

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

2009 DEC -3 P 3:12

RECEIVED AND FILED
COMMONWEALTH COURT
OF PENNSYLVANIA

***IN RE: Commutation, Settlement Agreement and Release between
Reliance Insurance Company (In Liquidation) and
GLOBAL Reinsurance Corporation – U.S. Branch (formerly Gerling Global
Reinsurance Corporation (U.S. Branch)) and GLOBAL Reinsurance Corporation of
America (formerly Gerling Global Reinsurance Corporation of America in its own right
and as successor in interest to Constitution Reinsurance Corporation)***

ORDER

AND NOW, this ___ day of _____ 2009, upon consideration of the
Liquidator’s Petition for Approval of the Commutation, Settlement Agreement and Release
(“Settlement Agreement”) between Reliance Insurance Company (“Reliance” or “Estate”)
and GLOBAL Reinsurance Corporation – U.S. Branch (formerly Gerling Global

Reinsurance Corporation (U.S. Branch)) and GLOBAL Reinsurance Corporation of America (formerly Gerling Global Reinsurance Corporation of America in its own right and as successor in interest to Constitution Reinsurance Corporation) (collectively "Reinsurer") submitted by the Liquidator of Reliance Insurance Company ("Liquidator"):

The Court ACCEPTS the Liquidator's representations that the Settlement Agreement is in the best interest of the Estate, as the Settlement Agreement allows the Liquidator to terminate and commute the Reinsurance Agreements and the Estate will receive an economic benefit amounting to \$6,600,000;

Further, the Court accepts the Liquidator's representations that the Settlement Agreement is a fair and reasonable settlement of the Reinsurer's obligations to the Estate under the Reinsurance Agreements, and that the payment contemplated under the Settlement Agreement constitutes fair and reasonable value to the Estate;

Accordingly, the Court accepts the Liquidator's representations and based thereon approves the Commutation, Settlement Agreement and Release attached hereto and marked as Exhibit A.

Further, counsel for the Liquidator is directed to serve a copy of this Order upon those listed on the Master Service List and file with the Court an affidavit that service has been effectuated.

BONNIE BRIGANCE LEADBETTER
President Judge

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Corporation (U.S. Branch)) and GLOBAL Reinsurance Corporation of America (formerly
Gerling Global Reinsurance Corporation of America in its own right and as successor in
interest to Constitution Reinsurance Corporation)*

**Liquidator’s Petition For Approval Of
Commutation, Settlement Agreement And Release**

Petitioner Joel S. Ario, Insurance Commissioner for the Commonwealth of Pennsylvania,
in his capacity as Statutory Liquidator (“Liquidator”) of Reliance Insurance Company
 (“Reliance” or “Estate”), respectfully requests that this Court enter an Order approving the
Commutation, Settlement Agreement and Release (“Settlement Agreement”), attached hereto as
Exhibit A, between Reliance and GLOBAL Reinsurance Corporation – U.S. Branch (formerly
Gerling Global Reinsurance Corporation (U.S. Branch)) and GLOBAL Reinsurance Corporation
of America (formerly Gerling Global Reinsurance Corporation of America in its own right and

as successor in interest to Constitution Reinsurance Corporation) (“collectively Reinsurer”). In support of this Petition, the Liquidator avers the following:

1. On October 3, 2001, this Court found Reliance insolvent and appointed the Commissioner as Liquidator of Reliance pursuant to Article V of the Insurance Department Act of 1921, 40 P.S. §221.1 et seq. (“Act”). The Act confers broad powers on the Liquidator to marshal the assets of Reliance in order to maximize the value of the insolvent insurer’s estate for eventual distribution to its policyholders and creditors.

2. The Act authorizes the Liquidator to take such actions as deemed “necessary or expedient to . . . conserve or protect [the insolvent insurer’s] assets or property[,]” including the power to “compromise” claims involving assets of the insolvent insurer in order to accomplish or aid in achieving the purposes of liquidation. See 40 P.S. §221.23(6, 9, and 23).

3. One way in which the Liquidator “compromises” claims and “conserves” assets is through commutation. A commutation is a settlement agreement reached between a reinsured and its reinsurer by which the reinsurance obligation is terminated through an agreement by the reinsurer to pay funds that are both due and not yet due under the reinsurance agreement.

4. Prior to entering into a commutation, Reliance staff takes several steps, including the following, to ensure that the commutation is fair and reasonable to the Estate and in the best interests of its policyholders, claimants and the general public:

(a) Reliance staff develops a complete list of reinsurance agreements to be included in the commutation;

(b) Reinsurance accounting specialists for Reliance verify balances and reconcile differences with the reinsurer;

(c) The Reliance claims staff reviews ceded case reserves;

(d) Actuaries for Reliance determine the projected ultimate loss, discounted and undiscounted, taking into consideration specific contract features such as reinstatement premiums, sliding scale rates, commission adjustments and/or loss corridors¹ as well as the impact of other applicable reinsurance and off-sets;

(e) Reliance staff and the reinsurer exchange commutation proposals and discuss justifications;

(f) Reliance staff evaluate the commutation proposal based on nominal results, the discounted results, the volatility and trends of the business, disputed issues and any administrative savings; and

(g) Reliance staff and the reinsurer secure any required approvals.

5. The Liquidator also has established a Commutation Working Group which performs accounting and data reconciliations, actuarial analyses, and claims reviews and analyses. The Commutation Working Group is largely comprised of several key senior management employees each of whom has over 20 years of insurance and reinsurance experience.

6. In addition, the Liquidator has established a Commutation Committee, consisting of the Chief Liquidation Officer, the Liquidation Team Reinsurance Manager and the Chief Actuary, who, along with the Vice-President for Commutations and the Executive Vice-President for Reinsurance, review all commutation proposals. Any commutation in excess of \$1,000,000 must be approved by the Commutation Committee.

¹ A loss corridor is a mechanism contained in certain reinsurance agreements that requires the ceding insurer to be responsible for a certain amount of the ultimate net loss that is above the company's designated retention and below the designated limit, and which would otherwise be reimbursed under the reinsurance agreement. A loss corridor is usually expressed as a loss ratio percentage of the reinsurer's earned premium, or a combined ratio if the reinsurance agreement provides for a ceding commission to the company. Loss corridors are employed to mitigate the volatility of reinsurance agreements.

