Act and the liquidation process, and to investigate and hold accountable those third parties responsible for the insolvency of Reliance.

Attached as Exhibit F is an Operating Expense Analysis which indicates the total dollar amount for each expense category for the six months ended June 30, 2008 and compares actual performance to budgeted amounts and prior year's actual expenses. As detailed in the Operating Expense Analysis and supporting schedules, the administrative expenses of Reliance for the six months ended June 30, 2008 totaled \$40.0 million, compared to a budget of \$42.5 million and actual expenses in 2007 of \$42.7 million. Additional operating expenses were incurred during the period by the GAs with expense reimbursements of \$4.4 million compared to a budget of \$4.5 million and actual expenses in 2007 of \$1.5 million. Brief explanations regarding certain aspects of the expenses are provided below, by category.

**a. Salaries, Employee Benefits and Taxes**

At June 30, 2008, Reliance had a total of 246 employees in both the Philadelphia and New York City offices. Since January of 2008, staff count has declined by 25 employees. Reliance also uses consultants to support the operations, especially in the Information Technology ("IT") area. At June 30, 2008, there were 42 consultants of which 31 were related to the IT business application systems.

**b. IT Outsourcing Expenses**

Acxiom, a third party provider, maintains the IT technical infrastructure necessary to execute Reliance's business application systems. The Acxiom outsourcing arrangement covers data center and network equipment, software and services, plus support services for help desk, desktops, on-site servers, and operational and disaster recovery. RCG IT, which is a wholly owned subsidiary of Reliance, continues to provide production support, maintenance, security and development services for Reliance's business application systems.

**c. Legal Fees and Expenses**

Attached as Exhibit G is a schedule containing the legal expense detail by firm for the first six months of 2008. In addition to law firms, the schedule includes consultants, document management firms, and other litigation and legal support service providers. The legal expenses of the Reliance Estate can be divided into three general categories of legal matters: (1) Estate administration; (2) general asset recovery; and (3) third party actions against parties liable for injuring Reliance, its policyholders, creditors and the public generally. Categories 1 and 2 are discussed below; category 3 is discussed in paragraph F. Budget variances are due to the variable nature and timing of the legal process in various aspects of the Estate operations.

**Estate Administration:** In the course of administering the Estate, Reliance continues to address and resolve several complex and multifaceted legal issues and challenges arising both from ordinary operations and from the complex Reliance products and business structures. These issues often implicate the laws of many jurisdictions, including state, federal and foreign, and involve such things as (1) stays of litigation; (2) various claim issues; (3) issues arising with the GAs; (4) reinsurance commutations and cut-through requests; (5) draw downs of collateral; (6) premium and reinsurance set-off issues; and (7) the negotiation and execution of various asset transactions.

**General Asset Recovery:** Reliance has also undertaken numerous plaintiff actions to recover assets owed to the Estate, including recovery of reinsurance. Some of these actions seek recovery of deductible amounts that benefit the GAs. As of June 30, 2008, the actions pending include both litigation and arbitrations for (1) approximately \$13.3 million sought from agencies, third party administrators, brokers or program managers; (2) approximately \$7.3 million sought in bankruptcy proceedings from financially distressed insureds; (3) approximately \$9.9 million

sought in subrogation matters; (4) approximately \$9.3 million sought in premium and large deductible collections; (5) approximately \$55.6 million sought in reinsurance recoveries; and (6) approximately \$2 million sought in other litigation. In the second quarter of 2008, Reliance recovered approximately \$5.5 million through legal actions. Since January 2003 through the second quarter of 2008, Reliance has recovered in excess of \$287 million through legal actions, a portion of which benefits the GAs.

**d. Professional Services Expenses**

Attached as Exhibit H is a schedule containing the professional service expense detail by vendor name for the first six months of 2008. The individual professionals and firms listed in the schedule include, among other things, investment managers, London market broker services, imaging services, auditing services, actuarial services, and permanent and temporary staffing services which provide resources for the IT, claims, reinsurance and accounting departments as needed. The professional service expense schedule also contains entries for professional services provided to Reliance by the Pennsylvania Insurance Department, either directly by the professional staff of the Office of Liquidations, Rehabilitations and Special Funds, or through specialized consultants hired to assist the Liquidator in administering the liquidation of Reliance.

**e. Rent**

Rent is primarily attributable to office space in New York and Philadelphia. Reliance reconfigures workspace wherever possible in order to reduce costs by consolidating space requirements. Workspace changes completed in the first quarter of 2008 will result in more than \$1 million of rent expense savings over the remaining life of the leases.

**f. Guaranty Association Expenses**

The Operating Expense Analysis, Exhibit F, lists as administrative expenses of the Estate certain expenses of GAs incurred in handling claims of Reliance policyholders and claimants, pursuant to 40 P.S. §221.44(a). Reliance receives regular quarterly reports from most GAs and their class (a) administrative expenses are reimbursed on an ongoing basis. The total GA administrative expenses paid by Reliance from inception of the liquidation through June 30, 2008, is \$194.9 million with another \$33.5 million currently awaiting review and reimbursement. Attached as Exhibit I is a schedule showing the administrative expenses reported to Reliance by GAs as of June 30, 2008. Reliance conducts periodic desk and on-site reviews of GA administrative expenses and makes appropriate adjustments. With respect to inaccurate administrative expense data, overpayments, reductions, reclassifications or adjustments, both the Liquidator and the GAs have reserved their respective rights to seek appropriate relief, if and as needed. As Reliance ultimately evaluates these expenses, the vast majority will be allowable as class (a) claims. However, there will likely be certain disagreements between the Liquidator and the GAs that will be addressed and resolved by the Court.

**C. National Conference of Insurance Guaranty Funds (“NCIGF”)**

The GAs are an essential part of the liquidation safety net, providing significant coverage to certain policyholders and paying covered claims as defined and required by their respective statutes. The liquidation of Reliance, as the largest U.S. property and casualty liquidation, has been challenging for all involved, including GAs. From the start of the liquidation, Reliance met regularly with a task force and various working groups organized through the NCIGF, whose members include almost all of the state property and casualty insurance GAs in the United States. The meetings have focused on continuing operational issues such as large deductible

reimbursements; claim handling procedures; communication protocols; GA data reporting and UDS protocol; the priority, classification and reporting of administrative expenses and related reviews; and Reliance product and policy information. Another area of continuous discussion is the necessity for coordination of reinsurance reviews and loss reporting to maximize reinsurance collections. The NCIGF, most GAs, and Reliance have established a close working relationship and will continue to address the extensive and complex issues involved in the Reliance Estate in a professional, mutually cooperative and beneficial manner.

**1. Status of Uniform Data Standards (“UDS”)**

A dedicated department within Reliance was established early in the liquidation to coordinate with the various GAs and their vendors in managing the data reporting process and reviewing exception items. There are now 56 GAs reporting monthly paid and outstanding loss information, through a UDS automated interface, which are subsequently processed in Reliance operating systems to update records and generate the related reinsurance billings. Two small GAs are reporting on a manual basis to the Estate. Over 99% of GA payments and reserves have been matched to Reliance systems.

**2. Early Access**

At June 30, 2008 early access advances to GAs include early access post-liquidation cash payments (\$1.275 billion); the transfer of pre-liquidation statutory deposits (approximately \$421 million); and payments made by Reliance on behalf of certain GAs shortly after October 3, 2001 (approximately \$25 million); totaling \$1.7 billion.

**3. Large Deductible Policies**

Pursuant to large deductible agreements with certain insureds executed prior to liquidation, those insureds either made arrangements for Reliance to process their claims within

the deductible while the insured funded the claims payments, or in some cases, Reliance paid all claims and subsequently billed and collected the deductible amounts from the insureds. In either event, most insureds with large deductible policies were required to provide collateral to Reliance to secure their obligations to pay or to reimburse Reliance for claims paid by Reliance within the deductible.

The provisions of 40 P.S. §221.23a, adopted in 2004, conferred the benefit of the large deductible reimbursements solely on the GAs and created numerous additional duties and responsibilities for a liquidator in the handling of insured collateral and collection of deductibles. The GAs are coordinating with Reliance to ensure a cooperative implementation of 40 P.S. §221.23a. On a gross basis, over \$86 million of deductible collections have been distributed to the GAs.

**D. Claims Process**

The deadline for filing POCs was December 31, 2003. As of June 30, 2008, Reliance has received a total of 159,509 POCs. Of these 159,509 POCs, 10,270 were received after the claim filing deadline, including 213 new POCs received in the last quarter. Notwithstanding the claim filing deadline, Reliance continues to receive new POCs and many of these POCs may be considered timely filed if the claimant can show good cause for the late filing.

**1. Status of POCs**

As of June 30, 2008, Reliance has issued NODs for 139,525 of the 159,509 POCs for a total allowed amount of \$627,154,242. Reliance has now issued NODs for more than 87% of the POCs filed with the Estate. This Court has approved 103,744 of those NODs, as of June 30, 2008, for a total allowed amount of \$557,381,844. Exhibit J breaks down this information by priority class and Exhibit K provides the same information for only the second quarter of 2008.



Although Reliance has addressed a significant portion of the pending POCs, it is expected that new POCs will continue to be filed as claims, previously unknown or contingent, continue to develop.

Exhibit L indicates the status of all 159,509 POCs received as of June 30, 2008. Of the 19,984 POCs remaining to be evaluated, 5,326 relate to claims currently being handled by the GAs and these POCs will be addressed by Reliance once the GAs close their claim files and return them to Reliance; GAs are currently handling approximately 12,700 claims.

Approximately 7,811 of the 19,984 POCs are either 1) POCs where the claimant has identified a specific claim but the underlying claim has not yet been resolved (“contingent claim”) or proper documentation has not been provided to Reliance or 2) POCs where the claimant has notified Reliance that there may be a claim in the future, but has not yet identified any particular claim.<sup>1</sup> It is expected that additional claims will develop under the POCs filed without identification of any particular claim. Approximately 6,223 POCs are in various stages of review and evaluation and therefore, in one or more aspects, awaiting information. As part of that process, Reliance requests additional information from the claimant, or other sources, as necessary. When complete information is provided quickly, the POC will move to the next category of ready to evaluate. As of June 30, 2008, there were 1,624 POCs ready to evaluate and for which NODs will be issued within 180 days. The movement of POCs through the various categories is a continuous process when adequate information is provided by claimants.

---

<sup>1</sup> Reliance wrote a variety of long tail lines of business, including: (1) workers compensation; (2) medical malpractice; (3) construction defect; (4) errors & omissions; (5) directors & officers liability; (6) environmental (asbestos and pollution); and (7) professional liability. For reasons unrelated to the Reliance receivership, but based rather on the nature of the insurance coverage written by Reliance and the claims under those policies, it will be many years before some of these long tail claims will be resolved so that they can proceed through the review and evaluation process.

## **2. Obtaining Claims Information from Claimants**

As described above, there are many claimants who filed their claims on or before the claim filing deadline but have not provided the supporting information required by the Act. On May 1, 2007, this Court issued an Order (“Claims Information Order”) requiring claimants to submit complete information about their claims within certain time frames and to respond to requests from the Liquidator for additional information in a timely manner. On November 19, 2007, this Court issued a supplemental Order (“Supplemental Claims Information Order” and together with the Claims Information Order, “Claims Information Orders”) mandating that the claims of any claimant who did not respond as required would be subordinated to class (g). It is not expected that claims in class (g) will receive any distribution.

The Claims Information Orders have allowed the Liquidator to address and process many dormant POCs, most of which would never actually mature into claims against the Estate. Besides accelerating the evaluation and administration of POCs, the resolution of these POCs enables Reliance to more accurately estimate ultimate liabilities, reinsurance recoverables and distribution scenarios.

As new POCs are filed or as the claims underlying pending POCs are resolved, the CIO requires claimants to provide information on resolved claims within 90 days of resolution or those claims may be subordinated to class (g). Claimants are also required by the CIO to respond within 60 days to any request from the Liquidator for specific additional information.

## **3. Status of Distribution**

On January 17, 2008, this Court approved the Liquidator’s Pctition for First Interim Distribution (“Distribution Petition”) allowing a 20% distribution to all class (b) claimants whose NOD has been approved by this Court. In accordance with the Order approving the Distribution

Petition, the Liquidator filed a Report on First Interim Distribution on April 24, 2008, detailing to whom payment was made and the amount of such payment. As of June 30, 2008, \$59.7 million has been distributed to class (b) claimants for approximately 3,000 NODs.

The Liquidator will continue to issue the first interim distribution checks on a quarterly basis to claimants whose NOD is subsequently approved by the Court. Distribution amounts for claims under Aggregate Policies were and will continue to be calculated pursuant to the Order issued by this Court on November 19, 2007 approving the Liquidator's Petition to Supplement the Court's September 9, 2002 Claims Procedures Order to Address Claims Under Aggregate Policies.

After completing the actuarial review with data as of September 30, 2008, which is discussed in Section II.A.9. of this report, the Liquidator will review the financial condition of Reliance and prepare various distribution scenarios to determine if an increased distribution percentage should be recommended to the Court.

#### **4. Objections to NODs**

As of June 30, 2008, the Liquidator has received a total of 980 objections to the 139,525 NODs issued, an objection rate of less than 1%. Large groups of these objections relate to several claimants with similar types of claims and thus are resolved collectively through the dispute resolution process. Of the 980 objections received through June 30, 2008, 883 have been resolved; 91 of the 97 unresolved objections have been assigned to referees. Exhibit N indicates the status of all objections received through June 30, 2008 and Exhibit M breaks down this information by priority class and also includes the Allowed Amounts for objections in each priority class.

