



COMMONWEALTH OF PENNSYLVANIA  
INSURANCE DEPARTMENT

Office of Chief Counsel

Capitol Associates Building  
901 North 7<sup>th</sup> Street  
Harrisburg, PA 17102

Governor's Office  
of General Counsel

Phone (717) 787-6009  
Fax (717) 772-4543

May 14, 2008

Michael F. Krimmel  
Chief Clerk  
Commonwealth Court  
628 South Office Building  
Harrisburg, PA 17120-0001

RE: Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania v. Legion Insurance Company,  
No. 183 M.D. 2002

Dear Mr. Krimmel:

Enclosed for filing please find the original and two hard copies of the First Quarter 2008 Financial Report of the Liquidator Pursuant to Order Dated July 1, 2004.

As directed by the Court's Order we are also enclosing copies of the documents on a computer disk.

Thank you for your courtesies in filing the documents.

Very truly yours,

Amy L. Weber  
Special Funds Counsel

ALW:mm  
Enclosure

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COMMONWEALTH COURT  
OF PENNSYLVANIA  
14 MAY 2008 11 33

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**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

Joel S. Ario, Acting Insurance Commissioner, Commonwealth of Pennsylvania,	:	
	:	
Plaintiff,	:	
	:	
v.	:	No. 183 M.D. 2002
	:	
Legion Insurance Company,	:	
Defendant.	:	
	:	
	:	
	:	

**FIRST QUARTER 2008 FINANCIAL REPORT OF THE  
LIQUIDATOR PURSUANT TO ORDER DATED JULY 1, 2004**

Joel Scott Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator (the "Liquidator") of Legion Insurance Company ("Legion"), through his undersigned counsel, hereby submits this First Quarter 2008 Financial Report ("Report") pursuant to this Court's Order of July 1, 2004.

**REPORT**

**A. Special Purpose Statements of Assets and Liabilities**

Attached hereto as Exhibits "A" and "B" are Special Purpose Statements of Assets and Liabilities for Legion and Villanova Insurance Company ("Villanova"), respectively, as of March 31, 2008. As reflected in the Note accompanying these Statements, they have been prepared on a unique financial reporting basis, subject to the several assumptions and qualifications stated therein. The Statements reflect that, as of March 31, 2008, the Assets, Liabilities and Net Surplus (Deficit) of Legion and Villanova are as follows:

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	<u>Assets</u>	<u>Liabilities</u>	<u>Net Surplus (Deficit)</u>
LEGION	\$2,641,400,000	\$3,297,600,000	(\$656,200,000)
VILLANOVA	\$256,400,000	\$500,100,000	(\$243,700,000)

**B. Statements Reflecting Statutory Capital and Surplus Accounts**

Attached hereto as Exhibits "C" and "D" are Statements reflecting the Statutory Capital and Surplus Accounts for Legion and Villanova, respectively, for the period December 31, 2001 through March 31, 2008. As reflected in these Statements, as of March 31, 2008, Legion has a Net Deficit of \$656,200,000 and Villanova has a Net Deficit of \$243,700,000. All cash receipts and disbursements including investment transactions are reflected in the monthly cash flow summaries (see Item C, Monthly Cash Flow Summaries, below). Also, the Liquidator has provided an expense analysis comparing, by category of expense, budget with actual accrued expenses (see Item D below).

**C. Monthly Cash Flow Summaries**

Attached hereto as Exhibits "E" and "F" are cash flow summaries on a monthly basis for Legion and Villanova including investment transactions, respectively, for the period January 1, 2008 through March 31, 2008. The summaries also reflect an adjustment for marking the investments to market and other adjustments as of March 31, 2008. As reflected in these statements, the ending available cash and investments (net of payments) at market value as of March 31, 2008 for Legion and Villanova is \$758,700,000 and \$65,700,000, respectively.

**D. Combined Expense Analysis**

Prior to receivership, Legion, Villanova and Legion Indemnity Company ("Indemnity") operated with an expense sharing agreement pursuant to which Legion paid the common expenses for all three companies through July 2003. Under the expense sharing agreement,

common expenses were allocated 80% to Legion, 10% to Villanova and 10% to Indemnity. Following entry of the Court's Orders placing Legion and Villanova into liquidation in July, 2003, the expenses were allocated 90% to Legion and 10% to Villanova. The several schedules attached to this Report relating to expenses (Exhibits G and H) represent the expenses paid or incurred by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation.