7. In addition, Reliance's independent consulting actuaries, PricewaterhouseCoopers ("PwC"), have reviewed Reliance's commutation approach both generally and with respect to certain individual transactions and have concluded that the process Reliance utilizes to estimate liabilities ceded to reinsurers is reasonable for commutation purposes.

8. Through this Settlement Agreement, Reliance's objective is to settle and finalize the participation of the Reinsurer with Reliance in the 134 different reinsurance agreements listed on pages 10-12 of Exhibit "A" of the Settlement Agreement which were effective from 1978 through 2000 ("Reinsurance Agreements").

Reinsurer's Share of the Reinsurance Agreements

9. Collectively, the Reinsurance Agreements cover a wide variety of losses and lines of business. These include Property, Directors and Officers and Errors and Omissions ("D&O/E&O"), Healthcare Professional Liability, Commercial General Liability, Environmental Liability (including Pollution Liability as more fully described in paragraph 13 below), Prints and Advertising Efficacy ("Film Finance"), On-shore Oil and Gas Property, Umbrella Liability and Workers' Compensation. The basic parameters of the agreements that account for the overwhelming bulk of the value of this commutation are described in the paragraphs that follow.

10. Facultative Certificate FC 1297 provides reinsurance coverage for losses arising under Workers' Compensation policies issued to various named insureds under the AMS Construction account. Under this facultative certificate, the Reinsurer covers 100% of up to \$4,500,000 of each occurrence in excess of \$500,000 of each occurrence.

11. Treaties 701NAA and 702NAA provide reinsurance coverage for Healthcare Professional Liability losses arising under policies with inception dates from December 31, 1997 to December 31, 1998. Under these treaties, reinsurers cover \$3 million of each occurrence in

excess of \$2 million of each occurrence and \$10 million of each occurrence in excess of \$5 million of each occurrence, respectively. These treaties cover allocated loss adjustment expenses in addition to the treaty limits. The Reinsurer's participation in reinsurers' liability is 3% of each of these treaties.

12. Treaty 3X14AA provides reinsurance coverage for the D&O/E&O losses arising under policies with inception dates from July 1, 1993 to June 30, 1994. Under this treaty, reinsurers cover \$5 million of each loss in excess of \$5 million of each loss. The Reinsurer's participation in reinsurers' liability is 3% of this treaty.

13. Treaties 852XAA and 853XAA provide reinsurance coverage for losses arising under Commercial General Liability, Owners and Contractors Protective Liability, Railroad Protective Liability, Pollution Legal Liability, Pollution and Remediation Legal Liability, Contractors Pollution Liability, Remediation Stop Loss, Closure and Post Closure Liability, Commercial Property Redevelopment Pollution Liability, Engineers and Consultants Professional Liability, Consultants Environmental Liability, Products Liability, First Party Clean Up Coverage, and Chemical Distributors Liability policies written through Environmental Compliance Services, a former agent of Reliance. Under these treaties, reinsurers cover \$3 million of each loss in excess of \$2 million of each loss and \$7.5 million of each loss in excess of \$5 million of each loss, respectively, for policies with inception dates from December 31, 1998 to December 31, 1999. The Reinsurer's participation in reinsurers' liability is 5% and 2% of these treaties, respectively.

14. Treaty 656HAA is labeled the Prints and Advertising Efficacy Quota Share Reinsurance Agreement, which was effective from July 31, 1996 to July 30, 1998. Within the insurance and reinsurance industry, the subject matter of this treaty was commonly referred to as

“Film Finance” business. Under this treaty, Reliance ceded 2.5% of its losses on subject business and the Reinsurer assumed such losses in accordance with the terms and conditions contained therein. The maximum amount that Reliance can recover from the Reinsurer under this treaty is 2.5% of the \$21 million limit for each film, which equals \$525,000 for each film.

15. Treaty 812WAA provides reinsurance coverage for losses arising under General Liability policies with inception dates from September 1, 1998 to August 31, 1999 written through First Capital Agency, a Reliance agent. Under this treaty, reinsurers cover up to \$1 million for each loss, and the Reinsurer’s participation in reinsurers’ liability is 10% of this treaty.

16. Treaty 889SAA provides reinsurance coverage for losses arising under General Liability policies with inception dates from May 1, 1998 to April 30, 1999 written through Public Access Underwriting Services, a Reliance agent. Under this treaty, reinsurers cover up to \$15 million for each occurrence, and the Reinsurer’s participation in reinsurers’ liability is 3.3% of this treaty.

17. As of June 30, 2009, all reported claims relevant to the Reinsurer’s participations in the Reinsurance Agreements have been identified. As part of its due diligence for this Settlement Agreement, senior Reliance actuarial and claims personnel conducted a review of relevant claims under the Reinsurance Agreements in order to both verify the accuracy of the reserves and to project the timing of payments for each relevant claim. These reserves are not discounted for the time value of money.

18. Reliance actuaries then conducted an in-depth analysis to determine appropriate commutation values. In order to develop the actuarial estimates, Reliance’s actuarial model used

a variety of traditional and generally accepted actuarial methods. The resulting value is then discounted for the time value of money.

Settlement Agreement

19. Reliance then negotiated with the Reinsurer to commute its obligations under the Reinsurance Agreements for an agreed amount of \$6,600,000, which is acceptable based upon the range of values established by the Reliance actuaries, and entered into the Settlement Agreement effective November 5, 2009, subject to the approval of this Court. The Settlement Agreement settles with certainty the claims against the Reinsurer for losses under the Reinsurance Agreements identified in Exhibit "A" to the Settlement Agreement.

20. Specifically, the Settlement Agreement provides that the Reinsurer shall pay Reliance \$6,600,000 ("Commutation Amount") to commute its obligations under the Reinsurance Agreements within 10 calendar days from when the Reinsurer is notified that this Court has approved the Settlement Agreement. The Commutation Amount was negotiated with the Reinsurer, and the Liquidator has taken the necessary steps to determine, and has concluded, that the terms of the Settlement Agreement are fair and reasonable to the Estate and in the best interests of its policyholders, claimants and the general public. See 40 P.S. §§221.1(c), 221.23(9).

