

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

RECEIVED AND FILED  
COMMONWEALTH COURT  
OF PA (PHILA)

2011 DEC - 6 P 3: 30

IN RE:  
Reliance Insurance Company  
In Liquidation

NO. 1 REL 2001

*IN RE: Commutation, Settlement Agreement and Release between  
Reliance Insurance Company (In Liquidation) and Swiss Reinsurance  
America Corporation, on behalf of itself and as successor in interest to  
GE Reinsurance Corporation and Western Atlantic Reinsurance  
Corporation, and Westport Insurance Corporation fka and successor  
in interests to Employers Reinsurance Corporation*

ORDER

AND NOW, this \_\_\_\_ day of \_\_\_\_\_ 2011, 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  
Swiss Reinsurance America Corporation, on behalf of itself and as successor in interest to

GE Reinsurance Corporation and Western Atlantic Reinsurance Corporation, and Westport Insurance Corporation fka and successor in interests to Employers Reinsurance Corporation (collectively, "Swiss Re") 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 obligations of Swiss Re under the Reinsurance Agreements and the Estate will receive an economic benefit amounting to \$19,858,000;

**Further**, the Court accepts the Liquidator's representations that the Settlement Agreement is a fair and reasonable settlement of Swiss Re'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.

**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.

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**BONNIE BRIGANCE LEADBETTER**  
**President Judge**

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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*IN RE: Commutation, Settlement Agreement and Release between Reliance Insurance Company (In Liquidation) and Swiss Reinsurance America Corporation, on behalf of itself and as successor in interest to GE Reinsurance Corporation and Western Atlantic Reinsurance Corporation, and Westport Insurance Corporation fka and successor in interests to Employers Reinsurance Corporation*

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

Petitioner Michael F. Consedine, 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 Swiss Reinsurance America Corporation, on behalf of itself and as successor in interest to GE Reinsurance Corporation and Western Atlantic Reinsurance Corporation, and Westport Insurance Corporation, formerly known as and as successor in interests to Employers Reinsurance Corporation (collectively, "Swiss Re"). 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 and, when applicable, assumed 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 ,

corridors<sup>1</sup> 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, costs of litigation and any administrative savings; and

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

5. The Liquidator 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 Chief Actuary and the Executive Vice-President for Reinsurance, who, along with the Vice-President for Commutations, review all commutation proposals. Any commutation in excess of \$1,000,000 must be approved by the Commutation Committee and the approval was provided in this case.

7. In addition, Reliance's independent consulting actuaries, PricewaterhouseCoopers, 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 and liabilities on assumed business, when applicable, is reasonable for commutation purposes.

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<sup>1</sup> 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.

8. Through this Settlement Agreement, Reliance's objective is to settle and finalize its relationship with Swiss Re for all reinsurance contracts covering health care liability policies listed in Exhibit A to the Settlement Agreement (the "Reinsurance Agreements").

9. As of September 30, 2011, all reported claims relevant to Swiss Re'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 both to verify the reasonableness of the case reserves and to project the timing of payments for each relevant claim. These case reserves are not discounted for the time value of money.

10. Reliance actuaries then conducted an in-depth analysis to determine appropriate commutation values for the Reinsurance Agreements. 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**

11. Reliance then negotiated with Swiss Re to commute its obligations under the Reinsurance Agreements for an agreed amount of \$19,858,000 which is acceptable based upon the range of values established by the Reliance actuaries for the Reinsurance Agreements and entered into the Settlement Agreement, subject to the approval of this Court. The Settlement Agreement settles with certainty the claims against Swiss Re for losses under the Reinsurance Agreements.

12. Specifically, the Settlement Agreement provides that Swiss Re shall pay Reliance \$19,858,000 (the "Commutation Amount") to commute its obligations under the Reinsurance Agreements within ten (10) calendar days from when Swiss Re is notified that this Court has approved the Settlement Agreement. The Commutation Amount was negotiated with Swiss Re,

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 interest of the policyholders, claimants and the general public. See 40 P.S. §§ 221.1(c), 221.23(9).

13. 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 Swiss Re is a fair and reasonable commutation of Swiss Re'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.

14. 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 transactions memorialized in the Settlement Agreement.

