

GOVERNOR'S OFFICE OF GENERAL COUNSEL

May 13, 2009

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

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

13 MAY 2009 10:50
OFFICE OF THE CLERK
COMMONWEALTH COURT OF PENNSYLVANIA

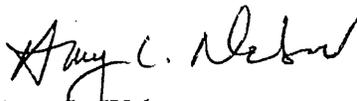
Dear Mr. Krimmel:

Enclosed for filing, please find an original and two (2) copies of the Quarterly Report of the Liquidator Pursuant to Order Dated July 1, 2004 regarding the above-referenced matter.

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
Insurance Department Counsel

ALW:jlh
Encs.

II. REPORT

A. Financial Statements

Legion has prepared Special Purpose Statements of Assets and Liabilities, changes in Statutory Capital and Surplus and Cash Flow Summary for the period from January 1, 2009 through March 31, 2009 ("Statements"). The Statements include many estimates as noted below and may not fully reflect the effects of the liquidation upon many assets and liabilities.

Consequently, the ultimate distribution to creditors is unknown at this time. For this reason, third parties should not rely on the financial information contained herein as providing any certainty or clear indication as to the ultimate distribution that will be made from Legion. The notes to the Special Purpose Statements, attached as Exhibit D, describe the nature of the line items on the Statements and should be included in any review of Legion's financial information.

The Statements and Cash Flow Statement are addressed in more detail in sections 1 through 5 below.

1. Special Purpose Statement of Assets and Liabilities – Assets - EXHIBIT A

As of March 31, 2009, the attached Special Purpose Statement of Assets and Liabilities shows estimated total assets were \$2,540.0 million including \$714.5 million of cash and liquid investments.

Reinsurance recoverable and future reinsurance recoverables, net of allowance, totaled \$1,294.6 million. These amounts may change significantly over time because, among other things, 1) the amount of reinsurance recoverable will change as valid Proofs of Claim ("POCs") continue to be evaluated and allowed amounts determined, 2) reinsurance collection will be affected by valid offsets, disputes and uncollectible amounts due to the financial condition of reinsurers and 3) Legion will actively pursue reinsurance commutations in an effort to collect

reinsurance sooner, as this represents a significant asset of the Estate. The statements do not reflect any general provision for estimated unrealizable reinsurance recoverable assets. The statements do reflect provisions of \$60.0 million for specific reinsurance insolvencies and other known facts.

Early access advances to Guaranty Associations ("GAs") totaled \$455.8 million.

a. Cash and Investments

Legion had a cash and investment portfolio of \$714.5 million as of March 31, 2009. Refer to the Cash Flow Summary (Exhibit C) for major components of change for the past 12 month period. Excess cash flows over and above the immediate operating needs of the Estate are transferred to investment managers and invested in short and intermediate duration portfolios and exchange traded funds. Legion's investment advisors, Western Assets and Delaware Investments, utilize Legion's approved investment policy to trade specific securities held in the portfolio and to generally monitor and manage the portfolio in accordance with the guidelines. All marketable securities are booked to the market values provided by Legion's custodian, Mellon Bank, as of the end of each month. Overnight investments are mainly money and mutual funds, managed by Citi Smith Barney.

b. Estimated Losses and Loss Adjustment Expense Reserves - Ceded

Estimated losses and loss adjustment expense reserves - ceded was \$1,016.1 million, net of allowance, at March 31, 2009. Estimated losses and loss adjustment expense reserves - ceded are determined and recorded by applying the recovery terms under reinsurance contracts to individual reported case estimates of loss and loss adjustment expenses. It also includes estimates for losses and loss adjustment expenses on claims that have been incurred but not reported or have been reported but not developed ("IBNR"). Legion's actuarial and reinsurance

departments review the relationship of ceded loss to direct loss at a program, treaty and underwriting year level. Estimates are based primarily on guaranty association paid claims, known case reserves and actuarial estimates of expected losses calculated prior to Legion entering rehabilitation except as modified for the estimated impact of specific reinsurance treaty commutations that occurred after 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. As of March 31, 2009 the amount of ceded IBNR included in estimated losses and loss adjustment expense reserves – ceded was \$420.4 million.

Estimated losses and loss adjustment expense reserves - ceded decreased overall by \$33.4 million this quarter.

c. Reinsurance Recoverables Due or Billable, Net

The GA data feeds reflecting paid claims plus the accepted Notices of Determination (“NODs”) issued by Legion result in ceded paid losses calculated according to the terms of applicable reinsurance contracts. At March 31, 2009, Legion’s reinsurance recoverables due or billable was \$278.5 million.

A Reinsurance Recovery Committee oversees the collection of reinsurance. When necessary, Legion utilizes outside counsel and the arbitration clauses in the treaties to recover or negotiate payments. During the period April 1, 2008 through March 31, 2009 Legion collected \$207.6 million in reinsurance.

Detailed information relating to reinsurance recoverables of the estate due or billable net as of March 31, 2009 is submitted as Exhibit G.

d. Early Access Advances

Workers' compensation paid by Legion on behalf of the GAs during the first 90 days after the date of the Liquidation and pursuant to the Court's Order is considered part of early access monies.

On September 22, 2008 the Court approved the Liquidator's Third Proposal to Distribute Assets (\$213.1 million) to the State Guaranty Associations ("Liquidator's Third Proposal") bringing the total authorized by the Court to \$513 million for early access distributions. During the period January 1, 2009 through March 31, 2009, Legion paid or offset state deposits and unapplied liquidated state deposits of approximately \$1.3 million to the GAs. \$58.6 million is being held and will be distributed when the GAs become compliant.

State deposits and unapplied state deposits available for early access represent deposits retained by or still available to various state insurance departments. They are valued at market value plus accrued interest on a date based upon when a refunding agreement was signed, the date Legion became aware that the applicable Insurance Department or guaranty association took control of the asset for states that have not signed a refunding agreement plus an imputed interest value or the market value as of March 31, 2009 for states that would not be entitled to the deposit via early access.

2. Special Purpose Statement of Assets and Liabilities—Liabilities-EXHIBIT A

Total estimated liabilities at March 31, 2009 were \$3.2 billion. The Statement includes an estimate of the liquidation expenses that have been incurred by the GAs in administering the Estate. They do not include an estimate of the cost that will be incurred by Legion in administering the Estate over time. Legion liquidation expenses are class (a) priority payments under the Insurance Department Act of 1921, 40 P.S. § 221.1.63 ("Act"), as are certain GA

expenses, to the extent permitted by the Act. Both Liquidator and GA expenses will be paid before distributions for claims under policies for losses, class (b) priority, and other lower class creditors. As of March 31, 2009, there was \$26.8 million in reserves for unpaid liquidator and GA administrative expenses.