## **5. GA Claims**

In addition to the individual POCs filed by claimants, the GAs have each filed omnibus POCs representing their claim against the Estate. While reviewing and evaluating all POCs filed with Reliance by policyholders and other claimants, it will also be necessary to review and evaluate administrative expense claims, loss and ALAE claims, unearned premium claims, and any other claims submitted by the GAs and then reconcile the GA quarterly expense reports and UDS data with Reliance books and records. As a group, the GAs represent the largest creditor of the Estate. On November 19, 2007, this Court approved the Liquidator's Amended Petition to Supplement the September 9, 2002 Claims Procedures Order To Address the Administration of GA Claims. The GA claims process presents several unique issues and this Order approved procedures which will allow the Liquidator to address those issues. Reliance will submit its first report on undisputed GA claims before the end of this year.

### **a. Administrative Expense Claims**

Certain allowed GA administrative expenses are priority class (a) claims under 40 P.S. §221.44. As previously noted, most GAs report their administrative expenses on a quarterly basis and are reimbursed on a regular basis. As of June 30, 2008, the GAs have reported administrative expenses totaling approximately \$228.4 million. Paragraph B.2.f above explains the review process for these administrative expense claims in some detail.

### **b. Loss and ALAE Payments**

Most GAs report their loss and ALAE payments through the UDS interface. As of June 30, 2008, the GAs have paid approximately \$2.594 billion for losses and ALAE under Reliance policies and \$1.275 billion of cash advance distributions have been made to them through early access, in addition to over \$400 million held in special deposits. The GAs' outstanding reserve

for remaining losses and ALAE totals approximately \$1.659 billion. Therefore, in total through the end of the liquidation, the GAs expect to pay out approximately \$4.25 billion in loss claims and ALAE. Exhibit I shows the total losses and ALAE paid as well as losses and ALAE reserves reported by each GA at June 30, 2008. Both the paid amounts and outstanding reserves reported by GAs over time are graphically shown in Exhibit O attached hereto. As indicated by the graph, the GAs have paid approximately 60% of the total dollar amount that they ultimately expect to incur for all claims. These totals do not include past or future GA administrative expenses.

**E. Other Operational Updates**

**1. Collateral Release**

Pursuant to the November 30, 2001 Order of this Court, the Liquidator has established a structured process to carefully review requests for the release of collateral held to secure obligations for direct insureds (primarily large deductible policies), certain reinsurers (including captive reinsurers), and premium receivables. The extensive review process includes input from several Reliance departments, including Policy Finance and Administration, Actuarial, Claims and Finance. As of June 30, 2008, Reliance held collateral of approximately \$1.1 billion to secure current and future obligations. For the six months ended June 30, 2008, 85 accounts were reviewed, resulting in a release of \$20 million for 48 accounts; denials were issued for 16 accounts; and the remaining 21 accounts were otherwise resolved (e.g., closeouts, no remaining collateral).

**2. Reinsurance Cut-Throughs**

A committee was established to review and recommend action for cut-through requests submitted to the Liquidator. Since the implementation of the guidelines, 33 cut-through requests

have been submitted to the Liquidator. The Liquidator has approved 19 of these requests. Of these 19, 18 have also been approved by the Court and 1 was pending before the Court as of the end of the second quarter of 2008. Of the remaining 14 requests, 8 were disapproved by the Liquidator, 2 were withdrawn and 4 were pending before the Liquidator as of the end of the second quarter. Two of the 8 requests that were disapproved by the Liquidator were never contested, 2 were also disapproved by the Court and 4 were disputed. One of the 4 disputed matters is in the discovery stage before the Court, 2 have been stayed by the Court upon the consent of the parties and 1 was approved by the Court.

### **3. Ancillary and Foreign Receiverships**

Ancillary receivership proceedings were initiated in Arizona, Arkansas, Florida, Idaho, Maryland, Massachusetts, New Mexico, New York, North Carolina, Oregon, Puerto Rico, and South Carolina, primarily to trigger the obligations of GAs in those states or to take possession of the statutory deposits so that they could be transferred to the appropriate state GA. Both Florida and Idaho have closed their ancillary receiverships and there has been limited activity in the other ancillaries.

As previously reported, the Reliance Canadian branch was placed in liquidation in Canada and the Reliance Liquidator was appointed as an inspector in those proceedings. KPMG, in its capacity as liquidator of the Canadian branch, oversees daily operations. Although a long-term run-off plan has been developed and is being monitored by KPMG and Reliance, a sales or assumption transaction may be possible and would be considered where appropriate.

**F. Major Litigation**

**1. Matters Involving Reliance's Parent Companies**

Pursuant to the settlement agreement between Reliance and its parent holding companies, Reliance and its ultimate parent, Reliance Group Holdings, share 50/50 certain "New Cash" coming into the possession of the parent holding companies after execution of the settlement agreement. Consequently, there may be future cash payments to Reliance depending on whether other potential assets of the parent companies can be identified and/or liquidated.

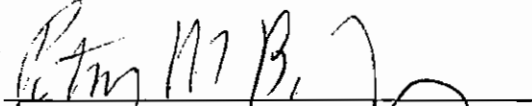
**2. Major Third Party Claim**

The Liquidator commenced in this Court a malpractice lawsuit against Reliance's former auditor and outside actuary, Deloitte & Touche ("D&T"), and one of its principals ("Deloitte case"). In accordance with a second revised case management order issued in the Deloitte case, fact and expert discovery has been concluded.

On April 10, 2008, the Court heard argument on D&T's Motion For Partial Summary Judgment. On June 13, the Court issued a Memorandum Opinion and Order granting D&T's motion in part and denying it in part. In response, D&T filed a Motion, seeking permission to file an interlocutory appeal and/or reargument. The Liquidator opposed D&T's Motion and argued that the matter be listed for trial. In the alternative, the Liquidator filed a Cross Motion For Reargument of that portion of the June 13 Order which had been decided adverse to the Liquidator. On July 14, 2008, the Court entered an Order denying D&T's Motion for leave to file an interlocutory appeal. On August 27, 2008, the Court entered an Order scheduling argument on the parties' Cross Motions For Reargument on the Motion for Summary Judgment for October 2, 2008. A trial date has been set for January 8, 2009.


Respectfully submitted:

By:

  
PRESTON BUCKMAN (I.D. #57570)  
Special Funds Counsel  
Pennsylvania Insurance Department  
Capitol Associates Building  
Office of Chief Counsel  
901 North 7<sup>th</sup> Street  
Harrisburg, PA 17102  
(717) 787-6009

BLANK ROME LLP

By:

  
JEROME R. RICHTER  
ANN B. LAUPHEIMER  
SHEILA E. BRANYAN  
One Logan Square  
Philadelphia, PA 19103  
(215) 569-5500  
(215) 569-5555 (Fax)

Attorneys for Joel S. Ario, Insurance Commissioner  
of the Commonwealth of Pennsylvania, in his official  
capacity as Statutory Liquidator of  
RELiance INSURANCE COMPANY

Dated: September 29, 2008



# **Exhibit A**

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)  
SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES - UNAUDITED**

(In Millions)

	<u>June 30, 2008</u>	<u>Dec. 31, 2007</u>
<b>ASSETS</b>		
Short and intermediate duration investments	\$ 1,531.0	\$ 1,328.5
Investments held for secured creditors	28.4	35.7
Investments held for uncovered claimants	12.8	12.8
Real estate investments	0.6	0.6
	<u>1,572.8</u>	<u>1,377.6</u>
Invested assets excluding affiliates	137.1	137.1
	<u>1,709.9</u>	<u>1,514.7</u>
Total invested assets	81.4	83.7
Premium balances	226.8	261.7
Reinsurance receivable	1,737.7	2,124.0
Reinsurance recoverables	1,722.3	1,721.6
Early access advances to guarantee associations	35.6	35.5
Other assets	<u>5,513.7</u>	<u>5,741.2</u>
	<u>5,513.7</u>	<u>5,741.2</u>
<b>LIABILITIES</b>		
Losses and loss adjustment expenses - paid by guaranty associations	2,545.7	2,480.3
Losses and loss adjustment expenses - direct	4,869.0	5,058.7
Losses and loss adjustment expenses - assumed	1,197.1	1,206.7
Notices of Determination issued for class (b) creditors	510.1	396.3
Asset distributions to class (b) creditors	(59.7)	-
Net outstanding Notices of Determination issued for class (b) creditors	<u>450.4</u>	<u>396.3</u>
Funds held	54.8	60.7
Other liabilities	46.3	46.8
	<u>9,163.3</u>	<u>9,249.5</u>
Total liabilities	9,163.3	9,249.5
Net deficit	<u>\$ (3,649.6)</u>	<u>\$ (3,508.3)</u>

The special purpose statements of assets and liabilities of Reliance Insurance Company (in Liquidation) are prepared on a unique financial reporting basis, in that, the statements do not fully reflect the effect of the company's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the accompanying statements of assets and liabilities. The statements do not include any adjustments that might result from the outcome of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits.

The special purpose statements of assets and liabilities are not intended to be in conformity with, and will vary significantly from, generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners.

SEE NOTES TO THE SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES, CHANGES IN POLICYHOLDERS' SURPLUS AND CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS.

# **Exhibit B**

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)  
SPECIAL PURPOSE STATEMENT OF CHANGES IN POLICYHOLDERS' SURPLUS - UNAUDITED**

(In Millions)

	<u>Six Mos. Ended June 30 , 2008</u>	<u>Period From Oct. 3, 2001 To June 30 , 2008</u>
Policyholders' surplus - beginning of period	(\$3,508.3)	(\$2,683.5)
Underwriting loss	(139.2)	(1,827.7)
Net investment income	34.6	244.4
Other income/(expense) *	5.4	465.6
Net realized and unrealized capital gains/(losses)	<u>(42.1)</u>	<u>151.6</u>
Change in policyholders' surplus	<u>(141.3)</u>	<u>(966.1)</u>
Policyholders' surplus - end of period	<u><u>(\$3,649.6)</u></u>	<u><u>(\$3,649.6)</u></u>

\* Other income/(expense) prior to 2008 included \$73.1 million relating to settlements with directors and officers and the parent company. Other income/(expense) prior to 2008 also included the elimination of other liabilities relating primarily to pre-rehabilitation expenses, loss based assessments and premium taxes, which are class (e) creditor claims and are unlikely to be paid or offset against any other assets of the Estate. See Note 15 on Exhibit D.

The special purpose statement of changes in policyholders' surplus of Reliance Insurance Company (in Liquidation) is prepared on a unique financial reporting basis, in that, the statement does not fully reflect the effect of the company's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustments that might result from the outcome of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits.

The special purpose statement of changes in policyholders' surplus is not intended to be in conformity with, and will vary significantly from, generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners.

SEE NOTES TO THE SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES, CHANGES IN POLICYHOLDERS' SURPLUS AND CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS.

# **Exhibit C**

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)**  
**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, AND CHANGES IN SHORT AND**  
**INTERMEDIATE DURATION INVESTMENTS**  
**FOR THE PERIOD JANUARY 1, 2008 TO JUNE 30, 2008 - UNAUDITED**

(In Millions)

<u>Cash Receipts:</u>	
Reinsurance collections	\$297.7
Premium collections	6.0
Claim recoveries	3.4
Investment income received	31.2
Other including realized gains and losses	<u>15.4</u>
Total Cash Receipts	<u>353.7</u>
<u>Cash Disbursements:</u>	
Asset Distribution	(54.2)
Loss and allocated loss adjustment expenses	(1.7)
Operating expenses	<u>(44.4)</u>
Total Cash Disbursements	<u>(100.3)</u>
Net change in short and intermediate duration investments from cash activity	<u>253.4</u>
<u>Non-cash items affecting short and intermediate term investments:</u>	
Change in value of investments managed by investment managers	<u>(50.9)</u>
Total Non-cash activity	<u>(50.9)</u>
Net change in short and intermediate duration investments	202.5
Beginning Balance - Short and intermediate duration investments	<u>1,328.5</u>
Ending Balance - Short and intermediate duration investments	<u><u>\$1,531.0</u></u>

SEE NOTES TO THE SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES, CHANGES IN POLICYHOLDERS' SURPLUS AND CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS.

# **Exhibit D**

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)  
NOTES TO THE FOLLOWING UNAUDITED STATEMENTS**

**SPECIAL PURPOSE STATEMENT OF ASSETS AND LIABILITIES,  
SPECIAL PURPOSE STATEMENT OF CHANGES  
IN POLICYHOLDERS' SURPLUS  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND  
CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS**

**Note 1 – Basis of presentation**

Reliance Insurance Company was placed into liquidation by order of the Commonwealth Court on October 3, 2001. The principal activities since the date of liquidation consist of the collection and marshalling of assets and determination of claims. The largest assets are reinsurance receivables and recoverables due for losses ceded under reinsurance agreements. All creditor claims submitted to Reliance Insurance Company (in Liquidation) ("Company") must be evaluated through the Proof of Claim ("POC") process to determine and assign the proper class priority and dollar value. The largest class of creditors are claims for losses under policies issued prior to liquidation. Ultimately, the net assets of the Company are expected to be distributed to creditors.

The Special Purpose Statements of Assets and Liabilities and Changes in Policyholders' Surplus ("Statements") of Reliance Insurance Company (in Liquidation) are prepared on a unique financial reporting basis, in that, the Statements do not fully reflect the effect of the Company's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the Special Purpose Statement of Assets and Liabilities. The Statements do not include an estimate of liquidation expenses or any adjustments that might result from the outcome of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits.

The Statements and the Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments are not intended to be in conformity with, and will vary significantly from, generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners. The statements include Reliance Insurance Company (in Liquidation) and its domestic property and casualty insurance operations. Loss and loss adjustment expenses are presented gross of reinsurance.

The preparation of financial statements requires the use of estimates and assumptions that affect amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates.