21. Based on the analysis of the terms of the Settlement Agreement, and the evaluation of the transaction as a whole by the Liquidator's staff and Reliance staff members familiar with the business dealings under the Reinsurance Agreements, the Liquidator has determined that payment of the Commutation Amount by the Reinsurer is a fair and reasonable commutation of the Reinsurer's obligations to Reliance under the Reinsurance Agreements. In

the event the Court does not grant the approval sought in the Petition, the Settlement Agreement will become null and void.

22. Keith Kaplan, Executive Vice President for Reinsurance at Reliance, is responsible for all facets of ceded and assumed reinsurance at Reliance including accounting, billing, claims, commutations, coverage analysis, and dispute management. He has specific knowledge regarding the risks to the Estate of attempting to collect reinsurance through billing, negotiation or the dispute resolution process. As set forth in his Confidential Affidavit (attached as "Sealed Exhibit B"), Mr. Kaplan has identified several specific advantages to the Estate arising from the consummation of the transaction memorialized in the Settlement Agreement.

23. The Settlement Agreement will further achievement of the liquidation objectives under the Act. The commutation transaction will assist the Liquidator in marshalling and maximizing Reliance's immediately available assets while minimizing any unavoidable loss to policyholders, claimants and creditors resulting from the Reliance insolvency. See 40 P.S. §221.1(c).

(a) First, the Settlement Agreement converts future reinsurance obligations into immediate cash for the Estate. Specifically, the Estate receives a payment of \$6,600,000 which can be invested until it is distributed.

(b) Second, the Settlement Agreement eliminates both the internal and external administrative costs associated with continued reporting and collection efforts, including legal fees.

(c) Third, this commutation eliminates any potential future credit risk associated with collection of the reinsurance proceeds in the event that the reinsurer becomes insolvent.

24. Under the terms of the Settlement Agreement, the Commutation will be fully consummated upon satisfaction of the following conditions:

- (a) approval of the transaction by this Court;
- (b) appropriate notice to the Reinsurer of Court approval, and
- (c) payment by the Reinsurer of \$6,600,000.

WHEREFORE, the Liquidator respectfully requests that this Court enter an Order in the form attached hereto:

- (a) Finding that the Settlement Agreement and Commutation Amount are in the best interest of the Estate;
- (b) Finding that the Settlement Agreement is a fair and reasonable settlement of the Reinsurer's obligations under the Reinsurance Agreement;
- (c) Finding the payment contemplated by the Settlement Agreement constitutes fair and reasonable value to the Estate; and
- (d) Approving the terms of the Settlement Agreement attached as Exhibit A.

Respectfully submitted,



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

Dated: December 3, 2009

VERIFICATION

I, David S. Brietling, Chief Liquidation Officer for Reliance Insurance Company, in liquidation, am authorized by Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania, pursuant to 40 P.S. §221.23, to act on his behalf in his capacity as the Statutory Liquidator of Reliance Insurance Company. I hereby verify that the facts set forth in the foregoing pleading 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.

Executed on December 3, 2009



DAVID S. BRIETLING

CERTIFICATE OF SERVICE

I, Claire Rocco, hereby certify that on or about this day, pursuant to the Court's Order of December 12, 2008, service of the foregoing was made on the attached Master Service 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 at www.reliancedocuments.com.

Dated: December 3, 2009

Claire Rocco
Claire Rocco

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)

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Exhibit A

COMMUTATION, SETTLEMENT AGREEMENT AND RELEASE

THIS COMMUTATION, SETTLEMENT AGREEMENT AND RELEASE (“Agreement”), made effective and entered into this 5th day of November, 2009, by and between **GLOBAL Reinsurance Corporation – U.S. Branch (formerly Gerling Global Reinsurance Corp. (US Branch), GLOBAL Reinsurance Corporation of America (formerly Gerling Global Reinsurance Corporation of America in its own right and as successor in interest to Constitution Reinsurance Corporation) (hereinafter known as the “Reinsurer”)** and Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as Statutory Liquidator of Reliance Insurance Company (In Liquidation) (hereinafter known as the “Cedant”). David S. Brietling, Chief Liquidation Officer, is acting on behalf of Joel S. Ario, who is acting on behalf of the Cedant pursuant to the powers granted to him under Title 40, Purdon’s Statutes, Section 221.20, et seq. and other applicable statutes, regulations and laws.

RECITALS

A. The Reinsurer and the Cedant entered into contracts of reinsurance wherein the Reinsurer obligated itself to accept from the Cedant the cession of a certain percentage of liabilities with respect to risks written or assumed by the Cedant and/or agents of the Cedant, and;

B. The reinsurance agreements referred to in Recital A above are set out on Exhibit A attached hereto and are herein collectively referred to as “the Contracts”, and;

C. Pursuant to the Contracts, there are loss developments, the total amount of which are not fully known or not yet capable of determination, representing liabilities which are or may come due from the Reinsurer to the Cedant, and;

D. The parties hereto recognize and understand that, based upon current economic projections, a substantial portion of the Reinsurer’s obligations to the Cedant may become payable in the future rather than at present; that the Reinsurer’s future liabilities and obligations

to the Cedant pursuant to the Contracts have been evaluated, but cannot be determined in an amount certain at this time; and that a settlement and commutation of the Reinsurer's obligations to the Cedant based upon present calculations of outstanding losses, including incurred but not reported losses, will eliminate the uncertainty of contingent liabilities for presently unresolved or unasserted claims, and;

E. The Reinsurer and the Cedant agree that it is in each of their best interests and in the best interests of their respective policyholders and creditors to adjust and settle their differences and to enter into this Agreement.