Exhibit "G" is a schedule reflecting the combined incurred expenses of Legion and Villanova from January 1, 2008 through March 31, 2008 together with a comparison, by category of expense, between 2008 actual and 2008 budget and between 2007 and 2008 actuals. As reflected in the Statement, the total combined expenses through March 31, 2008 are \$12,671,000, which is 15.8% less than the 2008 budget and 8.1% less than 2007 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses relating to benefits. In addition, the schedule reflects \$3,000 of revenue, which is 95.0% less than budget, related to collection of large deductible recoveries as provided for by Pennsylvania statute Act 46. Lastly, the schedule lists unbudgeted revenue of \$30,000 related to expense reimbursement from a non-insurance affiliate.

**E. Professional Services Paid and Incurred**

Attached hereto as Exhibit "H" is a schedule reflecting the amounts which the Liquidator paid to or amounts which the Liquidator has incurred as a result of the performance of services by various professional vendors, including law firms, accounting and actuarial firms, consultants on reinsurance and other matters, premium audit and collection services, and other litigation and support service providers, during the period January 1, 2008 through March 31, 2008. The schedule is broken down by month, with a year-to-date total through March 31, 2008 (before adjustments for changes in accrual and other non-cash transactions) of \$2,089,047.

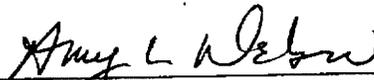
**F. Administrative Expenses**

Exhibit "G" Combined Expense Analysis, provides the accrued administrative expenses of the estate including salaries and employee benefits for the period January 1, 2008 through March 31, 2008 except for certain guaranty association expenses that may qualify as administrative expenses of the estate. Exhibit "H," Professional Services Paid and Incurred provides additional detail.

**G. Reinsurance Recoverables Due or Billable Net**

Detailed information relating to reinsurance recoverables of the estates due or billable net as of March 31, 2008 is submitted as Exhibits "I" and "J" respectively.

Respectfully submitted,



Amy L. Weber (I.D. #45447)  
Special Funds Counsel  
Office of Liquidations, Rehabilitations and  
Special Funds  
901 North 7th Street  
Harrisburg, Pennsylvania 17102  
(717) 787-6009

Counsel for Plaintiff Joel S. Ario, Acting  
Insurance Commissioner of the  
Commonwealth of Pennsylvania acting in  
his official capacity as Statutory Liquidator  
of Legion Insurance Company

Dated: 5/14/08

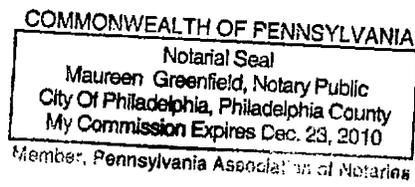


knowledge, information and belief, and make these statements subject to the penalties of  
18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

  
\_\_\_\_\_  
JOSEPH ZARANDONA

Sworn to and subscribed before me  
this 12th day of MAY 2008.

  
NOTARY PUBLIC





3. I certify that the Exhibits attached to the Report fairly present the following:

- A. Special Purpose Statements of Assets and Liabilities: Exhibits "A" and "B" to the Report are Special Purpose Statements of Assets and Liabilities for the Estates as of March 31, 2008. As reflected in the Note accompanying these Statements, they have been prepared on a unique financial reporting basis, subject to the several assumptions and qualifications stated therein.
- B. Statements Reflecting Statutory Capital and Surplus Accounts: Exhibits "C" and "D" to the Report are Statements reflecting the Statutory Capital and Surplus Accounts for the Estates for the period December 31, 2001 through March 31, 2008.
- C. Monthly Cash Flow Summaries: Exhibits "E" and "F" are cash flow summaries on a monthly basis for the Estates including investment transactions for the period January 1, 2008 through March 31, 2008.
- D. Combined Expense Analysis: Prior to receivership, Legion, Villanova and Legion Indemnity Company ("Indemnity") operated with an expense sharing agreement pursuant to which Legion paid the common expenses for all three companies through July 2003. Under the expense sharing agreement, common expenses were allocated 80% to Legion, 10% to Villanova and 10% to Indemnity. Following entry of the Court's Orders placing Legion and Villanova into liquidation in July, 2003, the expenses were allocated 90% to Legion and 10% to Villanova. The

several schedules attached to the Report relating to expenses represent the expenses paid or incurred by the Estates on a consolidated basis, including all common expenses, before any allocation. Exhibit "G" is a schedule reflecting the combined incurred expenses of the Estates from January 1, 2008 through March 31, 2008 together with a comparison, by category of expense, between 2008 actual and 2008 budget and between 2007 and 2008 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses.

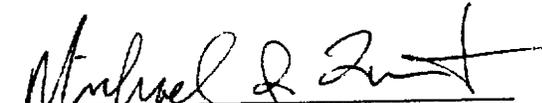
F. Professional Services Paid and Incurred: Exhibit "H" is a schedule reflecting the amounts which the Liquidator paid to or amounts which the Liquidator has incurred as a result of the performance of services by various professional vendors, including accounting and actuarial firms, consultants on reinsurance and other matters, premium audit and collection services, and other support service providers, during the period January 1, 2008 through March 31, 2008. Legal vendors, including law firms and other litigation and support service providers, are broken out separately on Exhibit "H."

