

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: :  
: No. 1 REL 2001  
Reliance Insurance Company :  
In Liquidation :

*In Re: Application for Approval of Direct Payment of Reinsurance by  
NAFCO Insurance Company, Ltd. to Carlson Holdings, Inc.*

**MEMORANDUM and ORDER**

Presently before the Court for consideration is the Application filed by the Insurance Commissioner in her official capacity as Statutory Liquidator of Reliance Insurance Company (Liquidator) for Approval of Direct Payment of Reinsurance by NAFCO Insurance Company, Ltd. to Carlson Holdings, Inc. (Application). In her Application, the Liquidator represents, *inter alia*, that: (1) NAFCO Insurance Company, Ltd. (Reinsurer) and Carlson Holdings, Inc. (Insured) have complied with the requirements of Section 534 of Article V of the Insurance Department Act of 1921,<sup>1</sup> 40 P.S. § 221.34, the “Guidelines for Enforcement of 40 P.S. § 221.34,” and the Order of this Court dated April 26, 2002 (approving the Guidelines for direct payment of reinsurance proceeds); (2) Reinsurer has unequivocally assumed Reliance’s entire direct coverage obligation to Insured and Insured has consented to Reinsurer’s substitution for Reliance; (3) the documents

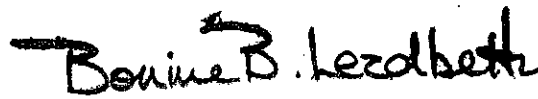
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<sup>1</sup> Act of May 17, 1921, P.L. 789; Section 534 was added by the Act of December 14, 1977, P.L. 280.

executed by Reinsurer and Insured (attached to the Application) confirm that each has consented to and releases Reliance from all liability relating to the coverage assumed by Reinsurer; and (4) no person or firm will earn any contingent fee or extra remuneration of any type as a result of this transaction. Based upon the above, the Liquidator recommends that the Court approve the direct payment by Reinsurer.

After a review of the Application and attached documents, the Court accepts the Liquidator's representations and recommendation and enters the following Order:

NOW, this 11th day of August, 2016, the Liquidator's Application for Approval of Direct Payment of Reinsurance by NAFCO Insurance Company, Ltd. to Carlson Holdings is hereby GRANTED. Accordingly, the Court hereby confirms the Liquidator's approval of the direct payment by Reinsurer to Insured and further approves Reinsurer's assumption of a direct coverage obligation to Insured upon the terms set forth in Reinsurer's request and supporting documentation. In addition, the Court approves the direct payment to Insured by Reinsurer in accordance with the direct payment obligations resulting from its assumption.



BONNIE BRIGANCE LEADBETTER,  
Senior Judge

**Certified from the Record**

**AUG 11 2016**

**And Order Exit**