

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

In Re: Liquidator's Application for Approval of Report and Recommendation on LA and OR Undisputed GA Administrative Expenses Submitted through December 31, 2014

MEMORANDUM and ORDER

Presently before the Court is the Application of the Statutory Liquidator of Reliance Insurance Company (Liquidator)¹ for Approval of her Report and Recommendation on Louisiana and Oregon Undisputed Guaranty Association Administrative Expenses Submitted through December 31, 2014 (Application). The Liquidator's report details the administrative expense claims of the Louisiana Insurance Guaranty Association (LIGA) relating to property, casualty, and workers' compensation claims, and the administrative expense claims of the Oregon Insurance Guaranty Association (OIGA) (collectively the Guaranty Associations) relating to non-worker compensation property and casualty claims.

Pursuant to Section 545(a) of Article V of the Insurance Department Act of 1921 (Act), Act of May 17, 1921, P.L. 789, 40 P.S. §

¹ The Liquidator is Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania.

221.45(a),² and Pennsylvania Rule of Appellate Procedure No. 3784(a), the Liquidator is required to present to the Court a report of all claims filed in the liquidation along with her recommendations regarding those claims. In general, the administrative expenses of a guaranty association in handling claims are accorded a class (a) priority level. Section 544(a) of the Act, 40 P.S. § 221.44(a).³ In her Application, the Liquidator sets forth her extensive review process, approval standards and benchmark limit for a guaranty association ratio level of administrative expenses versus paid losses. According to the Liquidator, the LIGA's and the OIGA's omnibus Proofs of Claim were timely filed. The Liquidator also represents as follows:

The Liquidator believes that the Total Undisputed Administrative Expenses (Pending Court Approval) determined as class (a) claims for both LIGA and OIGA listed in Exhibit B are appropriately reimbursable as reasonable and necessary expenses of a [guaranty association] in handling claims, and are otherwise consistent with the relevant provisions of the Act. The Liquidator further believes that the approval of these undisputed administrative expense claims listed on Exhibit B is in the best interest of the Reliance Estate, its policyholders, claimants and other creditors.

Application, ¶ 21.

Considering the Liquidator's broad authority to administer the Reliance Estate in order to protect the interest of its insureds, creditors and the general public, the representations set forth in her Application as well as

² Section 545 was added by the Act of December 14, 1977, P.L. 280.

³ Section 544 was also added by the Act of December 14, 1977, P.L. 280.

her recommendation, the Court hereby **GRANTS** the Application this **23rd** day of **August, 2016**, as follows:

1. The Court finds that the Total Undisputed Administrative Expenses listed on the Report in Exhibit B to the Application were necessary, reasonable and incurred in the best interest of the Estate;

2. Therefore, the Total Undisputed Administrative Expenses (Pending Court Approval) listed on the Report in Exhibit B are hereby approved as class (a) claims for the “expenses of a guaranty association in handling claims”; and

3. The Application is **GRANTED**.



BONNIE BRIGANCE LEADBETTER,
Senior Judge

Certified from the Record

AUG 23 2016

And Order Exit