G. Administrative Expenses: Exhibit "G," Combined Expense Analysis, provides the accrued administrative expenses of the Estates including salaries and employee benefits for the period January 1, 2008 through March 31, 2008 except for certain guaranty association expenses that may qualify as administrative expenses of the estate. Exhibit "H" Professional Services Paid and Incurred provides additional detail.

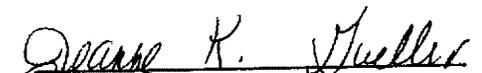
H. Reinsurance Recoverables Due or Billable Net: Detailed information relating to reinsurance recoverables of the Estates due or billable net as of March 31, 2008 is submitted as Exhibits "I" and "J" respectively.

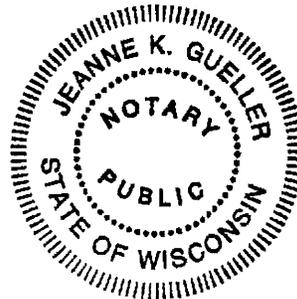
4. Based on my knowledge, the financial information included in the Report fairly presents in all material respects the financial condition, results of operations and cash flows for the First Quarter of 2008.

5. I verify that the matters stated herein are true and correct to the best of my knowledge, information and belief, and make these statements subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

  
MICHAEL I. QUIST

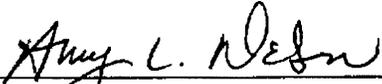
Sworn to and subscribed before me  
this 12 th day of May, 2008.

  
NOTARY PUBLIC 5-10-09



**CERTIFICATION**

I, Amy L. Weber, Special Funds Counsel, of the Office of General Counsel, assigned to the Office of Liquidations, Rehabilitations and Special Funds, of the Pennsylvania Insurance Department, am duly authorized to make this Certification for and on behalf of Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator ("Liquidator") of Legion Insurance Company. I am responsible for reviewing the invoices and documents received from outside counsel supporting the legal fees and expenses for the Exhibit H to the First Quarter 2008 Financial Report of the Liquidator and I certify that these legal fees and expenses are reasonable and necessary. I also have reviewed Exhibit G, the Combined Expense Analysis for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) and certify that the legal fees and expenses stated therein have been reflected accurately. I understand that this Certification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

  
\_\_\_\_\_  
Amy L. Weber  
Special Funds Counsel

Dated: 5/12/08

**Legion Insurance Company (In Liquidation)**  
**Special Purpose Statement of Assets and Liabilities\***  
**March 31, 2008 and December 31, 2007**  
(In Millions of Dollars)

	3/31/2008	12/31/2007
<b>ASSETS</b>		
Cash and short duration investments:		
Liquid securities	\$ 109.3	\$ 132.3
Money market deposits	649.4	558.6
Total invested assets	758.7	690.9
Premium balances	0.2	0.2
Estimated losses and loss adjustment expense reserves - ceded	1,073.1	1,179.2
Reinsurance recoverables due or billable, net	451.9	505.9
Early access advances	280.7	274.3
State deposits and unapplied state deposits available for early access	13.1	13.1
Post liquidation claims paid on behalf of guaranty associations	-	-
Amounts to be distributed per Act 46	18.2	17.9
Other assets	45.5	53.0
<b>Total Assets</b>	<b>\$ 2,641.4</b>	<b>\$ 2,734.5</b>
<b>LIABILITIES</b>		
Estimated Priority Class		
A - Administrative expenses:		
Liquidator expenses incurred since liquidation	\$ 223.3	\$ 201.1
Liquidator expenses paid since liquidation	(205.9)	(195.1)
Liquidator expenses	17.4	6.0
Guaranty associations' paid ULAE reported	99.6	95.8
Guaranty associations' reserves ULAE	12.5	14.5
<b>Total</b>	<b>\$ 129.5</b>	<b>\$ 116.3</b>
B - Claims for policy benefits:		
Guaranty associations paid (including large deductible)	1,154.1	1,124.9
Liquidator valued NODs accepted	15.3	7.6
Estimated reserves	1,581.8	1,722.7
<b>Total</b>	<b>2,751.2</b>	<b>2,855.2</b>
C - Federal government claims	-	-
D - Certain employee claims	-	-
E - General creditor claims:		
Guaranty associations paid	19.0	18.3
Liquidator valued NODs accepted	17.5	16.5
Estimated reserves	295.2	290.9
<b>Total</b>	<b>331.7</b>	<b>325.7</b>
F - State and local government claims		
Liquidator valued NODs accepted	10.1	7.9
Estimated reserves	49.3	51.4
<b>Total</b>	<b>59.4</b>	<b>59.3</b>
G - Late filed claims		
Liquidator valued NODs accepted	0.9	0.5
Ancillary Receiverships:		
Post liquidation claims paid, gross	40.5	39.7
Estimated losses and loss adjustment expense reserves - direct	55.1	48.6
Offset of unapplied liquidated statutory deposit	(70.7)	(70.8)
Post liquidation claims, net	<b>24.9</b>	<b>17.5</b>
<b>Total liabilities</b>	<b>3,297.6</b>	<b>3,374.5</b>
Net surplus (deficit)	(656.2)	(640.0)
<b>Total Liabilities and Surplus (Deficit)</b>	<b>\$ 2,641.4</b>	<b>\$ 2,734.5</b>