**Note 2 – Cash disbursements**

Cash disbursements for which checks have been issued, but which are outstanding at the date of the Special Purpose Statements of Assets and Liabilities are not recorded as deductions to short and intermediate duration investments. Check disbursements are recorded as deductions to short and intermediate duration investments only when presented to the bank.

**Note 3 – Short and intermediate duration investments**

Short and intermediate duration investments consist primarily of short-term investments and marketable bonds and notes. Such investments are recorded at fair value using recognized national pricing services. However, no accrued but unpaid interest income is reported in the Special Purpose Statements of Assets and Liabilities related to such investments.

**Note 4 – Investments held in segregated accounts**

Investments held for secured creditors secure specific obligations of the Company relating primarily to losses on assumed reinsurance business. Investments held for secured creditors at June 30, 2008 and December 31, 2007, also include \$20.2 million and \$24.5 million, respectively, of funds collected on large deductible policies which are not Estate assets and will be administered and paid to the Guaranty Associations (“GAs”) and others in accordance with 40 P.S. §221.23a.

Investments held for uncovered claimants (claimants whose class (b) losses are not covered by GAs) consist of funds received from the settlement of the large deductible reimbursement dispute with the GAs, plus accrued interest.

**Note 5 – Real estate investments**

Real estate investments include direct ownership of real estate which is reported at net realizable value.

**Note 6 – Investments in affiliates**

Investments in affiliates include the net assets of the Company's non-insurance subsidiaries, foreign insurance subsidiaries and Canadian branch, which is under liquidation proceedings in Canada. The carrying value of certain of these investments has been adjusted to reflect an estimate of net realizable value. Market values are not available for these entities, therefore proceeds from the ultimate disposition of these entities may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

**Note 7 – Premium balances**

Premium balances include accrued retrospective premiums of \$49 million and \$49 million at June 30, 2008 and December 31, 2007, respectively. Accrued retrospective premiums are based upon actuarial loss estimates and will be adjusted based on changes in loss estimates. Premiums on retrospective rated policies will be billed and collected on an ongoing basis. Premium balances also include billings related to large deductible policies of \$18.9 million and \$18.7 million at June 30, 2008 and December 31, 2007, respectively. Other premium balances include estimates and may not reflect all transactions processed by agents, insureds and program managers. Certain balances may only be collectible through legal proceedings. Due to these uncertainties, balances ultimately collectible may be

significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

**Note 8 – Reinsurance recoverable and Losses and loss adjustment expenses - direct and assumed**

Loss and loss adjustment expenses include individual case estimates for claims that have been reported and estimates for claims that have been incurred but not reported, as well as estimates of allocated loss expenses associated with settling reported and unreported claims. Loss reserves do not include a complete estimate for the costs of adjusting claims and have not been discounted to present value. Loss reserves are net of anticipated salvage and subrogation and second injury fund recoveries.

The estimate of loss and loss adjustment expenses at June 30, 2008 and December 31, 2007 were calculated using data as of December 31, 2005. Reliance engaged PricewaterhouseCoopers LLP to perform an analysis of loss and allocated loss expense reserves on direct business and to review an analysis of loss and allocated loss expense reserves on assumed business prepared by the Company's actuaries. Estimates were based on GA claim data, POC and Notice of Determination ("NOD") data, pre-liquidation historical data and industry data modified for current trends as well as prevailing economic, legal and social conditions. These analyses resulted in an increase in loss and allocated loss expenses on direct and assumed business of \$768 million and \$75 million, respectively. The selected best estimate, reflected in the Special Purpose Statements of Assets and Liabilities, represents one possible value in a range of acceptable estimates. Estimates of ultimate loss and allocated loss adjustment expenses have not been updated to reflect any loss experience subsequent to December 31, 2005.

There are numerous factors that contribute to the inherent uncertainty in the process of establishing loss reserves. Among these factors are changes in the inflation rate related to covered damages such as medical care; changes in judicial interpretation of policy provisions; changes in the general attitude of juries in the determination of liability and damages; legislative changes; changes in the medical condition of claimants; and changes in the estimates of the number and/or severity of claims that have been incurred but not reported. In addition, Reliance's regulatory status increases the variability of loss reserves due to its effect on data quality and credibility. Reliance has received a large number of contingent claims and only limited information on many claims not being handled by GAs. As a result, a significant proportion of the loss and allocated loss adjustment expense reserves are for incurred but not reported losses and future development on reported claims. The ultimate liability to claimants will be based solely on POCs filed by claimants and the Liquidator's determination of their value. Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used and the variability resulting from Reliance's regulatory status, the actual emergence of losses may be significantly different than the amounts reflected in the June 30, 2008 and December 31, 2007 Special Purpose Statements of Assets and Liabilities.

Reinsurance recoverable on unpaid losses represents an estimate of the portion of gross loss reserves that will be recovered from reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the gross losses associated with the reinsured policies. The actuarial analysis of loss and loss

adjustment expenses as of December 31, 2005 created a corresponding increase of \$319 million in reinsurance recoverables. A provision for estimated uncollectible reinsurance is recorded based on an evaluation of balances due from reinsurers, changes in the credit standing of the reinsurers, existing coverage disputes as well as an estimate of future disputes with reinsurers and permitted offsets of assumed reinsurance. In light of the inherent uncertainties relating to future insolvencies, settlement compromises and dispute resolutions, the actual uncollectible amounts and offsets may be significantly different than the reserve included in the Special Purpose Statement of Assets and Liabilities.

**Note 9 – Early access advances to GAs**

In 2003, the Commonwealth Court approved a petition in accordance with the Pennsylvania Insurance Statutes which provided a mechanism for early distribution of assets to various state GAs to assist the GAs in fulfilling their obligation to pay certain policy claims of the Company. The related agreements executed by the GAs provide that they agree to return assets under certain circumstances to ensure pro-rata distributions amongst members of the same class of creditors. Payments made to various state GAs under the early access provisions are recorded as assets in the Special Purpose Statements of Assets and Liabilities as they represent payments made in advance of distributions to other claimants. GA advances will be reclassified when final distributions to creditors are paid by Reliance. At June 30, 2008 total early access amounts include early access cash payments to the GAs of \$1.27 billion, statutory deposits of \$421 million, and payments made by the Company on behalf of certain GAs shortly after October 3, 2001.

**Note 10 – Losses and loss adjustment expenses - paid by GAs**

Losses and loss adjustment expenses paid by GAs include payments reported by GAs and processed in the Company's operating systems.

**Note 11 – Notices of Determination issued for class (b) creditors**

NODs are issued by the Company in response to a POC filed against the Estate. The NOD includes the classification and value, if any, of the claim as determined by the Estate. NODs issued by the Company are subject to an objection period, during which the claimant can disagree with the value and classification assigned, and NODs are subject to Court approval. NODs for class (b) creditors are included in the Special Purpose Statements of Assets and Liabilities after objections have been resolved or the objection period has expired and after Court approval has been received.

**Note 12 – Asset distributions to class (b) creditors**

On January 17, 2008, the Court approved the Liquidator's Petition for First Interim Distribution, allowing a 20% distribution to all class (b) claimants whose NOD has been approved by the Court. Distribution amounts for claims under Aggregate Policies were subject to an adjustment calculated pursuant to the Order issued by the Court on November 19, 2007 approving the Liquidator's Petition to Address Claims Under Aggregate Policies. At June 30, 2008 distributions totaling \$60 million had been issued. Distribution payments will continue to be issued on a quarterly basis to claimants whose NOD is subsequently approved by the Court.

**Note 13 – Net outstanding Notices of Determination issued for class (b) creditors**

The amount is calculated by subtracting the cash distributions to class (b) creditors of \$60 million from the Notices of Determination issued for class (b) creditors of \$510 million.

**Note 14 – Funds held**

Funds held represent liabilities arising from cash received as collateral on large deductible policies and reinsurance contracts. Funds held liabilities relating to collateral are expected to continue to decrease as policyholders and reinsurers honor their obligations under policies and contracts and the related cash collateral is released. Cash collateral related to large deductible policies is included in "Other assets" in the Special Purpose Statements of Assets and Liabilities.

**Note 15 – Other liabilities**

Other liabilities consist primarily of pre-rehabilitation liabilities. As a result of the liquidation, the ultimate pre-rehabilitation liability will be based solely on the POCs filed by claimants. Generally, POCs for creditors below class (b) are not being valued by the Company and the NODs include only the class of the claim. These claimants are being advised that a value will be determined only if the Company believes that sufficient funds will be available for distributions to creditors below class (b). Accordingly, other liabilities relating primarily to pre-rehabilitation expenses, loss based assessments and premium taxes which are unlikely to be paid or offset against any other assets of the Estate, are not reflected in the Special Purpose Statement of Assets and Liabilities. The ultimate amount of other liabilities may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

**Note 16 – Commitments**

The Company leases office space and equipment under operating leases primarily expiring in 2009 and 2011. The minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year are \$5.0 million.

**Note 17 – Litigation**

The Company is a party to litigation both as a plaintiff and as a defendant. The ultimate effect of litigation on the financial condition of the Company is uncertain and cannot be reasonably estimated, but may be material.

**Note 18 – Other collateral held**

The Company holds significant levels of other collateral from policyholders and reinsurers in the form of letters of credit and surety bonds. This collateral is not included in the Special Purpose Statement of Assets and Liabilities and will be utilized when payment and other obligations under policies and contracts are not honored by the policyholders or reinsurers.

# **Exhibit E**

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)  
REINSURANCE RECEIVABLE  
JUNE 30, 2008 - UNAUDITED**

**REINSURANCE COMPANY NAME**

OFFSHORE MARINE INDEMNITY	\$8,823,511
ZURICH SPECIALTIES LONDON LTD.	8,460,174
FOLKSAM INTERNATIONAL INS CO	8,324,746
CONTINENTAL CASUALTY CO	7,877,502
MONUMENTAL LIFE INS. CO.	7,182,788
REPUBLIC WESTERN INS CO.	7,167,551
CLARENDON NATIONAL INS. CO.	7,075,670
PHOENIX LIFE INS CO.	6,630,307
MUNICH REINS AMERICA, INC.	6,381,465
LLOYDS SYND. 435	5,182,718
LLOYDS SYND. 79/1215	4,893,852
WESTPORT INS. CO. (FKA ERC)	4,878,021
GEN RE LIFE CORPORATION	4,409,226
CORE REINSURANCE CO,LTD.	4,352,381
GORDIAN RUN-OFF LTD.	4,308,430
LLOYDS SYND. 53	4,255,521
SWISS RE FRANKONA RUCKVERSICH-	4,247,911
FINIAL REINSURANCE COMPANY	3,989,643
LLOYDS SYND. 1212	3,359,562
HIH CASUALTY & GENERAL IN	2,792,863
CONN. GENERAL LIFE INS. CO.	2,581,446
LLOYDS SYND. 219	2,536,217
UNDERWRITERS AT LLOYDS-AUTH	2,462,111
LLOYDS SYND. 51	2,410,182
LLOYDS SYND. 205	2,397,272
LLOYDS SYND. 340/2341	2,375,170
LLOYDS SYND. 1007	2,316,630
ACE EUROPEAN GROUP LTD.	2,223,221
GE RE	2,143,255
CAL-SOUTHAMPTON REINSURANCE	1,996,708
LLOYDS SYND. 376	1,933,506
GERLING GLOBAL RE CORP.	1,931,504
SWISS REINSURANCE AMERICA CORP	1,927,422
TRENWICK AMERICA REINSURANCE	1,835,622
LLOYDS SYND. 566	1,617,792
HARTFORD FIRE INSURANCE CO.	1,605,172
PAN-AMERICAN LIFE INSURANCE CO	1,553,437
LLOYDS SYND. 1141	1,545,504
MINSTER INSURANCE CO. LTD.	1,533,685
CROWN LIFE INSURANCE COMPANY	1,523,231
LLOYDS SYND. 314	1,494,039
SCOR REINSURANCE COMPANY	1,479,597
HANNOVER RUCKVERSICHERUNGS AG.	1,376,795
LINCOLN NAT. LIFE INS CO	1,362,420
UNUM LIFE INSURANCE CO	1,313,273
AXA REASSURANCE	1,300,867
FOLKSAMERICA REINSURANCE CO	1,282,788

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)  
REINSURANCE RECEIVABLE  
JUNE 30, 2008 - UNAUDITED**

**REINSURANCE COMPANY NAME**

NDA INSURANCE COMPANY, LTD	1,271,982	
GENERAL SECURITY NATIONAL INS.	1,270,827	
SWISS RE LIFE & HEALTH AMERICA	1,262,445	
CSC ASSURANCE LTD	1,258,603	
FEUERSOZIETAT BERLIN BRAN	1,252,827	
FREMONT INDEMNITY CO.	1,248,813	
EVEREST REINSURANCE COMPANY	1,229,332	
COTERIE INSURANCE, LTD.	1,174,914	
COMMERCIAL RISK REINSURANCE	1,151,056	
XL REINSURANCE AMERICA INC.	1,122,137	
CORNHILL INSURANCE PLC	1,052,732	
LLOYDS SYND. 1003	1,011,421	
LLOYDS SYND. 1096	<u>1,008,372</u>	
<b>TOTAL RECEIVABLES OVER ONE MILLION DOLLARS</b>	<b>179,968,169</b>	<b>85%</b>
<b>RECEIVABLES UNDER ONE MILLION DOLLARS</b>	<u><b>46,832,981</b></u>	<u><b>15%</b></u>
<b>TOTAL REINSURANCE REECIVABLES</b>	<u><b>226,801,150</b></u>	<u><b>100%</b></u>

