

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re:	:	
LEGION INSURANCE COMPANY	:	No. 1 LEG 2002
(In Liquidation)	:	
	:	
And	:	
	:	
GGIS INSURANCE SERVICES, INC.,	:	
t/a GUARDIAN GENERAL INSURANCE	:	
SERVICES, INC.,	:	
	:	2 LEG 2014
Objector	:	(Ancillary to In Re Legion
v.	:	In Liquidation), No. 1 LEG 2002
	:	Re: Proof of Claim No. 1386445-1
LEGION INSURANCE COMPANY	:	
(In Liquidation),	:	
	:	
Respondent	:	
And	:	
	:	
GUARDIAN CLAIMS SERVICES, INC.,	:	
	:	1 LEG 2012
Objector	:	(Ancillary to In Re Legion
v.	:	In Liquidation), No. 1 LEG 2002
	:	Re: Proof of Claim No. 633377-1
LEGION INSURANCE COMPANY	:	
(In Liquidation),	:	
	:	
Respondent	:	

**APPLICATION FOR APPROVAL OF SETTLEMENT AND RELEASE AGREEMENT
BETWEEN THE LIQUIDATOR AND GGIS INSURANCE SERVICES, INC., AND
GUARDIAN CLAIMS SERVICES LLC AND LINCOLN GENERAL INSURANCE
COMPANY (IN LIQUIDATION) AND OF REPORT AND RECOMMENDATIONS
ON LEGION CLAIMS RESOLVED AS OF SEPTEMBER 10, 2018**

Applicant Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as the Statutory Liquidator ("Liquidator") of Legion

Insurance Company (In Liquidation) (“Legion”), respectfully requests that this Court enter an Order approving the Settlement and Release Agreement (“Settlement Agreement”) between Legion, Villanova Insurance Company (In Liquidation) (“Villanova”), GGIS Insurance Services, Inc. (“GGIS”), Guardian Claims Services (“GCS”), and Lincoln General Insurance Company (In Liquidation) (“Lincoln General”), and approving her Report and Recommendations on Legion Claims Resolved as of September 10, 2018 (the “Report” as more fully described below). In support of the Application, the Liquidator avers the following:

1. On July 25, 2003, this Court found Legion insolvent and appointed the Commissioner as Liquidator of Legion pursuant to Article V of the Insurance Department Act of 1921, 40 P.S. §§ 221.1 – 221.63 (hereinafter, the “Act”).

2. The Act confers broad powers on the Liquidator to evaluate and resolve claims filed against the estate.

3. Prior to receivership, GGIS and GCS provided certain insurance policy services and claims services (the “Services”) to Legion and Villanova related to a program of insurance written in the State of California.

4. GGIS and GCS filed proofs of claim numbers 1386445 (the “GGIS Claim”) and 633377 (the “GCS Claim”), respectively, covering their claims against both the Legion and Villanova estates.

5. Legion and Villanova issued notices of determination (“NODs”) with respect to those claims. GGIS and GCS filed objections to the NODs.

6. After presentation of evidence by both sides, referees in both matters issued Reports and Recommendations to the Court recommending that the valuations by the Liquidator be affirmed. GGIS and GCS filed exceptions to those Reports and Recommendations.

7. Legion believes that it is in its best interest to settle GGIS' and GCS' claims, to avoid the time and expense of further litigation.

8. Accordingly, Legion and Villanova have negotiated the Settlement Agreement with GGIS and GCS, and Lincoln General Insurance Company (In Liquidation), which is attached as Exhibit A to this Application.

9. As part of the Settlement Agreement, Legion and Villanova agreed to take on the responsibility of paying claims made against GGIS by Lincoln General pursuant to a judgment entered in the Federal District Court of the Middle District of Pennsylvania (Civil Action No. 1:10-CV-1000) and later transferred to the Federal District Court for the Central District of California (Civil Action No 11-CV-6043).

10. Pursuant to the Settlement Agreement, Legion will pay \$871,875 and Villanova will pay \$290,625 to GGIS and \$65,625 and \$21,875, respectively, to GGIS's counsel, and Legion will pay \$862,500 and Villanova will pay \$287,500 to Lincoln General as assignee of GGIS. GGIS and GCS will withdraw their exceptions to the referee's Reports and Recommendations.

11. Pursuant to the Settlement Agreement, Legion, Villanova, GGIS and GCS will release each other from liability arising out of, or in connection with the services provided by GGIS and GCS to Legion and Villanova, and the Guardian Entities and Acunto will release Lincoln General from liability arising out of, or in connection with, the Assignment Order entered by the Federal District Court in California in Civil Action No 11-CV-6043.

