

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 Undisputed Guaranty Administrative Expenses Submitted through December 31, 2015

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 Undisputed Guaranty Association Administrative Expenses Submitted through December 31, 2015 (Application). The Liquidator's report details the administrative expense claims of various Guaranty Associations (GAs) relating to property, casualty, and workers' compensation claims, as well as the Kentucky Guaranty Association, which also has claims under accident and health policies written by property casualty companies.

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. § 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

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

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

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. In support of her Application, the Liquidator represents as follows:

The Liquidator believes that the Total Undisputed Administrative Expenses (Pending Court Approval) determined as class (a) claims for each GA listed in Exhibit B are appropriately reimbursable as reasonable and necessary expenses of a GA 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 her recommendation, the Court hereby **GRANTS** the Application this **22nd** day of **November, 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;

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

2. The aforesaid Total Undisputed Administrative Expenses listed on the Report in Exhibit B are hereby approved as class (a) claims for the “expenses of a guaranty association in handling claims;”

3. Accordingly, the Application is GRANTED.



BONNIE BRIGANCE LEADBETTER,
Senior Judge

Certified from the Record

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