# **Exhibit F**



RELiance INSURANCE COMPANY (IN LIQUIDATION)  
OPERATING EXPENSE ANALYSIS - UNAUDITED

	Year to Date June 2008		Actual to Budget Variance	% Change	Year to Date June 2007		Variance to Prior Year	% Change
	Actual	Budget			Actual			
<b>Salaries</b>								
Regular Salaries	\$14,650,181	\$14,686,318	(\$36,137)	-0.25%	\$15,609,725	(\$959,544)	-6.15%	
Performance-Retention Incentives	6,765,615	6,779,895	(14,280)	-0.21%	7,085,958	(320,343)	-4.52%	
Severance	737,756	738,106	(350)	-0.05%	687,066	50,690	7.38%	
<b>Total Salaries</b>	<b>22,153,552</b>	<b>22,204,319</b>	<b>(50,767)</b>	<b>-0.23%</b>	<b>23,382,749</b>	<b>(1,229,197)</b>	<b>-5.26%</b>	
<b>Employee Benefits</b>								
Health and Disability Benefits	1,143,667	1,140,250	3,417	0.30%	1,156,008	(12,341)	-1.07%	
SIP-Contributions and Fees	2,115,747	2,176,000	(60,253)	-2.77%	2,141,653	(25,906)	-1.21%	
Other Benefits	20,961	28,451	(7,490)	-26.33%	35,060	(14,099)	-40.21%	
<b>Total Employee Benefits</b>	<b>3,280,375</b>	<b>3,344,701</b>	<b>(64,326)</b>	<b>-1.92%</b>	<b>3,332,721</b>	<b>(52,346)</b>	<b>-1.57%</b>	
<b>Payroll Taxes</b>	<b>1,594,445</b>	<b>1,674,768</b>	<b>(80,323)</b>	<b>-4.80%</b>	<b>1,695,439</b>	<b>(100,994)</b>	<b>-5.96%</b>	
<b>Total Salaries, Benefits and Taxes</b>	<b>27,028,372</b>	<b>27,223,788</b>	<b>(195,416)</b>	<b>-0.72%</b>	<b>28,410,909</b>	<b>(1,382,537)</b>	<b>-4.87%</b>	
<b>IT Services</b>	<b>4,406,178</b>	<b>4,686,975</b>	<b>(280,797)</b>	<b>-5.99%</b>	<b>4,857,243</b>	<b>(451,065)</b>	<b>-9.29%</b>	
<b>Legal Fees</b>	<b>1,844,025</b>	<b>3,033,000</b>	<b>(1,188,975)</b>	<b>-39.20%</b>	<b>3,096,283</b>	<b>(1,252,258)</b>	<b>-40.44%</b>	
<b>Professional and Other Services</b>	<b>3,772,190</b>	<b>4,182,765</b>	<b>(410,575)</b>	<b>-9.82%</b>	<b>3,581,523</b>	<b>190,667</b>	<b>5.32%</b>	
<b>Rent</b>								
Corporate Home Office	1,230,513	1,245,863	(15,350)	-1.23%	1,293,544	(63,031)	-4.87%	
Record Archiving Services	366,776	426,800	(60,024)	-14.06%	350,104	16,672	4.76%	
Other Rent Items	60,160	125,945	(65,785)	-52.23%	17,782	42,378	238.32%	
<b>Total Rent</b>	<b>1,657,449</b>	<b>1,798,608</b>	<b>(141,159)</b>	<b>-7.85%</b>	<b>1,661,430</b>	<b>(3,981)</b>	<b>-0.24%</b>	
<b>Equipment</b>								
Computer Equipment	311,285	468,473	(157,188)	-33.55%	124,845	186,440	149.34%	
Office Machine Rent & Repair	12,356	13,318	(962)	-7.22%	11,164	1,192	10.68%	
Data Processing Software	195,429	186,815	8,614	4.61%	207,485	(12,056)	-5.81%	
<b>Total Equipment</b>	<b>519,070</b>	<b>668,606</b>	<b>(149,536)</b>	<b>-22.37%</b>	<b>343,494</b>	<b>175,576</b>	<b>51.11%</b>	

SEE NOTES TO THE SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES, CHANGES IN POLICYHOLDERS' SURPLUS AND CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS.

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)**  
**OPERATING EXPENSE ANALYSIS - UNAUDITED**

	Year to Date June 2008		Actual to Budget Variance	% Change	Year to Date June 2007		Variance to Prior Year	% Change
	Actual	Budget			Actual			
<b>Other Operating</b>								
Travel	88,933	165,320	(76,387)	-46.21%	120,624	(31,691)	-26.27%	
Professional Dues & Conferences	20,785	29,788	(9,003)	-30.22%	23,663	(2,878)	-12.16%	
Insurance	169,105	183,000	(13,895)	-7.59%	163,044	6,061	3.72%	
Voice and Data Communication	119,136	143,380	(24,244)	-16.91%	117,242	1,894	1.62%	
Supplies and Subscriptions	130,188	135,456	(5,268)	-3.89%	117,892	12,296	10.43%	
Postage, Freight & Express	134,037	104,300	29,737	28.51%	48,229	85,808	177.92%	
Bank Charges	59,226	62,299	(3,073)	-4.93%	54,197	5,029	9.28%	
Real Estate	2,294	28,000	(25,706)	-91.81%	33,740	(31,446)	-93.20%	
Taxes, BBA and Other	18,471	22,500	(4,029)	-17.91%	23,019	(4,548)	-19.76%	
<b>Total Other Operating</b>	<b>742,175</b>	<b>874,043</b>	<b>(131,868)</b>	<b>-15.09%</b>	<b>701,650</b>	<b>40,525</b>	<b>5.78%</b>	
<b>Subtotal</b>	<b>39,969,459</b>	<b>42,467,785</b>	<b>(2,498,326)</b>	<b>-5.88%</b>	<b>42,652,532</b>	<b>(2,683,073)</b>	<b>-6.29%</b>	
<b>Guaranty Association Expenses</b>	<b>4,428,059</b>	<b>4,500,000</b>	<b>(71,941)</b>	<b>-1.60%</b>	<b>1,454,804</b>	<b>2,973,255</b>	<b>204.37%</b>	
<b>Total Operating Expenses</b>	<b>\$44,397,518</b>	<b>\$46,967,785</b>	<b>(\$2,570,267)</b>	<b>-5.47%</b>	<b>\$44,107,336</b>	<b>\$290,182</b>	<b>0.66%</b>	

SEE NOTES TO THE SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES, CHANGES IN POLICYHOLDERS' SURPLUS AND CASH RECEIPTS AND DISBURSEMENTS AND CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS.

# Exhibit G

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)  
LEGAL FEES AND EXPENSES  
FOR THE PERIOD JANUARY 1, 2008 TO JUNE 30, 2008 - UNAUDITED**

**VENDOR NAME**

ADORNO & YOSS, LLP.	\$	61,289
ANDREW S. WALSH		11,205
AVALON CONSULTING, LLC.		17,114
BLANEY MCMURTRY LLP		7,234
BLANK ROME LLP		520,700
BRAVERMAN KASKEY		18,905
CLARK THOMAS & WINTERS		6,797
DEUTSCH, KERRIGAN & STILES LLP		37,715
DOCUMENT TECHNOLOGIES, LLC.		16,770
EDWARD S. FINKLESTEIN		10,695
ELIZABETH M. THOMPSON		11,034
ESQUIRE DEPOSITION SERVICES, LLC.		16,547
FOX, ROTHSCHILD LLP		181,616
FULBRIGHT & JAWORSKI, LLP.		19,027
G ALAN BAILEY ESQUIRE		8,094
GOLKOW TECHNOLOGIES INC		34,253
INVESTIGATION CONSULTANT/EXPERT NO. 2		135,174
INVESTIGATION CONSULTANT/EXPERT NO. 3		21,009
INVESTIGATION CONSULTANT/EXPERT NO. 4		9,075
INVESTIGATION CONSULTANT/EXPERT NO. 7		7,758
INVESTIGATION CONSULTANT/EXPERT NO. 10		24,540
MARKS ADR LLC		29,620
OBERMAYER REBMANN MAXWELL & HIPPLE, LLP.		21,066
PEPPER HAMILTON LLP.		130,797
RIKER DANZIG SCHERER HYLAND & PERRETTI LLP		7,251
RUSSELL M. NIGRO, ESQ.		6,548
STRADLEY, RONON, STEVENS, & YOUNG LLP		301,947
THE MCS GROUP, INC.		17,723
WINKLER & WINKLER, LLC.		6,169
WOLF BLOCK SCHORR & SOLIS-COHEN LLP.		111,262
TOTAL VENDORS UNDER \$5,000		35,092
<b>TOTAL LEGAL FEES AND EXPENSES</b>	<b>\$</b>	<b>1,844,025</b>

# **Exhibit H**

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)  
PROFESSIONAL SERVICE EXPENSES  
FOR THE PERIOD JANUARY 1, 2008 TO JUNE 30, 2008 - UNAUDITED**

**VENDOR NAME**

ABERDEEN ASSET MANAGEMENT INC.	\$	340,380
AON RECOVERY INC		7,219
ARRAYA SOLUTIONS INC		28,668
BMS INTERMEDIARIES, LTD.		904,303
CALLAN ASSOCIATES INC.		46,400
CERIDIAN EMPLOYER SERVICES		36,286
DEBRA KELLER WRIGHT		12,000
DIANE H. CHAIT		10,563
DIRECT CONSULTING		144,227
DORANNE BIGELOW & ASSOCIATES, INC.		44,003
ERNST & YOUNG		137,074
FILEX DOCUMENT IMAGING SERVICES, INC.		107,135
FREDERICK M. ZAUDERER ESQ		5,049
J MURPHY & ASSOCIATES INC		29,575
JP MORGAN CHASE BANK		5,012
MARY PAT COTTY		11,728
MARYELLEN R. DURNING		23,911
MELLON GLOBAL SECURITIES SERVICES		114,849
NICHOLAS F WILLERT		13,774
PA. DEP'T. - LIQUIDATION CONSULTANTS		207,088
PA. DEP'T. - OFFICE OF LIQUIDATIONS		158,221
PHILIP SHERMAN		5,200
PRICEWATERHOUSE COOPERS, LLP.		14,936
PYRAMIS GLOBAL ADVISORS TRUST COMPANY		397,676
REINSURANCE SOLUTIONS INTERNATIONAL, L.L.C.		98,896
ROY MELANDER		68,108
SPECIALTY RISK SERVICES LLC		99,775
STANDISH MELLON ASSET MANAGEMENT, LLC.		73,076
SUSAN ALTSCHULER		37,725
WEIDENHAMMER SYSTEMS CORPORATION		8,165
WESTERN ASSET MANAGEMENT COMPANY		353,264
WORLDWIDE CLAIMS MANAGEMENT SERVICES, INC.		214,986
TOTAL OTHER VENDORS UNDER \$5,000		<u>12,918</u>
<b>TOTAL PROFESSIONAL SERVICE EXPENSES</b>	<b>\$</b>	<b><u><u>3,772,190</u></u></b>

