

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

In Re: Application for Approval of Administrative Expenses Paid by the Liquidator for the Period January 1, 2016 through December 31, 2016

MEMORANDUM and ORDER

Presently before the Court is the Application of the Statutory Liquidator of Reliance Insurance Company (Liquidator)¹ for Approval of Administrative Expenses Paid by the Liquidator for the Period January 1, 2016 through December 31, 2016 (Application). In her Application, the Liquidator represents that the incurred expenses “relate to efforts by the Liquidator to recover, preserve and maximize the assets of the Estate for the benefit of all Reliance policyholders and claimants.” Application, ¶ 8. The Liquidator further avers that: “The administrative expenses have been incurred in the process of . . . reviewing and determining the ultimate liabilities of the Estate, fulfilling the public policies and purposes of the Act and the liquidation process, and investigating and holding accountable those third parties responsible for the insolvency of Reliance.” *Id.* The Liquidator’s Application provides a Statement of Cash Flow, and details the various categories of operating expenses, providing corresponding current

¹ On August 21, 2017, Jessica K. Altman became the Acting Insurance Commissioner of the Commonwealth of Pennsylvania.


and historical totals for each category. According to the Liquidator, Ernst & Young (Auditor) has audited the cash receipts and disbursements included in the Application and concluded that: “In [the Auditor’s] opinion, the financial statements . . . present fairly, in all material respects, the certain assets (modified cash basis) of Reliance Insurance Company (in Liquidation) at December 31, 2016 and 2015, and its cash receipts and disbursements and changes in short and intermediate duration investments (modified cash basis) for the years then ended” Application, Exhibit A, Report of Independent Auditors at 2.

In recommending approval of the administrative expense report, the Liquidator avers that, the administrative expenses are “proper, necessary and reasonable in order to conserve, conduct, liquidate, dispose of or otherwise deal with the business and property of Reliance, as authorized by 40 P.S. § 221.23.” *Id.*, ¶ 19.

Considering the Liquidator’s broad authority to administer the Reliance Estate in order to protect the interests of its insureds, creditors and the general public and to “pay compensation to persons appointed and to defray all expenses of taking possession of, conserving, conducting, liquidating, disposing of or otherwise dealing with the business and property of the [Reliance Estate,]² as well as her representations set forth above, the Court hereby **GRANTS** the Application this **15th day of September, 2017**, as follows:

² See Section 523(4) of Article V of the Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, 40 P.S. § 221.34(4); Section 523 was added by the Act of December 14, 1977, P.L. 280.

The administrative expenses incurred, authorized and paid by the Liquidator as set forth in the Application, as well as in Exhibit C to the Application (excluding Guaranty Association expenses), for the period January 1, 2016 through December 31, 2016, are approved as class (a) claims, which were necessary, reasonable and incurred in the best interest of the Estate.



BONNIE BRIGANCE LEADBETTER,
Senior Judge

Certified from the Record

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