However, the most significant liability is the over \$2.8 billion assigned to class (b) POCs. This category includes direct insurance policy holder benefits reported by the GAs as paid (\$1,281.7 million) and reserves of \$1,530.3 million. The liability includes Legion's estimate of the value of POCs in excess of the GAs limits or uncovered by the GAs and for claims not yet reported or reported and not yet fully developed ("IBNR") as well as proof of claims that Legion is not yet able to evaluate. As of March 31, 2009 Legion's liability for non-guaranty fund accepted NODs was \$30.6 million.

a. Priority Class A

Prior to receivership, Legion, Villanova Insurance Company ("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 E and F) represent the expenses paid or incurred by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation. The Liquidator's Petition for Approval of Administrative Expenses Paid for the Period January 1, 2008 Through June 30, 2008 was accepted by the Court on October 21, 2008.

The Combined Expense Analysis by Account attached as Exhibit E lists the \$11.7 million of statutory liquidator administrative operating expenses incurred by Legion for the period January 1 through March 31, 2009.

The GAs report their administrative expenses to Legion via financial reports generally received quarterly from most GAs. Attached as Exhibit H is the Guaranty Fund Claim Overview Report showing by GA the total \$108.0 million in the administrative expenses reported to Legion as paid by GAs as of March 31, 2009. Legion conducts periodic desk reviews, onsite reviews of GA administrative expenses and reconciles data reported by GAs on an ongoing basis. Legion makes adjustments for inaccuracies or material expenses, as appropriate. Legion provides the GAs with early access monies to help fund the administrative and policyholder benefit payments made by the GAs on Legion's behalf. All such expenses will be settled through the formal NOD process.

b. Priority Class B

The amounts set forth on this Statement for losses, loss adjustment expenses and IBNR for March 31, 2009 are estimates based upon guaranty association claim data, POCs and NOD data claims, pre-rehabilitation historical data and industry data. Actual liability figures will not be known until the claims fully develop or, if the claims are contingent upon the resolution of underlying litigation, that litigation is resolved. The actuarial department prepares the analysis of losses and allocated loss adjustment expense ("ALAE") reserves on direct and assumed business. The actuarial department also estimates losses and loss adjustment expense reserves – ceded based on the direct business. Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used and the variability resulting from the effect of the

liquidation process, the actual emergence of losses may be significantly different from the estimate of loss and ALAE reserves included in the Statements.

Legion essentially maintained the actuarially determined ultimate direct loss by changing the IBNR by the amount of direct paid loss and increase/decrease in outstanding specific case reserves and other adjustments, which may become necessary based on their analysis of specific programs. As of March 31, 2009, the amount of direct IBNR included in priority class (b) was \$643.5 million.

c. Priority Classes Below Class B

Also included in total liabilities are estimated liabilities for POCs assigned to priority classifications below class (b), which summarize to \$256.8 million. See the accompanying notes for a brief description of each line item. Legion had entered into a pooling arrangement with affiliates related to loss experience. In the fourth quarter 2008 the contract was accounted for as being terminated effective as of the rehabilitation date of April 1, 2002.

3. Special Purpose Statement of Statutory Capital and Surplus Account -

EXHIBIT B

Attached to this report is a Special Purpose Statement of Statutory Capital and Surplus Account for the period from December 31, 2001 to March 31, 2009. The estimated net deficit at March 31, 2009 was \$694.2 million. Net Loss is the largest component of the surplus change and is described in more detail below in the Operating Report section.

4. Statement of Cash Flow Summary – EXHIBIT C

Attached to this report is a Statement of Cash Flow Summary (“Cash Flow Summary”) for the period April 1, 2008 through March 31, 2009. Reinsurance collections of \$207.6 million

were the primary source of cash receipts for the period. Total sources of cash and investments for the period were \$238.1 million.

The largest cash disbursement was Guaranty Association/Early access of \$171.0 million. Total uses of cash and investments were \$254.8 million for the period.

a. Reinsurance Collections

Reinsurance recoverables are a significant asset of Legion. Legion claims and accounting staff provide reinsurers with required claims documentation to support reinsurance billings, respond to inquiries, resolve disputes and verify proper offsets. Nevertheless, reinsurance collections can be difficult and often take significant amounts of time in liquidation. In many cases, time frames for responses and payments from reinsurers have lengthened considerably. Many reinsurers now require much more documentation (significantly more than prior to liquidation and sometimes often more than is contractually required), have repeated inquiries for information already provided and then respond with many questions before even stating their payment position on the billings. Formal and informal dispute resolution actions have been required against a few reinsurers with substantial overdue balances.

Legion does not record an estimated allowance for uncollectible reinsurance, as noted earlier. During the period April 1, 2008 through March 31, 2009, \$207.6 million of reinsurance was collected. In addition to standard billing and collection efforts, Legion is also using commutations as a way to accelerate collections. In a commutation, Legion would receive a lump sum payment today from a reinsurer representing an estimate of all known and future unknown losses. The Reinsurance Recovery Committee approves all settlements.

b. Premium Collections

During the period April 1, 2008 through March 31, 2009 Legion collected \$1.9 million, net of expense. Unearned premiums are priority class E claims and have not been paid by Legion. A Litigation Support and Collection Unit oversees premium collections and Legion actively pursues receivable amounts due the Estate.

c. Deductible Recoveries/Amounts to be Distributed per Act 46.

Legion collects funds under large deductible policies. These funds will be paid, as outlined in Pennsylvania Statute Act 46, to those entities that funded the claim payments. Until the appropriate allocation can be determined, the funds are transferred to a separate restricted cash account.

d. Operating Expenses

Refer to Exhibit E, Combined Expense Analysis by Account, for line item detail of major components of operating expenses incurred by Legion for the period January 1, 2009 through March 31, 2009. Operating expenses paid per the Cash Flow Summary and Administrative Expenses Incurred per the Combined Expense Analysis by Account differ somewhat because of accruals and depreciation on fixed assets purchased (reporting of entire cash expenditure on the Cash Flow Summary compared to recording an asset and then reporting depreciation expense over time on the Combined Expense Analysis). For most operating expenses, Legion pays the invoice and is reimbursed from Villanova for its share through an intercompany transfer. (Please refer to the explanation of expense allocation included under Section 2a.).

e. Guaranty Association Transactions

The Court has authorized \$513 million in total for early access distributions. Legion has

distributed via cash payments and reductions of statutory deposits all of these funds, except for \$58.6 million which will be distributed when the GAs become compliant. From January 1, 2009 through March 31, 2009 the amount distributed was \$1.4 million.