# **Exhibit I**

**Guaranty Association Data as of 06-30-08**

STATE	LOCATION	CLAIMS & ALAE PAID	CLAIMS & ALAE RESERVES	ADMIN EXPENSES	TOTAL BY STATE
ALABAMA	P&C	\$41,737,389.02	\$60,489,954.20	\$4,559,570.55	\$106,786,913.77
ALASKA	P&C	\$8,415,601.41	\$4,145,553.20	\$688,446.99	\$13,249,601.60
ARIZONA	P&C	\$6,223,600.92	\$124,052.93	\$1,507,279.37	\$7,854,933.22
ARIZONA	WC	\$6,337,976.46	\$13,085,863.08	\$0.00	\$19,423,839.54
ARKANSAS	P&C	\$6,724,870.62	\$1,447,630.14	\$0.00	\$8,172,500.76
CALIFORNIA	P&C	\$588,151,550.90	\$174,194,475.21	\$55,738,626.27	\$818,084,652.38
COLORADO	P&C	\$19,585,647.29	\$32,899,387.03	\$1,362,892.15	\$53,847,906.47
CONNECTICUT	P&C	\$45,451,606.37	\$19,527,500.67	\$4,479,273.70	\$69,458,380.74
DELAWARE	P&C	\$5,346,369.60	\$2,562,479.35	\$777,031.32	\$8,685,880.27
DISTRICT OF COLUMBIA	P&C	\$10,016,297.75	\$16,591,672.48	\$576,230.04	\$27,184,200.27
FLORIDA	P&C	\$82,427,517.79	\$2,891,722.92	\$4,193,836.02	\$89,313,076.73
FLORIDA	WC	\$214,905,547.76	\$85,521,316.72	\$7,143,921.99	\$307,570,786.47
GEORGIA	P&C	\$43,954,674.86	\$34,482,508.25	\$4,150,447.43	\$82,587,630.54
HAWAII	P&C	\$5,497,262.28	\$2,532,479.76	\$569,321.46	\$8,599,063.50
IDAHO	P&C	\$2,220,775.85	\$2,214,885.43	\$247,037.62	\$4,682,698.90
ILLINOIS	P&C	\$50,721,342.40	\$8,000,410.70	\$7,404,732.08	\$66,126,485.18
INDIANA	P&C	\$5,574,485.65	\$907,910.62	\$1,148,165.13	\$7,630,561.40
IOWA	P&C	\$10,416,177.15	\$976,450.33	\$800,629.84	\$12,193,257.32
KANSAS	P&C	\$14,516,389.05	\$5,987,392.82	\$861,828.09	\$21,365,609.96
KENTUCKY	P&C	\$19,716,131.23	\$21,089,377.11	\$1,026,727.85	\$41,832,236.19
LOUISIANA	P&C	\$61,516,674.48	\$515,812,824.90	\$1,751,055.46	\$579,080,554.84
MAINE	P&C	\$4,653,786.03	\$3,796,030.42	\$602,558.63	\$9,052,375.08
MARYLAND	P&C	\$26,304,391.55	\$10,265,001.92	\$4,774,399.32	\$41,343,792.79
MASSACHUSETTS	P&C	\$42,266,801.11	\$33,201,519.92	\$3,472,895.42	\$78,941,216.45
MICHIGAN	P&C	\$50,058,523.93	\$33,254,137.40	\$6,045,539.03	\$89,358,200.36
MINNESOTA	P&C	\$16,127,703.50	\$5,454,936.78	\$1,541,533.49	\$23,124,173.77
MISSISSIPPI	P&C	\$33,266,901.30	\$15,115,668.63	\$2,220,323.11	\$50,602,893.04
MISSOURI	P&C	\$31,970,478.23	\$11,854,077.94	\$1,760,819.86	\$45,585,376.03
MONTANA	P&C	\$3,580,678.82	\$1,173,101.07	\$378,290.38	\$5,132,070.27
NEBRASKA	P&C	\$5,996,027.42	\$7,787,734.88	\$135,806.08	\$13,919,568.38
NEVADA	P&C	\$6,450,192.65	\$1,718,758.30	\$717,361.71	\$8,886,312.66
NEW HAMPSHIRE	L&H	\$0.00	\$0.00	\$35,918.35	\$35,918.35
NEW HAMPSHIRE	P&C	\$12,211,721.02	\$13,787,341.92	\$1,148,652.69	\$27,147,715.63
NEW JERSEY	P&C	\$69,164,600.88	\$10,663,113.52	\$3,824,114.07	\$83,651,828.47
NEW JERSEY	WC	\$43,569,734.40	\$15,485,624.77	\$2,308,840.88	\$61,364,200.05
NEW MEXICO	P&C	\$5,927,062.07	\$2,892,534.66	\$635,222.54	\$9,254,819.27
NEW YORK	P&C	\$270,851,495.63	\$92,817,711.94	\$44,695,352.00	\$408,364,559.57
NEW YORK	WC	\$141,632,915.60	\$76,396,036.24	\$0.00	\$218,028,951.84
NOLHGA		\$0.00	\$0.00	\$6,516,295.00	\$6,516,295.00
NORTH CAROLINA	P&C	\$61,069,861.31	\$25,501,790.59	\$3,469,933.96	\$90,041,585.86
NORTH DAKOTA	P&C	\$251,262.99	\$0.00	\$63,663.28	\$314,926.27
OHIO	P&C	\$9,292,255.90	\$491,138.00	\$1,623,990.35	\$11,407,384.25
OKLAHOMA	P&C	\$17,667,518.53	\$6,858,878.37	\$1,303,454.14	\$25,829,851.04
OREGON	P&C	\$22,299,139.67	\$7,045,505.93	\$785,915.82	\$30,130,561.42
PENNSYLVANIA	P&C	\$37,868,849.05	\$37,096,806.52	\$1,733,333.50	\$76,698,989.07
PENNSYLVANIA	WC	\$130,816,464.50	\$62,511,569.19	\$9,867,098.84	\$203,195,132.53
PUERTO RICO	P&C	\$8,225,365.37	\$1,311,000.00	\$177,049.01	\$9,713,434.38
RHODE ISLAND	P&C	\$9,101,904.71	\$3,116,551.86	\$726,722.84	\$12,945,179.41
SOUTH CAROLINA	P&C	\$30,736,760.72	\$7,918,030.46	\$1,701,004.88	\$40,355,796.06
SOUTH DAKOTA	P&C	\$1,779,811.28	\$261.34	\$142,282.39	\$1,922,355.01
TENNESSEE	P&C	\$33,173,443.34	\$28,355,054.74	\$3,952,194.21	\$65,480,692.29
TEXAS	P&C	\$125,333,969.30	\$82,192,885.72	\$14,769,891.68	\$222,296,746.70
UTAH	P&C	\$7,468,420.92	\$7,845,889.55	\$1,012,193.82	\$16,326,504.29
VERMONT	P&C	\$6,435,438.29	\$13,218,685.08	\$398,847.24	\$20,052,970.61
VIRGIN ISLANDS	P&C	\$414,355.00	\$4,849,901.00	\$0.00	\$5,264,256.00
VIRGINIA	P&C	\$33,386,962.36	\$22,357,811.40	\$2,436,441.77	\$58,181,215.53
WASHINGTON	P&C	\$30,778,946.51	\$3,516,046.62	\$2,553,488.46	\$36,848,481.59
WEST VIRGINIA	P&C	\$3,578,889.20	\$0.00	\$344,179.96	\$3,923,069.16
WISCONSIN	P&C	\$10,502,366.05	\$4,462,175.44	\$1,405,620.00	\$16,370,161.49
WYOMING	P&C	\$487,998.22	\$0.00	\$132,073.62	\$620,071.84
		\$2,594,160,906	\$1,659,399,140	\$228,400,356	\$4,481,960,402

\*\* New York WC and NY P&C Administrative Expenses are combined and reported under NY P&C



# **Exhibit J**

Proof Of Claim Statistics - Inception To Date June 30, 2008

CLASS DESCRIPTION	TOTAL POCs RECEIVED	POCs RECEIVED AFTER 12-31-03	TOTAL NODs ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	0	0	0	\$0.00	0	\$0.00
A - ADMIN COSTS AND EXPENSES	4,098	392	3,364	\$0.00	3,068	\$0.00
B - POLICY HOLDER CLAIMS	62,429	2,847	47,878	\$576,833,453.60	37,843	\$510,122,808.12
C - FEDERAL GOVT	9	0	9	\$0.00	9	\$0.00
D - EMPLOYEES	0	0	0	\$0.00	0	\$0.00
E - GEN CREDITORS/UNEARNED PREM	64,560	3,107	61,831	\$43,209,718.18	60,637	\$41,056,862.66
F - STATE/LOCAL GOVT	189	3	188	\$0.00	188	\$0.00
G - LATE FILED/SUBROGATION	28,221	3,921	26,252	\$7,111,070.67	1,996	\$6,202,173.28
H - SURPLUS, PREM REFUNDS	0	0	0	\$0.00	0	\$0.00
I - SHAREHOLDERS, OTHER OWNERS	3	0	3	\$0.00	3	\$0.00
<b>TOTAL:</b>	<b>159,509</b>	<b>10,270</b>	<b>139,525</b>	<b>\$627,154,242.45</b>	<b>103,744</b>	<b>\$557,381,844.06</b>

OTHER COUNTS	INCEPTION TO DATE
POCs With Claims at GAS	5,326
Contingent Unliquidated POCs	7,811
Ready to Evaluate	624
Awaiting Information	6,223
<b>TOTAL:</b>	<b>19,984</b>

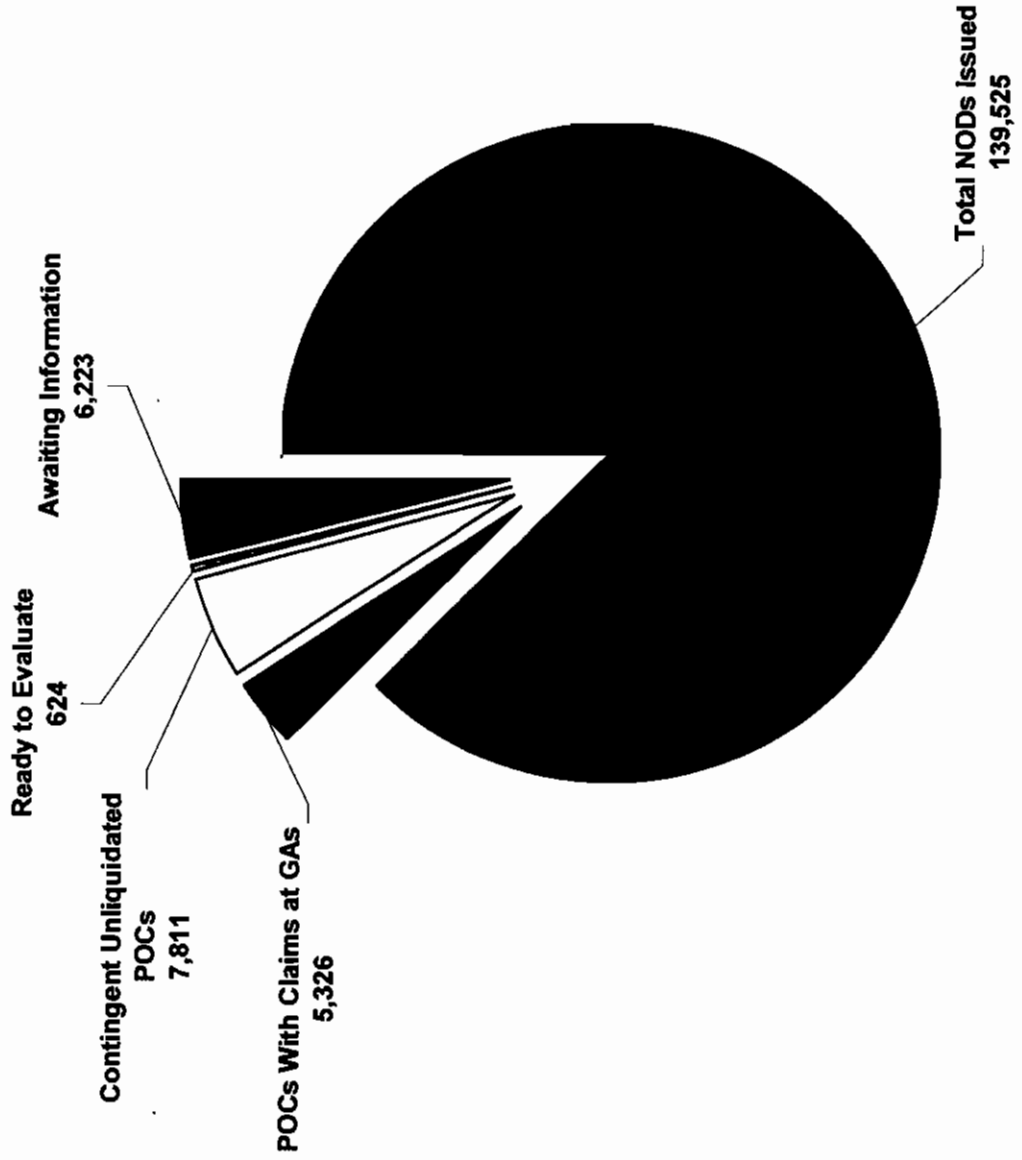
# **Exhibit K**

Proof Of Claim Statistics - Quarter To Date June 30, 2008

CLASS DESCRIPTION	TOTAL POCs RECEIVED	TOTAL NODs ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	0	0	\$0.00	0	\$0.00
A - ADMIN COSTS AND EXPENSES	3	62	\$0.00	252	\$0.00
B - POLICY HOLDER CLAIMS	84	3,121	\$30,584,631.28	10,079	\$81,759,808.32
C - FEDERAL GOVT	0	0	\$0.00	0	\$0.00
D - EMPLOYEES	0	0	\$0.00	0	\$0.00
E - GEN CREDITORS/UNEARNED PREM	6	282	\$532,710.28	3,715	\$5,370,412.24
F - STATE/LOCAL GOVT	0	0	\$0.00	0	\$0.00
G - LATE FILED/SUBROGATION	120	4,435	\$250,345.94	214	\$2,137,451.72
H - SURPLUS, PREM REFUNDS	0	0	\$0.00	0	\$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	0	\$0.00	0	\$0.00
<b>TOTAL:</b>	<b>213</b>	<b>7,900</b>	<b>\$31,367,687.50</b>	<b>14,260</b>	<b>\$89,267,672.28</b>