12. Legion entered into this Settlement Agreement in reliance on its independent investigation and analysis of all the current circumstances and the risks of continued litigation.

13. The Liquidator believes that the Settlement Agreement is in the best interest of Legion's claimants, creditors and the public generally.

14. Particularly, the Liquidator believes that Legion's and Villanova's payments to GGIS and Lincoln General are reasonable and adequate consideration for the settlement of GGIS and GCS's claimed obligations after balancing the benefits and risks to the estate of continued litigation. In the event the Court does not grant the approval sought in this Application, the Settlement Agreement will become null and void.

15. The Liquidator believes that the agreed settlement payment is reasonable given the potential costs of further litigation, the potential additional administrative costs of keeping the estate open while these claims were being litigated, and the uncertainty of the results of the litigation. The Liquidator also believes that this Settlement Agreement will expedite the timely and orderly completion of the liquidation of Legion's estate for the ultimate benefit of the policyholders and creditors.

16. Robert E. Haberle, Chief Liquidation Officer at Legion, is responsible for the management of the liquidation of the estates, including the resolution of the matters pursuant to the Settlement Agreement. As set forth in his Affidavit (attached as Exhibit B), Mr. Haberle has certified that the settlement with GGIS and GCS constitutes a fair and reasonable valuation of the proofs of claims of GGIS and GCS, considering the potential administrative and legal costs of continuing the litigation.

17. Thus, based on the terms of the Settlement Agreement and the evaluation of the transaction by the Liquidator, her staff, and Legion staff members familiar with the company's dealings with GGIS and GCS, the Liquidator has determined that the Settlement Agreement is a fair and reasonable settlement of Legion's and GGIS's and GCS's claims against each other. The Act authorizes the Liquidator to take such actions as she deems "necessary or expedient to . . . conserve or protect [the insolvent insurer's] assets or property[.]" including the power to

“compromise” claims involving assets of the insolvent insurer to accomplish or aid in achieving the purposes of liquidation. See 40 P.S. § 221.23(6), (9), and (23).

18. The Liquidator further believes that the Settlement Agreement will help her in achieving the objectives of liquidation under the Act, 40 P.S. §§ 221.1 – 221.63. The Settlement Agreement will assist the Liquidator in expediting the closure of the estate and minimize any unavoidable additional administrative expense to the detriment of all creditors. See 40 P.S. § 221.1(c).

19. GGIS, GCS and Lincoln General agree to the Settlement Agreement as evidenced by their execution of the Settlement Agreement and concur in requesting the Court’s approval of this Application.

REPORT AND RECOMMENDATION ON LEGION CLAIMS
RESOLVED AS OF SEPTEMBER 10, 2018

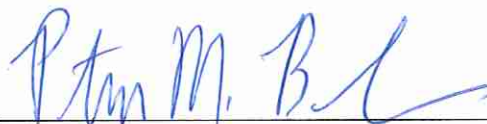
20. Since the claims filed by GGIS and GCS are the last open claims in the Legion estate, the Liquidator also requests the Court’s approval of the Report attached hereto as Exhibit C, pursuant to 40 P.S. § 221.45(a) and Pa. R.A.P. 3784(a), should the Court approve the Settlement Agreement.

21. The two claims of GGIS and GCS that are the subject of the Report are claims that were “determined after settlement of an objection”, and thus are Resolved Claims. Should the Court approve the Settlement Agreement, the Settlement Sum must be paid within ten (10) business days following approval, and therefore these claims will not receive a distribution when Legion makes its final distribution of assets. Accordingly, for administrative ease, the Report reflects the original “Amount Allowed” for these claims so that the system that executes the final distribution does not inadvertently pay these claims twice, while the column entitled “Claims Particulars” notes that these two claims were resolved per the Settlement Agreement.

22. Given the discretion afforded the Liquidator pursuant to 40 P.S. § 221.45(a) to “comport, compromise, or in any other manner negotiate the amount for which claims will be recommended to the court”, the Liquidator believes that the settlement of these two claims is appropriate, fair and equitable and consistent with the relevant provisions of the Act.

WHEREFORE, the Liquidator respectfully requests that the Court grant her Application and approve the Settlement Agreement attached as Exhibit A and approve the Report attached as Exhibit C, and enter an Order in the form attached hereto, and grant such other relief as the Court shall determine appropriate and just.

