



proposed settlement is fair and reasonable and in the best interests of the Reliance estate, its policyholders, creditors, and the public.

In support of this Petition, the Liquidator avers the following:

### **BACKGROUND**

1. Reliance was part of a three-tiered holding company structure under which Reliance was a wholly-owned subsidiary of Reliance Financial Services Corporation (“RFSC”), which in turn was a wholly-owned subsidiary of Reliance Group Holdings Inc. (“RGH”).

2. On May 29, 2001, this Court entered an Order under 40 P.S. §§ 221.14 and 221.15 placing Reliance into rehabilitation proceedings. Subsequently, on October 3, 2001, this Court entered an Order under 40 P.S. §§ 221.19 and 221.20 placing Reliance into statutory liquidation. The Court’s October 3 Order appointed the Commissioner as Liquidator of Reliance.<sup>1</sup>

3. On June 12, 2001, RGH and RFSC filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (“SDNY Bankruptcy Court”).

#### **A. Deloitte Litigation**

4. On October 15, 2002, the Liquidator filed a complaint in this Court against Reliance’s outside auditor, Deloitte LLP, and its appointed actuary, Lommele, originally captioned *Koken v. Deloitte & Touche LLP et al.*, Docket No. 734-MD-2002, and now captioned *Ario v. Deloitte & Touche LLP et al.*, Docket No. 734-MD-2002 (“Deloitte Litigation”).

---

<sup>1</sup> At the time of the Court’s Order, the Insurance Commissioner of the Commonwealth of Pennsylvania was M. Diane Koken, who was succeeded by the current Commissioner, Joel S. Ario.

5. The central allegations of the Deloitte Litigation involve accounting and actuarial malpractice and breach of contract by Deloitte in connection with Deloitte's audit of, and Statement of Actuarial Opinion for, Reliance for year-end 1999.

**ESSENTIAL TERMS OF THE SETTLEMENT AGREEMENT**

6. After years of litigation, extensive discovery, motions, and several attempts at mediation, both with private mediators and, most recently, with the assistance of the President Judge of this Court, Deloitte and the Liquidator have executed a settlement agreement, subject to the approval of this Court, that resolves all disputes between Reliance and Deloitte. A copy of the Settlement Agreement is attached as Exhibit A.

7. Under the terms of the Settlement Agreement, Deloitte has agreed pay to the Liquidator for the benefit of the Reliance estate forty million dollars (\$40,000,000.00) ("Settlement Amount") in settlement of the claims in the Deloitte Litigation.

**A. Court Approval**

8. Approval of the settlement by this Court ("Court Approval") is a required pre-condition to payment under the Settlement Agreement. Payment to the Liquidator of the Settlement Amount does not take place until fifteen business days after: (i) the expiration of all appeal periods applicable to any orders signifying Court Approval; and (ii) receipt by counsel to Deloitte of an executed copy of the Order to Settle, Discontinue, and End the Action with prejudice.

**B. Release of Claims**

9. Section 2 of the Settlement Agreement incorporates releases (the "Releases") by each party of the other of and from all past, present, and future claims arising out of, based upon, or in any way relating to: (i) any of the claims or defenses that were or could have been asserted

in the Deloitte Litigation; or (ii) the provision of professional services by Deloitte to Reliance through the date of the Settlement Agreement.

10. The Releases do not apply to any claims that Deloitte may assert for contribution and indemnity against certain persons affiliated with Reliance in the action captioned *The RGH Liquidating Trust v. Deloitte & Touche LLP and Jan A. Lommele*, No. 600057/06 (Supreme Court N.Y. Cty.) or any other action that may be brought against Deloitte arising out of its services to Reliance.

11. Section 3 of the Settlement Agreement protects Deloitte in the event that it is sued for contribution or indemnity arising out of a lawsuit initiated by the Department or the Liquidator relating to Reliance that, under applicable law, reasonably could give rise to a claim for indemnity or contribution against Deloitte. The protections include (1) an agreement by the Department or the Liquidator to obtain a release for Deloitte if such an action is settled; and (2) an obligation on the Department or the Liquidator to secure an allocation of responsibility and corresponding judgment reduction provision for Deloitte in the event such an action is tried to judgment.