5. Combined Expense Analysis by Account – EXHIBIT E

The operating expenses of Legion relate to efforts by the Liquidator to marshal and maximize the assets of the Estate for the benefit of all Legion policyholders and claimants, as well as to review and determine the ultimate liabilities of the Estate, to fulfill the public policies and purposes of the Act and the liquidation process, and to investigate and hold accountable those third parties alleged to contribute to the insolvency of Legion.

Exhibit E is a schedule reflecting the combined incurred expenses of Legion and Villanova from January 1, 2009 through March 31, 2009 together with a comparison, by category of expense, between 2009 YTD actual and 2009 YTD budget and between 2009 and 2008 YTD actual. As reflected in the Statement, the total combined expenses through March 31, 2009 are \$11,690,000, which is 28.0% less than the 2009 budget and 7.7% less than 2008 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses. There was no revenue related to collection of large deductible recoveries as provided for by Pennsylvania Statute Act 46. Lastly, the schedule lists unbudgeted revenue of \$20,000 related to expense reimbursement from a non-insurance affiliate. The GAs also incurred operating expenses, which are reported cumulatively on Exhibit H. Please refer to Section 2a for an explanation of the expense allocation.

a. Salaries, Employee Benefits and Taxes

As of March 31, 2009 Legion had a total of 175 employees. In addition, Legion utilizes a number of temporary/contractor workers when needed. At March 31, 2009, Legion had 32 such

workers. Current plans dictate that this number will fluctuate as Legion implements a more flexible staffing model designed to ensure continuity of specialized and institutional knowledge critical to the Estate.

b. Occupancy

Legion currently leases office space in Philadelphia and Milwaukee. Legion is committed to the current lease in Philadelphia through June 30, 2012. Philadelphia monthly base lease payments are \$106,818 in 2009 and will be \$114,359, \$118,129 and \$121,899 in 2010, 2011 and 2012, respectively. Legion is committed to the current lease in Milwaukee through the end of 2010. Milwaukee monthly base lease payments are \$41,846 in 2009 and will remain \$41,846 for 2010.

c. Legal Fees and Expenses

Attached as Exhibit F is a schedule containing the legal expense paid detail by firm for the period January 1, 2009 through March 31, 2009 by month. Legal expenses generally pertained to reinsurance matters, policyholder and other collections, POC objections, direct actions and liquidation matters.

d. Professional Services

Attached as Exhibit F is a schedule containing the professional service expense paid detail by vendor name for the period January 1, 2009 through March 31, 2009 by month. The individual professionals and firms listed in the schedule include auditing services, actuarial services, collection services and consulting fees.

6. Guaranty Fund Claims and Expense Information

The GAs are an essential part of the liquidation safety net, providing significant coverage to certain policyholders and paying covered claims as defined and required by their respective

statutes. Legion has continuously worked with the National Conference of Insurance Guaranty Funds ("NCIGF") to assure the smooth interaction between the Estate and the state guaranty funds. The NCIGF's members include almost all of the state property and casualty insurance GAs in the United States. All aspects of cooperation between the Estate and GAs are discussed with the NCIGF. Discussions and correspondence included matters such as Legion claim file distribution, claim handling procedures, communication protocols, GA data reporting and UDS protocol, Legion product and policy information, and deductible and policy aggregate tracking. Legion personnel have worked with specific NCIGF groups and committees on specific areas, such as Liquidator Large Deductible Recoveries. Legion staff work with the GAs to obtain information required for reinsurance loss reporting to maximize reinsurance collections.

a. Status of Uniform Data Standards ("UDS")

A department within Legion coordinates with the GAs and their vendors in managing the data reporting process and the quality of data reported by GAs. As of March 31, 2009 there were 55 GAs reporting paid and outstanding loss information via electronic UDS files, either sent directly to Legion or submitted to the NCIGF secure FTP website. 53 of the GAs report monthly and 2 GAs are still reporting quarterly. Data from all GAs but 2 were current through March 31, 2009. The electronic files received from GAs are interfaced to a processing application at Legion, where the data is parsed and edited. Resolution of data errors is coordinated with the respective GA. The data is then interfaced to Legion's policy/claim system to support Estate functions, including reinsurance billing and financial reporting.

Data quality is additionally monitored through various reports and procedures, which specifically address aspects of the UDS data, such as Net Worth recoveries and Liquidator Large Deductible recoveries.

b. Guaranty Fund Claim Overview – EXHIBIT H

The Guaranty Fund Claim Overview Report (“COR”) as of March 31, 2009 summarized by state the policyholder benefit claims and administrative expenses received and applied by Legion through March 31, 2009. The COR data represented the last reported UDS claims paid inception-to-date and claim reserve information prior to March 31, 2009 for the 55 GAs (excludes Massachusetts and Oregon which have formed ancillaries to administer the Legion workers compensation claimants from those states and have not signed the refunding agreement). Administrative expenses were updated from the quarterly Financial Information Questionnaires, which generally lag behind the automated UDS transmissions. Legion adjusted the COR for states which triggered the estate’s liquidation prior to July 28, 2003, post liquidation claim payments made on behalf of GAs, questionable settlements and deductible recoveries. Legion also adjusted for disallowed administrative expenses.

Legion considers the COR to be the GAs’ proof of claim against the Estate. Legion provides the GAs with early access monies to help fund the administrative and policyholder benefit payments made by the GAs on Legion’s behalf. All such expenses will be settled through the formal NOD process, which may include objections to adjustments made by Legion.