# Exhibit L

Status of POCs as of 06-30-08  
Total: 159,509



# **Exhibit M**

Objection Statistics - Inception To Date June 30, 2008

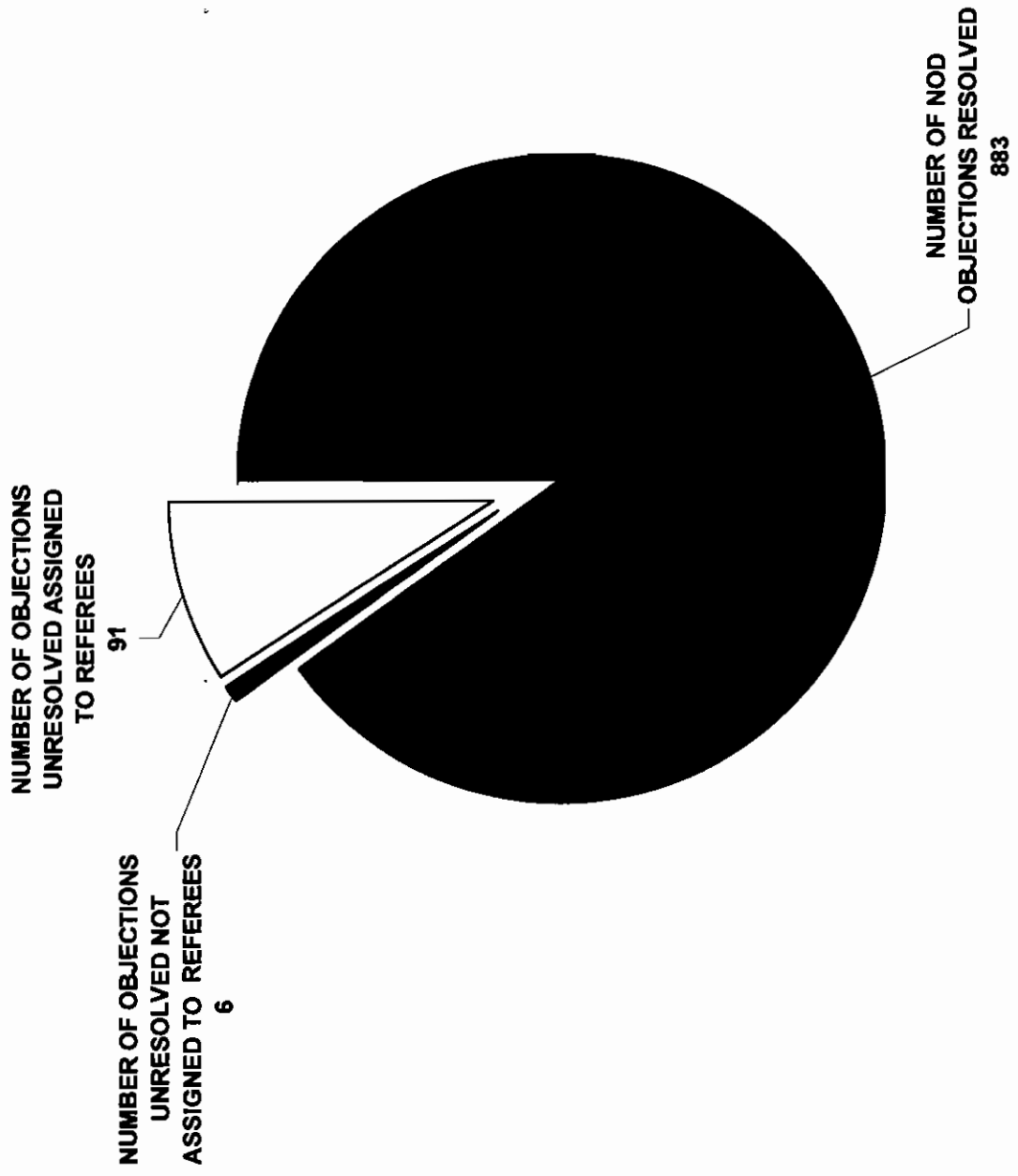
CLASS DESCRIPTION	NUMBER OF NOD OBJECTIONS RECEIVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS RECEIVED	NUMBER OF NOD OBJECTIONS RESOLVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS RESOLVED
NO CLASS ASSIGNED	0	\$0.00	0	\$0.00
A - ADMIN COSTS AND EXPENSES	140	\$0.00	140	\$0.00
B - POLICY HOLDER CLAIMS	221	\$25,275,486.21	199	\$24,279,148.00
C - FEDERAL GOVT	0	\$0.00	0	\$0.00
D - EMPLOYEES	0	\$0.00	0	\$0.00
E - GEN CREDITORS/UNEARNED PREM	574	\$4,758,386.25	519	\$2,953,990.21
F - STATE/LOCAL GOVT	1	\$0.00	1	\$0.00
G - LATE FILED/SUBROGATION	44	\$736,353.50	24	\$736,353.50
H - SURPLUS, PREM REFUNDS	0	\$0.00	0	\$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	\$0.00	0	\$0.00
<b>TOTAL:</b>	<b>980</b>	<b>\$30,770,225.96</b>	<b>883</b>	<b>\$27,969,491.71</b>

CLASS DESCRIPTION	NUMBER OF OBJECTIONS UNRESOLVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED	NUMBER OF OBJECTIONS UNRESOLVED ASSIGNED TO REFEREES	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED ASSIGNED TO REFEREES	NUMBER OF OBJECTIONS UNRESOLVED NOT ASSIGNED TO REFEREES	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED NOT ASSIGNED TO REFEREES
NO CLASS ASSIGNED	0	\$0.00	0	\$0.00	0	\$0.00
A - ADMIN COSTS AND EXPENSES	0	\$0.00	0	\$0.00	0	\$0.00
B - POLICY HOLDER CLAIMS	22	\$996,338.21	17	\$996,338.21	5	\$0.00
C - FEDERAL GOVT	0	\$0.00	0	\$0.00	0	\$0.00
D - EMPLOYEES	0	\$0.00	0	\$0.00	0	\$0.00
E - GEN CREDITORS/UNEARNED PREM	55	\$1,804,396.04	54	\$1,804,396.04	1	\$0.00
F - STATE/LOCAL GOVT	0	\$0.00	0	\$0.00	0	\$0.00
G - LATE FILED/SUBROGATION	20	\$0.00	20	\$0.00	0	\$0.00
H - SURPLUS, PREM REFUNDS	0	\$0.00	0	\$0.00	0	\$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	\$0.00	0	\$0.00	0	\$0.00
<b>TOTAL:</b>	<b>97</b>	<b>\$2,800,734.25</b>	<b>91</b>	<b>\$2,800,734.25</b>	<b>6</b>	<b>\$0.00</b>



# **Exhibit N**

Status of NOD Objections Received Through 06-30-08  
Total: 980

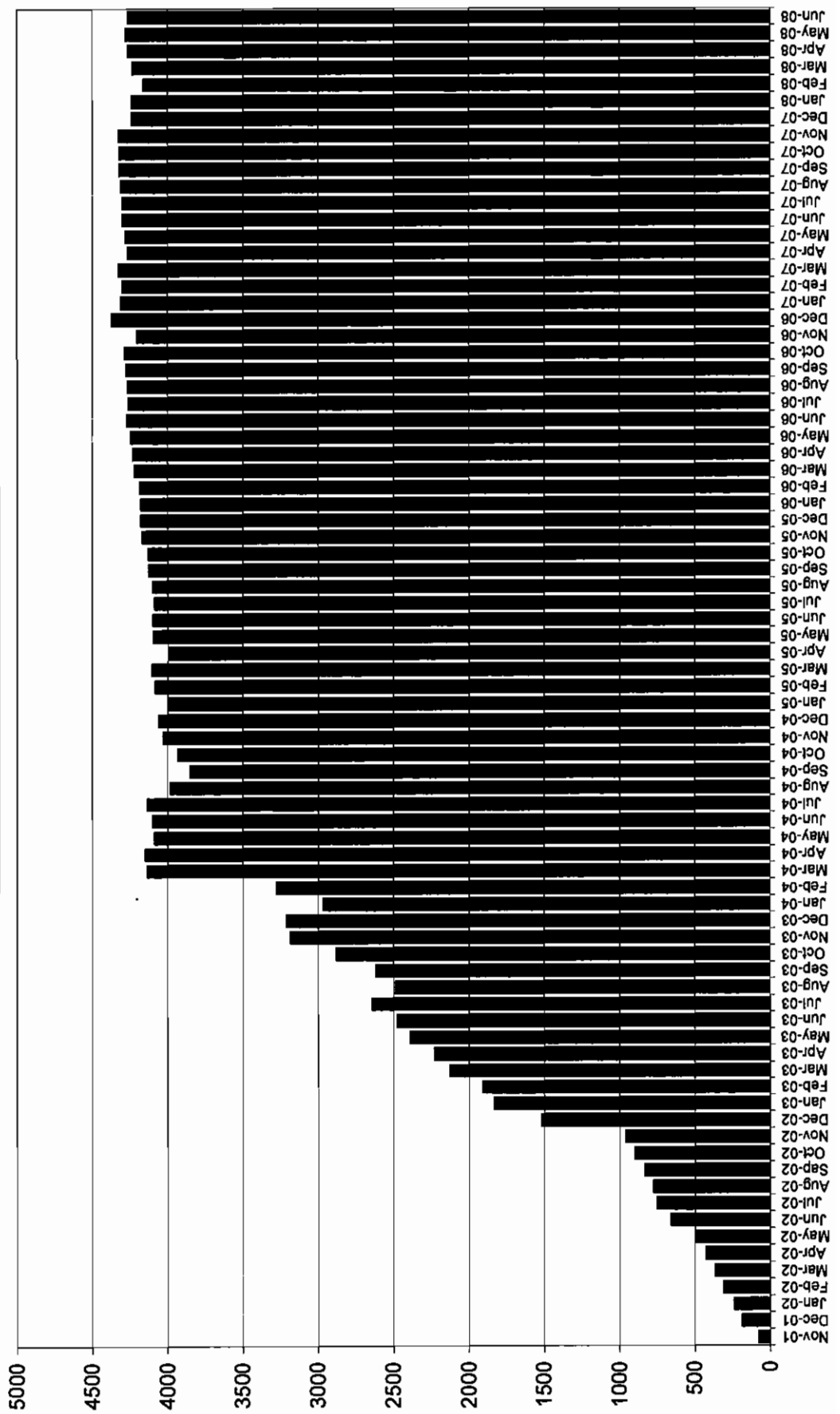


# Exhibit O

# Cumulative GA Activity Reported Through 06/30/2008

in millions

■ GA Paid to Date ■ GA Reserves



**CERTIFICATE OF SERVICE**

I, Ann B. Laupheimer, hereby certify that on or about this day, pursuant to the Court's Order of April 1, 2004, service of the foregoing Quarterly Report of the Liquidator on the Status of the Liquidation of Reliance Insurance Company as of June 30, 2008 was made on the attached Master Service List and Claim Objector List through the transmission of a Notice of Filing and through posting of a true and correct copy in PDF file format on the Reliance Documents website ([www.reliancedocuments.com](http://www.reliancedocuments.com)).

Dated: September 29, 2008

  
ANN B. LAUPHEIMER

## Master Service List

Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania

v.

Reliance Insurance Company

No. 269 M.D. 2001 (Commonwealth Court of Pennsylvania)

Jerome R. Richter  
Ann B. Laupheimer  
Blank Rome LLP  
One Logan Square  
Philadelphia, PA 19103  
(215) 569-5500  
(Attorneys for Joel S. Ario,  
Insurance Commissioner of the  
Commonwealth of Pennsylvania)

Amy L. Weber, Esquire  
Deputy Chief Counsel  
Preston M. Buckman, Esquire  
Special Funds Counsel  
Commonwealth of Pennsylvania  
Insurance Department  
Office of the Chief Counsel  
Capitol Associates Building  
901 North 7<sup>th</sup> Street  
Harrisburg, PA 17102  
(717) 787-6009  
(Attorneys for the Pennsylvania  
Insurance Department)

Marilyn K. Kincaid, Esquire  
Reliance Insurance Company  
(in Liquidation)  
Three Parkway  
Philadelphia, PA 19102  
(215) 864-4205  
(Attorney for Reliance Insurance  
Company (in Liquidation))

Brian P. Flaherty, Esq.  
Wolf, Block, Schorr & Solis-Cohen LLP  
1650 Arch Street  
22nd Floor  
Philadelphia, PA 19103  
Phone: (215) 977-2048  
Fax: (215) 405-2948  
(Attorneys for Joel S. Ario,  
Insurance Commissioner of the  
Commonwealth of Pennsylvania)

Hillary C. Steinberg  
James Michael Matour  
Hangley Aronchick Segal & Pudlin, P.C.  
One Logan Square  
Philadelphia, PA 19103

(215) 568-6200  
(Attorneys for Reliance Group  
Holdings, Inc.)

Jeffrey B. Rotwitt  
Obermayer Rebmann Maxwell & Hippel  
1 Penn Center, 19<sup>th</sup> Floor  
Philadelphia, PA 19103-1895  
(215) 665-3000  
(Attorneys for Joel S. Ario,  
Insurance Commissioner of the  
Commonwealth of Pennsylvania)

William Charles Bensley  
George Whittaker Howard  
Edward M. Nass  
Howard Brenner & Nass, P.C.  
1608 Walnut Street, Suite 1700  
Philadelphia, PA 19103  
(215) 546-8200  
(Attorneys for Francine and Ted Forman)

Brad S. Karp  
Paul, Weiss, Rifkind, Wharton & Garrison  
1285 Avenue of the Americas  
New York, NY 10019  
(212) 373-3000  
(Attorneys for Reliance Group  
Holdings, Inc.)

Robert H. Levin  
Adelman Lavine Gold & Levin, P. C.  
Four Penn Center, Suite 900  
Philadelphia, PA 19103-2808  
(215) 568-7515  
(Attorneys for Committee of Policyholders)

Richard D. Batchelder, Jr.  
Ropes & Gray  
One International Place  
Boston, MA 02110-2624  
(617) 951-7000  
(Attorneys for Miami Cruiseline  
Holdings LLC)

Frank F. McGinn  
Bartlett Hackett Feinberg, P.C.  
155 Federal Street  
9<sup>th</sup> Floor

Boston, MA 02110  
(617) 422-0200  
(Attorneys for Flatley Company)

Thomas J. Madigan  
Pepper Hamilton LLP  
One Mellon Center  
500 Grant Street, 50<sup>th</sup> Floor  
Pittsburgh, PA 15219-2502  
(412) 454-5000  
(Attorneys for O'Brien-Kreitzberg  
& Associates, Inc.)

Douglas B. Provencher  
Provencher & Flatt, LLP  
823 Sonoma Avenue  
Santa Rosa, CA 95404  
(707) 284-2380  
(Attorneys for Great Western Collection  
Bureau)

Terence R. Savage  
Employment Development Department  
State of California  
800 Capitol Mall, Legal Office  
Sacramento, CA 95814  
(916) 654-8410  
(Attorneys for Employment Development  
Department, State of California)

R. Nicholas Gimbel  
McCarter & English, LLP  
Mellon Bank Center  
1735 Market Street  
Suite 700  
Philadelphia, PA 19103  
Phone: (215) 979-3800  
Fax: (215) 979-3899  
(Attorneys for Brand Scaffold Services, Inc.,  
Magellan Ins. Co. Ltd., and Sun Life Assurance  
Company of Canada)

Anderson, Kill & Olick P.C.  
1600 Market Street, Suite 2500  
Philadelphia, PA 19103  
(215) 568-4202  
-and-  
Marvin L. Wilenzik  
Elliott Reihner Siedzikowski & Egan, P.C.  
925 Harvest Drive  
P.O. Box 3010  
Blue Bell, PA 19422  
(215) 977-1050  
(Attorneys for Synagro Technologies, Inc.)