**C. Dismissal of Litigation**

12. The Settlement Agreement calls for the Deloitte Litigation to be “compromised, settled, released and dismissed.”

**D. No Admission of Liability**

13. The Settlement Agreement provides in Section 4 that its execution shall not constitute evidence of wrongdoing or culpability.

**E. Form of Order**

14. Subject to the approval of this Court, the Settlement Agreement also contains a proposed form of Order of court approval attached hereto as Exhibit B.

15. The proposed Commonwealth Court Order implements the Settlement Agreement and authorizes the payment of \$40,000,000.00 in settlement proceeds by Deloitte to the Reliance estate in accordance with the terms of the Settlement Agreement, and calls for dismissal of the Deloitte Litigation with prejudice. The proposed form of Order attached to this includes an Order to Settle, Discontinue, and End the Action with prejudice, that triggers the running of the time period for payment of the settlement funds to the Reliance estate.

#### **AUTHORITY TO ENTER THE AGREEMENT**

16. The Act confers broad power upon the Liquidator to administer the affairs of an insolvent insurer's estate and to achieve the purposes of the Act. *See* 40 P.S. §§ 221.1 and 221.23. Section 223.23 of the Act provides the Liquidator with the express authority to prosecute legal actions for the benefit of Reliance, and to compromise any bad or doubtful debts. 40 P.S. §§ 221.23(6). Section 221.23 further grants the Liquidator the authority to take such acts "as may be necessary or expedient for the accomplishment of or in aid of the purpose of liquidation." 40 P.S. § 221.23(23).

17. In furtherance of the purpose of liquidation, as set forth in the Act, and pursuant to his authority under the Act and the Order of Liquidation, the Liquidator has entered into the Settlement Agreement, which he believes to be in the best interests of the Reliance estate, its policyholders and creditors, and the public.

#### **BEST INTEREST OF THE ESTATE**

18. The Settlement Agreement was the subject of extensive arms-length and mediated negotiations under the auspices of the President Judge of this Court between the parties. The

Liquidator has determined that the result achieved is fair, reasonable, and will result in substantial benefits to the Reliance estate and the public, including a payment of \$40,000,000.00 cash for ultimate distribution to Reliance's policyholders and other creditors.

19. The Deloitte Litigation involves numerous complex issues of fact or law, and there is uncertainty concerning the favorable resolution of all such issues if they are litigated through trial and appeal.

20. The Liquidator believes that the settlement furthers the purposes of the Act as set forth in 40 P.S. § 221.1, including "the protection of the interests of insureds, creditors, and the public generally . . . ."

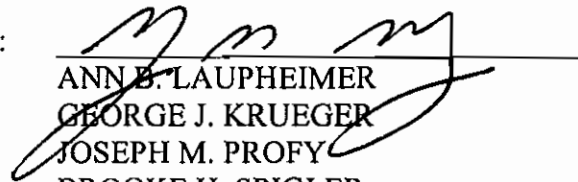
21. The Liquidator has therefore concluded that based on the totality of the circumstances presented in this matter, including the complexities of the issues involved, the uncertainties of litigation, and the expense and delay associated with continued litigation, that a recovery by way of settlement, as provided in the Settlement Agreement, constitutes the most efficient, economical, beneficial, and substantial result to the Reliance estate, its policyholders, and other creditors.

WHEREFORE, the Liquidator respectfully requests that this Court grant his Petition and enter an Order in the form attached approving the terms of the Settlement Agreement as set forth in Exhibit A, including dismissing the Deloitte Litigation with prejudice; authorizing and ratifying the execution and delivery of the Settlement Agreement on behalf of Reliance by the Liquidator; and authorizing the Liquidator to perform the Settlement Agreement pursuant to his authority under 40 P.S. § 221.23.