7. Claims Process¹

The deadline for filing POCs was June 30, 2005. As of March 31, 2009 Legion and Villanova combined had received a total of 44,696 POC claims. Of those 2,421 were received after the claim filing deadline. Notwithstanding the claim filing deadline, Legion continues to

¹ Note: Legion wrote a variety of long tail lines of business, including workers’ compensation, directors and officers, medical malpractice, and professional liability. For reasons unrelated to the Legion receivership, but based rather on the nature of the insurance coverage written by Legion and the claims under those policies, it may be many years before some of these long tail claims will be resolved.

receive new POC claims. Late filed claims will be evaluated consistent with the late filing provisions of the Act.

a. Proofs of Claim Statistics – EXHIBIT I (Inception-to-Date)

As of March 31, 2009, Legion had issued and accepted NODs for 29,555 of the 40,468 POC claims assigned to it for a total allowed amount of \$72,243,426. Accepted NODs accounted for 73% of the POC claims filed with the Estate. The Court has approved 23,582 of these NODs, as of March 31, 2009, for a total allowed amount of \$38,538,559. Exhibit I breaks down this information by priority class. NODs will be issued for all POC received (see note below).

b. Proofs of Claim Statistics – EXHIBIT J (Quarter-to-Date)

During the quarter ended March 31, 2009 Legion received 819 additional POC claims, as well as reclassifying others. An additional 610 NODs were issued during the period and 1,150 were accepted for approximately \$20.9 million.

c. Notice of Determination Objection Statistics – EXHIBIT K

As of March 31, 2009, the Liquidator had received a total of 732 objections to the 30,309 NODs issued. As of March 31, 2009 Legion had resolved 585 objections. Of the 147 unresolved objections, 12 were assigned to referees as of March 31, 2009. Exhibit K indicates the status of all objections received through March 31, 2009, breaks down this information by priority class and includes the Allowed Amounts for objections in each priority class.

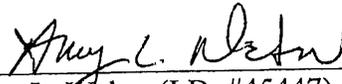
d. Status of Distribution

On February 8, 2008, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from May 1, 2007 to October 31, 2007 (“Report of Claims”). The Report of Claims listed the allowed

amounts of claimant NODs that had been accepted or assumed accepted from May 1, 2007 to October 31, 2007. The Court granted the petition on March 31, 2008. On September 11, 2008, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from November 1, 2007 to April 30, 2008 (“Report of Claims 2”). The Report of Claims 2 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from November 1, 2007 to April 30, 2008. The Court granted the petition on October 21, 2008. On April 7, 2009, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from May 1, 2008 to October 31, 2008 (“Report of Claims 3”). The Report of Claims 3 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from May 1, 2008 to October 31, 2008. The allowed amounts on NODs approved for distribution are listed by priority class on Exhibit I. The next step in the distribution process will be for Legion to prepare a court petition to seek approval of interim distribution calculations for NODs, including the aggregate policies. Other than workers’

compensation policies, many policies written by Legion were subject to aggregate limits. The NOD allowed amounts on a few policies have exceeded or are close to exceeding the aggregate limits; therefore, when all POC claims have been evaluated for these effected policies, the final NOD allowed amounts will be an allocation of the policy aggregate limits. The allocation will be pro rated based on the relative value of each NOD gross allowed value to the total gross allowed values of all NODs assigned to the particular policy.

Respectfully submitted,



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

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

Dated: May 13, 2009

CERTIFICATION

I, Amy L. Weber, Governor's 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, 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 Exhibit F to the Quarterly Report of the Liquidator on the Status of the Liquidation of Legion Insurance Company as of March 31, 2009 and I certify that these legal fees and expenses are reasonable and necessary. I also have reviewed Exhibit E, 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
Insurance Department Counsel

Dated: 5/13/09

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel S. Ario,
Insurance Commissioner of the
Commonwealth of Pennsylvania

Plaintiff,

v.

Legion Insurance Company
One Logan Square, Suite 1400
Philadelphia, PA 19103

Defendant.

Docket No. 183 M.D. 2002

**AFFIDAVIT OF GERALD V. BEHR
IN SUPPORT OF THE FIRST QUARTER 2009
FINANCIAL REPORT OF THE LIQUIDATOR**

I, **GERALD V. BEHR**, hereby depose and state as follows:

1. I am Vice President and Chief Financial Officer of Legion Insurance Company (In Liquidation) (“Legion”) and Villanova Insurance Company (In Liquidation) (“Villanova”) (collectively, “the Estates”), am a currently licensed Certified Public Accountant, and am responsible for overseeing all aspects of the Estate’s financial operations.
2. I assisted in the direction of the preparation of the First Quarter 2009 Financial Report of the Liquidator (“the Report”), and make this certification in reliance on the assistance and support of qualified staff and the Estates’ internal procedures for financial operations.
3. I certify that the Exhibits attached to the Report fairly present the following:
 - A. Special Purpose Statement of Assets and Liabilities: Exhibit “A” to the Report is the Special Purpose Statement of Assets and Liabilities for the

Estates as of March 31, 2009. As reflected in the Note accompanying these Statements, it has been prepared on a unique financial reporting basis, subject to the several assumptions and qualifications stated therein.

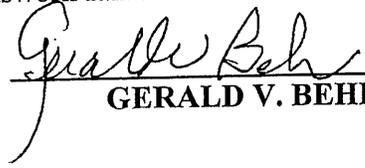
- B. Statement Reflecting Statutory Capital and Surplus Account: Exhibit "B" to the Report is the Statement reflecting the Statutory Capital and Surplus Account for the Estates for the period December 31, 2001 through March 31, 2009.
- C. Monthly Cash Flow Summary: Exhibit "C" is the cash flow summary on a monthly basis for the Estate including investment transactions for the period April 1, 2008 through March 31, 2009.
- D. Notes to Special Purpose Statement of Assets and Liabilities: Exhibit "D" contains information explaining the unique financial reporting basis used to prepare the Special Purpose Statement.
- E. 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 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 "E" is a schedule reflecting the combined incurred expenses of the Estates from January 1, 2009 through March 31, 2009 together with a comparison, by category of expense, between 2009 and the 2009 budget and between 2008 and 2009 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses. Exhibit E provides the accrued administrative expenses of the Estates including salaries and employee benefits for the period of January 1, 2009 through March 31, 2009 except for certain guaranty association expenses that may qualify as administrative expenses of the Estates.