15. The Settlement Agreement will further achievement of the liquidation objectives under the Act. The commutation 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. §221.21(1)(c).

(a) First, the Settlement Agreement converts future reinsurance obligations into immediate cash for the Estate. Specifically, the Estate receives a payment of \$19,858,000 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, the Settlement Agreement eliminates any potential future credit risk associated with collection of the reinsurance proceeds in the event that Swiss Re becomes insolvent.

(d) Fourth, no person or firm has or will earn any contingent fee or extra remuneration of any type as a direct result of this transaction.

16. 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 Swiss Re of Court approval; and
- c. payment by Swiss Re of \$19,858,000.

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 Swiss Re's obligations under the Reinsurance Agreements;
- (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,

A handwritten signature in black ink, appearing to read "Preston Buckman", written over a horizontal line.

PRESTON BUCKMAN (I.D. #57570)

Special Funds Counsel

Pennsylvania Insurance Department

Capitol Associates Building

Office of Chief Counsel

901 North 7th Street

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(717) 787-6009

Attorney for Petitioner, Michael F. Consedine,  
Insurance Commissioner of the Commonwealth of  
Pennsylvania, in his capacity as Statutory Liquidator  
of Reliance Insurance Company

Dated: December 6 2011

**VERIFICATION**

I, David S. Brietling, Chief Liquidation Officer for Reliance Insurance Company (In Liquidation), am authorized by Michael F. Consedine, 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 5, 2011

  
\_\_\_\_\_  
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](http://www.reliancedocuments.com).

Dated: December 6, 2011

Claire Rocco  
CLAIRE ROCCO

## Master Service List

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and GE Life and Annuity Assurance Company) and  
National Structured Settlements Trade Association)

# EXHIBIT A

## **COMMUTATION, SETTLEMENT AGREEMENT AND RELEASE**

THIS COMMUTATION, SETTLEMENT AGREEMENT AND RELEASE ("Agreement"), made effective and entered into this 29 day of November, 2011, by and between Swiss Reinsurance America Corporation, on behalf of itself and as successor in interest to GE Reinsurance Corporation and Western Atlantic Reinsurance Corporation, and Westport Insurance Corporation, formerly known as and successor in interests to Employers Reinsurance Corporation, hereinafter collectively known as "Swiss Re" and Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as Statutory Liquidator of Reliance Insurance Company (In Liquidation) (hereinafter known as "Reliance"). David S. Brietling, Chief Liquidation Officer, is acting on behalf of Michael F. Consedine, who is acting on behalf of Reliance 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. Swiss Re and Reliance entered into contracts of reinsurance wherein Swiss Re obligated itself to accept from Reliance the cession of a certain percentage of liabilities with respect to risks written or assumed by Reliance and/or agents of Reliance; and

B. The reinsurance contracts referred to in Recital A above are set out on Exhibit A attached hereto and are herein collectively referred to as the "Reinsurance Agreements"; and

C. Pursuant to the Reinsurance Agreements, 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 Swiss Re to Reliance; and

D. The parties hereto recognize and understand that, based upon current economic projections, a substantial portion of Swiss Re's obligations to Reliance may become payable in the future rather than at present; that Swiss Re's future liabilities and obligations to Reliance pursuant to the Reinsurance Agreements have been evaluated, but cannot be determined in an

amount certain at this time; and that a settlement and commutation of Swiss Re's obligations to Reliance 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. Swiss Re, and Reliance 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, Swiss Re, and Reliance hereby agree as follows:

**Commutation of Reinsurance Agreements and Release of Swiss Re**

1. Subject to the receipt by Reliance 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 Articles 8 (c) and 9 below, and in further consideration of the release contained in Article 2 herein, Reliance hereby irrevocably releases Swiss Re, 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 Swiss Re's participations on the Reinsurance Agreements, whether or not any of such Reinsurance Agreements 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 foregoing, 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 Reliance**

2. In consideration of the release set out in Article 1 herein, Swiss Re hereby irrevocably releases Reliance, 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 Reliance on the Reinsurance Agreements, whether or not any of such Reinsurance Agreements 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, voidable, 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 Reinsurance Agreements, including without limitation any balances, accounts, costs, claims, counterclaims or demands which are within the contemplation of

this Agreement; and

c. Swiss Re 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 Reinsurance Agreements, including without limitation any balances, accounts, costs, claims, counterclaims or demands which are within the contemplation of this Agreement.