BLANK ROME LLP

Dated November 24, 2008

By:



ANN B. LAUPHEIMER  
GEORGE J. KRUEGER  
JOSEPH M. PROFY  
BROOKE H. SPIGLER  
One Logan Square  
Philadelphia, PA 19103-6998  
(215) 569-5500

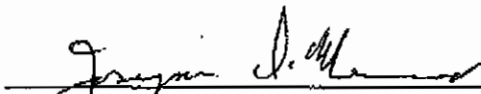
Attorneys for Plaintiff,  
Joel S. Ario, Insurance Commissioner  
of the Commonwealth of Pennsylvania, in his  
official capacity as Liquidator of  
Reliance Insurance Company

**VERIFICATION**

I, Joseph DiMemmo, Deputy Commissioner of the Pennsylvania Insurance Department, am authorized by Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, pursuant to 40 P.S. § 221.23, to act on his behalf in his capacity as the Liquidator of Reliance Insurance Company. I hereby verify that the facts set forth in the foregoing Petition to Approve Settlement Agreement of Reliance Deloitte Litigation are true and correct to the best of my knowledge, information and belief.

I understand that this Verification is made subject to the penalties of 18 P.S. § 4904 relating to unsworn falsification to authorities.

Date: November 24, 2008

  
\_\_\_\_\_  
JOSEPH DIMEMMO  
Deputy Commissioner  
Pennsylvania Insurance Department



**CERTIFICATE OF SERVICE**

I, Joseph M. Profy, hereby certify that on or about this day, service of the foregoing  
Petition to Approve Settlement Agreement of Reliance Deloitte Litigation was made, via hand  
delivery, to the individuals listed below:

Geoffrey Kahn, Esquire  
Edward D. Rogers, Esquire  
Ballard Spahr Andrews & Ingersoll, LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103-7599

Dated: November 24, 2008

  
JOSEPH M. PROFY

# EXHIBIT A

**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. :

DELOITTE & TOUCHE LLP and JAN A. :  
LOMMELE, :

Defendants. :

NO. 734 M.D. 2002

**SETTLEMENT AGREEMENT AND RELEASE**

This Settlement Agreement and Release (the "Agreement") is entered into as of November 21, 2008, between Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania in his official capacity as Liquidator ("Liquidator") of Reliance Insurance Company ("Reliance"), on the one hand, and Deloitte & Touche LLP ("Deloitte"), a limited liability partnership registered under the laws of Delaware, and Jan A. Lommele ("Lommele"), on the other. (Deloitte and Lommele are collectively referred to herein as "Defendants"; Defendants and the Liquidator are collectively referred to herein as the "Parties.")

**WHEREAS:**

A. On October 15, 2002, the Liquidator commenced the action captioned *Koken v. Deloitte & Touche LLP, et al.*, No. 734 M.D. 2002 (Pa. Commw. Ct.) (the "Action") against Defendants by filing a Complaint that it subsequently amended (the "Amended Complaint").

B. On November 12, 2003, Defendants filed an Answer and New Matter to the Amended Complaint.

C. Defendants have denied and continue to deny each and all of the claims and contentions alleged against them in the Action, including all allegations of wrongdoing or liability arising out of any of the conduct, statements, acts or omissions that were or could have been alleged in the Action, and all allegations that the Liquidator or Reliance sustained damages as a result of the conduct alleged in the Action.

D. The Liquidator and Defendants engaged in extensive fact and expert discovery in the Action, including taking nearly one hundred days of deposition testimony and reviewing millions of pages of documents.

E. On January 10, 2008, Defendants filed a Motion for Partial Summary Judgment, which was granted in part in a Memorandum Opinion and Order issued by the Court on June 13, 2008 (the "June 13 Order").

F. The Liquidator and Defendants both filed Applications for Reargument of portions of the June 13 Order, and the Court scheduled Oral Argument on the Applications for October 2, 2008, but subsequently cancelled the Oral Argument after the parties reached an agreement in principle to settle the Action.