Respectfully submitted,



Preston M. Buckman (I.D. No. 57570)
Insurance Department Counsel
Governor's Office of General Counsel
Office of Liquidations, Rehabilitations
and Special Funds
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Counsel for Jessica K. Altman, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her official capacity as
Statutory Liquidator of Legion Insurance
Company (In Liquidation)

Dated: _____

9/20/18

EXHIBIT A

SETTLEMENT AND RELEASE AGREEMENT

THE SETTLEMENT AGREEMENT AND RELEASE (this "Agreement") is made between and among GGIS Insurance Services, Inc., t/a Guardian General Insurance Services, Inc., a California corporation ("GGIS"); Guardian Claims Services, LLC., a California limited liability company ("GCS"), Richard J. Acunto ("Acunto") (collectively the "Guardian Entities") and Lincoln General Insurance Company (In Liquidation) ("Lincoln General") and Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, acting solely in her capacity as Statutory Liquidator ("Liquidator") of Legion Insurance Company (In Liquidation) ("Legion") and Villanova Insurance Company (In Liquidation) ("Villanova") (collectively the "Releasees"). GGIS, GCS, Acunto, Lincoln General and the Liquidator are at times collectively referred to below as the "Parties" and individually as a "Party." This Agreement shall be effective as of the latest date on which it is fully executed by all Parties.

RECITALS

WHEREAS, GGIS and GCS provided certain insurance policy services and claims services (the "Services") to Legion and Villanova related to a program of insurance written in the State of California; and

WHEREAS, Legion and Villanova were placed into Rehabilitation proceedings by an Order of the Commonwealth Court of Pennsylvania (the "Court") effective April 1, 2002, and into Liquidation proceedings by an Order of the Court effective July 28, 2003; and

WHEREAS, GGIS and GCS filed proofs of claim numbers 1386445 (the "GGIS Claim") and 633377 (the "GCS Claim"), respectively, covering their claims against both the Legion and Villanova estates; and

WHEREAS, Legion and Villanova issued notices of determination ("NOD") with respect to the GCS Claim. Legion issued NOD #633377-1 and Villanova issued NOD #633377-2 to GCS. Both NODs valued the GCS claim as a priority level "e" claim (general creditor) under Pennsylvania law, but did not assign a value, noting that it was unlikely that claims of that priority level would be paid by the Estate; and

WHEREAS, Legion and Villanova also issued NODs with respect to the GGIS Claim. Legion issued NOD #1386445-1 and Villanova issued NOD #1386445-2 with respect to the GGIS Claim. Both NODs valued the GGIS Claim as a priority level "a" claim ("administrative expenses"), with a value of \$0.00; and

WHEREAS, GGIS and GCS filed objections to the Legion and Villanova NODs, and the objections were heard by referees appointed by the Court; and

WHEREAS, the referees assigned in the GCS and GGIS objections both upheld the valuations and classifications set forth in the Legion and Villanova NODs in Reports and Recommendations submitted to the Court; and

WHEREAS, GCS and GGIS filed exceptions to the recommendations of the referees under docket numbers 1 LEG 2012 and 1 VIL 2012 (the "GCS Exceptions") and 2 LEG 2014 and 1 VIL 2014 (the "GGIS Exceptions"), respectively, which are pending before the Court for determination; and

WHEREAS, by way of background, one or more of the Guardian Entities also submitted proof of claim numbers 1386437, 1386439, 1386441, and 1386443; and

WHEREAS, NODs were issued for POC numbers 1386437, 1386439, 1386441 and 1386443, each of which valued the respective claim at prior level “e” claim, valued at \$0.00. The Guardian Entities filed no objections to these NODs, and these NODs are not matters before the Court; and

WHEREAS, on May 11, 2011, prior to entry of the Liquidation Order for Lincoln General Insurance Company, a judgment was entered in favor of Lincoln General Insurance Company and against GGIS and Mr. Acunto in the amount of \$2,087,327.97, inclusive of \$98,410.54 in interest and costs of \$18,291.29, in the United States District Court for the Middle District of Pennsylvania (No. 10-CV-932). Neither Mr. Acunto nor GGIS appealed from that judgment, rendering the judgment final; and

WHEREAS, on June 24, 2011, Lincoln General Insurance Company transferred the judgment entered in and certified by the Middle District of Pennsylvania to the United States District Court for the Central District of California (No. CV 11-6043-RSWL-JEM) (the “California Court”); and

WHEREAS, on November 1, 2012, the California Court entered an Assignment Order “directing that [GGIS’ and Mr. Acunto’s] right to payments...from...[GGIS’] affiliates and clients be assigned from [GGIS] to [Lincoln General Insurance Company] to the extent necessary to pay and satisfy the judgment in [that] matter;” and

WHEREAS, on November 5, 2015, Lincoln General Insurance Company was placed into liquidation by Order of the Commonwealth Court of Pennsylvania; and