**Consideration**

4. Reliance and Swiss Re agree that the consideration for the commutation and release set forth in Article 1 herein is Nineteen Million Eight Hundred Fifty Eight Thousand United States Dollars and no cents (US\$19,858,000) (the "Consideration"). The Consideration shall be paid no later than ten (10) calendar days following notice to Swiss Re by facsimile of the execution of this Agreement by Reliance 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. Swiss Re 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 Reinsurance Agreements is the property of Reliance.

#### **Successors and Assigns**

5. This Agreement shall inure to the benefit of and bind Swiss Re and its successors and assigns and Reliance and its 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 Reinsurance Agreements 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 Swiss Re fails to pay the Consideration to Reliance by the Completion Date, Reliance shall have all rights and remedies available at law or in equity. In addition, Reliance shall have the express right to:

a. deem the entire Agreement null and void by notice in writing to Swiss Re per Article 11 herein and to seek recovery of all sums due or to become due under the Reinsurance Agreements; 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 Reliance's rights to rescind this Agreement pursuant to Article 8(a) above, if Swiss Re does not pay all of the Consideration recited herein to Reliance by the Completion Date, Swiss Re 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 Swiss Re fails to pay the Consideration to Reliance by the Completion Date, Swiss Re agrees to reimburse Reliance for all reasonable expenses including, without limitation, attorney fees which are incurred by Reliance 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, without regard to conflicts of law, with respect to any dispute arising under this Agreement between Swiss Re and Reliance.

### **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: (i) if sent by first class post, on the second business day after posting; (ii) if sent by overnight courier, on the next business day after mailing; (iii) if sent by air mail, six (6) days after posting; and (iv) if delivered personally, on the same business day 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 Swiss Re has been properly executed and that the Agreement is entered into voluntarily.

15. With respect to Reliance, this Agreement is subject to final approval by the Commonwealth Court of Pennsylvania (the "Court"), which has jurisdiction over the liquidation of Reliance. Upon execution by all parties hereto, the Liquidator of Reliance 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 Reliance shall notify Swiss Re and this Agreement will become null and void and have no further force or effect as between Swiss Re and Reliance.

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: *Scott S. Brattley*  
Title: Chief Liquidation Officer  
Date: *November 30 2011*

**SWISS REINSURANCE AMERICA CORPORATION** on behalf of itself and as successor in interest to GE Reinsurance Corporation and Western Atlantic Reinsurance Corporation