NOW THEREFORE, in consideration of the mutual benefits to be received by the parties hereto and the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

Commutation of Reinsurance Agreements

1. Subject to the receipt by the Cedant of the Consideration as set out in Article 4 herein, together with any collection expenses and accrued interest due as is more particularly described in Article 8 (c) and 9 below, and in further consideration of the release contained in Article 2 herein the Cedant hereby irrevocably releases the Reinsurer, its predecessors, successors, assigns, shareholders, officers, directors, agents, sub-agents, brokers and sub-brokers from One Hundred Percent (100%) of all adjustments, obligations, liabilities, offsets, actions, causes of action, proofs of claim, suits, debts, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, conversions, costs, agreements, promises, damages, expenses, judgment claims, and demands whatsoever, whether known or unknown, suspected or unsuspected, by either or both parties, fixed or contingent, arising out of, or in connection with the Reinsurer's participations on the Contracts, whether or not any of such contracts are void or voidable. The releases contained herein are only made on behalf of Reliance Insurance Company in its own right and as successor in interest by merger to its former subsidiaries shown on the attached Exhibit C and, without limiting the generality of the forgoing, specifically do not apply to claims

arising from business written by the Canadian Branch of Reliance Insurance Company, Reliance National Insurance Co. (Europe) Limited, Reliance National Asia RE PTE, Ltd. or any other former non-domestic subsidiary that is not part of Reliance Insurance Company as a result of a merger.

Release of the Cedant

2. In consideration of the release set out in Article 1 herein, the Reinsurer hereby irrevocably releases the Cedant, its predecessors, successors, assigns, shareholders, officers, directors, receivers, liquidators, administrators, agents, sub-agents, brokers and sub-brokers from One Hundred Percent (100%) of all adjustments, obligations, liabilities, offsets, actions, causes of action, proofs of claim, suits, debts, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, conversions, costs, agreements, promises, damages, expenses, judgment claims, and demands whatsoever, whether known or unknown, suspected or unsuspected, by either or both parties, fixed or contingent, arising out of, or in connection with the participation of the Cedant on the Contracts, whether or not any of such contracts are void or voidable.

Warranties

3. To the best information and belief of each of the parties to this Agreement, the following express warranties apply:

a. There are no pending agreements, transactions, negotiations, regulatory actions or lawsuits in which any of the parties are involved nor are there any threatened regulatory actions or lawsuits of which any of the parties are aware that would render this Agreement or any part thereof void, avoidable, or unenforceable;

b. No party hereto has transferred, assigned, or contracted to transfer or assign to any person, corporation, company or entity any of its rights, title, benefit or obligations directly arising out of or in connection with the Contracts, including without limitation any balances, accounts, costs, claims, counterclaims or demands which are within the contemplation of this

Agreement;

c. The Reinsurer has not commuted or otherwise settled with or contracted to commute or settle with any person, corporation, company or entity any of their respective rights, title, benefit or obligations directly arising out of or in connection with the Contracts, including without limitation any balances, accounts, costs, claims, counterclaims or demands which are within the contemplation of this Agreement;

Consideration

4. The Reinsurer agrees to pay the Cedant the total sum of Six Million Six Hundred Thousand U.S. dollars (US\$6,600,000) ("the Consideration"). Said payment shall be made no later than ten (10) calendar days following notice to the Reinsurer by facsimile of the execution of this Agreement by the Cedant or its assignee and the approval of the Agreement by the Commonwealth Court of Pennsylvania in accordance with Article 15 herein ("the Completion Date"). Notwithstanding the foregoing, if the ten (10) day period expires on a weekend or a holiday, then the transfer must be completed by the end of the next business day. Reinsurer shall transfer the Consideration to the following account:

REDACTED

The parties also agree that any claim recoveries including but not limited to salvage and

subrogation, any escrow funds with third party claim administrators and any unremitted cash with intermediaries that relate to the Contracts is the property of the Cedant.

Successors and Assigns

5. This Agreement shall inure to the benefit of and bind the Reinsurer and its successors and assigns and the Cedant and their respective successors and assigns.

Independent Investigation

6. Each of the parties acknowledges that it has entered into this Agreement in reliance upon its own independent investigation and analysis of the Contracts and its respective rights and obligations thereunder, and not on the basis of any representation made or not made by the other party hereto. Each of the parties further acknowledges that it has read this Agreement, that it has had the opportunity to discuss it with legal counsel, and that it fully understands all of the terms herein.

Integration and Waiver

7. This Agreement shall constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersedes any and all prior or contemporaneous understandings or agreements. No supplement, modification, waiver or termination hereof shall be binding or enforceable unless executed in writing by the parties to be bound thereby. No delay, omission or forbearance on the part of any party to this Agreement in exercising or enforcing any right, power or remedy under this Agreement shall impair such right, power or remedy or operate as a waiver thereof. The single or partial exercise or enforcement of such right, power or remedy shall not preclude any other or further exercise or enforcement thereof or of any other right, power or remedy. The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

Remedies

8. In the event that the Reinsurer fails to pay the Consideration to the Cedant by the Completion Date, the Cedant shall have all rights and remedies available at law or in equity. In addition, the Cedant shall have the express right to:

a. deem the entire Agreement null and void by notice in writing to the Reinsurer per Article 11 herein and to seek recovery of all sums due or to become due under the Contracts, or;

b. bring suit on the Agreement including interest on the agreed-upon but unpaid amount as set out in Article 8(c).

c. Without prejudice to the Cedant's rights to rescind this Agreement pursuant to Article 8(a) above, if Reinsurer does not pay all of the Consideration recited herein to the Cedant by the Completion Date, the Reinsurer shall pay interest on any unpaid sums at a rate which is equal to one percentage point (1.00%) over the Prime Rate (the base rate on corporate loans at large U.S. money center commercial banks) as published in *The Wall Street Journal*, but in no event shall said interest be calculated at less than six percent (6%) per annum.

Expenses of Collection

9. Subject to the provisions of Article 8(c) herein, if the Reinsurer fails to pay the Consideration to the Cedant by the Completion Date, Reinsurer agrees to reimburse the Cedant for all reasonable expenses including, without limitation, attorney fees which are incurred by the Cedant in the enforcement of this Agreement and collection of the consideration together with any interest accrued upon such reasonable expenses from the date of payment of such expenses at the rate set out in Article 8(c) above.