G. The Liquidator and Defendants have participated in mediation sessions with two independent mediators, as well as settlement conferences with Commonwealth Court President Judge Bonnie Brigance Leadbetter, and have reached the settlement that is the subject of this Agreement.

NOW, THEREFORE, it is hereby AGREED, by and between the Liquidator and Defendants, through their respective attorneys, in consideration of the benefits flowing to the Liquidator and Defendants from the Agreement, that the Action shall be compromised, settled,

released and dismissed, with prejudice and without costs, upon and subject to the following terms and conditions.

1. **Payment.** Defendants shall pay the Liquidator Forty Million Dollars (\$40,000,000.00) (the “Settlement Amount”) via wire transfer within fifteen (15) business days after (i) the expiration of all appeal periods applicable to any orders signifying court approval of the settlement, and (ii) receipt by Defendants’ attorneys of an executed copy of an Order to Settle, Discontinue, and End the Action with prejudice.

2. **Mutual Releases.**

(a) The Liquidator, for himself, the Pennsylvania Department of Insurance (the “Department”), Reliance, and any of their respective past, present, and future officers, directors, employees, principals, partners, agents, attorneys, representatives, divisions, parents, subsidiaries, affiliates, policyholders, creditors, insurers, predecessors, successors and assigns (hereinafter referred to in this sub-paragraph and paragraph 3 as the “Liquidator Releasers”) does hereby waive, release, remise, and forever discharge Defendants, and each of their respective past, present, and future officers, directors, employees, members, principals, partners, shareholders, owners, agents, attorneys, insurers, subrogees, co-insurers and reinsurers, representatives, divisions, parents, subsidiaries, affiliates (including but not limited to Deloitte & Touche LLP, Deloitte LLP (formerly known as Deloitte & Touche USA LLP), Deloitte Consulting LLP, Deloitte Financial Advisory Services LLP, Deloitte Tax LLP, and Deloitte Services LP), joint venturers, associate and member firms, predecessors, successors, transferees, heirs, executors, administrators, personal representatives and assigns (hereinafter referred to in this sub-paragraph and paragraph 3 as the “Defendant Releasees”), of and from any and all actions, claims, causes of action, rights of contribution and/or indemnification, damages, costs,

losses and/or expenses of any kind or nature whatsoever (including attorneys' fees), either in law or in equity, whether known or unknown, suspected or unsuspected, that the Liquidator Releasors, or any of them, ever had, now have, or may have or claim to have in the future, against the Defendant Releasees, or any of them, arising out of, based upon, or in any way relating to (i) any of the claims that were or could have been asserted in the Action, or (ii) the provision of professional services by any or all of the Defendant Releasees to Reliance, from the beginning of the world through the date of this Agreement.

(b) Defendants, for themselves and each of their respective past, present, and future officers, directors, employees, members, principals, partners, shareholders, owners, agents, attorneys, insurers, subrogees, co-insurers and reinsurers, representatives, divisions, parents, subsidiaries, affiliates (including but not limited to Deloitte & Touche LLP, Deloitte LLP (formerly known as Deloitte & Touche USA LLP), Deloitte Consulting LLP, Deloitte Financial Advisory Services LLP, Deloitte Tax LLP, and Deloitte Services LP), joint venturers, associate and member firms, predecessors, successors, transferees, heirs, executors, administrators, personal representatives and assigns (hereinafter referred to in this sub-paragraph as the "Defendant Releasors"), do hereby waive, release, remise, and forever discharge the Liquidator and the Department, and any of their respective past, present, and future employees, agents, attorneys, representatives, divisions, predecessors, successors and assigns (hereinafter referred to in this sub-paragraph as the "Liquidator Releasees"), and Reliance and any of its past, present and future officers, directors, employees, attorneys, divisions, subsidiaries, affiliates, policyholders, creditors, insurers, predecessors, successors and assigns (hereinafter referred to in this sub-paragraph as the "Reliance Releasees"), of and from any and all actions, claims, causes of action, rights of contribution and/or indemnification, damages, costs, losses and/or expenses