By: *W. E. F. [Signature]*  
Title: *SVP*  
Date: *11/29/2011*

By: *David Kenyon*  
Title: *SVP*  
Date: *11/29/2011*

**WESTPORT INSURANCE CORPORATION** formerly known as and successor in interests to Employers Reinsurance Corporation

By: *W. E. F. [Signature]*  
Title: *SVP*  
Date: *11/29/2011*

By: *David Kenyon*  
Title: *SVP*  
Date: *11/29/2011*

## EXHIBIT A

<u>Rein. Co.</u>	<u>Reliance Ref.</u>	<u>Swiss Re. Ref.</u>	<u>Contract Description</u>	<u>Effective Date</u>	<u>Swiss Re Part.</u>
0018	334AAA	7615205	HEALTH CARE \$5M XS \$5M	12/31/1993	5.00
0018	433DAA	7615205	HEALTH CARE \$10M XS \$5M	12/31/1994	5.00
0018	486DAA	7615207	HEALTH CARE \$10M XS \$15M	12/31/1994	5.00
0018	503GAA	7615205	HEALTH CARE \$10M XS \$5M	12/31/1995	5.00
0018	504GAA	7615207	HEALTHCARE 10M XS 15M	12/31/1995	5.00
0018	654JAA	7615205	HEALTHCARE 4TH XOL 10M XS 5M	12/31/1996	5.00
0018	655JAA	7615207	HEALTHCARE 5TH XOL 10M XS 15M	12/31/1996	5.00
0018	667JAA	7643357	HEALTH CARE TECH 10M QS	12/31/1996	10.87
0018	668JAA	7643357	HEALTH CARE TECH 25M QS	12/31/1996	10.87
0018	702NAA	7615205	HEALTHCARE \$10M XS \$5M	12/31/1997	6.50
0018	703NAA	7615207	HEALTHCARE \$10M XS \$15M	12/31/1997	5.00
0018	846XAA	7615214	HEALTH CARE CASUALTY 8M XS 2M	12/31/1998	5.00
0018	847XAA	7615215	HEALTH CARE CASUALTY 15M XS 10M	12/31/1998	7.00
0045	430DAA	562048	HEALTH CARE \$500K XS \$500K	12/31/1994	7.50
0045	431DAA	562050	HEALTH CARE \$1M XS \$1M	12/31/1994	7.50
0045	432DAA	562051	HEALTH CARE \$3M XS \$2M	12/31/1994	7.50
0045	433DAA	562052	HEALTH CARE \$10M XS \$5M	12/31/1994	7.50
0045	486DAA	568909	HEALTH CARE \$10M XS \$15M	12/31/1994	30.00
0045	501GAA	576783	HEALTHCARE QUOTA SHARE	12/31/1995	7.50
0045	502GAA	562050	HEALTH CARE \$3M XS \$2M	12/31/1995	7.50
0045	503GAA	562052	HEALTH CARE \$10M XS \$5M	12/31/1995	7.50
0045	504GAA	568909	HEALTHCARE 10M XS 15M	12/31/1995	30.00
0045	652JAA	576783	HEALTHCARE QS	12/31/1996	7.50
0045	653JAA	562051	HEALTHCARE THIRD XOL 3M XS 2M	12/31/1996	10.00
0045	654JAA	562051	HEALTHCARE 4TH XOL 10M XS 5M	12/31/1996	10.00
0045	655JAA	568909	HEALTHCARE 5TH XOL 10M XS 15M	12/31/1996	10.00
0045	667JAA	596262	HEALTH CARE TECH 10M QS	12/31/1996	21.74
0045	668JAA	596262	HEALTH CARE TECH 25M QS	12/31/1996	21.74
0045	701NAA	562051	HEALTHCARE \$3M XS \$2M	12/31/1997	10.00
0045	702NAA	562052	HEALTHCARE \$10M XS \$5M	12/31/1997	10.00
0045	703NAA	568909	HEALTHCARE \$10M XS \$15M	12/31/1997	8.00
0045	799MAA	576783	HEALTHCARE QS	12/31/1997	7.50
0045	846XAA	617142	HEALTH CARE CASUALTY 8M XS 2M	12/31/1998	12.00
0045	847XAA	617166	HEALTH CARE CASUALTY 15M XS 10M	12/31/1998	12.00
0063	3Q36AA	7615265	HEALTH CARE \$1M XS \$1M	01/01/1993	10.00
0063	3Q37AA	7615266	HEALTH CARE \$3M XS \$2M	01/01/1993	10.00
0063	3Q38AA	7631261	HEALTH CARE \$5M XS \$5M	01/01/1993	2.00
0063	430DAA	7615251	HEALTH CARE \$500K XS \$500K	12/31/1994	7.50
0063	431DAA	7631256	HEALTH CARE \$1M XS \$1M	12/31/1994	7.50
0063	432DAA	7615252	HEALTH CARE \$3M XS \$2M	12/31/1994	7.50
0063	433DAA	7615253	HEALTH CARE \$10M XS \$5M	12/31/1994	7.50
0063	486DAA	7615254	HEALTH CARE \$10M XS \$15M	12/31/1994	20.00
0063	501GAA	7615224	HEALTHCARE QUOTA SHARE	12/31/1995	7.50
0063	502GAA	7615252	HEALTH CARE \$3M XS \$2M	12/31/1995	10.00
0063	503GAA	7615253	HEALTH CARE \$10M XS \$5M	12/31/1995	10.00
0063	504GAA	7615254	HEALTHCARE 10M XS 15M	12/31/1995	10.00
0063	652JAA	7615224	HEALTHCARE QS	12/31/1996	7.50