Choice of Laws

10. The performance and interpretation of this Agreement shall be governed by the

laws of the Commonwealth of Pennsylvania with respect to any dispute arising under this Agreement between the Reinsurer and the Cedant.

Notices

11. All notices required under this Agreement shall be as follows:

a. Any notice or other communication under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by first class post/mail (or by air mail if overseas) or by overnight courier service, to the addresses of the parties as set out in Exhibit B attached hereto or to such other person or address as any party may specify by notice in writing to the others.

b. In the absence of evidence of earlier receipt, any notice or other communication shall be deemed to have been duly served if (i) sent by first class post on the second business day after posting; (ii) sent by overnight courier on the next business day after mailing (iii) sent by air mail, six (6) days after posting, and; (iv) if delivered personally, when left during normal business hours at the address set out in Exhibit B or any alternative address specified by the receiving party.

Interpretation

12. The language of this Agreement is the result of negotiation between all parties hereto, and any ambiguities in said language shall not be presumptively construed against or in favor of any party or parties hereto.

Execution and Approval

13. Except as disclosed in Article 15, each party to this Agreement represents that it is authorized to enter into this Agreement and the transactions contemplated herein.

14. Except as disclosed in Article 15, each signatory to this Agreement represents that said signatory is authorized and empowered to execute this Agreement and the transactions

contemplated herein and that any and all required corporate approval on behalf of the Reinsurer has been properly executed and that the Agreement is entered into voluntarily.

15. With respect to the Cedant, this Agreement is subject to final approval by the Commonwealth Court of Pennsylvania (the "Court"), which has jurisdiction over the liquidation of Cedant. Upon execution by all parties hereto, the Liquidator of Cedant shall promptly make application to the Court to secure said approval. In the event the Court does not approve this Agreement, then upon such notice of disapproval, the Liquidator of Cedant shall notify the Reinsurer and this Agreement will become null and void and have no further force or effect as between the Reinsurer and the Cedant.

16. This Agreement may be signed and exchanged in counterpart by facsimile and this Agreement as so signed and exchanged will constitute the binding Agreement of the parties.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the dates set forth.

RELIANCE INSURANCE COMPANY (In Liquidation)

By: *David S. Bruttig*
Title: Chief Liquidation Officer
Date: *November 9, 2009*

GLOBAL U.S. HOLDINGS, INC. AS US MANAGER OF GLOBAL REINSURANCE CORPORATION – U.S. BRANCH (FORMERLY GERLING GLOBAL REINSURANCE CORP. (US BRANCH), AND GLOBAL REINSURANCE CORPORATION OF AMERICA (FORMERLY GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA IN ITS OWN RIGHT AND AS SUCCESSOR IN INTEREST TO CONSTITUTION REINSURANCE CORPORATION

