

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE:

Reliance Insurance Company
In Liquidation

No. 1 REL 2001

*In Re: Liquidator's Supplemental Response
and Application for Approval of Plan to
Eliminate the Aggregate Safety Factor Percentage*

ORDER

This Court has considered the Liquidator's Supplemental Response and Application for Approval of Plan to Eliminate the Aggregate Safety Factor Percentage ("Response and Application") [and any replies filed to that Response and Application].

AND NOW, this ____ day of _____, 2016, it is hereby ORDERED and DECREED as follows¹:

¹ All capitalized words are defined as indicated in the Liquidator's Response and Application.

1. The limited objection filed by JDN Realty Corporation to the Liquidator's Application for Approval of Fourth Interim Distribution Percentage and Continuation of Aggregate Safety Factor Percentage is hereby dismissed as moot.

2. The plan set forth in the Liquidator's Response and Application is approved as a reasonable and appropriate method for eliminating the Aggregate Safety Factor Percentage ("SFP") and the Liquidator shall take all necessary steps to implement that plan as promptly as possible.

3. Once the Liquidator determines that the Aggregate Limits of an Aggregate Policy cannot be exceeded by any Court approved Aggregate NODs issued for POCs filed prior to the Claims Bar Date, a Catch-up Distribution shall be paid as to any Aggregate NODs previously subject to the SFP in the next scheduled quarterly distribution.

4. Once the Liquidator determines that the Aggregate Limits of an Aggregate Policy are exceeded by Aggregate NODs issued for POCs filed prior to the Claims Bar Date, the Liquidator shall issue Amended NODs to pro-rate the allowed amounts in the Aggregate NODs, consistent with 40 P.S. §221.40(d), so that the Aggregate Limits are not exceeded. The Liquidator shall seek Court approval of those Amended NODs as soon as practicable after the objection period has expired without objection. A Catch-up Distribution shall then be paid as to those Amended NODs in the next scheduled quarterly distribution after Court approval.

5. The Liquidator shall not apply a SFP to any distributions made based on new NODs or Amended NODs issued after the Claims Bar Date, except as necessary in her discretion in those rare individual cases where New Claims and Open POCs by insureds and/or third party claimants could exceed the Aggregate Limits, so that the insureds and/or third party Aggregate

Claimants can receive the benefit of an interim distribution which would otherwise be withheld until all claims are valued and pro-rated within the Aggregate Limits.

Bonnie Brigance Leadbetter, Judge