0063	653JAA	7615252	HEALTHCARE THIRD XOL 3M XS 2M	12/31/1996	10.00
0063	654JAA	7615253	HEALTHCARE 4TH XOL 10M XS 5M	12/31/1996	10.00
0063	655JAA	7615254	HEALTHCARE 5TH XOL 10M XS 15M	12/31/1996	10.00
0063	667JAA	7643402	HEALTH CARE TECH 10M QS	12/31/1996	21.74
0063	668JAA	7643402	HEALTH CARE TECH 25M QS	12/31/1996	21.74
0063	701NAA	7615252	HEALTHCARE \$3M XS \$2M	12/31/1997	12.00
0063	702NAA	7615253	HEALTHCARE \$10M XS \$5M	12/31/1997	12.00
0063	703NAA	7615254	HEALTHCARE \$10M XS \$15M	12/31/1997	12.00
0063	799MAA	7615224	HEALTHCARE QS	12/31/1997	12.00
0063	846XAA	7615252	HEALTH CARE CASUALTY 8M XS 2M	12/31/1998	14.00
0063	847XAA	7615254	HEALTH CARE CASUALTY 15M XS 10M	12/31/1998	14.00
0248	333AAA	6124535	HEALTH CARE \$3M XS \$2M	12/31/1993	5.00
0248	334AAA	6124537	HEALTH CARE \$5M XS \$5M	12/31/1993	5.00
0248	431DAA	6125172	HEALTH CARE \$1M XS \$1M	12/31/1994	7.00
0248	432DAA	6124535	HEALTH CARE \$3M XS \$2M	12/31/1994	7.00
0248	433DAA	6124537	HEALTH CARE \$10M XS \$5M	12/31/1994	7.00
0248	486DAA	6125223	HEALTH CARE \$10M XS \$15M	12/31/1994	7.00
0248	502GAA	6124535	HEALTH CARE \$3M XS \$2M	12/31/1995	7.00
0248	503GAA	6124537	HEALTH CARE \$10M XS \$5M	12/31/1995	7.00
0248	504GAA	6125223	HEALTHCARE 10M XS 15M	12/31/1995	7.00
0248	652JAA	6104287	HEALTHCARE QS	12/31/1996	7.00
0248	653JAA	6124535	HEALTHCARE THIRD XOL 3M XS 2M	12/31/1996	10.00
0248	654JAA	6124537	HEALTHCARE 4TH XOL 10M XS 5M	12/31/1996	10.00
0248	655JAA	6125223	HEALTHCARE 5TH XOL 10M XS 15M	12/31/1996	10.00
0248	667JAA	6104286	HEALTH CARE TECH 10M QS	12/31/1996	7.61
0248	668JAA	6104286	HEALTH CARE TECH 25M QS	12/31/1996	7.61
0248	701NAA	6124535	HEALTHCARE \$3M XS \$2M	12/31/1997	10.00
0248	702NAA	6124537	HEALTHCARE \$10M XS \$5M	12/31/1997	10.00
0248	703NAA	6125223	HEALTHCARE \$10M XS \$15M	12/31/1997	10.00
0248	799MAA	6104287	HEALTHCARE QS	12/31/1997	7.00
0248	846XAA	6124535	HEALTH CARE CASUALTY 8M XS 2M	12/31/1998	9.00
0248	847XAA	6124536	HEALTH CARE CASULTY 15M XS 10M	12/31/1998	9.00

Unless specifically identified, the above does not include pools and associations (whether voluntary or involuntary), self-insurance, risk retention groups or underwriting groups.

**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 Swiss Re

Frank Kehrwald  
General Counsel, North America  
5200 Metcalf  
Overland Park, Kansas 66202  
Tel: 913-676-5966  
Fax: 913-676-3097

**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

IN RE:  
Reliance Insurance Company  
In Liquidation

NO. 1 REL 2001

*IN RE: Commutation, Settlement Agreement and Release between Reliance Insurance Company (In Liquidation) and Swiss Reinsurance America Corporation, on behalf of itself and as successor in interest to GE Reinsurance Corporation and Western Atlantic Reinsurance Corporation, and Westport Insurance Corporation fka and successor in interests to Employers 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.