

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. DIANE KOKEN,
Insurance Commissioner of the
Commonwealth of Pennsylvania,

Plaintiff,

v.

RELIANCE INSURANCE CO.,

Defendant.

No. 269 M.D. 2001

ORDER

This matter having come before the Court on the Motion of M. Diane Koken, Commissioner of Insurance of the Commonwealth of Pennsylvania, in her capacity as statutory Rehabilitator of Reliance Insurance Company, for Reconsideration of the Court's Order of July 30, 2001 ("Order") granting the Petition for the Appointment of a Committee of Policyholders ("Policyholder Petition"), and the Court having reviewed and reconsidered the Parties' submissions and the Court's Order;

IT IS on this _____ day of August, 2001, hereby ORDERED that the Rehabilitator's Motion for Reconsideration is expressly GRANTED within the meaning of Pa. R. Ap. P. 1701(b)(3);

IT IS further ORDERED that the Order granting the Petition for the Appointment of a Committee of Policyholders is hereby WITHDRAWN; and,

IT IS further ORDERED that the Petition for the Appointment of a Committee of Policyholders is DENIED.

In the alternative, IT IS hereby ORDERED that the Rehabilitator's Motion for Reconsideration is expressly GRANTED within the meaning of Pa. R. Ap. P. 1701(b)(3), and the Order granting the Petition for the Appointment of a Committee of Policyholders is WITHDRAWN, and the resolution of the Policyholder Petition is hereby stayed and/or deferred until further Order of this Court.

JAMES GARDNER COLINS, Judge

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COMMONWEALTH COURT
OF PENNSYLVANIA
Aug 8 3 28 PM '01

**MOTION OF REHABILITATOR FOR RECONSIDERATION OF THE
COURT'S JULY 30, 2001 ORDER GRANTING THE PETITION FOR THE
APPOINTMENT OF A COMMITTEE OF POLICYHOLDERS**

M. Diane Koken, Commissioner of Insurance of the Commonwealth of Pennsylvania, in her capacity as statutory Rehabilitator (hereinafter "Rehabilitator") of Reliance Insurance Company (hereinafter "Reliance"), respectfully requests that this Court reconsider its Order of July 30, 2001 ("July 30 Order") granting the Petition for the Appointment of a Committee of Policyholders, filed May 30, 2001, which this Court considered as an Application for Special Relief (hereinafter, "Policyholder Petition").

The Insurance Department Act, 40 P.S. §§ 221.1-221.63 ("the Act"), which sets forth in detail the procedures applicable to rehabilitations and liquidations of Pennsylvania-domiciled insurance companies, does not authorize the appointment of a policyholder committee and this Court is not free to substitute its judgment for the discretion of the Rehabilitator on the question of the necessity for such a committee. In addition, even if the Act permitted the policyholder committee procedure, with its attendant drain on the resources, time and attention of the Rehabilitator and the estate of Reliance, it is premature to make such an appointment at this early stage of the proceedings. The proposed policyholder committee has identified no act or omission of the Rehabilitator giving rise to grounds for the appointment of the committee. It has identified nothing the Rehabilitator has done to abuse her discretion so as to justify the enormous expense of a policyholder committee.

WHEREFORE, the Rehabilitator respectfully requests that this Court expressly grant reconsideration of the July 30 Order within the meaning of Pa. R. Ap. P. 1701(b)(3) and deny the Petition for the Appointment of a Committee of Policyholders. In the alternative, the Rehabilitator respectfully requests that this Court expressly grant reconsideration of the July 30 Order within the meaning of Pa. R. Ap. P. 1701(b)(3) and stay or defer resolution of the Policyholder Petition until further order of the Court.

Respectfully submitted,



JEROME R. RICHTER

Attorney No. 03649

ANN B. LAUPHEIMER

Attorney No. 81883

BLANK ROME COMISKY & McCAULEY LLP

One Logan Square

Philadelphia, PA 19103

(215) 569-5500

Counsel for Plaintiff,

M. DIANE KOKEN, Insurance Commissioner of the
Commonwealth of Pennsylvania as Rehabilitator of
RELIANCE INSURANCE COMPANY

DAVID F. SIMON

Chief Counsel

INSURANCE DEPARTMENT OF

THE COMMONWEALTH OF PENNSYLVANIA

1321 Strawberry Square

Harrisburg, PA 17120

(717) 787-6009

Dated: August 8, 2001