By: *W. S. Beto*
Title: *Senior Vice President*
Date: *November 5, 2009*

Exhibit A

<u>Reliance Ref #</u>	<u>GRCA Ref.</u>	<u>Entity</u>	<u>Part %</u>	<u>Description</u>	<u>Eff. Date</u>
00D3AA	TBD	GERLING GLOBAL REINS. CORP. OF AMERICA	33.33300	SABLE PROP \$2.5M XS \$250	02/01/2000
00D4AA	TBD	GERLING GLOBAL REINS. CORP. OF AMERICA	33.33300	SABLE PROP \$2.5M XS \$2.5M	02/01/2000
03B3AA	PP0000486A	GERLING GLOBAL REINS. CORP. OF AMERICA	0.50000	PROPERTY 3RD CAT XOL	01/02/2000
03B4AA	PP0000487A	GERLING GLOBAL REINS. CORP. OF AMERICA	1.25000	PROPERTY 4TH CAT XOL	01/02/2000
03B5AA	PP0000190A	GERLING GLOBAL REINS. CORP. OF AMERICA	2.00000	PROPERTY 5TH CAT XOL	01/02/2000
0619AA	TP0000523A	GERLING GLOBAL REINS CORP US BRANCH	1.50000	PROP TECHRSK 89.83% PRI POL QS	07/01/1990
0663AA	TP0000528A	GERLING GLOBAL REINS CORP US BRANCH	3.50000	PROPERTY QS TO 10M (90)	07/01/1990
06C4AA	ML0000189A	GERLING GLOBAL REINS. CORP. OF AMERICA	20.00000	PROP DIVERSIFIED XOL 750KX250K	04/01/2000
1R37AA	TP0000523A	GERLING GLOBAL REINS CORP US BRANCH	1.52000	PROP TECH RISK 90% TO 23M QS	07/01/1991
1R38AA	TP0000528A	GERLING GLOBAL REINS CORP US BRANCH	2.50000	PROPERTY QS TO 10M (91)	07/01/1991
325CAA	TBD	GERLING GLOBAL RE CORP. US BRANCH	5.00000	D&O 1M X 1M SPECIAL ACCEPTANCE	07/01/1993
327CAA	TBD	GERLING GLOBAL RE CORP. US BRANCH	3.00000	D&O SPECIAL ACCEPT XOL 5M X 5M	07/01/1993
3X12AA	XC0111414A	CONSTITUTION REINSURANCE CORPORATION	5.00000	D&O/E&O 1M XS 1M	07/01/1993
3X14AA	XC0111415A	CONSTITUTION REINSURANCE CORPORATION	3.00000	D&O/E&O 5M XS 5M	07/01/1993
405DAA	PP0114521A	CONSTITUTION REINSURANCE CORPORATION	5.00000	RF MATTEI PRP: 85% QS TO 5M	11/01/1994
520FAA	PP0114521A	CONSTITUTION REINSURANCE CORPORATION	5.00000	AGRI MATTEI 85% OF 5M QS	11/01/1995
653HAA	PC0117971A	CONSTITUTION REINSURANCE CORPORATION	10.00000	FIRST CAPITAL GL 80% QS	09/01/1996
656HAA	PO0117951A	CONSTITUTION REINSURANCE CORPORATION	2.50000	ADVERTISING EFFICACY 83.5% QS	07/31/1996
676HAA	TX0007882A	GERLING GLOBAL REINS CORP US BRANCH	2.80000	UMBRELLA/XS CASUALTY Q/S	11/01/1996
701NAA	XC0118583A	CONSTITUTION REINSURANCE CORPORATION	3.00000	HEALTHCARE \$3M XS \$2M	12/31/1997
702MAA	PC0117971A	CONSTITUTION REINSURANCE CORPORATION	10.00000	FIRST CAPITAL GL 80% Q.S.	09/01/1997
702NAA	XC0118584A	CONSTITUTION REINSURANCE CORPORATION	3.00000	HEALTHCARE \$10M XS \$5M	12/31/1997
776MAA	XC0118603A	CONSTITUTION REINSURANCE CORPORATION	2.00000	ECS CASUALTY PER RISK 2ND XOL	12/31/1997
777MAA	XC0118605A	CONSTITUTION REINSURANCE CORPORATION	2.00000	ECS CASUALTY PER RISK 3RD XOL	12/31/1997
778MAA	XC0118609A	CONSTITUTION REINSURANCE CORPORATION	0.50000	ECS CASUALTY PER RISK 4TH XOL	12/31/1997
812WAA	PC0117971A	CONSTITUTION REINSURANCE CORPORATION	10.00000	FIRST CAPITAL CASUALTY Q/S	09/01/1998
8519AA	TP0000523A	GERLING GLOBAL REINS CORP US BRANCH	1.00000	PROPERTY TECH RISK 90% QS	07/01/1988
852XAA	XC0118771A	GERLING GLOBAL REINS. CORP. OF AMERICA	5.00000	ECS GL/PL 1ST XOL 3MX2M SP RVW	12/31/1998
853XAA	XC0118603A	GERLING GLOBAL REINS. CORP. OF AMERICA	2.00000	ECS CAS LIAB/POLL2NDXOL7.5MX5M	12/31/1998
854XAA	XC0118605A	GERLING GLOBAL REINS. CORP. OF AMERICA	2.00000	ECSCASLIAB/POLL3RDXOL10MX12.5M	12/31/1998
855UAA	CP0118581A	CONSTITUTION REINSURANCE CORPORATION	1.00000	PROPERTY 3RD CAT XOL	12/31/1998
855XAA	XC0118609A	GERLING GLOBAL REINS. CORP. OF AMERICA	1.50000	ECSCASLIABPOLL4THXL17.5MX22.5M	12/31/1998
856UAA	CP0118582A	CONSTITUTION REINSURANCE CORPORATION	1.00000	PROPERTY 4TH CAT XOL	12/31/1998
857UAA	PP0000190A	GERLING GLOBAL REINS. CORP. OF AMERICA	2.00000	PROPERTY 5TH CAT XOL	12/31/1998
889SAA	CA0000100A	GERLING GLOBAL REINS. CORP. OF AMERICA	3.33000	PAUSE PROGRAM CASUALTY Q/S	05/01/1998
909YAA	ML0000091A	GERLING GLOBAL REINS. CORP. OF AMERICA	4.50000	PROPERTY DIVERSIFIED QS	03/01/1999
9631AA	TP0000523A	GERLING GLOBAL REINS CORP US BRANCH	0.75000	PROPERTY TECH RISK 90% QS	07/01/1989
9634AA	TP0000528A	GERLING GLOBAL REINS CORP US BRANCH	3.50000	PROPERTY QS TO 10M (89)	07/01/1989
967UAA	PP0000393A	GERLING GLOBAL REINS. CORP. OF AMERICA	0.58800	PROPERTY 7TH CAT XOL	04/01/1999
979ZAA	CA0000100A	GERLING GLOBAL REINS. CORP. OF AMERICA	3.33000	PAUSE PROGRAM CAS Q.S. TO 15M	05/01/1999