\* See Note to Special Purpose Statement of Assets and Liabilities

**Villanova Insurance Company (In Liquidation)**  
**Special Purpose Statement of Assets and Liabilities\***  
**March 31, 2008 and December 31, 2007**  
(In Millions of Dollars)

	3/31/2008	12/31/2007
<b>ASSETS</b>		
Cash and short duration investments:		
Liquid securities	\$ -	\$ -
Money market deposits	65.7	62.3
Total invested assets	65.7	62.3
Premium balances	0.3	0.2
Estimated losses and loss adjustment expense reserves - ceded	53.9	84.8
Reinsurance recoverables due or billable, net	75.9	86.3
Early access advances	35.2	34.9
State deposits and unapplied state deposits available for early access	1.2	1.2
Post liquidation claims paid on behalf of guaranty associations	-	-
Amounts to be distributed per Act 46	4.7	4.6
Other assets	19.5	8.0
<b>Total Assets</b>	<b>\$ 256.4</b>	<b>\$ 282.3</b>
<b>LIABILITIES</b>		
Estimated Priority Class		
A - Administrative expenses:		
Liquidator expenses incurred since liquidation	\$ 22.9	\$ 22.9
Liquidator expenses paid since liquidation	(22.5)	(21.3)
Liquidator expenses	0.4	1.6
Guaranty associations' paid ULAE reported	22.7	22.1
Guaranty associations' reserves ULAE	5.6	5.9
Total	\$ 28.7	\$ 29.6
B - Claims for policy benefits:		
Guaranty associations paid (including large deductible)	208.6	199.9
Liquidator valued NODs accepted	0.2	-
Estimated reserves	227.1	253.7
Total	435.9	453.6
C - Federal government claims	-	-
D - Certain employee claims	-	-
E - General creditor claims:		
Guaranty associations paid	2.5	2.4
Liquidator valued NODs accepted	1.3	1.3
Estimated reserves	24.4	33.9
Total	28.2	37.6
F - State and local government claims:		
Liquidator valued NODs accepted	2.2	2.0
Estimated reserves	2.3	2.5
Total	4.5	4.5
G - Late filed claims:		
Liquidator valued NODs accepted	-	-
Ancillary Receiverships:		
Post liquidation claims paid, gross	2.0	1.8
Estimated losses and loss adjustment expense reserves - direct	3.0	2.8
Offset of unapplied liquidated statutory deposit	(2.2)	(2.2)
Post liquidation claims, net	2.8	2.4
<b>Total liabilities</b>	<b>500.1</b>	<b>527.7</b>
Net surplus (deficit)	(243.7)	(245.4)
<b>Total Liabilities and Surplus (Deficit)</b>	<b>\$ 256.4</b>	<b>\$ 282.3</b>

\* See Note to Special Purpose Statement of Assets and Liabilities

**Legion Insurance Company (In Liquidation) and  
Villanova Insurance Company (In Liquidation)  
Note to Special Purpose Statement of Assets and Liabilities**

The special-purpose statements of assets and liabilities of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) are prepared on a unique financial reporting basis in that the statements do not reflect the effect of the companies' liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts that may be substantially different than those reflected in the accompanying statements of assets and liabilities. The statements do not include any adjustments that might result from outcomes of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits. Specifically, the following facts should be noted in reviewing the accompanying special-purpose statements of assets and liabilities:

- Estimated priority class of claims from the insurers' estates is set forth in detail in Article V of the Commonwealth of Pennsylvania Insurance Department Act of 1921 at 40 P.S. 22144. The classes are:
  - A Administrative expenses
  - B Claims for policy benefits
  - C Federal government claims
  - D Certain employee claims
  - E General creditor claims
  - F State and local government claims
  - G Late filed claims

Note: Administrative expenses include both the guaranty associations' expenses related to administering the claims of the companies in liquidation and the Liquidator's expenses.

