

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

JOEL S. ARIO, Insurance Commissioner of  
the Commonwealth of Pennsylvania

Plaintiff,

v.

RELIANCE INSURANCE COMPANY,

Defendant.

No. 269 M.D. 2001

2010 MAR 18 P 2:18

RECEIVED AND FILED  
COMMONWEALTH COURT  
OF PA (PHILA)

RE: LIQUIDATOR'S PETITION FOR SECOND  
INTERIM DISTRIBUTION

**AMENDED ORDER**

AND NOW, THIS \_\_\_\_\_ day of \_\_\_\_\_, 2010, upon consideration of the Liquidator's Petition for Second Interim Distribution ("Petition") filed by Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator ("Liquidator") of Reliance Insurance Company ("Reliance"), the Objection filed by the Massachusetts Insurers Insolvency Fund ("MA Fund"), and the Liquidator's Response to the MA Fund Objection, and with no other objections being filed, it is hereby

**ORDERED** and **DECREED** that the Court's February 19, 2010 Order is Amended and the Petition is **GRANTED**. It is further **ORDERED** and **DECREED** as follows:

1. The cumulative Second Interim Distribution Percentage for 30% of NOD allowed amounts is APPROVED for all class (b) Eligible Claimants (as defined in the Petition).
2. The Ineligible Claimants listed on Exhibit A to the Petition, and any future Ineligible Claimants (as defined in the Petition), may not receive any distribution from the Reliance Estate and must look to the Guaranty Association in their state or the special deposits held in their state for any payment of their worker compensation claims. Additionally the Ineligible Claimants with non-worker compensation claims that are listed on Exhibit A as residents of the U.S. Virgin Islands may not receive any distribution from the Reliance Estate and must look to the Guaranty Association in the U.S. Virgin Islands or the special deposits held in the U.S. Virgin Islands for any payment of their non-worker compensation claims.
3. The MA Fund is an Ineligible Claimant and may not receive distributions from the Reliance Estate with respect to workers' compensation claims paid by the MA Fund. Notwithstanding the foregoing, the MA Fund is not an Ineligible Claimant and may receive distributions from the Reliance Estate with respect to non-workers' compensation claims paid by the MA Fund and approved pursuant to the November 19, 2007 Order of this Court.
4. The calculation methodology and Safety Factor Percentage approved by this Court's Order of November 19, 2007, and as modified by the February 23, 2010 Order of this Court and any subsequent Orders, will continue to be applied to all claims under policies with aggregate limits and any distributions made on those claims.
5. The Liquidator shall issue checks based on the cumulative Second Interim Distribution Percentage to class (b) Eligible Claimants; those Eligible Claimants who have

already received a 20% distribution will receive an additional distribution based on the increase in the distribution percentage to 30%.

6. For this cumulative Second Interim Distribution and all future distributions except the final distribution, the Liquidator need not issue a distribution check for less than \$25 per Eligible Claimant. The Liquidator shall issue a check if an Eligible Claimant's distribution amount is increased beyond the *de minimus* distribution threshold in the future. This *de minimus* distribution threshold will not apply to the final distribution of Reliance assets and all Eligible Claimants will receive the ultimate distribution percentage in the final distribution, regardless of the amount.

Further, Counsel for the Liquidator is directed to serve a copy of this Order upon the Massachusetts Insurers Insolvency Fund and upon those listed on the Master Service List and file an affidavit with this Court that such service was accomplished.

BY THE COURT:

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BONNIE BRIGANCE LEADBETTER,  
President Judge