of any kind or nature whatsoever (including attorneys' fees), either in law or in equity, whether known or unknown, suspected or unsuspected, that the Defendant Releasors, or any of them, ever had, now have, or may have or claim to have in the future, against the Liquidator Releasees or the Reliance Releasees, or any of them, arising out of, based upon, or in any way relating to (i) any of the claims that were or could have been asserted in the Action, or (ii) the provision of professional services by any or all of the Defendant Releasors to Reliance, from the beginning of the world through the date of this Agreement, except that the release contained in this subparagraph does not apply to any claims, whether for contribution, indemnification or otherwise, that Defendants have asserted or may assert against any or all of the Reliance Releasees, except Reliance, in or arising out of the action captioned The RGH Liquidating Trust v. Deloitte & Touche LLP and Jan A. Lommele (Supreme Court N.Y. Cty.), Index No. 600057/06 (the "RGH Liquidating Trust Action"), or any other action that may be brought against any or all of the Defendant Releasors arising out of, based upon, or in any way relating to the provision of professional services by any or all of the Defendant Releasors to Reliance.

**3. Third Party Settlements and Judgments.**

The Liquidator Releasors, in order to extinguish all liability for, and to release and indemnify the Defendant Releasees from and against, any and all claims for contribution or indemnity by other parties in any action that the Liquidator Releasors brought, may or might have brought, or could bring, enter into this joint tortfeasor release.

(a) **Settlements with Third Parties.** The Liquidator Releasors agree that, if they, or any of them, enter into a settlement with any person or entity ("Settling Defendant") of claims in any way related to Reliance that, under applicable law, reasonably could give rise to a claim for contribution or indemnity against one or more of the Defendant

Releasees arising out of the Liquidator Releasors' claims against the Settling Defendant, the Liquidator Releasors shall obtain from such Settling Defendant a full release of any such claim for contribution or indemnity, no matter how denominated.

(b) **Judgment Reduction.** The Liquidator Releasors agree that if they, or any of them, obtain a judgment against any other person or entity (a "Judgment Defendant") on a claim in any way related to Reliance that, under applicable law, reasonably could give rise to a claim for contribution or indemnity against one or more of the Defendant Releasees (a "Joint Claim") by the Judgment Defendant, the Liquidator Releasors will reduce the amount of the Joint Claim judgment by the percentage of such Defendant Releasees' responsibility, if any, as determined in the action in which the judgment against the Judgment Defendant is obtained, as contemplated by section 8327 of the Pennsylvania Uniform Contribution Among Tortfeasors Act, 42 Pa. C.S.A. § 8327. The Liquidator Releasors agree that in the action in which the judgment against the Judgment Defendant is sought, the Liquidator Releasors will consent to the determination of percentage of responsibility of such Defendant Releasees for the Joint Claim, if any, without the necessity of such Defendant Releasees being joined as parties.

4. **No Admission of Wrongdoing.** Defendants have denied and continue to deny each and all of the claims and contentions alleged against them in the Action. Defendants state that they are entering into this Agreement to eliminate the burden and expense of further litigation. This Agreement, whether or not consummated, and any proceedings taken pursuant to it, shall not be offered or received against any Party as evidence of, or construed as or deemed to be evidence of, any presumption, concession or admission by any Party with respect to (i) the truth of any fact alleged against such Party; (ii) the validity of, or damages attributable to, any



claim that was or could have been asserted in the Action or in any other litigation; or (iii) the deficiency of any defense that was or could have been asserted in the Action or in any other litigation.

5. **Use of Work Product and Discovery Materials.**

(a) **Work Product.** With respect to any work product generated by either Party's counsel that reflects or refers to the other Party's confidential information, the generating Party and its counsel will continue to keep such work product confidential, provided, however, that the generating Party's counsel shall be permitted to use such work product, and to share such work product with other counsel retained by the generating Party, in any litigation relating to Reliance in which the generating Party is involved.