WHEREAS, Lincoln General Insurance Company put Legion and Villanova on notice of the judgment and Assignment Order in 2013, and has asserted its rights under that Assignment Order to the proceeds of any recovery – including any settlement proceeds between Legion and GGIS; and

WHEREAS, since being placed in liquidation, Lincoln General has reasserted its rights under that assignment to the proceeds of any recovery – including any settlement proceeds between Legion and GGIS; and

WHEREAS, Legion, Villanova and the Guardian Entities believe they have each acted properly and in accordance with applicable law and in good faith, but wish to avoid the risk, expense and burden of further dispute proceedings in connection with the GGIS and GCS Claims; and

WHEREAS, without admitting any liability by Legion and Villanova, the Parties have agreed to settle all disputes, claims, losses and liabilities between and among them in connection with the GGIS and GCS Claims pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, in order to accommodate the competing rights of the Parties to the Settlement Sum set forth in paragraph 1, the Parties agree to the distribution of the proceeds as set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and promises contained herein and intending to be legally bound hereby, the Parties agree as follows:

1. The Settlement Sum. The total amount of the settlement in this Agreement is Two Million, Four Hundred Thousand Dollars (\$2,400,000) (the “Settlement Sum”).

2. Each of the Parties agrees to the distribution of the Settlement Sum set forth in paragraph 1 as follows:

3. Payment to GGIS: The Parties agree that a total of \$1,162,500 shall be paid to GGIS from the Settlement Sum. Legion will pay to GGIS the sum of Eight Hundred Seventy One Thousand, Eight Hundred and Seventy Five Dollars (\$871,875) and Villanova will pay to GGIS the sum of Two Hundred Ninety Thousand, Six Hundred and Twenty Five Dollars (\$290,625) within ten (10) business days of the Court's approval of this Agreement.

4. Payment to David Gradwohl, as Attorney for the Guardian Entities: As a courtesy and for the sole purpose of facilitating the payment of GGIS's attorneys' fees and costs, the Parties agree that a total of \$87,500 of the Settlement Sum shall be paid to David Gradwohl, as attorney for the Guardian Entities. Legion will pay the sum of Sixty Five Thousand, Six Hundred and Twenty Five Dollars (\$65,625) to David Gradwohl, and Villanova will pay the sum of Twenty One Eight Hundred Seventy Five Dollars (\$21,875) to David Gradwohl within ten (10) business days of the Court's approval of this Agreement. The payment shall be made by check payable only to David Gradwohl and represents full payment of all attorneys' fees and costs due to David Gradwohl for his representation of the Guardian Entities. Legion and Villanova will issue a Tax Form 1099 to David Gradwohl.

5. Payment to Lincoln General: Because the Assignment Order assigned GGIS's right to payment of funds to Lincoln General, the Parties agree that a total of \$1,150,000 of the Settlement Sum shall be paid to Lincoln General. Legion agrees to pay the amount of Eight Hundred Sixty Two Thousand Five Hundred Dollars (\$862,500) to Lincoln General and Villanova agrees to pay Two Hundred Eighty Seven Thousand Five Hundred Dollars, (\$287,500) to Lincoln General within ten (10) business days of the Court's approval of this Agreement.

6. Withdrawal of Objections. GGIS and GCS agree to withdraw the GGIS Exceptions and the GCS Exceptions by filing a praecipe with the Court within five (5) business days after the payment of the funds set forth in paragraphs 1-5, and withdraw any other objections to NODs filed by the Guardian Entities.

7. Attorneys' Fees. The Parties agree that costs and attorneys' fees relating to any litigation between the parties and each of the POCs shall be borne by the Party respectively incurring such costs or fees. The Guardian Entities are responsible for payment of their own attorneys' fees and costs, but as a courtesy to facilitate the Settlement and as set forth in paragraph 4, Legion and Villanova will withhold from the Settlement Sum and pay over to David Gradwohl directly the total sum of \$87,500 in attorneys' fees and costs.

8. Cooperation. The Parties agree to work reasonably and in good faith to effectuate this Agreement.

9. Releases of Legion and Villanova. Except for the obligations set forth in this Agreement, the Guardian Entities, Acunto, and Lincoln General, individually and collectively, forever release and discharge the Releasees, the Liquidator, on behalf of Legion and Villanova, her staff, all of the successors and assigns of both Legion and Villanova, and their respective officers, employees, agents and attorneys from any and all actions, causes of action, claims, suits, demands, debts, accounts, promises, warranties, agreements, obligations, costs or expenses whatsoever, whether in law or in equity, contract or tort, known or unknown, contingent or fixed, matured or unmatured, asserted or unasserted, that they ever had, now have or hereafter may have, including without limitation all claims arising out of any and all of the proofs of claim identified, all claims relating thereto and the Assignment Order entered by the California Court.