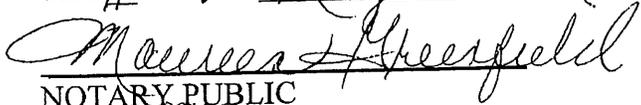
- F. Professional Services Paid and Incurred: Exhibit "F" is a schedule reflecting the amounts which the Liquidator paid to or amounts which the Liquidator has incurred as a result of the performance of services by various professional vendors, including accounting and actuarial firms, consultants on reinsurance and other matters, premium audit and collection services, and other support service providers, during the period January 1, 2009 through March 31, 2009. Legal vendors, including law firms and other litigation and support service providers, are broken out separately on Exhibit "F."
- G. Reinsurance Recoverables due or Billable Net: Detailed information relating to reinsurance recoverables of the Estate due or billable net as of March 31, 2009 is submitted as Exhibit "G."
- H. Guaranty Fund Claim Overview Report: Summary information for liquidation class ("Class") A and B claims at a state guaranty association level is provided in Exhibit "H." This information may include adjustments for

inaccuracies in GA data reporting or material expenses, as appropriate. This information excludes any state guaranty associations which have formed an ancillary to administer their claims.

- I. Proof of Claim Statistics Inception to Date: Exhibit "I" provides inception to date summary information at a Class level of various proof of claims statistics.
 - J. Proof of Claim Statistics Quarter to Date: Exhibit "J" provides quarter to date summary of information at a Class level of various proofs of claims statistics.
 - K. Notice of Determination Objection Statistics: Summary information at a class level of Notice of Determination Objections received, resolved and unresolved is provided in Exhibit "K". Additional summary information is also provided related to unresolved objections.
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 2009.
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.


GERALD V. BEHR

Sworn to and subscribed before me
This 11th day of May 2009.



NOTARY PUBLIC
COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Maureen Greenfield, Notary Public
City Of Philadelphia, Philadelphia County
My Commission Expires Dec. 23, 2010
Member, Pennsylvania Association of Notaries

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

**Joel S. Ario,
Insurance Commissioner of the
Commonwealth of Pennsylvania**

Plaintiff,

v.

**Legion Insurance Company
One Logan Square, Suite 1400
Philadelphia, PA 19103**

Defendant.

Docket No. 183 M.D. 2002

**AFFIDAVIT OF JOSEPH ZARANDONA
IN SUPPORT OF THE FIRST QUARTER 2009
FINANCIAL REPORT OF THE LIQUIDATOR**

I, **JOSEPH ZARANDONA**, hereby depose and state as follows:

1. I am Chief Liquidation Officer of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) (“the Estates”), and am responsible for overseeing their daily business operations.
2. I directed the preparation of and have reviewed the First Quarter 2009 Financial Report of the Liquidator (“the Report”).
3. 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 2009.
4. My certification is made in reasonable reliance on the work of qualified staff and the Estates’ internal procedures for financial operations.
5. I verify that the matters stated therein 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.



JOSEPH ZARANDONA

Sworn to and subscribed before me
this 11 th day of May, 2009.



NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Maureen Greenfield, Notary Public
City Of Philadelphia, Philadelphia County
My Commission Expires Dec. 23, 2010
Member, Pennsylvania Association of Notaries

EXHIBIT

A

Legion Insurance Company (In Liquidation)
Special Purpose Statement of Assets and Liabilities*
March 31, 2009 and December 31, 2008
(In Millions of Dollars)

	3/31/2009	12/31/2008
ASSETS		
Cash and investments:		
Fixed income and equity securities	\$ 160.2	\$ 161.9
Money market deposits	554.3	502.6
Total cash and invested assets	714.5	664.5
Estimated losses and loss adjustment expense reserves - ceded	1,016.1	1,049.4
Reinsurance recoverables due or billable, net	278.5	301.7
Early access advances	455.8	454.4
State deposits and unapplied state deposits available for early access	9.7	9.7
Amounts to be distributed per Act 46	12.8	8.6
Amounts to be collected from Large Deductibles	50.2	50.6
Other assets	2.4	4.3
Total Assets	\$ 2,540.0	\$ 2,543.2
LIABILITIES		
Estimated Priority Class		
A - Administrative expenses:		
Liquidator expenses incurred since liquidation	\$ 257.4	\$ 251.8
Liquidator expenses paid since liquidation	(248.5)	(237.7)
Liquidator expenses	8.9	14.1
Guaranty associations paid ULAE reported	108.0	95.2
Guaranty associations' reserves ULAE	17.9	23.8
Total	\$ 134.8	\$ 133.1
B - Claims for policy benefits:		
Guaranty associations paid (including large deductible)	1,281.7	1,230.7
Liquidator valued NODs accepted	30.6	20.7
Estimated reserves - guaranty associations	617.5	601.4
Estimated reserves - other	912.8	974.9
Total	2,842.6	2,827.7
C - Federal government claims		
D - Certain employee claims		
E - General creditor claims		
Guaranty associations paid	28.4	28.4
Liquidator valued NODs accepted	21.7	18.8
Estimated value	129.1	125.1
Total	179.2	172.3
F - State and local government claims		
Liquidator valued NODs accepted	18.5	10.3
Estimated value	40.6	49.0
Total	59.1	59.3
G - Late filed claims		
Liquidator valued NODs accepted	1.5	1.5
Ancillary Receiverships:		
Post liquidation claims paid, gross	44.8	44.3
Estimated losses and loss adjustment expense reserves - direct	52.8	51.6
Offset of unapplied liquidated statutory deposit	(80.6)	(80.1)
Post liquidation claims, net	17.0	15.8
Total liabilities	3,234.2	3,209.7
Net surplus (deficit)	(694.2)	(666.5)
Total Liabilities and Surplus (Deficit)	\$ 2,540.0	\$ 2,543.2

* See Note to Special Purpose Statement of Assets and Liabilities

EXHIBIT
B

Legion Insurance Company (In Liquidation)
Statutory Capital and Surplus Account
For the Period December 31, 2001 Thru March 31, 2009
(In Millions of Dollars)

Surplus as Regards Policyholders, Beginning Balance	\$	298.3
Net Loss:		
Underwriting Loss, Net		(1,157.2)
Investment Income, Net		143.5
Other Expense, Net		(20.3)
Loss Before Income Taxes		(1,034.0)
Federal & Foreign Income Taxes		(22.4)
Net Loss		(1,011.6)
Change in Net Unrealized Capital Gains (Losses)		(52.6)
Change in Net Deferred Income Tax		(42.3)
Change in Non Admitted Assets		91.3
Change in Provision for Reinsurance		22.7
Change in Surplus as Regards Policyholders for the Period		(992.5)
Surplus as Regards Policyholders, Ending Balance	\$	(694.2)

EXHIBIT
C

**EXHIBIT
D**

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

The Special Purpose Statement of Assets and Liabilities of Legion Insurance Company (In Liquidation) is prepared on a unique financial reporting basis in that the statement does 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 statement of assets and liabilities. The statement does 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 Statement 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 Statement of Assets and Liabilities is 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 statement does not reflect any general provision for estimated unrealizable reinsurance recoverable assets. The statement does 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 Statement 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.