- The amounts to be distributed per Act 46 represent funds collected under large deductible policies. These funds will be paid, as outlined in Act 46, to those entities that funded the claim payments.
- The recorded priority class B reflected on the special-purpose statements of assets and liabilities are based primarily on guaranty association paid claims, known case reserves and actuarial estimates of expected losses calculated prior to the companies entering rehabilitation. Sufficient credible data is not yet available to update the aggregate actuarial estimates of reserves after the rehabilitation effective date due to the significant changes in claim settlement and reserving processes triggered by the rehabilitation and liquidation actions;
- The statements do not reflect any general provision for estimated unrealizable reinsurance recoverable assets. The statements do reflect provisions for specific reinsurance insolvencies or other industry known facts which will likely result in compromised collections;
- There is an estimated provision for current guaranty association costs that have been incurred by the estates;
- There is no provision for future internal operating costs to execute the activities and responsibilities of the estates in the liquidation process through the date of the final liquidation of the estates.

The special purpose statements of assets and liabilities is not intended to be in conformity with and may vary significantly from generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners. Certain presentation reclassifications have been made to reflect the estimated priority classes.

**Legion Insurance Company (In Liquidation)**  
**Statutory Capital and Surplus Account**  
**For the Period December 31, 2001 Thru March 31, 2008**  
(In Millions of Dollars)

<b>Surplus as Regards Policyholders, Beginning Balance</b>	\$	298.3
Net Loss:		
Underwriting Loss, Net		(1,102.9)
Investment Income, Net		115.3
Other Expense, Net		(19.7)
Loss Before Income Taxes		(1,007.3)
Federal & Foreign Income Taxes		(22.4)
Net Loss		(984.9)
Net Unrealized Capital Gains (Losses)		(23.2)
Change in Net Deferred Income Tax		(42.3)
Change in Non Admitted Assets		73.2
Change in Provision for Reinsurance		22.7
Change in Surplus as Regards Policyholders for the Period		(954.5)
<b>Surplus as Regards Policyholders, Ending Balance</b>	<b>\$</b>	<b>(656.2)</b>

**Villanova Insurance Company (In Liquidation)**  
**Statutory Capital and Surplus Account**  
**For the Period December 31, 2001 Thru March 31, 2008**  
**(In Millions of Dollars)**

<b>Surplus as Regards Policyholders, Beginning Balance</b>	\$ 27.6
Net Loss:	
Underwriting Loss, Net	(115.1)
Investment Income, Net	13.2
Other Expense, Net	(2.5)
Loss Before Income Taxes	<u>(104.4)</u>
Federal & Foreign Income Taxes	7.5
Net Loss	<u>(111.9)</u>
Net Unrealized Capital Gains (Losses)	-
Change in Net Deferred Income Tax	(8.6)
Change in Non Admitted Assets	(152.5)
Change in Provision for Reinsurance	1.7
Change in Surplus as Regards Policyholders for the Period	<u>(271.3)</u>
<b>Surplus as Regards Policyholders, Ending Balance</b>	<u>\$ (243.7)</u>

2007										2008		
April	May	June	July	August	September	October	November	December	January	February	March	
\$ 620.8	\$ 665.9	\$ 706.4	\$ 721.9	\$ 731.8	\$ 771.4	\$ 782.8	\$ 797.0	\$ 817.8	\$ 694.9	\$ 691.9	\$ 737.2	
0.1	2.1	2.7	0.3	0.3	0.2	0.1	0.7	0.3	-	0.1	-	
-	1.1	-	-	-	-	-	-	-	-	-	-	
45.3	31.1	18.1	7.3	21.3	12.0	11.3	19.7	11.6	6.4	48.2	29.8	
-	-	-	-	-	-	1.9	-	-	-	-	-	
-	3.7	-	-	18.4	-	2.0	-	-	0.1	-	-	
-	1.7	-	1.4	-	1.1	4.3	0.7	-	-	-	-	
-	0.2	0.3	0.2	0.1	0.5	0.1	0.1	0.1	-	0.1	0.1	
2.3	2.8	3.3	2.8	2.7	2.9	3.0	2.9	2.9	1.4	0.2	2.0	
-	-	-	-	-	-	-	-	-	-	-	-	
<b>47.7</b>	<b>42.7</b>	<b>24.4</b>	<b>12.0</b>	<b>42.8</b>	<b>16.7</b>	<b>22.7</b>	<b>24.1</b>	<b>14.9</b>	<b>7.9</b>	<b>48.6</b>	<b>31.9</b>	
-	-	-	-	-	-	-	-	-	-	-	-	
(1.8)	(2.5)	(1.7)	(1.7)	(2.0)	(1.6)	(2.2)	(2.1)	(2.6)	(1.9)	(2.1)	(2.8)	
(1.2)	(1.3)	(3.6)	(1.3)	(1.8)	(1.2)	(1.3)	(1.3)	(1.3)	(2.1)	(1.3)	(1.4)	
0.2	1.3	-	(0.4)	0.2	(0.2)	(0.4)	-	(0.5)	(0.3)	-	-	
-	-	-	-	-	-	-	-	(133.4)	(6.7)	-	-	
-	-	(3.9)	-	-	(2.6)	(4.8)	-	(0.8)	-	(0.1)	-	
0.2	0.3	0.3	1.3	0.4	0.3	0.2	0.1	0.8	0.1	0.2	0.1	
<b>(2.6)</b>	<b>(2.2)</b>	<b>(8.9)</b>	<b>(2.1)</b>	<b>(3.2)</b>	<b>(5.3)</b>	<b>(8.5)</b>	<b>(3.3)</b>	<b>(137.8)</b>	<b>(10.9)</b>	<b>(3.3)</b>	<b>(4.1)</b>	
<b>\$ 665.9</b>	<b>\$ 706.4</b>	<b>721.9</b>	<b>\$ 731.8</b>	<b>\$ 771.4</b>	<b>782.8</b>	<b>\$ 797.0</b>	<b>\$ 817.8</b>	<b>694.9</b>	<b>\$ 691.9</b>	<b>\$ 737.2</b>	<b>765.0</b>	
		(6.6)			(3.8)			(4.0)			(6.3)	
		<u>\$ 715.3</u>			<u>\$ 779.0</u>			<u>\$ 690.9</u>			<u>\$ 758.7</u>	