10. Release of GGIS. Except for the obligations set forth in this Agreement, Lincoln General, Legion and Villanova do forever release and discharge GGIS, its officers, directors,

employees, agents and attorneys from any and all actions, causes of action, claims, suits, demands, debts, accounts, promises, warranties, agreements, obligations, costs or expenses whatsoever, whether in law or in equity, contract or tort, known or unknown, contingent or fixed, matured or unmature, asserted or unasserted, that they ever had, now have or hereafter may have, including without limitation all claims arising out of the matters at issue in the arbitration and litigation between GGIS and Lincoln General, and GGIS and Legion and Villanova, and the Assignment Order entered by the California Court.

11. Release of Lincoln General. Except for the obligations set forth in this Agreement, the Guardian Entities and Acunto, individually and collectively, forever release and discharge Lincoln General and Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, acting solely in her capacity as Statutory Liquidator of Lincoln General Insurance Company, her staff, all of the successors and assigns of Lincoln General, and their respective officers, employees, agents and attorneys from any and all actions, causes of action, claims, suits, demands, debts, accounts, promises, warranties, agreements, obligations, costs or expenses whatsoever, whether in law or in equity, contract or tort, known or unknown, contingent or fixed, matured or unmatured, asserted or unasserted, that they ever had, now have or hereafter may have, including without limitation all claims arising out of the Assignment Order entered by the California Court.

12. Representations and Warranties.

(a) The Parties represent and warrant that with the exception of the current disputes, they are aware of no other actions or proceedings actually commenced or anticipated against Legion, Villanova and/or the Liquidator relating to or arising out of any of the matters addressed in this Settlement Agreement.

(b) The Parties further represent and warrant that:

(i) They have not made any promise, representation or warranty, express or implied, not contained in this Settlement Agreement concerning the subject matter of this Settlement Agreement and the Parties acknowledge that they have not executed this Settlement Agreement in reliance upon any such promise, representation or warranty not contained in this Settlement Agreement; and

(ii) They have not assigned any disputed claim to any other entity; and

(iii) Each of the signatories for the Parties further represents that he or she is fully authorized to enter into and execute this Settlement Agreement on behalf of such entity and that such entity or such individuals has (or have) duly authorized him or her to sign on their behalf, as reflected on the attached signature page(s).

13. Reading of the Settlement Agreement. Each Party has carefully read this Settlement Agreement, was assisted by their respective counsel, understands its meaning and consequences, and signs the same of its own free will.

14. Preparation of the Settlement Agreement and Construction. Each Party has cooperated in the drafting and preparation of this Settlement Agreement. Therefore, in any construction to be made of this Settlement Agreement, the Settlement Agreement shall not be construed against any Party.

15. Entire Agreement. This Agreement constitutes the entire agreement between the Parties, and supersedes all prior agreements and understandings among the Parties, whether oral or written, with respect to the subject matter described herein. No change or modification of this

Agreement shall be valid unless contained in a writing signed by each of the Parties or ordered by the Court. This paragraph cannot be orally modified

16. Provisions Severable. If any non-material provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws, such provision shall be severable. In such event, this Agreement shall be construed and enforced to the same extent as if the severable provision had never comprised a part of this Agreement, and all remaining provisions of the Agreement shall remain in full force and effect and unaffected by the severance of illegal, invalid or unenforceable provisions, unless the effect of the severance shall conclusively make continued performance of the Agreement impossible.

17. Pennsylvania Law. If any dispute should arise between the Parties regarding this Agreement, such dispute shall be referred to the exclusive jurisdiction of the Court, and the governing law shall be the law of Pennsylvania, without regard to principles of conflicts of laws.

18. Binding on Successors. This Agreement shall inure to the benefit of and be binding upon the Parties and their respective subsidiaries, successors, assigns, trustees, liquidators, directors, officers, members, employees, current and former spouses, heirs, executors, agents, insureds and attorneys. Except as expressly set forth in this Agreement, nothing in this Agreement is intended to confer any rights, remedies, obligations or liabilities on any other person or entity.

19. No Admission of Liability. By entering into this Agreement, none of the Parties specifically admits or denies any liability or obligation with respect to the subject matter hereof. It is understood that any payment or other action taken pursuant to this Agreement shall not be deemed an admission of liability on the part of any Party.