Jeremy J.O. Harwood, Esquire

Blank Rome LLP  
23<sup>rd</sup> Floor  
405 Lexington Avenue  
New York, NY 10174  
(212-885-5149)

-and-  
Joseph M. Donley, Esquire  
William E. Cox, Esquire  
Kittredge, Donley, Elson, Fullem & Embick  
400 Market Street, Suite 200  
Philadelphia, PA 19106  
(215-829-9900)  
(Attorneys for Steamship Mutual Underwriting  
Association (Bermuda) Ltd.)

Thomas V. White, Esquire  
Joseph P. Rusnak, Esquire  
Tune, Entrekin & White, P.C.  
AmSouth Center, Suite 1700  
315 Deaderick Street  
Nashville, TN 37238  
(615) 244-2770  
(Attorneys for Home Builders Association of  
Tennessee Self-Insured Trust)

Michele Smolin, Esquire  
McDonald, Hopkins, Burke & Haber  
600 Superior Avenue E  
Cleveland, OH 44114-2653  
(216) 348-5400  
(Attorneys for United Church of Christ Insurance  
Board)

Lisa Luborsky, Esquire  
Britt, Hankins & Moughan  
Two Penn Center Plaza, Suite 515  
1500 John F. Kennedy Blvd.  
Philadelphia, PA 19102-1888  
(215) 569-6918  
(Attorneys for the Pennsylvania Property and  
Casualty Insurance Guaranty Association)

Frederick P. Santarelli, Esquire  
Elliott Greenleaf & Siedzikowski, P.C.  
925 Harvest Drive  
P.O. Box 3010  
Blue Bell, PA 19422  
(215) 977-1050  
(Attorneys for Estate of Leo Frances Tenczynski)

Janice Marie Savinis, Esquire  
Savinis, D'Amico & Kane, LLC  
Suite 3626, Gulf Tower  
707 Grant St.  
Pittsburgh, PA 15219  
(Attorney for Harold W. Thomas)

Francine L. Semaya, Esquire  
Cozen O'Connor  
45 Broadway, 16<sup>th</sup> Floor  
New York, NY 10006  
(212-908-1270)  
(Attorneys for Allied Holdings and Client Assurance Pool)

Richard F. McMenamin, Esquire  
David L. Harbaugh, Esquire  
Morgan, Lewis & Bockius LLP  
1701 Market Street  
Philadelphia, PA 19103-2921  
(215-963-5596)  
(Attorneys for Fuji Bank Limited and The Tribune Company)

Eric P. Wilenzik, Esquire  
Elliott Reihner Siedzikowski & Egan, P.C.  
925 Harvest Drive  
Blue Bell, PA 19422  
(215-977-1000)  
(Attorneys for Brandywine Realty Trust)

Sarah H. Zinn, Esquire  
Hogan & Hartson, LLP  
555 13th Street, N.W.  
Washington, D.C. 20004-1109  
(202) 637-6459  
(Attorneys for National Structured Settlements Trade Association, General Electric Capital Assurance Co., First Colony Life Ins. Co., Federal Home Life Ins. Co., and GE Life and Annuity Assurance Co.)

David W. Cranshaw, Esquire  
Morris, Manning & Martin, LLP  
1600 Atlanta Financial Center  
3343 Peachtree Road, N.E.  
Atlanta, GA 30326  
(404-233-7000)  
(Attorneys for ChoicePoint and its division ChoicePoint Commercial Specialist)

P. Kevin Brobson, Esquire  
Buchanan Ingersoll  
One South Market Square  
213 Market Street, 3<sup>rd</sup> Floor  
Harrisburg, PA 17101  
(717-237-4800)  
(Attorneys for Magellan Reinsurance Company, Ltd. and RBH Reinsurance Ltd.)

Bruce R. Hoffman, Esquire  
Law Office of Bruce R. Hoffman, LLC  
574 Sea Island Parkway  
Saint Helena Island, SC 29920-4205  
(843-838-5290)  
(Pro Se)

R. Jane Lynch, Esquire  
Cox, Castle & Nicholson LLP  
2049 Century Park East, Suite 2800  
Los Angeles, CA 90067  
(310-277-4222)  
(310-277-7889) fax  
(Attorneys for Lake at Las Vegas Joint Venture)

Kevin E. Wolff, Esquire  
Robert J. Re, Esquire  
McElroy, Deutsch & Mulvaney, LLP  
1300 Mount Kemble Avenue  
P.O. Box 2075  
Morristown, NJ 07962-2075  
(973-425-8717)  
(Attorneys for Celanese Americas Corporation, Elwood Insurance Limited, and Celwood Insurance Company (f/k/a Hoechst Celanese Insurance Company, Ltd.)

Michael B. Dubin, Esquire  
Semanoff, Ormsby, Greenberg & Torchia  
Suite 200 Jenkins Court  
610 Old York Road  
Jenkintown, PA 19046  
(215-887-0200)  
(215-887-5356) fax  
(Attorneys for Integrated Health Services, Inc.)

Deborah Fuchs Cohen, Esquire  
Eric Jonathan Rothschild, Esquire  
Pepper Hamilton LLP  
3000 Two Logan Square  
18<sup>th</sup> and Arch Streets  
Philadelphia, PA 19103  
(215) 981-4470  
(Attorney for Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania)

Leonard P. Goldberger, Esquire  
Amy Elizabeth Vulpio, Esquire  
White and Williams LLP  
1800 One Liberty Place  
Philadelphia, PA 19103-7395  
(215) 864-6376  
(Attorneys for Insurance Company of North America)

Harold S. Horwich, Esquire



Bingham McCutchen  
One State Street  
Hartford, CT 06103  
(860) 240-2700  
(Attorneys for St. Joseph's Medical Center)

Susan J. Guerrieri, Esquire  
Stephen C. Baker, Esquire  
John B. Dempsey, Esquire  
Drinker Biddle & Reath LLP  
One Logan Square  
18<sup>th</sup> and Cherry Streets  
Philadelphia, PA 19103-6996  
(215) 988-2700  
(Attorneys for Mawson & Mawson, Inc.)

Joseph F. Orso, III, Esquire  
Casale & Bonner, P.C.  
Suite 202  
33 West Third Street  
Williamsport, PA 17701  
(570) 326-7044  
(Attorneys for Richard Ruhl)

Arthur Makadon, Esquire  
Geoffrey A. Kahn, Esquire  
Ballard Spahr Andrews & Ingersoll, LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103  
(215) 665-8500  
(Attorneys for Deloitte & Touche LLP)

Douglas Y. Christian, Esquire  
Ballard Spahr Andrews & Ingersoll  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599  
(215) 864-8404  
(Attorneys for American Longshore Mutual Association)

Lisa M. Salazar, Esquire  
McCarter & English LLP  
Mellon Bank Center, Suite 700  
1735 Market Street  
Philadelphia, PA 19103-7501  
(215) 979-3800  
(Attorneys for Robert M. Steinberg)

Robert E. Kelly, Jr., Esquire  
Anthony W. Parker, Esquire  
Kelly, Parker & Cohen LLP  
Commerce Towers  
10<sup>th</sup> Floor  
300 North Second Street  
Harrisburg, PA 17106-2003  
717-920-2220  
(Attorneys for Petitioner South Carolina School

Boards Insurance Trust)

Joseph M. Hennelly, Jr., Esquire  
Hennelly & Stedman, PLC  
Goldworthy House  
322 West Roosevelt  
Phoenix, AZ 85003  
(602) 230-7000  
(Attorneys for Mark D. Tharp as Arizona's Special Ancillary Receiver of Reliance)

Rowe W. Snider, Esquire  
Steven T. Whitmer, Esquire  
Julie L. Young, Esquire  
Lord, Bissell & Brook  
111 S. Wacker Drive  
Chicago, Illinois 60606  
(312) 443-0700  
(Attorneys for NCIGF)

Paul G. Wilko, Deputy Attorney General  
State of New Jersey  
Office of the Attorney General  
Department of Law and Public Safety  
Division of Law  
Station Plaza #4, 2nd Floor  
22 South Clinton Ave.  
P.O. Box 117  
Trenton, NJ 08625-0117  
(609) 777-3512  
(Attorney for New Jersey Workers Compensation Bureau)

Malcolm C. Lindquist, Esquire  
Lane Powell Spcars Lubersky  
1420 Fifth Ave.  
Suite 4100  
Seattle, WA 98101  
(206) 223-7101  
(Attorney for Labor Ready, Inc.)

James W. Kutz, Esquire  
Kimberly M. Colonna, Esquire  
McNees Wallace & Nurick, LLC  
100 Pine St, P.O. Box 1166  
Harrisburg, PA 17108-1166  
(717) 232-8000  
(Attorneys for Earth Tech, Inc.)

Guy A. Cellucci, Esquire  
White and Williams LLP  
1800 One Liberty Place  
Philadelphia, PA 19103-7395  
(215) 864-7000  
(Attorneys for Hartford Fire Insurance Co., Hartford Specialty Co., and the Hartford Financial Services Group, Inc.)

Brian T. Guthrie, Esquire  
Daniel W. Krane, Esquire  
Drinker Biddle & Reath LLP  
One Logan Square  
18th and Cherry Streets  
Philadelphia, PA 19103-6996  
(215) 988-2700  
(Attorneys for Lexington Insurance Co.)

Edward G. Biester, Esquire  
Duane Morris LLP  
3030 South 17<sup>th</sup> Street  
Philadelphia, PA 19103  
(215) 979-1000  
(Attorneys for Florida Workers' Compensation  
Insurance Guaranty Association Incorp.)

Lawrence Licitra, Esquire  
Julie Pollack, Esquire  
Swiss Reinsurance America Corporation  
175 King Street  
Armonk, NY 10504  
(914) 828-8000  
(Attorneys for Swiss Reinsurance America Corp.)

Daryn E. Rush, Esquire  
Gibbons PC  
1700 Two Logan Square  
18<sup>th</sup> & Arch Streets  
Philadelphia, PA 19103-2769  
215-446-6220  
(Attorneys for Travelers Casualty and Surety Co.)

John C. Connell, Esq.  
Jerrold S. Kulback, Esq.  
Archer & Greiner, PC  
One Centennial Square  
Haddonfield, NJ 08033  
(856) 795-2121  
(Attorneys for New Mexico Mutual Casualty  
Company and Southwest Casualty Company)

Kimberly A. LaMaina  
Skadden, Arps, Slate, Meagher & Flom, LLP  
One Rodney Square  
Wilmington, DE 19801  
(302) 651-3184  
(Attorneys for Zenith Insurance Company)

Jeffrey B. Cohen  
John Menke  
Joseph Krettek  
Pension Benefit Guaranty Corporation  
Office of the General Counsel  
1200 K Street, N.W.

Washington, D.C. 20005  
(202) 326-4020  
(Attorneys for Pension Benefit Guaranty  
Corporation)

Francis Patrick Newell  
Harkins Cunningham LLP  
2800 One Commerce Square  
2005 Market Street  
Philadelphia, PA 19103  
(215) 851-6700  
(Attorney for Celanese and the Celanese Reinsurers)

Jeff Farkas  
Laura Torrado  
Bear Stearns Investment Products Inc.  
383 Madison Avenue  
New York, NY 10179  
(212) 272-3330  
(Non-Attorney Representative of Bear Stearns)

Michael W. Winchuh  
Dennis Comstock  
VonWin Capital, L.P.  
60 Madison Avenue, Suite 201  
New York, NY 10011  
(212) 889-1601  
(Attorneys for VonWin Capital)

Dale Stohr  
Angelo, Gordon & Co.  
245 Park Avenue, 26<sup>th</sup> Floor  
New York, NY 10167  
(212) 692-2034

James W. Schacht  
Navigant Consulting, Inc.  
175 West Jackson Blvd., Suite 500  
Chicago, IL 60604  
(312) 583-5700

Michael J. Cawley  
Wilson, Elser, Moskowitz, Eldermen & Dicker LLP  
The Curtis Center  
Suite 1130 East  
Independence Square West  
Philadelphia, PA 19106  
(215) 627-6900  
(Attorney for British Aviation Insurance Group Ltd.)

Laura L. McGrogry, Chief Counsel  
Legal Division  
Industrial Commission of Arizona  
P.O. Box 19070  
Phoenix, AZ 85005-9070  
(Counsel for the Arizona Workers Compensation  
Guaranty Association)

Arthur F. McNulty  
Chief Counsel  
Pennsylvania Insurance Department  
Office of Chief Counsel  
1341 Strawberry Square  
Harrisburg, PA 17120  
(717) 783-1975  
(Counsel for Joel S. Ario,  
Insurance Commissioner of the  
Commonwealth of Pennsylvania)

Jonathan Neiss  
Contrarian Capital Management, LLC  
411 West Putnam Avenue, Suite 225  
Greenwich, CT 06830  
(203) 862-8255

Joseph J. Bellew  
Cozen O'Connor  
Suite 1400, 1201 North Market Street  
Wilmington, DE 19801-1147  
(302) 295-2025  
(Attorney for Hudson News Co., Hudson News  
Distributors, LLC, Magazine Distributors, Inc., and  
MET News Liquidating Trust)

David L. Neale  
Tania M. Moyron  
Levene, Neale, Bender, Rankin & Brill LLP  
10250 Constellation Blvd.  
Suite 1700  
Los Angeles, California 90067  
(310) 229-1234

Douglas H. Deems  
The Claro Group, LLC  
777 S. Figueroa Street, Suite 4050  
Los Angeles, CA 90017  
(213) 784-0190

Timothy P. Law, Esq.  
John Norig Ellison, Esq.  
Reed Smith  
2500 One Liberty Place  
1650 Market Street  
Philadelphia, PA 19103-7301  
(215) 851-8100  
(Counsel for Conoco, Inc. and Harlem River Park  
Houses, Inc.)