2007										2008		
April	May	June	July	August	September	October	November	December	January	February	March	
\$ 65.9	\$ 68.2	\$ 70.3	\$ 69.1	\$ 70.1	\$ 70.8	\$ 70.3	\$ 79.3	\$ 79.7	\$ 62.3	\$ 63.3	\$ 64.8	
-	-	-	-	-	-	-	-	-	-	-	-	
-	0.4	-	-	-	-	-	-	-	-	-	-	
1.5	2.7	-	0.3	0.4	0.2	8.9	0.1	1.2	0.7	1.3	0.7	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
0.3	0.3	(0.3)	0.3	0.3	0.2	0.3	0.3	0.3	0.2	0.2	0.2	
1.8	3.4	(0.3)	0.6	0.7	0.4	9.2	0.4	1.5	0.9	1.5	0.9	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
-	-	-	-	-	-	-	-	-	-	-	-	
0.5	(1.3)	-	0.4	-	-	0.4	-	0.5	0.3	-	-	
-	-	-	-	-	-	-	-	(19.4)	(0.2)	-	-	
-	-	(0.9)	-	-	(1.3)	(0.6)	-	(0.1)	-	-	-	
-	-	-	-	-	0.4	-	-	0.1	-	-	-	
0.5	(1.3)	(0.9)	0.4	-	(0.9)	(0.2)	-	(18.9)	0.1	-	-	
\$ 68.2	\$ 70.3	69.1	\$ 70.1	\$ 70.8	70.3	\$ 79.3	\$ 79.7	62.3	\$ 63.3	\$ 64.8	65.7	
		-			-			-			-	
		\$ 69.1			\$ 70.3			\$ 62.3			\$ 65.7	

IN LIQUIDATION)  
 NY (IN LIQUIDATION)  
 BY ACCOUNT  
 GET

Year to Date					2008 Actual vs 2008 Budget		2008 Actual vs 2007 Actual	
2008 Actual	% of Total Operating	2008 Budget	2007 Actual		Dollar Variance	Percent Variance	Dollar Variance	Percent Variance
216		232	210		16	6.9%	(6)	-2.9%
1		1	1		-	0.0%	-	0.0%
33		44	26		11	25.0%	(7)	-26.9%
250		277	237		27	9.7%	(13)	-5.5%
215		219	211		4	1.6%	(5)	-2.1%
1		1	1		-	0.0%	-	0.0%
31		29	24		(2)	-7.0%	(7)	-27.1%
247		248	236		2	0.6%	(11)	-4.7%
\$ 6,384	50.4%	\$ 6,875	\$ 5,393		\$ 491	7.1%	\$ (992)	-18.4%
1,190	9.4%	1,262	1,231		72	5.7%	41	3.3%
717	5.7%	842	722		125	14.8%	5	0.7%
894	7.1%	981	940		88	8.9%	46	4.9%
1,140	9.0%	1,556	729		417	26.8%	(411)	-56.3%
1,083	8.5%	1,976	1,432		893	45.2%	349	24.4%
1,265	10.0%	1,559	1,278		294	18.9%	13	1.0%
12,671	100.0%	15,051	11,723		2,379	15.8%	(948)	-8.1%
46		60	-		(57)	-95.0%	3	n/a
30		-	-		30	n/a	30	n/a
33		60	-		(27)	-45.0%	33	n/a
\$ 12,638		\$ 14,991	\$ 11,723		\$ 2,352	15.7%	\$ (915)	-7.8%

ty association expenses that may qualify as administrative expenses of the estate.  
 going operations of PRMS.