20. The Parties acknowledge that they have not entered this Agreement in reliance upon any statement or representation or consideration except as set forth in this Agreement. Each of the Parties acknowledge that its representatives and attorneys have participated in the preparation of this Agreement, and agrees that the terms of this Agreement shall be construed in the context of its purpose and according to its fair meaning, without any presumption that the wording should be construed for or against any Party.

21. This Agreement may be executed in counterparts which will have the same effect as if the Parties signed the original document. It is stipulated and agreed that a facsimile copy of the executed Agreement shall, for all purposes, be deemed as if it were an original.

22. This Agreement is subject to approval by the Court, which has jurisdiction over the Liquidation of Legion and Villanova. Upon execution by all parties hereto, Legion and Villanova shall each promptly make application to the Court to secure said approval. In the event the Court does not approve this Agreement, then upon such notice of disapproval, Legion and Villanova shall notify the Guardian Entities and Lincoln General, and this Agreement will become null and void and have no further force or effect.

23. Any notice or other communication hereunder by one party to another shall be in writing and shall be deemed to have been validly given upon mailing if by first class mail, submission to the carrier if by overnight delivery, or immediately if by email to the addressees as follows:

If to any of the Guardian Entities:

Richard J. Acunto
13534 Bali Way
Marina Del Ray, CA 90292

With a copy to: Gradwohl Law Firm
Attn: David Gradwohl, Esquire
PO Box 4671
Philadelphia, PA 19127-0671

Email: davidgradwohl@ymail.com

If to Legion
and Villanova: LEGION INSURANCE COMPANY (In Liquidation)
Attn: Andrew S. Walsh
3 Logan Square, Suite 3630
1717 Arch Street
Philadelphia, PA 19103

Email: awalsh@legioninsurance.com

and

Amy Weber, Esquire
Department Counsel
Governor's Office of General Counsel
Office of Liquidations, Rehabilitations and Special Funds
901 North 7th Street
Harrisburg, PA 17102

Email: aweber@pa.gov

and

Charlotte Thomas, Esq.
Duane Morris LLP
30 South 17th Street
Philadelphia, PA 19103-4196

Email: cthomas@duanemorris.com

If to Lincoln General: John Lucian, Esq.
Blank Rome

One Logan Square
130 North 18th Street
Philadelphia, PA 19103

Email: lucian@blankrome.com

And

Preston Buckman
Department Counsel
Governor's Office of General Counsel
Office of Liquidations, Rehabilitations and Special Funds
901 North 7th Street
Harrisburg, PA 17102

Email: pbuckman@pa.gov

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement as of the date set forth below.

LEGION INSURANCE COMPANY,
(IN LIQUIDATION) and VILLANOVA
INSURANCE COMPANY (IN LIQUIDATION)

GGIS INSURANCE SERVICES, INC.

BY: Bruce M Daley

Bruce Daley, Chief
Takeover Management Division

On behalf of Jessica K. Altman,
Insurance Commissioner of the
Commonwealth of Pennsylvania
in her official capacity as Statutory
Liquidator of Legion Insurance Company and
Villanova Insurance Company

Date: 9/7/18

LINCOLN GENERAL INSURANCE
COMPANY (IN LIQUIDATION)

BY: _____

Dennis Haag, Division Chief

On behalf of Jessica K. Altman,
Insurance Commissioner of the
Commonwealth of Pennsylvania
in her official capacity as Statutory
Liquidator of Lincoln General Insurance
Company

Date: _____

BY: _____

Richard J. Acunto, President

Date: _____

GUARDIAN CLAIMS SERVICES LLC

BY: _____

Richard J. Acunto, President

Date: _____

Richard J. Acunto, Individually

Date: _____

IN WITNESS WHEREOF, the Parties, by their duly authorized representatives, have executed this Agreement as of the date set forth below.

LEGION INSURANCE COMPANY, GGIS INSURANCE SERVICES, INC.
(IN LIQUIDATION) and VILLANOVA
INSURANCE COMPANY (IN LIQUIDATION)

BY: _____

Bruce Daley, Chief
Takeover Management Division

On behalf of Jessica K. Altman,
Insurance Commissioner of the
Commonwealth of Pennsylvania
in her official capacity as Statutory
Liquidator of Legion Insurance Company and
Villanova Insurance Company

Date: _____

LINCOLN GENERAL INSURANCE
COMPANY (IN LIQUIDATION)

BY: _____

Dennis Haag, Division Chief

On behalf of Jessica K. Altman,
Insurance Commissioner of the
Commonwealth of Pennsylvania
in her official capacity as Statutory
Liquidator of Lincoln General Insurance
Company