Nancy K. Tordai, Esq.  
Hanson Peters Nye  
1000 Hart Road, Suite 300  
Barrington, Illinois 60010  
(847) 277-9988

Frank P. DeGiulio  
Palmer Biezup & Henderson  
620 Chestnut Street  
956 Public Ledger Building  
Philadelphia, PA 19106  
(215) 625-9900

Claim Objector Service List

*Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania vs. Reliance Insurance Co.*  
269 MD 2001 (Commonwealth Court of Pennsylvania)

ACUMEN RE MANAGEMENT CORP.  
302 FELLOWSHIP RD STE 130  
MOUNT LAUREL, NJ 08054

AGUILAR ERNESTINA  
1111 18TH STREET  
AMARILLO, TX 79105

APPLE COMPUTER, INC.  
1 INFINITE LOOP  
CUPERTINO, CA 95014-2083

BASKETBALL PROPERTIES  
601 BISCAYNE BLVD  
AMERICAN AIRLINES ARENA  
MIAMI, FL 33132-1801

BREAUX BROTHERS ENTERPRISE  
PO BOX 550  
LOREAUVILLE, LA 70552-0550

BUTLER FINANCIAL SOLUTIONS, LLC  
JAMES F. MORGANTEEN, ESQ  
2200 HIGHWAY 121, SUITE 100  
BEDFORD, TX 76021-5983

MICHAEL K CAMPBELL  
7711 DESMOND STREET  
N. CHARLESTON, SC 29418

CENTURY INDEMNITY COMPANY  
30 S 17TH ST STE 700  
UNITED PLAZA  
PHILADELPHIA, PA 19103-4001  
BERMUDA

COHEN, EYAL  
331 BERKELEY RUN  
ATLANTA, GA 30342

KENNETH T CRAWFORD  
3086 CARRIAGE MANOR CIR  
TALLAHASSEE, FL 32304-1100

DAMON & MOREY, LLP  
SCHIFELING BARBARA  
298 MAIN ST  
BUFFALO, NY 14202-4005

DJM CONTRACTING CORP  
42 CHICAGO PL  
HUNTINGTON STATION, NY 11746

EXCESS & TREATY MANAGEMENT  
CORPORATION  
C/O GUY CARPENTER & COMPANY INC.  
TWO LOGAN SQUARE - 6TH FLOOR  
PHILADELPHIA, PA 19103

FARM BUREAU MUTUAL INSURANCE  
COMPANY OF  
7373 W SAGINAW HIGHWAY  
PO BOX 30400  
LANSING, MI 48909-7900

FIRST CLASS COVERAGE, INC.  
150 BROADWAY STE 2206  
C/O LAW OFFICES OF MARK D. LEFKOWITZ  
NEW YORK, NY 10038-4493

JOHN FLAGG  
22 BASS DR  
ENFIELD, CT 06082-6116

JEFFERY B FORTENBERRY  
1276 REED RD  
STARKVILLE, MS 39759

GENERAL INTERNATIONAL LIMITED  
JESSIE RICHARDSON  
3RD FLOOR, AIG BUILDING  
29 RICHMOND ROAD  
PEMBROKE, HM08  
BERMUDA

MYRON HAIRRELL  
516 LAKE AVE APT 4  
WOODSTOCK, IL 60098-4283

HELP DESK, INC.  
2200 HIGHWAY 121 STE 100  
C/O JAMES F. MORGANSTEEN, ESQ.  
BEDFORD, TX 76021-5983

HOME BUILDERS ASSOCIATION OF  
TENNESSEE SIT  
C/O TUNE ENTREKIN & WHITE PC  
315 DEADERICK ST STE 1700  
NASHVILLE, TN 37238

HUDSON NEWS COMPANY  
1 MEADOWLANDS PLZ  
EAST RUTHERFORD, NJ 07073-2150

ILLINOIS TOOL WORKS  
3600 W LAKE AVE  
GLENVIEW, IL 60026-1215

KOT INSURANCE COMPANY LTD  
BRENDA L. JENSEN, CIP  
C/O AON INTERNATIONAL ENERGY, INC.  
1330 POST OAK BLVD, STE 900  
HOUSTON, TX 77056

Claim Objector Service List

*Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania vs. Reliance Insurance Co.*  
269 MD 2001 (Commonwealth Court of Pennsylvania)

LAKE UNION DRYDOCK COMPANY  
1515 FAIRVIEW AVE E  
SEATTLE, WA 98102-3718

LINCOLN NATIONAL LIFE INSURANCE  
COMPANY  
1300 S CLINTON ST  
FORT WAYNE, IN 46802-3506

MARIO LOPEZ  
C/O GEORGE BALTAXE, ESQ  
AND MARTA LOPEZ  
15821 VENTURA BLVE., STE. 245  
ENCINO, CA 91436

BIANCA LOZADA  
P.O. BOX 774  
LITTLE FALLS, NJ 07424

MERCY MEDICAL CENTER  
1000 N VILLAGE AVE  
ROCKVILLE CENTRE  
ROCKVILLE CENTRE, NY 11570-1000

MARY MILLER  
PO BOX 3253  
RANCIIO PALOS VERDE, CA 90274

BEN MORGAN  
2229 HIGHWAY 2  
BAKER, FL 32531-7437

NATIONAL ENVIRONMENTAL SAFETY  
COMPANY, INC.  
ERIC MICHAEL PASINKOFF  
260 MADISON AVE; 22ND FLOOR  
NEW YORK, NY 10016

POARCH BAND OF CREEK INDIANS  
5811 JACK SPRINGS ROAD  
ATMORE, AL 36502

RIVER PARK ASSOCIATES  
DIANA BOSNJAK  
A MEMBER OF THE NATIONAL COALITION OF  
PROPERTY OWN  
C/O RY MANAGEMENT COMPANY INC.  
1619 3RD AVENUE  
NEW YORK, NY 10128

BRIAN STANFIELD  
10132 CLOVERDALE DR  
SAINT LOUIS, MO 63136-4214

ROBBY JOE STEWART III  
C/O MORGAN & LUTTRELL, L.L.P.  
711 NAVARRO ST STE 210  
SAN ANTONIO, TX 78205-1739

THE FUJI BANK LIMITED  
JAMES RITTER  
350 SOUTH GRAND AVENUE  
SUITE 1500  
LOS ANGELES, CA 90071

WALTER K THOMPSON  
20 SHELLY ROAD  
NORTON, MA 02766  
BERMUDA

THURSTON COUNTY  
RISK MANAGEMENT DEPT  
2000 LAKERIDGE DR SW  
OLYMPIA, WA 98502-6001

Claim Objector Service List

*Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania vs. Reliance Insurance Co.*  
269 MD 2001 (Commonwealth Court of Pennsylvania)

SHARON TOMPKINS  
A/K/A SHARON RICHARDSON  
16220 BEECHWOOD DR  
CHARLESTOWN, IN 47111-9756

FRANCISCO VARGAS  
C/O ATTORNEY D. MICHAEL CARUTHERS  
431 SOUTH PALM CANYON DRIVE  
SUITE 204  
PALM SPRINGS, CA 92264

WARNER BROS. ENTERTAINMENT INC.  
SUCCESSOR-IN-INTEREST TO WARNER BROS.  
A DIVISION O  
4000 WARNER BLVD RM 5158 BLDG 156 5158  
BURBANK, CA 91522-0001

WARRANTECH AUTOMOTIVE  
P O BOX 1179  
BEDFORD, TX 76095

WARRANTECH AUTOMOTIVE, INC  
JAMES F. MORGANTEEN, ESQ.  
2200 HIGHWAY 121  
SUITE 100  
BEDFORD, TX 76021-5983

WARRANTECH CONSUMER PRODUCTS  
SERVICES, INC.  
JAMES F. MORGANTEEN ESQUIRE  
2200 HIGHWAY 121, STE 100  
BEDFORD, TX 76021-5983

WARRANTECH HOME ASSURANCE CO.  
2200 HIGHWAY 121  
SUITE 100  
BEDFORD, TEXAS 76021

WARRANTECH HOME SERVICE COMPANY  
JAMES F. MORGANTEEN, ESQ.  
2200 HIGHWAY 121, STE. 100  
BEDFORD, TX 76021-5983

WASHINGTON MUTUAL BANK  
C/O PICADIO, SNEATH, MILLER, & NORTON  
4710 US STEELE TOWER, 600 GRANT ST  
PITTSBURGH, PA 15219

WCPS OF FLORIDA INC.  
JAMES F. MORGANTEEN, ESQ.  
2200 HIGHWAY 121 STE 100  
BEDFORD, TX 76021-5983

ALAN FEIN, STEARNS WEAVER MILLER, ET AL  
150 W FLAGLER ST STE 2200  
MIAMI, FL 33130-1536

GEORGE BALTAXE, ESQ  
15821 VENTURA BLVD, STE. 245  
ENCINO, CA 91436

BAUTE & TIDUS  
JEFFREY A. TIDUS  
777 S FIGUEROA ST STE 4900  
LOS ANGELES, CA 90017

CARR, ALLISON, PUGH & SISSON  
CHARLES CARR, ATTORNEY  
LAW OFFICE  
256 HONEYSUCKLE RD STE 6  
BRIGHTLEAF COURT  
DOTHAN, AL 36305-1168

CARR, ALLISON, PUGH, OLIVER & SISSON PC  
WILLIAM SISSON  
6251 MONROE ST STE 100  
DAPHNE, AL 36526-7153

Claim Objector Service List

*Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania vs. Reliance Insurance Co.*  
269 MD 2001 (Commonwealth Court of Pennsylvania)

D. MICHAEL CARUTHERS, ESQ.  
431 SOUTH PALM CANYON DRIVE  
STE 204  
PALM SPRINGS, CA 92264

COZEN O'CONNOR  
F. WARREN JACOBY, ESQ.  
1900 MARKET ST  
PHILADELPHIA, PA 19103-3527

ECKERT SEAMANS CHERIN & MELLOTT, LLC  
213 MARKET STREET, EIGHTH FLOOR  
HARRISBURG, PA 17101

FAZZANO, TOMASIEWICZ & PAULDING  
96 OAK ST  
HARTFORD, CT 06106-1514

GARAN, LUCOW, MILLER AND SEWARD, P.C.  
PAUL L. DIESEL, ESQUIRE  
8332 OFFICE PARK DR  
GRAND BLANC, MI 48439-2076

HANDLER, HENNING & ROSENBERG, LLP  
ADAM G. REEDY  
13300 LINGLESTOWN ROAD  
HARRISBURG, PA 17110

HELLER, EHRMAN, WHITE AND MCAULIFFE,  
LLP  
MICHAEL R. WRENN  
701 5TH AVE STE 6100  
SEATTLE, WA 98104-7043

GARY A LING  
3660 W. MONTAGUE AVENUE  
N. CHARLESTON, SC 29418

LOSAVIO LAW FIRM  
KENT S. DEJEAN  
8414 BLUEBONNET BLVD.  
SUITE 110  
BATON ROUGE, LA 70810

MAURICE C. HERBERT, JR, ESQ.  
8720 HERMITAGE PLACE  
RIVER RIDGE, LA 70123-2718

ERIC MCVITTIE, ESQ.  
701 5TH AVE STE 2500  
SEATTLE, WA 98104-7022

MORGAN & LUTTRELL, L.L.P.  
711 NAVARRO ST STE 210  
SAN ANTONIO, TX 78205-1739

MORGAN LEWIS & BOCKIUS  
1701 MARKET ST  
PHILADELPHIA, PA 19103-2903

ERIC MICHAEL PASINKOFF, ESQ.  
260 MADISON AVE, 22ND FLOOR  
NEW YORK, NY 10016  
BERMUDA

PILLSBURY WINTHROP, LLP  
PHILIP WARDEN, ESQ.  
50 FREMONT ST  
SAN FRANCISCO, CA 94105-2230

PODHURST, ORSECK, PA  
25 WEST FLAGLER STREET  
#800  
MIAMI, FL 33130

REED SMITH LLP  
1600 MARKET STREET  
PHILADELPHIA, PA 19103

REED SMITH, LLP  
TIMOTHY LAW, ESQ.  
1650 MARKET STREET  
2500 ONE LIBERTY PLACE; SUITE 2500  
PHILADELPHIA, PA 19103

REED, SMITH, SACHNOFF & WEAVER  
CAROLYN ROSENBERG  
10 S. WACKER DRIVE, SUITE 4000  
CHICAGO, IL 60606

REED, SMITH, SACHNOFF & WEAVER  
MR JOHN VISHNESKI  
10 S. WACKER DRIVE, 40TH FLOOR  
CHICAGO, IL 60606-7507

SMITH WILSON & DUNCAN  
P O BOX 15525  
AMARILLO, TEXAS 79105



Claim Objector Service List

*Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania vs. Reliance Insurance Co.*  
269 MD 2001 (Commonwealth Court of Pennsylvania)

TUNE, ENTREKIN & WHITE, PC  
315 DEADERICK ST  
STE 1700  
NASHVILLE, TN 37238

WAYNE M. SMITH, ESQ.  
WARNER BROS ENTERTAINMENT INC.  
7000 WARNER BLVD BLDG 156 RM. 5158  
BURBANK, CA 91722

WELTON & WILLIAMSON, LLC  
MARK WELTON, ATTY  
1020 FERDON BOULEVARD SOUTH  
CRESTVIEW, FL 32536

WHITE & WILLIAMS  
1650 MARKET ST  
1800 ONE LIBERTY PLACE  
PHILADELPHIA, PA 19103-7301