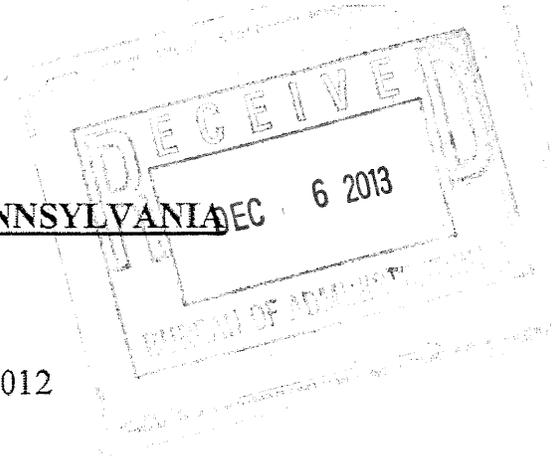


IN THE COMMONWEALTH COURT OF PENNSYLVANIA



IN RE: First Sealord Surety, Inc., :
in Liquidation : 1 FSS 2012

ORDER

AND NOW, this 5th day of December, 2013, upon consideration of the Liquidator's Application to Establish a Claims Bar Date and for Approval of Notice of an Estimated Claim Value Process (Application), which is unopposed, it is hereby ORDERED that the Application is GRANTED, as follows:

1. February 7, 2014 is hereby established as a claims bar date ("Bar Date").
2. Any and all proofs of claim against the assets of First Sealord Surety, Inc. (FSSI), wherever and however those assets may be owned or held, directly or indirectly, must be filed with the Liquidator no later than February 7, 2014.
3. A claim against the assets of the FSSI estate must be made by way of a completed Proof of Claim form, together with the proofs supporting the claim. The Proof of Claim form attached as Exhibit C to the Application is hereby approved and should be utilized by any claimant who files after the date of this Order.
4. A Proof of Claim shall be deemed filed on the day it is received by the Liquidator, unless first class mail is utilized, in which case it will be deemed filed on the date of the postmark.
5. Any Proof of Claim filed after February 7, 2014 is untimely and shall be disallowed by the Liquidator without consideration of its merits. This Order

bars the filing of any such Proof of Claim after the February 7, 2014 Bar Date for any reason, including, without limitation, a reason constituting "good cause" under the late claims provisions of Article V of the Insurance Department Act of 1921, the discovery of information not previously known, and the fact that a claim was previously unmatured or contingent. Any claim is barred which does not ripen into a legal cause of action prior to the February 7, 2014 Bar Date, even though the claimant filed a Proof of Claim before the Bar Date. Notwithstanding the foregoing, if a claim first arises within the thirty (30) days prior to the February 7, 2014 Bar Date, the filing of a Proof of Claim should be allowed after the February 7, 2014 Bar date but only within thirty (30) days of when the claim arose.

6. The establishment of the February 7, 2014 Bar Date does not constitute the waiver of any defenses to individual Proofs of Claim. Any and all defenses to such claims remain available to FSSI and the Liquidator, including defenses otherwise based on the untimeliness of claims.

7. The February 7, 2014 Bar Date does not apply to, or affect in any way, claims, actions or rights of FSSI or the Liquidator.

8. The establishment of the February 7, 2014 Bar Date is not an opportunity to refile or reargue a claim previously filed with FSSI, and duplicative Proofs of Claim shall not be submitted. If duplicative Proofs of Claim are filed contrary to this Order, the Liquidator shall disallow them without further consideration of their merits.

9. The February 7, 2014 Bar Date shall not apply to routine administrative expense claims.

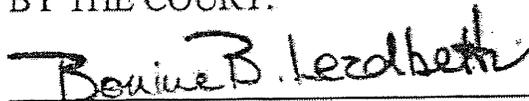
10. The February 7, 2014 Bar Date shall not apply to any claim by a guaranty association.

11. The Publication Notice attached to the Application as Exhibit B is hereby approved. The Liquidator shall cause a copy of the Publication Notice to be published in USA Today, The Wall Street Journal, the Philadelphia Inquirer and the Harrisburg Patriot, twice in each publication over a two-week period within thirty (30) days of this Order.

12. The Mailing Notice attached to the Application as Exhibit A, and as appropriately amended in view of this Order, is hereby approved. The Liquidator shall mail by first class mail, as soon as practicable after receipt of this Order, a copy of the mailing Notice to all insureds of record as of the date of the Liquidation Order (February 8, 2012) and to all other persons or entities that filed a Proof of Claim as referenced in paragraph 6 of the Liquidator's Application to establish a Claims Bar date.