Date: 9/7/18

BY: _____

Richard J. Acunto, President

Date: _____

GUARDIAN CLAIMS SERVICES LLC

BY: _____

Richard J. Acunto, President

Date: _____

Richard J. Acunto, Individually

Date: _____

LEGION INSURANCE COMPANY,
(IN LIQUIDATION) and VILLANOVA
INSURANCE COMPANY (IN LIQUIDATION)

BY: _____
Bruce Daley, Chief
Takeover Management Division
On behalf of Jessica K. Altman,
Insurance Commissioner of the
Commonwealth of Pennsylvania
in her official capacity as Statutory
Liquidator of Legion Insurance Company and
Villanova Insurance Company

Date: _____

LINCOLN GENERAL INSURANCE
COMPANY (IN LIQUIDATION)

BY: _____

Dennis Haag, Division Chief

On behalf of Jessica K. Altman,
Insurance Commissioner of the
Commonwealth of Pennsylvania
in her official capacity as Statutory
Liquidator of Lincoln General Insurance
Company

Date: _____

GGIS INSURANCE SERVICES, INC.

BY: _____

Richard J. Acunio, President

Date: 9/7/2018

GUARDIAN CLAIMS SERVICES LLC

BY: _____

Richard J. Acunio, President

Date: 9/7/2018

Richard J. Acunio, Individually

Date: 9/7/2018

EXHIBIT B

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Legion Insurance Company :
(In Liquidation) : No. 1 LEG 2002

**AFFIDAVIT OF ROBERT E. HABERLE IN SUPPORT
OF THE LIQUIDATOR'S APPLICATION FOR APPROVAL OF SETTLEMENT
AND RELEASE AGREEMENT BETWEEN THE LIQUIDATOR AND GGIS
INSURANCE SERVICES, INC. and GUARDIAN CLAIMS SERVICES LLC and
LINCOLN GENERAL INSURANCE COMPANY (IN LIQUIDATION) and OF
REPORT AND RECOMMENDATIONS ON LEGION CLAIMS RESOLVED AS
OF SEPTEMBER 10, 2018**

I, **ROBERT E. HABERLE**, 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 Liquidator's Application for Approval of Settlement and Release Agreement between the Liquidator and GGIS Insurance Services, Inc. and Guardian Claims Services LLC and Lincoln General Insurance Company (In Liquidation) and of the Report And Recommendations on Legion Claims Resolved As Of September 10, 2018.

3. Based on my review of the Settlement Agreement and the Notices of Determination issued by the Estates, my personal knowledge and business experience, and having considered information that I believe necessary to assess the valuation of the settlement payment agreed to in the Settlement and Release Agreement and the Notices

of Determination issued by the Estates, I certify that, pursuant to the provisions of the Act, the amounts paid pursuant to the Settlement Agreement and the allowed amounts set forth in Exhibit A to the Application constitute fair and reasonable valuations of the proofs of claim of GGIS Insurance Services, Inc. and Guardian Claims Services LLC, considering the potential administrative and legal costs of continuing the litigation.

5. My certification is made in reasonable reliance on the work of qualified staff and the Estates' internal procedures for financial operations and claims valuations.

6. 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.


ROBERT E. HABERLE

Sworn to and subscribed before me
this 10th day of September, 2018.


NOTARY PUBLIC

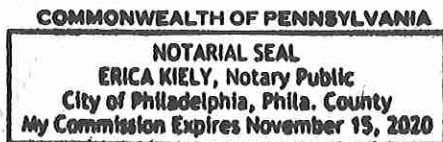


EXHIBIT C

Legion Company (in Liquidation) Resolved Claims Report for 6/1/2018 to 9/10/2018
As of 9/11/2018 at 11:43 AM

Total Number of Resolved Claims	Total Amount Claimed	Total Amount Allowed	Total Change/Difference
2	\$6,999,484.15	\$0.00	\$6,999,484.15

Reference Number: 4f0c2b24-dc67-41df-a670-118bfc92e562

1 = Withdrawn

2 = Settlement

Legion Company (in Liquidation) Resolved Claims Report for 6/1/2018 to 9/10/2018
As of 9/11/2018 at 11:43 AM