PR NAME	Services Provided	January	February	March	2008 Total
W WALSH	Reinsurance Consultant	1,575			1,575
ATION & MEDIATION	Reinsurance Arbitrator	1,620			1,620
ELL LAW OFFICES, LLC	Premium Collection Litigation		3,307		3,307
THIRKILL	Reinsurance Arbitrator	3,150			3,150
NSULTING, INC.	Reinsurance Arbitrator			22,658	22,658
OWLAND QC	Reinsurance Arbitrator			4,108	4,108
EXIS	Legal Research Fees	1,379	465	304	2,148
ELLEN BURNS, ESQUIRE	Reinsurance Arbitrator	1,536			1,536
ALFANO & RASPANTI PC	General Litigation and Liquidation Advice	1,142	1,487		2,629
R HAMILTON LLP	Reinsurance Arbitrations and Advice	109,073		264,848	373,921
E, LLC	Reinsurance Arbitrator			2,000	2,000
T B. GREEN	Reinsurance Arbitrator			8,838	8,838
HARDIN, LLP	Premium Collection Litigation		188	2,639	2,828
RTZ SEMERDJIAN HAILE BALLARD & CAULEY LLP	Premium Collection Litigation	3,755		975	4,730
LEY RONON	Premium Collection Litigation		1,132	6,893	8,025
CK & STROOCK & LAVAN, LLC	Reinsurance Arbitrator's Fee Reimbursement			(26,156)	(26,156)
ON WEST	Legal Research Fees	2,668	2,934	2,718	8,320
M, KEMKER, SCHARF, BARKIN	General Litigation		62,883		62,883
HOLLMANN	Expert Witness		31,827	9,550	41,377
NSULTING, INC.	Expert Witness Services		5,714	15,639	21,352
BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Asset Sale Advice, Labor Advice, General Advice	158,928	34,995	121	194,044
ate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	1,127	1,252	833	3,212
		285,954	146,184	315,967	748,105
accrual and other non-cash transactions		36,699	199,229	155,524	391,452
urred		322,653	345,413	471,491	1,139,557
CE CONSULTING	Data Management Consultant	35,670	27,280	35,545	98,495
A SOLUTIONS, INC.	IT Technical Support		3,200		3,200
G-MYND CORP.	Data Processing and Outsourcing	56,135	52,842	54,468	163,444
	IT Technical Support		15,000		15,000
JK LIMITED	London Reinsurance Collection Intermediary	99,500	99,500	99,500	298,500
T ASSOCIATES LLC	Human Resources & Technical Consulting			3,494	3,494
NS ACTUARIAL SERVICE, INC.	Actuarial Services	84,838			84,838
SON WELLS INTERNATIONAL INC.	Audit Services	12,000		23,195	35,195
ON LAMBERT & CO	Audit Services	8,541			8,541
R HUMAN RESOURCE CONSULTING	Human Resources Consulting			4,341	4,341
R SAROWITZ ZRIS & LEDVA	Litigation Support Services		2,577	282	2,859
ANT CONSULTING, INC.	Data Management Consultant		61,564		61,564
WATERHOUSE COOPERS LLP	Actuarial Services			23,255	23,255
RANCE SOLUTIONS INT'L	Reinsurance Technical Support	60,707	31,350	23,556	115,614
ICE INS CO (IN LIQUIDATION)	Shared Resource for Monitoring Reinsurers Solvency	18,516			18,516
RCE BRIDGE	eLearning Technology Development			9,605	9,605
BUSINESS ADVISORY & CONSULTING, LLC	Reinsurance Technical Support & Contract Reinsurance Services		286,314	91,817	378,131
NET CORPORATION	Data Management Consultant	4,950			4,950
JM RECEIVED NET OF COLLECTION FEES	Collections Support Services	5,252	5,198	3,790	14,240
ate Amount for Total Vendor Payments Under \$1,000	General Professional Fees	1,157	(3,495)	(502)	(2,840)
		387,266	581,330	372,346	1,340,942
crual and other non-cash transactions		(73,948)	(197,941)	11,916	(259,973)
		313,318	383,389	384,262	1,080,969
Professional Services Incurred		635,971	728,802	855,753	2,220,526

ore any allocation among Legion Insurance Company (In  
mpany (In Liquidation) and PRMSLIC, Inc.

