



COMMONWEALTH OF PENNSYLVANIA  
INSURANCE DEPARTMENT  
Office of Chief Counsel  
Capitol Associates Building  
901 North 7<sup>th</sup> Street  
Harrisburg, PA 17102

Governor's Office  
of General Counsel

Phone (717) 787-6009  
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May 5, 2008

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

RE: Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania v. Villanova Insurance Company,  
No. 182 M.D. 2002

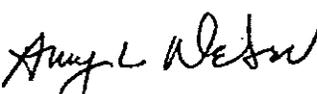
Dear Mr. Krimmel:

Enclosed for filing please find the original and two hard copies of the Liquidator's Submission of 2008 Budget and Petition for Approval of Administrative Expenses Paid for the Period July 1, 2006 through December 31, 2007.

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

Thank you for your courtesies in filing the documents.

Very truly yours,

  
Amy L. Weber  
Special Funds Counsel

ALW:mm  
Enclosure



IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

Plaintiff,

v.

Villanova Insurance Company

Defendant.

No. 182 M.D. 2002

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COMMONWEALTH COURT  
OF PENNSYLVANIA  
-5 MAY 2008 13 11

**LIQUIDATOR'S SUBMISSION OF 2008 BUDGET AND PETITION FOR  
APPROVAL OF ADMINISTRATIVE EXPENSES PAID FOR  
THE PERIOD JULY 1, 2006 THROUGH DECEMBER 31, 2007**

Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner"), in his official capacity as Statutory Liquidator ("Liquidator") for Villanova Insurance Company ("Villanova"), by and through his counsel, respectfully submits his 2008 Budget pursuant to this Court's Order dated January 8, 2004 and his Petition for Approval of Administrative Expenses Paid for the Period July 1, 2006 through December 31, 2007.

**SUBMISSION OF 2008 BUDGET**

1. On January 8, 2004, the Court entered an Order requiring the Liquidator, inter alia, to provide the budget for the cost of professional services including expense reimbursements and necessary administrative expenses for Villanova.

2. The Liquidator respectfully attaches as Exhibit A to this submission the 2008 Budget for Villanova, which includes the Liquidator's budgeted items for the cost of professional services, (including Legal Fees, IT Services, and Professional and other Services), as well as the necessary administrative expenses for Villanova, which include, among other items, salaries, benefits and rent (collectively "the 2008 Budget").

PETITION FOR APPROVAL OF ADMINISTRATIVE EXPENSES PAID

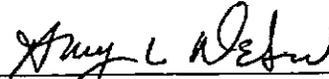
3. Pursuant to the Order of January 8, 2004, the Liquidator previously filed a petition for approval of administrative expenses paid for the period July 29, 2003 through December 31, 2004 which was approved by the Court on June 30, 2005; a petition for approval of administrative expenses paid for the period January 1, 2005 through June 30, 2005, which was approved by the Court on September 16, 2005; a petition for approval of administrative expenses paid for the period July 1, 2005 through December 31, 2005, which was approved by the Court on October 20, 2006; and, a petition for approval of administrative expenses paid for the period January 1, 2006 through June 30, 2006, which was approved by the Court on March 20, 2007.

4. The Liquidator respectfully petitions the Court for approval of his administrative expenses paid for the period July 1, 2006 through December 31, 2007, as set forth on the attached Exhibit B, Combined Cash Basis Analysis, which were reasonable and necessary expenses for the administration of the Villanova liquidation. An illustration of the expenditures as a percentage of the total expenditures paid is attached as Exhibit C, including Combined Cash Basis Analysis, Legal Fees & Expenses and Professional Services Paid for the period July 1, 2006 through December 31, 2007.

5. The Affidavits of the Chief Liquidation Officer and the Senior Vice President of Financial Operations in support of the Liquidator's submission of the 2008 Budget and Petition for Approval of Administrative Expenses Paid, and the Certification of Special Funds Counsel related to legal expenses paid are attached to this Petition.

Wherefore, the Liquidator requests that the Court enter the Order attached hereto accepting the 2008 Budget and approving the administrative expenses paid.