Claimant	Address	POC Number	Date POC Filed	Claim Number	Class	NOD Number	Amount Claimed	Amount Allowed	Claim Particulars	Docket #	Final Resolution
Guardian General Insurance Services, Inc.	Guardian General Insurance Services, Inc. c/o David A. Gradwohl, Esquire Gradwohl Law PO Box 4671 Philadelphia, PA 19127	1386445	6/30/2005		A	1386445-1	\$6,494,176.00	\$0.00	You submitted your Proof of Claim with a combined claim and combined value for "administrative fees" against both Legion Insurance Company - In Liquidation ("Legion") and Villanova Insurance Company - In Liquidation ("Villanova"). Since you provided one combined valuation for your claims against both Legion and Villanova, the Liquidator has analyzed the value of your claims against Legion and Villanova as a combined total but issued separate Notices of Determination with no value being allowed for your claims as you have already received through the funds you retained from collected Legion and Villanova premium an amount in excess of the amount determined to be the reasonable value of your services.	2LEG2014	2
<p>In accordance with the Commonwealth Court of Pennsylvania's Order and Opinion dated September 14, 2010, Legion and Villanova have undertaken an extensive "valuation" of the services rendered" by you and determined that \$3,182,565.89 (the "Valuation") is a fair and reasonable amount to compensate you for all services you provided to both Legion and Villanova after March 28, 2002.</p>											

Legion Company (in Liquidation) Resolved Claims Report for 6/1/2018 to 9/10/2018
As of 9/11/2018 at 11:43 AM

Claimant	Address	POC Number	Date POC Filed	Claim Number	Class	NOD Number	Amount Claimed	Amount Allowed	Claim Particulars	Docket #	Final Resolution
Guardian Claim Services, LLC	Guardian Claim Services, LLC 600 North Brand Blvd Glendale, CA 91203	633377	3/22/2004	E	633377-1		\$505,308.15	Class Only	This value is based on the evaluation performed and report prepared by our outside consultant PricewaterhouseCoopers LLP, a copy of which is attached hereto. Since you have already withheld and retained in excess of \$6,000,000, you have therefore received far in excess of the Valuation. Hence, based upon the Valuation, and other reasons, including, but no limited to, those reasons set forth in NOD #1386437-1 and NOD #1386437-2, you have been over-compensated and no additional amounts are due you.	11EG2012	1
[Claimant disputed Legion's determination and matter was resolved per the SETTLEMENT AND RELEASE AGREEMENT executed 9/7/18]											
This Notice of Determination relates to your claim for Pre-rehabilitation vendor bills											
[Claimant disputed Legion's determination and matter was resolved per the SETTLEMENT AND RELEASE AGREEMENT executed 9/7/18]											

CERTIFICATION OF COMPLIANCE
WITH PUBLIC ACCESS POLICY

I certify that this filing complies with the provisions of the Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.



Preston M. Buckman (I.D. No. 57570)
Insurance Department Counsel
Governor's Office of General Counsel
Office of Liquidations, Rehabilitations
and Special Funds
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Counsel for Jessica K. Altman, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her official capacity as Statutory
Liquidator of Legion Insurance Company (In
Liquidation)

Dated: 9/20/18

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re:	:	
LEGION INSURANCE COMPANY	:	No. 1 LEG 2002
(In Liquidation)	:	
	:	
And	:	
	:	
GGIS INSURANCE SERVICES, INC.,	:	
t/a GUARDIAN GENERAL INSURANCE	:	
SERVICES, INC.,	:	
	:	2 LEG 2014
Objector	:	(Ancillary to In Re Legion
v.	:	In Liquidation), No. 1 LEG 2002
	:	Re: Proof of Claim No. 1386445-1
LEGION INSURANCE COMPANY	:	
(In Liquidation),	:	
	:	
Respondent	:	
And	:	
	:	
GUARDIAN CLAIMS SERVICES, INC.,	:	
	:	1 LEG 2012
Objector	:	(Ancillary to In Re Legion
v.	:	In Liquidation), No. 1 LEG 2002
	:	Re: Proof of Claim No. 633377-1
LEGION INSURANCE COMPANY	:	
(In Liquidation),	:	
	:	
Respondent	:	

ORDER

AND NOW, this ____ day of _____, 2018, upon consideration of the Application for Approval of the Settlement and Release Agreement by and between Legion Insurance Company (In Liquidation) ("Legion"), Villanova Insurance Company (In Liquidation) ("Villanova"), GGIS Insurance Services, Inc. t/a Guardian General Insurance Services, Guardian

Claims Services, Inc. and Lincoln General Insurance Company (In Liquidation) (“Lincoln General”), and of the Report and Recommendations on Legion Claims Resolved as of September 10, 2018, filed by Jessica K. Altman, Insurance Commissioner, in her official capacity as Statutory Liquidator of Legion and Villanova (the “Liquidator”), in which application GGIS, GCS and Lincoln General concur, the Application is GRANTED and it is hereby ORDERED as follows:

1. The Settlement and Release Agreement is APPROVED.
2. The Report and Recommendations on Legion Insurance Company Claims Resolved as of September 10, 2018 is APPROVED.

BY THE COURT:

MARY HANNAH LEAVITT, President Judge