EXHIBIT
E

LEGION INSURANCE COMPANY (IN LIQUIDATION)
 VILLANOVA INSURANCE COMPANY (IN LIQUIDATION)
 COMBINED EXPENSE ANALYSIS BY ACCOUNT
 March 31, 2009 ACTUALS vs BUDGET
 (\$ In Thousands)

	Year to Date				2009 Actual vs 2009 Budget		2009 Actual vs 2008 Actual	
	2009 Actual	% of Total Operating	2008		Dollar Variance	Percent Variance	Dollar Variance	Percent Variance
			Budget	Actual				
Full Time	175		185	216	10	5.4%	41	19.0%
Part Time	-		-	1	-	n/a	1	100.0%
Contractor Help	32		18	33	(14)	-77.8%	1	3.0%
Total Staffing - Current	207		203	250	(4)	-2.0%	43	17.2%
Staffing - Average								
Full Time	180		197	215	17	8.7%	36	16.5%
Part Time	-		-	1	-	n/a	1	100.0%
Contractor Help	30		18	31	(12)	-63.9%	1	3.3%
Total Staffing - Average	209		215	247	6	2.6%	38	15.2%
General & Administrative Expenses								
Salaries - Internal	\$ 4,992	42.8%	\$ 5,767	\$ 5,096	\$ 775	13.4%	\$ 105	2.1%
Salaries - External	993	8.5%	2,527	1,288	1,534	60.7%	295	22.9%
Benefits	1,181	10.1%	1,293	1,190	112	8.7%	9	0.8%
Occupancy	673	5.8%	699	717	27	3.8%	44	6.1%
Equipment	734	6.3%	994	894	261	26.2%	160	17.9%
Legal Fees and Expenses	613	5.2%	1,375	1,140	762	55.4%	526	46.2%
Professional Services	1,288	11.0%	1,944	1,083	656	33.7%	(205)	-19.0%
Other	1,216	10.4%	1,630	1,265	414	25.4%	48	3.8%
Total Expenses	11,690	100.0%	16,228	12,671	4,559	28.0%	981	7.7%
Revenue for Collecting Large Deductible Recoveries as Provided by PA Statute Act 46								
Act 46 Collection	-		80	3	(80)	-100.0%	(3)	-100.0%
Expense Reimbursement								
Non-insurance affiliate	20		-	30	20	n/a	(10)	-33.2%
Total Revenue	20		80	33	(60)	-75.1%	(13)	-39.3%
Net Budget	\$ 11,570		\$ 16,148	\$ 12,638	\$ 4,479	27.7%	\$ 969	7.7%

Note 1 This exhibit does not include certain guaranty association expenses that may qualify as administrative expenses of the estate.

Note 2 Expenses reimbursed for the sale and ongoing operations of PRMS.

EXHIBIT
F

Classification	VENDOR NAME	Services Provided	January	February	March	2009 Total
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant	-	-	6,382	6,382
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation	984	984	800	2,747
	GRP LLC	Reinsurance Witness	-	5,008	788	5,796
	PEPPER HAMILTON LLP	Reinsurance Arbitrations and Advice	28,375	15,529	39,010	82,914
	PIETRAGALLO, GORDON, ALFANO, BOSICK & RASPANTI, LLP	General Litigation and Liquidation Advice	6,821	9,234	23,558	39,613
	ROBBRE, LLC	Reinsurance Arbitrator	-	-	1,200	1,200
	THOMSON WEST	Legal Research Fees	3,031	2,646	78	5,754
	WINTER REPORTING INC.	Court Reporting Services	-	-	4,321	4,321
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Labor Advice, General Advice	51,188	-	36,028	87,216
	LANDMARK LEGAL SOLUTIONS	Referee Fees	399	-	1,526	1,925
	BI-STATE REPORTING	Reinsurance Arbitrator	-	3,427	1,621	5,047
	MARKSADR, LLC	Court Reporting Services	-	18,243	-	18,243
	LEGALINK	Referee Fees	-	-	1,057	1,057
	STEPHEN J CURLEY, ESQ.	Premium Collection Litigation	-	-	3,227	3,227
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	813	(25,331)	1,802	(22,717)
Total Legal Fees and Expenses Paid			91,590	29,740	121,395	242,725
Change in Legal Fees and Expenses accrual and other non-cash transactions			8,567	103,649	256,365	370,581
Total Legal Fees and Expenses Incurred			100,157	133,389	379,760	613,305

Classification	VENDOR NAME	Services Provided	January	February	March	2009 Total
Professional Services	CSC/FSG-MYND CORP.	Reinsurance Witness	54,335	66,253	51,002	171,591
	HELIX UK LIMITED	Reinsurance Witness	99,500	-	-	99,500
	HEWITT ASSOCIATES LLC	Reinsurance Witness	-	-	109,595	109,595
	PRICEWATERHOUSE COOPERS LLP	General Litigation and Liquidation Advice	18,965	19,884	35,400	74,249
	REINSURANCE SOLUTIONS LLC	General Litigation and Liquidation Advice	-	37,675	64,140	101,815
	RELIANCE INS CO (IN LIQUIDATION)	General Litigation and Liquidation Advice	19,604	-	-	19,604
	RIGHT MANAGEMENT CONSULTANTS	General Litigation and Liquidation Advice	1,500	-	-	1,500
	SMART BUSINESS ADVISORY & CONSULTING, LLC	Premium Collection Litigation	-	257,722	163,612	421,335
	INTUIT INC.	Reinsurance Witness	2,105	-	-	2,105
	SMART BUSINESS ADVISORY AND CONSULTING UK LIMITED	Premium Collection Litigation	-	25,154	-	25,154
	HARD COPY	Reinsurance Witness	10,075	-	-	10,075
	ALAN GRAY INSURANCE SERVICES, INC.	Contract Reinsurance Services	15,100	-	9,710	24,810
	ANEXINET	Reinsurance Consultant	52,718	20,385	-	73,103
	SIGNATURE CAPTIVE SOLUTIONS	Premium Collection Litigation	763	-	12,998	12,998
	PREMIUM RECEIVED NET OF COLLECTION FEES	Premium Collection and Liquidation Advice	630	1,838	6,462	9,062
	Aggregate Amount for Total Vendor Payments Under \$1,000	(General Professional Fees)	275,294	428,911	452,626	1,156,832
Total Professional Services Paid			74,983	1,534	54,369	130,891
Change in Professional Services accrual and other non-cash transactions			350,283	430,445	506,995	1,287,723
Total Professional Services Incurred			450,439	563,834	866,755	1,901,028
Total Legal Expenses and Fees and Professional Services Incurred						

* All expenses above are gross before any allocation among Legion Insurance Company (In Liquidation), Villanova Insurance Company (In Liquidation) and PRMSLIC, Inc.

Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

EXHIBIT
G

Legion Insurance Company (In Liquidation)
Reinsurance Recoverables Due or Billable, Net
March 31, 2009

Reinsurer	Amount
	\$ 38,323,635.43
MIDWEST EMPLOYERS CASUALTY COMPANY	21,831,272
HANNOVER RUCKVERSICHERUNGS AG	16,663,738
SWISS REINSURANCE AMERICA CORPORATION	12,744,091
FIRST EXCESS REINSURANCE CORPORATION	11,211,108
ODYSSEY REINSURANCE CORPORATION	10,551,747
AMERICAN RE-INSURANCE COMPANY	7,678,002
TRANSATLANTIC REINSURANCE COMPANY	6,750,876
EMPLOYERS REINSURANCE CORPORATION	6,448,686
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY	6,386,597
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	4,688,142
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	4,386,081
BERKLEY INSURANCE COMPANY	3,919,690
NATIONAL REINSURANCE CORPORATION	3,579,311
FEDERAL INSURANCE COMPANY	3,538,843
WESTCHESTER FIRE INSURANCE COMPANY	3,386,787
SCOR REINSURANCE COMPANY	3,190,153
AMERICAN SAFETY CASUALTY INSURANCE COMPANY	2,946,143
AMERICAN NATIONAL INSURANCE COMPANY	2,799,660
WESTPORT INSURANCE CORPORATION	2,719,440
FOLKSAMERICA REINSURANCE COMPANY	2,655,575
LLOYDS SYNDICATE # 435	2,496,826
CHUBB ATLANTIC INDEMNITY LIMITED	2,453,912
LINCOLN NATIONAL LIFE INSURANCE COMPANY	2,389,256
CNA INTERNATIONAL REINSURANCE COMPANY	2,370,413
HANNOVER LIFE REASSURANCE COMPANY OF AMERICA	2,284,009
LUMBERMENS MUTUAL CASUALTY COMPANY	2,169,854
ACE INSURANCE SA-NV	2,146,827
LIFE REASSURANCE CORPORATION OF AMERICA	2,054,280
LINCOLN NATIONAL HEALTH & CASUALTY INSURANCE COMPA	2,038,573
SWISS RE LIFE COMPANY OF AMERICA	1,816,428
TRUSTMARK INSURANCE COMPANY	1,788,501
LLOYDS SYNDICATE # 1245	1,732,876
TRENWICK AMERICA REINSURANCE CORPORATION	1,725,648
UTAH WORKERS COMPENSATION FUND	1,672,385
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	1,558,916
ODYSSEY AMERICA REINSURANCE CORPORATION	1,493,831
PXRE REINSURANCE COMPANY	1,402,443
TERRA NOVA INSURANCE COMPANY LTD	1,330,903
XL REINSURANCE AMERICA LTD	1,307,676
ODYSSEY RE (LONDON) LIMITED	1,302,020
LLOYDS SYNDICATE # 1173	1,295,446
MANULIFE REINSURANCE CORPORATION (USA)	1,288,309
UNIONAMERICA INSURANCE COMPANY LTD	1,287,486
UNDERWRITERS REINSURANCE COMPANY	1,118,881
CHARTWELL REINSURANCE COMPANY	1,091,614
LLOYDS SYNDICATE # 362	1,083,216
RELIASTAR LIFE INSURANCE COMPANY	1,048,887
CORE INSURANCE COMPANY	1,011,160
LLOYDS SYNDICATE # 510	22,525,221
ALL OTHER REINSURERS (LESS THAN \$1M DUE LIC)	32,789,034
PENDING CESSIONS	\$ 278,474,408
TOTAL REINSURANCE RECOVERABLES DUE OR BILLABLE, NET	\$ 278,474,408

EXHIBIT
H

Legion Insurance Company (In Liquidation)
Guaranty Fund Claim Overview Report
As of March 31, 2009

