

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. Diane Koken,  
Insurance Commissioner of the  
Commonwealth of Pennsylvania,  
Plaintiff

v.

Reliance Insurance Company,  
Defendant

:  
:  
:  
:  
:  
:  
:  
:  
:  
:  
:  
: No. 269 M.D. 2001

IN RE: Petition to approve guidelines for  
subsidiary transactions

RECEIVED  
CLERK OF COURT  
JAN 22 10 10 AM '02

ORDER

**AND NOW**, this 22<sup>nd</sup> day of January, 2002, having considered the petition to approve guidelines for subsidiary transactions filed on behalf of M. Diane Koken, as Liquidator for Reliance Insurance Company, said petition is **GRANTED as follows**:

1. The Liquidator shall obtain advance Court approval in the event that she, Reliance Insurance Company, and/or any first tier subsidiary of Reliance Insurance Company intends to dispose of a controlling interest in all or 50% or more of the assets of a first tier subsidiary of Reliance Insurance Company. A first tier subsidiary is a company in which Reliance Insurance Company holds a majority of the voting stock.

2. The Liquidator shall obtain advance Court approval for other transactions entered into by direct and indirect subsidiaries of Reliance Insurance Company involving \$5,000,000 or more, including but not limited to, sales by subsidiaries of subsidiaries or their assets, partial asset sales or pledges, financings, including borrowings against assets, fold-in acquisitions, or foreign insurance company commutations and settlements, provided, however, that any such proposed transaction be subject to all corporate formalities, including approval of relevant Board(s) of Directors, if any, of the relevant corporate entity.

3. The Liquidator, Reliance Insurance Company, and subsidiaries of Reliance Insurance Company need not, but may on an elective basis, obtain advance Court approval for other transactions entered into by direct and indirect subsidiaries of Reliance Insurance Company involving less than \$5,000,000, including but not limited to, sales by subsidiaries of subsidiaries, or their assets, partial asset sales or pledges, financings, including borrowings against assets, fold-in acquisitions, or foreign insurance company commutations and settlements, provided, however, that any such proposed transaction be subject to all corporate formalities, including approval of relevant Board(s) of Directors, if any, of the relevant corporate entity.

**FURTHER**, the Liquidator, through her counsel, is hereby directed to serve a copy of this order, forthwith, upon all parties listed on the master service list via U.S. mail and, where designated, fax and/or e-mail. The Liquidator, through her counsel, is directed to file with the court in the

Office of the Prothonotary, 9<sup>th</sup> Floor the Widener Building, 1339 Chestnut Street, Philadelphia, PA 19107, by 3:00 p.m. January 25, 2002 an affidavit, that service, as outlined above, has been effectuated.

  
**JAMES GARDNER COLINS, President Judge**