ustments to accruals, negative expenses and classification

**Legion Insurance Company (In Liquidation)**  
**Reinsurance Recoverables Due or Billable, Net**  
**March 31, 2008**

Reinsurer	Amount
MIDWEST EMPLOYERS CASUALTY COMPANY	\$ 42,152,544
FIRST EXCESS REINSURANCE CORPORATION	30,759,257
HANNOVER RUCKVERSICHERUNGS AG	30,644,516
GE REINSURANCE CORPORATION	21,673,195
LLOYDS SYNDICATE # 53	13,691,592
ODYSSEY REINSURANCE CORPORATION	11,528,455
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY	9,285,457
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	7,820,893
FOLKSAMERICA REINSURANCE COMPANY	7,598,110
TRANSATLANTIC REINSURANCE COMPANY	6,986,699
HARTFORD FIRE INSURANCE COMPANY	6,845,591
AMERICAN RE-INSURANCE COMPANY	6,704,926
EMPLOYERS REINSURANCE CORPORATION	6,358,852
SCOR REINSURANCE COMPANY	6,269,834
FEDERAL INSURANCE COMPANY	6,132,568
ALEA EUROPE LIMITED	5,920,682
AMERICAN SAFETY CASUALTY INSURANCE COMPANY	5,831,300
QBE REINSURANCE CORPORATION	5,056,271
LLOYDS SYNDICATE # 435	4,831,680
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	4,690,031
CORE INSURANCE COMPANY	3,545,619
XL REINSURANCE AMERICA LTD	3,534,334
WESTCHESTER FIRE INSURANCE COMPANY	3,273,420
MUTUAL INDEMNITY (BERMUDA), LTD.	3,243,396
CHUBB ATLANTIC INDEMNITY LIMITED	2,854,575
LINCOLN NATIONAL LIFE INSURANCE COMPANY	2,733,965
AMERICAN NATIONAL INSURANCE COMPANY	2,626,609
CNA INTERNATIONAL REINSURANCE COMPANY	2,397,232
HANNOVER LIFE REASSURANCE COMPANY OF AMERICA	2,371,338
JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY	2,183,196
ACE INSURANCE SA-NV	2,166,987
ODYSSEY AMERICA REINSURANCE CORPORATION	2,149,570
LIFE REASSURANCE CORPORATION OF AMERICA	2,146,827
LLOYDS SYNDICATE # 183	2,144,010
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	2,096,289
LINCOLN NATIONAL HEALTH & CASUALTY INSURANCE COMPA	2,071,482
MANULIFE REINSURANCE CORPORATION (USA)	1,918,624
TRUSTMARK INSURANCE COMPANY	1,816,428
LLOYDS SYNDICATE # 1245	1,755,167
WESTPORT INSURANCE CORPORATION	1,563,257
UNDERWRITERS REINSURANCE COMPANY	1,502,113
UTAH WORKERS COMPENSATION FUND	1,440,302
UNIONAMERICA INSURANCE COMPANY LTD	1,336,706
LLOYDS SYNDICATE # 376	1,230,055
LLOYDS SYNDICATE # 1173	1,182,172
LLOYDS SYNDICATE # 570	1,119,242
CHARTWELL REINSURANCE COMPANY	1,089,982
TRENWICK AMERICA REINSURANCE CORPORATION	1,048,157
All Other Reinsurers (Less than \$1M due LIC)	25,688,824
Pending Cessions	126,858,855
Total Reinsurance recoverables due or billable, net	<u>\$ 451,871,185</u>

**Villanova Insurance Company (In Liquidation)**  
**Reinsurance Recoverables Due or Billable, Net**  
**March 31, 2008**

Reinsurer	Amount
LLOYDS SYNDICATE # 53	\$ 4,316,015
HANNOVER RUCKVERSICHERUNGS AG	3,950,076
GE REINSURANCE CORPORATION	3,946,130
SWISS REINSURANCE AMERICA CORPORATION	3,874,804
ALEA EUROPE LIMITED	2,587,678
MIDWEST EMPLOYERS CASUALTY COMPANY	2,271,119
FIRST EXCESS REINSURANCE CORPORATION	1,936,568
WESTPORT INSURANCE CORPORATION	1,725,458
CHARTWELL REINSURANCE COMPANY	1,672,566
ODYSSEY REINSURANCE CORPORATION	1,585,794
SWISS RE LIFE COMPANY OF AMERICA	1,078,563
CHUBB ATLANTIC INDEMNITY LIMITED	1,033,393
All Other Reinsurers (Less than \$1M due LIC)	8,768,471
Pending Cessions	37,196,918
Total Reinsurance recoverables due or billable, net	<u>\$ 75,943,552</u>