State	GA	Number Files Assigned	Number files Complete	Number files outstanding	A- Level Paid Admin Exp	B - Level Paid	
						Losses and Loss Adj Expenses	B- Level Known Case Reserves
AK	354	40	34	6	\$ 14,696	\$ 1,783,413	\$ 271,297
AL	301	588	380	208	2,312,557	20,666,001	36,993,845
AR	303	244	228	16	132,384	2,978,158	1,233,886
AZ	402	82	78	4	437,125	1,171,773	41,895
AZ	302	352	284	68	683,389	4,848,643	11,876,652
CA	360	45,189	38,048	7,141	28,122,240	465,871,862	194,435,155
CO	305	390	363	27	687,502	8,607,389	4,042,133
CT	306	1,377	1,274	103	2,892,584	25,190,022	6,001,425
DC	308	47	40	7	247,981	844,824	836,001
DE	307	113	90	23	579,449	2,702,795	1,886,022
FL	409	681	652	29	1,432,107	27,708,452	658,224
FL	309	753	727	26	2,033,877	52,668,451	6,492,910
GA	310	3,047	2,907	140	5,302,567	65,913,005	53,992,200
HI	352	44	41	3	155,648	1,490,290	335,449
IA	314	135	116	19	276,029	2,081,652	485,786
ID	311	70	63	7	82,235	1,101,116	786,031
IL	312	1,882	1,822	60	4,163,844	31,623,798	8,528,932
IN	313	198	185	13	565,391	2,461,382	152,769
KS	315	278	253	25	499,405	8,637,666	5,103,505
KY	316	439	297	142	760,012	10,642,978	13,558,970
LA	317	293	264	29	544,098	8,506,741	2,593,809
MD	319	369	322	47	1,408,208	5,610,378	2,840,100
ME	318	264	252	12	485,900	2,433,985	2,593,214
MI	321	629	585	44	1,746,855	18,711,333	11,563,898
MN	322	190	163	27	362,282	3,669,317	1,841,303
MO	324	654	630	24	768,534	8,473,671	10,607,814
MS	323	1,333	1,190	143	3,116,544	35,980,999	24,132,089
MT	325	99	71	28	321,246	2,652,068	3,132,261
NC	332	1,460	1,393	67	2,207,221	29,043,641	9,049,042
ND	333	7	7	-	84,757	418,710	-
NE	326	113	103	10	99,629	2,220,908	3,363,730
NH	328	550	529	21	869,903	3,957,754	2,487,134
NJ	429	1,298	1,206	92	1,485,736	35,193,463	2,254,028
NJ	329	1,800	1,557	243	1,462,943	43,110,974	15,145,977
NM	330	96	66	30	218,703	2,100,399	2,313,492
NV	327	952	752	200	1,565,249	7,645,302	1,123,914
NY	431	5,214	4,392	822	-	79,041,817	25,611,268
NY	331	2,666	2,126	540	22,130,441	71,419,122	30,857,502
OH	334	113	100	13	663,787	1,821,795	1,513
OK	335	705	652	53	1,420,809	11,217,094	10,185,767
PA	437	758	691	67	830,376	13,152,313	1,684,126
PA	337	727	593	134	2,043,168	45,351,350	22,161,149
RI	338	261	248	13	488,560	3,446,236	297,748
SC	339	1,437	1,344	93	1,655,141	32,495,007	16,662,581
SD	340	32	29	3	62,904	268,682	258,582
TN	341	1,360	936	424	2,904,142	28,121,131	20,339,248
TX	342	2,215	2,040	175	3,021,145	38,029,919	14,274,833
UT	343	67	57	10	154,063	949,001	229,802
VA	345	611	513	98	1,430,653	16,553,290	26,773,440
VT	344	299	275	24	461,428	3,662,087	4,457,142
WA	346	78	75	3	124,587	718,240	206
WI	348	174	158	16	467,883	4,307,210	807,471
WV	347	37	34	3	207,810	1,097,509	9
WY	349	10	8	2	33,343	758,027	137,813
NOHLGA	370	424	400	24	1,772,267	2,710,094	-
		82,820	71,243	11,577	\$ 108,001,336	\$ 1,303,843,236	\$ 617,495,091

EXHIBIT

I

Legion Insurance Company (In Liquidation)
Proofs of Claim Statistics
Inception to Date March 31, 2009

Class Descriptions	Total # of POC Claims Received	# of POC Claims Received After 6/30/05	# of NODs Issued	# of NODs Accepted	Allowed Amounts on Accepted NODs	# of NODs Approved for Distribution	Allowed Amounts on NODs Approved for Distribution
A - Administrative Expenses	1,157	15	1,069	1,069	\$ 0	940	\$ 0
B - PolicyHolder Claims	18,287	896	10,904	10,735	30,557,428	8,513	10,405,244
C - Federal Government	-	-	-	-	-	-	-
D- Employees	11	-	-	-	-	-	-
E - General Credit/UEP	19,322	366	17,653	17,087	21,700,298	13,828	17,136,871
F- State/Local Government	120	2	110	108	18,447,287	89	10,106,965
G- Late Filed/Subrogation	1,563	965	573	556	1,538,413	212	889,479
H - Surplus, Prem. Refunds	-	-	-	-	-	-	-
I- Shareholders/Other Owners	8	-	-	-	-	-	-
No Class	-	-	-	-	-	-	-
TOTALS	40,468	2,244	30,309	29,555	\$ 72,243,426	23,582	\$ 38,538,559

EXHIBIT

J

Legion Insurance Company (In Liquidation)
 Proofs of Claim Statistics*
 Quarter to Date March 31, 2009

Class Descriptions	Total # of POC Claims Received	# of NODs Issued	# of NODs Accepted	Allowed Amounts on Accepted NODs	# of NODs Approved for Distribution**	Allowed Amounts on NODs Approved for Distribution**
A - Administrative Expenses	7	-	5	\$ 0	-	\$ -
B - PolicyHolder Claims	272	113	133	9,894,671	-	-
C - Federal Government	-	-	-	-	-	-
D- Employees	-	-	-	-	-	-
E - General Credit/UEP	497	484	995	2,911,695	-	-
F- State/Local Government	(3)	4	16	8,105,953	-	-
G- Late Filed/Subrogation	46	9	1	0	-	-
H - Surplus, Prem. Refunds	-	-	-	-	-	-
I- Shareholders/Other Owners	-	-	-	-	-	-
No Class	-	-	-	-	-	-
TOTALS	819	610	1,150	\$ 20,912,318	-	\$ -

*Negative amounts represent reclassifications.

**NODs filed with the court semiannually for approval.

EXHIBIT
K

Legion Insurance Company (In Liquidation)
 Notice of Determination Objection Statistics
 Inception to Date March 31, 2009

Class Descriptions	Total # NOD Objections Received	Allowed Amounts on Objections	# of Objections Resolved	Allowed Amounts on Objections Resolved
A - Administrative Expenses	7	\$ 0	7	\$ 0
B - PolicyHolder Claims	263	1,611,236	205	1,580,245
C - Federal Government	-	-	-	-
D- Employees	-	-	-	-
E - General Credit/UEP	446	14,024,893	359	557,601
F- State/Local Government	2	11,971	2	11,971
G- Late Filed/Subrogation	14	410,351	12	208,221
H - Surplus, Prem. Refunds	-	-	-	-
I- Shareholders/Other Owners	-	-	-	-
TOTALS	732	\$ 16,058,451	585	\$ 2,338,037

Class Descriptions	Total Objections Unresolved	Allowed Amounts on Objections Unresolved	# of Objections Unresolved Assigned to Referees	Allowed Amounts on Objections Unresolved Assigned to Referees	# of Objections Unresolved Not Assigned to Referees	Allowed Amounts on Objections Unresolved Not Assigned to Referees
A - Administrative Expenses	0	\$ 0	0	\$ 0	0	\$ 0
B - PolicyHolder Claims	58	50,991	4	0	54	50,991
C - Federal Government	-	-	-	-	-	-
D- Employees	-	-	-	-	-	-
E - General Credit/UEP	87	13,467,292	8	13,060,312	79	406,980
F- State/Local Government	-	-	-	-	-	-
G- Late Filed/Subrogation	2	202,130	-	-	2	202,130
H - Surplus, Prem. Refunds	-	-	-	-	-	-
I- Shareholders/Other Owners	-	-	-	-	-	-
TOTALS	147	\$ 13,720,414	12	\$ 13,060,312	135	\$ 660,101