(b) **Discovery Materials.** Notwithstanding any prior agreements entered into between the Parties regarding discovery materials produced in the Action, including but not limited to documents designated as confidential, deposition transcripts and expert reports, Deloitte may retain such discovery materials until the conclusion of the RGH Liquidating Trust Action, and may use such materials, and produce them to other parties, in that action.

6. **Entire Agreement.** This Agreement constitutes the full and complete agreement between the Parties with respect to the matters encompassed herein and supersedes all previous agreements, promises, proposals, representations, understandings, negotiations, whether written or oral, between the Parties respecting the matters encompassed herein.

7. **Binding of Successors.** This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Parties hereto.

8. **Amendment.** This Agreement may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Parties hereto or their successors-in-interest.

9. **Waiver of Breach.** The waiver by one Party of any breach of this Agreement by any other Party shall not be deemed a waiver of any other prior or subsequent breach of this Agreement.

10. **Choice of Law.** The construction, interpretation, operation, effect and validity of this Agreement, and all documents necessary to effectuate it, shall be governed by the substantive law of the Commonwealth of Pennsylvania without regard to its conflict of laws principles.

11. **Choice of Forum.** Any action arising out of this Agreement, or relating to the performance or any breach of the Parties hereunder or the interpretation hereof, shall be brought only in the Commonwealth Court of Pennsylvania. Each of the parties: (a) agrees to consent to the Commonwealth Court of Pennsylvania retaining such jurisdiction over this Agreement as necessary to resolve any action relating to this Agreement, including but not limited to the performance or breach or interpretation of this Agreement and (b) agrees that it will not bring any action relating to this Agreement, including but not limited to the performance or breach or interpretation of this Agreement, in any court other than the Commonwealth Court of Pennsylvania.

12. **Further Steps.** The Parties warrant and represent that they have the full authority to take appropriate action required or permitted to be taken pursuant to the Agreement to effectuate its terms. The Parties agree to cooperate fully with each other and to agree

promptly upon and execute all such other documentation as may be reasonably required to effectuate the terms of this Agreement and the dismissal of the Action.

13. **Counterparts.** This Agreement may be executed in two or more counterparts, all of which shall be considered the same as if a single document shall have been executed, and shall become effective when such counterparts have been signed by each of the Parties hereto and delivered to the designated representatives of each of the other Parties.

14. **Notice.** Notice to the Parties pursuant to this Agreement shall be delivered to the following persons:

If to Defendants:

Howard A. Smith, Esq.  
Office of General Counsel  
Deloitte & Touche LLP  
1633 Broadway  
New York, NY 10019

-and-

Geoffrey A. Kahn, Esq.  
Ballard Spahr Andrews & Ingersoll, LLP  
1735 Market Street, 51<sup>st</sup> Floor  
Philadelphia, PA 19103

If to the Liquidator:

Joel S. Ario  
Insurance Commissioner of Pennsylvania  
Pennsylvania Department of Insurance  
1326 Strawberry Square  
Harrisburg, PA 17120

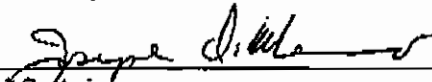
- and-

Ann B. Laupheimer, Esq.  
Blank Rome LLP  
One Logan Square  
Philadelphia, PA 19103

DATED: November 21, 2008

THE INSURANCE COMMISSIONER OF  
THE COMMONWEALTH OF  
PENNSYLVANIA, IN HIS CAPACITY AS  
THE LIQUIDATOR OF RELIANCE  
INSURANCE COMPANY

By: Joseph D. Memmo  
Deputy Commissioner

  
\_\_\_\_\_  
Joel S. Ario

DATED: November \_\_, 2008

DELOITTE & TOUCHE LLP

By: Margaret Mulley, Partner

\_\_\_\_\_

DATED: November \_\_, 2008

JAN A. LOMMELE

\_\_\_\_\_

Ann B. Laupheimer, Esq.  
Blank Rome LLP  
One Logan Square  
Philadelphia, PA 19103