F005AA	FC0001297A	GERLING GLOBAL REINS. CORP. OF AMERICA	80.00000	WORKERS COMPENSATION FACULTATIVE CERTIFICATE FOR AMS PRODUCED BUSINESS 4,500,000 XS 500,000	12/31/1999
547	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	1.00000	3RD CAT XOL	01/01/1988
548	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	2.00000	4TH CAT XOL	12/31/1987
549	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	2.50000	5TH CAT XOL	01/01/1988
565	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	1.00000	CATASTROPHE 3RD XOL	01/01/1989
566	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	2.00000	CATASTROPHE 4TH XOL	12/31/1988
567	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	2.50000	CATASTROPHE 5TH XOL	01/01/1989
584	XC0019992A	CONSTITUTION REINSURANCE CORPORATION	3.50000	CLASH CASUALTY 2ND XOL	01/01/1989
756	XC0019992A	CONSTITUTION REINSURANCE CORPORATION	1.50000	2ND CASUALTY CLASH	01/01/1991
806	CP0104139A	CONSTITUTION REINSURANCE CORPORATION	1.00000	CATASTROPHE 3RD XOL	01/01/1990
807	CP0104141A	CONSTITUTION REINSURANCE CORPORATION	2.00000	CATASTROPHE 4TH XOL	12/31/1989
808	CP0104142A	CONSTITUTION REINSURANCE CORPORATION	2.50000	CATASTROPHE 5TH XOL	01/01/1990
940	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	1.00000	3RD CATASTROPHE EXCESS	01/01/1987
941	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	2.00000	GLOBAL 4TH CATASTROPHE EXCESS	12/31/1986
942	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	2.50000	5TH CATASTROPHE EXCESS	01/01/1987
30178	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	2.00000	30178 3RD GLOBAL CAT 1978	06/30/1978
30178	TX0003174A	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30178 3RD GLOBAL CAT 1978	06/30/1978
30180	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	2.00000	30180 3RD GLOBAL CAT 1980	12/31/1979
30180	TX0003174A	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30180 3RD GLOBAL CAT 1980	12/31/1979
30181	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	2.00000	30181 3RD GLOBAL CAT 1981	12/31/1980
30181	TX0003174A	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30181 3RD GLOBAL CAT 1981	12/31/1980
30182	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	2.00000	30182 3RD GLOBAL CAT 1982	12/31/1981
30182	TX0003174A	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30182 3RD GLOBAL CAT 1982	12/31/1981
30183	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	1.00000	30183 3RD GLOBAL CAT 1983	12/31/1982
30183	TX0003174A	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30183 3RD GLOBAL CAT 1983	12/31/1982
30184	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	1.00000	30184 3RD GLOBAL CAT 1984	12/31/1983
30184	TX0003174A	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30184 3RD GLOBAL CAT 1984	12/31/1983
30185	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	1.45000	30185 3RD GLOBAL CAT 1985	12/31/1984
30186	CP0014970A	CONSTITUTION REINSURANCE CORPORATION	1.00000	30186 3RD GLOBAL CAT 1986	12/31/1985
30379	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	3.00000	30378 4TH GLOBAL CAT	06/30/1978
30380	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	3.00000	30380-4TH GLOBAL CAT	12/31/1979
30381	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	3.00000	30381-4TH GLOBAL CAT	12/31/1980
30382	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	3.00000	30382-4TH GLOBAL CAT	12/31/1981
30383	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	1.75000	30383-4TH GLOBAL CAT	12/31/1982
30384	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	1.75000	30384-4TH GLOBAL CAT	12/31/1983
30385	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	1.50000	30385-4TH GLOBAL CAT	12/31/0984
30386	CP0018525A	CONSTITUTION REINSURANCE CORPORATION	2.00000	30386-4TH GLOBAL CAT	12/31/1985
30580	TX0003174A	GERLING GLOBAL REINS CORP US BRANCH	2.50000	30580 5TH CATASTROPHE XOL	12/31/1979
30580	TBA	CONSTITUTION REINSURANCE CORPORATION	4.00000	30580 5TH CATASTROPHE XOL	12/31/1979
30581	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	2.50000	30581 5TH GLOBAL CAT XOL	12/31/1980
30581	TBD	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30581 5TH GLOBAL CAT XOL	12/31/1980
30582	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	2.50000	30582 5TH CATASTROPHE XOL	12/31/1981
30582	TBD	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30582 5TH CATASTROPHE XOL	12/31/1981
30583	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	1.75000	30583 5TH GLOBAL CAT XOL	12/31/1982
30583	TBD	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30583 5TH GLOBAL CAT XOL	12/31/1982
30584	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	1.75000	30584 5TH GLOBAL CAT XOL	12/31/1983
30584	TBD	GERLING GLOBAL REINS CORP US BRANCH	4.00000	30584 5TH GLOBAL CAT XOL	12/31/1983