13. The Notice of the proposed Estimated Claim Value Process, as amended and attached to this Order, is hereby approved. Fourteen (14) business days after the Claims Bar Date, the Liquidator shall mail, by first class mail, the Notice of the Proposed Estimated Claim Value Process to the holders of contingent and disputed claims and any pending claims that have resulted in an objection, as well as to any Referees who may be assigned.

BY THE COURT:



BONNIE BRIGANCE LEADBETTER,
JUDGE

Certified from the Record

DEC 05 2013

And Order Exit

**NOTICE TO CLAIMANTS
OF FIRST SEALORD SURETY, INC.
THAT POSSESS UNRESOLVED CLAIMS**

PLEASE TAKE NOTICE that Michael F. Consedine, in his official capacity as Insurance Commissioner of the Commonwealth of Pennsylvania, and as such, Statutory Liquidator of First Sealord Surety, Inc. (In Liquidation) ("FSSI") has filed an Application to Establish a Claims Bar Date and Approve Notice of an Estimated Claim Value Process ("Application"). This Notice pertains to the proposed establishment of an Estimated Claim Value Process (hereinafter sometimes referred to as "ECVP"). The ECVP consists of steps that differ from the rules governing corresponding steps in the normal course of a liquidation proceeding for claims submission, claims evaluation, acceptance/objection of claim evaluations by claimants, etc., as found in P.A.R.A.P. 3771-3784, which were adopted by Order of this Court dated June 8, 2012, to govern insurance rehabilitations and liquidations and all other matters under Article V of the Act. By proposing the establishment of the ECVP, the Liquidator is seeking the Court's permission to establish a special and discrete process within the FSSI liquidation proceeding aimed at the timely resolution of unresolved claims that remain following the passage of any Bar Date this Court establishes for the FSSI estate.

Specifically, the Liquidator is requesting that the Court approve the following with regard to the establishment of an Estimated Claims Value Process:

1. Claimants with contingent claims or claims that have been the subject of an objection to the Liquidator's evaluation, be directed to submit an estimation of the value of their claim, including documentation to support the value sought (hereinafter sometimes referred to as "estimated value claim" or "EVC") to the

Liquidator within 60 days from the date of any Order the Court may enter approving the Application. If a claimant does not submit an estimated value claim by that date, the claim will be evaluated at \$0 and will not be subject to further objection.

2. Following the receipt of an ECV, the Liquidator will provide the claimant with a written evaluation of their claim within 60 days.

3. Upon receipt of the Liquidator's evaluation, the claimant will be given 30 days to either accept the evaluation or object.

4. If the claimant objects and the Liquidator is unable to reach a resolution of the claim within 30 days, absent an agreement by the parties to extend the time to negotiate, the Liquidator will ask the Court to appoint a referee to review the positions of the parties and file a recommendation with the Court. Within 30 days of concluding any process or proceeding established by the referee to provide him/her with all the information he/she needs to conclude the matter, he/she will file a recommendation with the Court. Referees will be directed to expedite the proceedings to the extent possible. The parties may file exceptions within 14 days of receiving the referee's recommendation. Responses to exceptions and oral argument will not be permitted, unless requested by the Court. If it appears to be more practicable and administratively efficient, the Liquidator may seek the Court's approval to consolidate claims before one referee or appoint a master to handle all the objections.

5. With or without exceptions, the Court will review the referee's recommendation (or the recommendations of the master, as applicable) and enter a final order accepting, rejecting or modifying the recommendation, which will finalize the claim.

6. The claims that are currently before Referees are to be concluded in a time frame that will coordinate with the resolution of the ECV by having the Court enter an Order that provides a deadline by which the referee must submit a recommendation to the Court absent good cause shown by the Referee or the litigants.

TAKE FURTHER NOTICE that objections to the proposed establishment of an Estimated Claim Value Process must be filed in writing with the Commonwealth Court of Pennsylvania, Chief Clerk's Office, 601 Commonwealth Avenue, Suite 2100, P.O. Box 69185 Harrisburg, Pennsylvania 17106-9185, or with the Pennsylvania Insurance Department, Bureau of Liquidations Claims, 901 North 7th Street, Harrisburg, Pennsylvania 17102. In the event of such a filing, please refer to Docket No. 1 FSS 2012.

Objections must be filed within 30 days of the date of this Notice, or they shall be forever barred. Objections must be clearly and concisely written.

Copies of the Application are available to interested parties for inspection at the Commonwealth Court of Pennsylvania, Chief Clerk's Office, 601 Commonwealth Avenue, Suite 2100, Harrisburg, Pennsylvania 17106-9185; the Insurance Department, 901 North 7th Street, Harrisburg, Pennsylvania 17102. If you have any questions, please call the Bureau of Liquidation Claims, 901 North 7th Street, Harrisburg, Pennsylvania 17102, (717) 787-7823.

JOSEPH DIMEMMO,
Deputy Insurance Commissioner