DATED: November \_\_, 2008

THE INSURANCE COMMISSIONER OF  
THE COMMONWEALTH OF  
PENNSYLVANIA, IN HIS CAPACITY AS  
THE LIQUIDATOR OF RELIANCE  
INSURANCE COMPANY

By:

\_\_\_\_\_  
Joel S. Ario

DATED: November 21, 2008

DELOITTE & TOUCHE LLP

By: Margaret Mulley, Partner

*Margaret Mulley*  
\_\_\_\_\_

DATED: November \_\_, 2008

JAN A. LOMMELE

\_\_\_\_\_

Ann B. Laupheimer, Esq.  
Blank Rome LLP  
One Logan Square  
Philadelphia, PA 19103

DATED: November \_\_, 2008

THE INSURANCE COMMISSIONER OF  
THE COMMONWEALTH OF  
PENNSYLVANIA, IN HIS CAPACITY AS  
THE LIQUIDATOR OF RELIANCE  
INSURANCE COMPANY

By:

\_\_\_\_\_  
Joel S. Ario

DATED: November \_\_, 2008

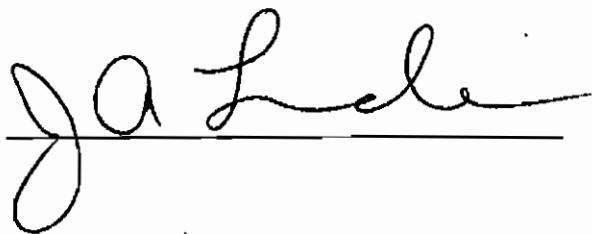
DELOITTE & TOUCHE LLP

By: Margaret Mulley, Partner

\_\_\_\_\_

DATED: November 20, 2008

JAN A. LOMMELE

  
\_\_\_\_\_

# EXHIBIT B

**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.

DELOITTE & TOUCHE LLP and  
JAN A. LOMMELE

Defendants.

\_\_\_\_\_

CIVIL ACTION – LAW

DOCKET NO. 734 M.D. 2002

**ORDER**

This matter having come before the Court on the Petition of Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator (“Liquidator”) of Reliance Insurance Company (“Reliance”), to Approve the Settlement of the matter captioned Ario v. Deloitte & Touche LLP, et. al., No. 734 M.D. 2002 (Pa. Commw. Ct.) (hereinafter, the “Petition”); and the Court having considered the submissions before it; and after due consideration:

IT IS this \_\_\_\_ day of \_\_\_\_\_, 2008, hereby ORDERED as follows:

1. The Petition is GRANTED;
2. The settlement agreement attached as Exhibit A to the Petition and incorporated herein (hereinafter, the “Settlement Agreement”) is fair and reasonable and in the best interests of the Reliance estate. Unless otherwise defined in this Order, all capitalized terms used in this Order shall have the meaning ascribed to them in the Settlement Agreement;



3. The Settlement Agreement is APPROVED and the Liquidator is AUTHORIZED, pursuant to his authority under 40 P.S. § 221.23, to perform actions necessary and appropriate to effectuate the terms of the Settlement Agreement;

4. The Settlement Amount is APPROVED and, pursuant to the terms of the Settlement Agreement, Deloitte is directed to pay the Settlement Amount in accordance with the provisions of the Settlement Agreement as full and complete satisfaction of all claims arising out of or relating to the Deloitte Litigation;

5. The Releases incorporated in the Settlement Agreement are APPROVED.

6. The action captioned Ario v. Deloitte & Touche LLP, et. al., No. 734 M.D. 2002 (Pa. Commw. Ct.) is hereby settled, discontinued, ended, and DISMISSED with prejudice.

Except as expressly provided in the Settlement Agreement, any and all disputes, challenges, objections, issues, arising under, or concerning the Settlement Agreement, by any and all persons, shall be brought before this Court, and this Court hereby retains such jurisdiction as necessary to resolve any and all said objections and challenges.

---

BONNIE LEADBETTER, President Judge