30585	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	1.50000	30585 5TH GLOBAL CAT XOL	01/01/1985
30586	CP0018990A	CONSTITUTION REINSURANCE CORPORATION	2.85000	30586 5TH CATASTROPHE XOL	12/31/1985
30982	TBD	CONSTITUTION REINSURANCE CORPORATION	2.00000	30982 6TH CATASTROPHE XOL	12/31/1981
30982	TBD	GERLING GLOBAL REINS CORP US BRANCH	3.00000	30982 6TH CATASTROPHE XOL	12/31/1981
30983	TBD	CONSTITUTION REINSURANCE CORPORATION	2.00000	30983 6TH GLOBAL CAT XOL	12/31/1982
30983	TBD	GERLING GLOBAL REINS CORP US BRANCH	3.00000	30983 6TH GLOBAL CAT XOL	12/31/1982
30984	TBD	CONSTITUTION REINSURANCE CORPORATION	2.00000	30984 6TH GLOBAL CAT XOL	12/31/1983
30984	TBD	GERLING GLOBAL REINS CORP US BRANCH	3.00000	30984 6TH GLOBAL CAT XOL	12/31/1983
30985	TBD	CONSTITUTION REINSURANCE CORPORATION	1.50000	30985 6TH GLOBAL CAT XOL	12/31/1984
31083	TBD	CONSTITUTION REINSURANCE CORPORATION	0.40000	31083 7TH CAT GLOBAL XOL	01/01/1983
31083	TBD	GERLING GLOBAL REINS CORP US BRANCH	1.00000	31083 7TH CAT GLOBAL XOL	01/01/1983
31084	TBD	CONSTITUTION REINSURANCE CORPORATION	0.40000	31084 7TH CAT GLOBAL XOL	12/31/1983
31084	TBD	GERLING GLOBAL REINS CORP US BRANCH	1.00000	31084 7TH CAT GLOBAL XOL	12/31/1983
31085	TBD	CONSTITUTION REINSURANCE CORPORATION	0.40000	31085 7TH CAT GLOBAL XOL	12/31/1984
05P	CP0110650A	CONSTITUTION REINSURANCE CORPORATION	1.75000	CATASTROPHE 3RD XOL	01/01/1994
05T	TX0007445A	GERLING GLOBAL REINS CORP US BRANCH	2.00000	5TH CATASTROPHE XOL	12/31/1995
07P	TX0007445A	CONSTITUTION REINSURANCE CORPORATION	1.15000	CATASTROPHE 5TH XOL	01/01/1994
07P	CP0112411A	GERLING GLOBAL REINS CORP US BRANCH	2.00000	CATASTROPHE 5TH XOL	01/01/1994
29U	CP0118581A	CONSTITUTION REINSURANCE CORPORATION	1.00000	29U 3RD GLOBAL CAT 1998	12/31/1997
3B3	PP0000486A	GERLING GLOBAL REINS. CORP. OF AMERICA	0.50000	3B3 3RD GLOBAL CAT 2000	01/02/2000
3B4	PP0000487A	GERLING GLOBAL REINS. CORP. OF AMERICA	1.25000	CATASTROPHE 4TH XOL (2000)	01/02/2000
3B5	PP0000190A	GERLING GLOBAL REINS. CORP. OF AMERICA	2.00000	CATASTROPHE 5TH XOL (2000)	01/02/2000
43U	CP0118582A	CONSTITUTION REINSURANCE CORPORATION	1.00000	CATASTROPHE 4TH XOL (1998)	12/31/1997
55U	CP0118581A	CONSTITUTION REINSURANCE CORPORATION	1.00000	55U 3RD GLOBAL CAT 1999	12/31/1998
56U	CP0118582A	CONSTITUTION REINSURANCE CORPORATION	1.00000	CATASTROPHE 4TH XOL (1999)	12/31/1998
57U	TBD	GERLING GLOBAL REINS. CORP. OF AMERICA	2.00000	CATASTROPHE 5TH XOL (1999)	12/31/1998
65P	TBD	CONSTITUTION REINSURANCE CORPORATION	1.84210	CATASTROPHE 3RD XOL	12/31/1994
67P	TX0007445A	GERLING GLOBAL REINS CORP US BRANCH	2.00000	CATASTROPHE 5TH XOL	12/31/1994
67U	TBD	GERLING GLOBAL REINS. CORP. OF AMERICA	0.58800	67U CAT 7TH XOL (1999)	04/01/1999
69B	TBD	GERLING GLOBAL REINS. CORP. OF AMERICA	3.00000	69B 1ST PROPERTY CAPACITY XOL	01/02/2000
70B	XP0118585A	GERLING GLOBAL REINS. CORP. OF AMERICA	3.75000	70B 2ND PROPERTY CAPACITY XOL	01/02/2000
71B	XP0118586A	GERLING GLOBAL REINS. CORP. OF AMERICA	0.50000	71B 3RD PROPERTY CAPACITY XOL	01/02/2000
72B	PP0000290A	GERLING GLOBAL REINS. CORP. OF AMERICA	10.00000	72B 1ST PROPERTY U/L XOL 00	01/02/2000
76H	TX0007882A	GERLING GLOBAL REINS CORP US BRANCH	2.80000	UMBRELLA/XS CASUALTY Q/S	11/01/1996
79T	CP0118526A	CONSTITUTION REINSURANCE CORPORATION	0.50000	PROPERTY CATASTROPHE XOL	08/01/1997
79T	PP0000190A	GERLING GLOBAL REINS. CORP. OF AMERICA	2.00000	PROPERTY CATASTROPHE XOL	08/01/1997
85T	CP0118526A	CONSTITUTION REINSURANCE CORPORATION	0.50000	5TH PROPERTY CATASTROPHE	08/01/1998
85T	PP0000190A	GERLING GLOBAL REINS. CORP. OF AMERICA	2.00000	5TH PROPERTY CATASTROPHE	08/01/1998
P37	TX0007444A	GERLING GLOBAL REINS CORP US BRANCH	1.00000	CATASTROPHE 3RD XOL	01/01/1992
P38	TX0007445A	GERLING GLOBAL REINS CORP US BRANCH	1.00000	CATASTROPHE 4TH XOL	12/31/1991
P77	CP0110650A	CONSTITUTION REINSURANCE CORPORATION	1.75000	CATASTROPHE 3RD XOL	12/31/1992
P77	TX0007444A	GERLING GLOBAL REINS CORP US BRANCH	1.00000	CATASTROPHE 3RD XOL	12/31/1992
P78	TX0007445A	GERLING GLOBAL REINS CORP US BRANCH	1.53210	CATASTROPHE 4TH XOL	12/31/1992
A93/74T	PC0117558A	CONSTITUTION REINSURANCE CORPORATION	9.00000	WC 40% Quota Share	04/01/1996
A95	XC0118713A	CONSTITUTION REINSURANCE CORPORATION	7.50000	Worker's Comp.3rd XS	04/01/1996
B44/76T	XC0118713A	CONSTITUTION REINSURANCE CORPORATION	7.50000	Worker's Comp.3rd XS	06/01/1997
B44/76T	XC0118713A	CONSTITUTION REINSURANCE CORPORATION	7.50000	Worker's Comp.3rd XS	06/01/1998

EXHIBIT B

For Reliance/The Liquidator

Keith Kaplan
Reliance Insurance Company (In Liquidation)
Three Parkway
Philadelphia, PA 19102
Tel. 215-864-4250
Fax 215-864-1077

For the Reinsurer

David W. Smith, Esq.
Executive Vice President and General Counsel
GLOBAL Reinsurance Corporation of America
Times Square Tower, 7 Times Square, 37th Fl.
New York, New York 10036

EXHIBIT C

Mergers of the former Reliance Insurance Group of companies into Reliance Insurance Company

Company	State of Domicile	Date of Merger
Reliance Insurance Company of Illinois	Illinois	January 1, 2001
Reliance National Indemnity Company	Wisconsin	February 13, 2001
United Pacific Insurance Company	Pennsylvania	February 13, 2001
Reliance Direct Insurance Company	Pennsylvania	February 13, 2001
Reliance Universal Insurance Company	California	February 13, 2001
United Pacific Insurance Company of New York	New York	February 16, 2001
Reliance National Insurance Company	Delaware	March 6, 2001
Reliance Surety Company	Delaware	March 6, 2001
Reliance Lloyds	Texas	April 6, 2001 (Dissolved)

Exhibit B

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel Ario
Insurance Commissioner of the
Commonwealth of Pennsylvania,

Plaintiff,

v.

RELIANCE INSURANCE COMPANY,

Defendant.

DOCKET NO. 269 MD 2001

IN RE: Commutation, Settlement Agreement and Release between
Reliance Insurance Company (In Liquidation) and GLOBAL Reinsurance Corporation – U.S.
Branch (formerly Gerling Global Reinsurance Corporation (U.S. Branch)) and GLOBAL
Reinsurance Corporation of America (formerly Gerling Global Reinsurance Corporation of
America in its own right and as successor in interest to Constitution Reinsurance Corporation)

**SEALED EXHIBIT B TO THE PETITION FOR APPROVAL OF
COMMUTATION, SETTLEMENT AND RELEASE AGREEMENT**

**THIS ENVELOPE IS SEALED AND CONTAINS INFORMATION DESIGNATED
CONFIDENTIAL IN THIS CASE. IT IS NOT TO BE OPENED OR THE CONTENTS
THEREOF TO BE DISPLAYED OR REVEALED EXCEPT BY OR UPON ORDER OF
THE COURT OR PURSUANT TO STIPULATION OF BOTH PARTIES TO THIS ACTION.**