Respectfully submitted,



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Amy L. Weber, Special Funds Counsel  
I.D. No. 45447  
Office of Liquidations,  
Rehabilitations and Special Funds  
901 North 7<sup>th</sup> Street  
Harrisburg, Pennsylvania 17102  
(717) 787-6009

Attorney for Joel S. Ario, Acting Insurance  
Commissioner of the Commonwealth of  
Pennsylvania, in his official capacity  
As Statutory Liquidator for Villanova  
Insurance Company (In Liquidation)

DATED: 5/05/08

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

Plaintiff,

v.

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

Defendant.

Docket No. 182 M.D. 2002

**AFFIDAVIT OF JOSEPH ZARANDONA IN SUPPORT  
OF THE LIQUIDATOR'S SUBMISSION OF 2008 BUDGET AND  
PETITION FOR APPROVAL OF ADMINISTRATIVE  
EXPENSES PAID FOR THE PERIOD JULY 1, 2006 – DECEMBER 31, 2007**

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

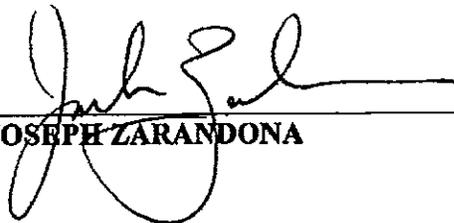
1. I am Chief Liquidation Officer of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) ("the Estates"), and am responsible for overseeing their daily business operations.
2. I directed the preparation of and have reviewed the 2008 Budget for the Estates (the "Budget") and Petition for Approval of Administrative Expenses paid for the period July 1, 2006 – December 31, 2007.
3. Based on my review of the Budget, my personal knowledge and business experience, and having considered information that I believe necessary to assess the Estates' projected expenses for 2008, including significant business developments and trends, cash flow expectations, capital build projects, and fixed overhead costs such as compensation and rent, I certify that the Budget is appropriate and fairly presents in all materials respects the Estates' expected expenses for 2008.

4. I know of no significant expenses or outlays for 2008 that are not included in the Budget.

5. Based on my knowledge, the Petition for Approval of Administrative Expenses paid for the period July 1, 2006 – December 31, 2007 fairly presents in all material respects the administrative expenses paid by the Estates for the period July 1, 2006 – December 31, 2007.

6. My certification is made in reasonable reliance on the work of qualified staff and the Estates' internal procedures for financial operations, planning and budgeting.

7. 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 10 th day of April, 2008.

  
NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA

Notarial Seal  
Maureen Greerfield, Notary Public  
City Of Philadelphia, Philadelphia County  
My Commission Expires Dec. 23, 2010

Member, Pennsylvania Association of Notaries



A. Salaries: "Salaries" includes anticipated expenses for salary and overtime compensation for all the Estates' employees, the cost of temporary help and contractor services, the performance compensation program, and a compensation program for displaced employees of the Estates.

B. Benefits: "Benefits" includes anticipated expenses for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance, FICA and federal and state unemployment taxes.

C. Occupancy: "Occupancy" includes anticipated expenditures for lease expenses in Philadelphia and Milwaukee, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.

D. Equipment: "Equipment" includes depreciation expenses for EDP equipment, operating and applications systems software, office furniture and fixtures and leasehold improvements, and anticipated expenditures for purchases and repairs of all other equipment used by the Estates.

E. Legal Fees and Expenses: "Legal Fees and Expenses" includes anticipated expenditures to outside law firms for matters related to reinsurance litigation, policyholder collections, managing general agent and third party administrators, Legion defendant issues and liquidation issues.

F. Professional Services: "Professional Services" includes anticipated expenditures for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, actuarial consulting services,

management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.

G. Other: "Other" includes anticipated expenditures for telephone, postage, express mail, printing and freight expenses, letterhead, envelopes and other office supplies; transportation, meals, lodging and other costs of employees while traveling; costs of the Pennsylvania Insurance Department for the oversight of the Estates; and insurance for fidelity and surety bonds on employees, general liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.

4. I know of no significant expenses or outlays for 2008 that are not included in the Budget.

5. I certify that the Petition for Approval of Administrative Expenses paid for the period July 1, 2006 – December 31, 2007 fairly presents in all material respects the Estates' paid administrative expenses for the period July 1, 2006 – December 31, 2007 for the following areas of expenditure:

A. Salaries: "Salaries" includes expenses for salary and overtime compensation for all the Estates' employees, the cost of temporary help and contractor services, the performance compensation program, and a compensation program for displaced employees of the Estates.

B. Benefits: "Benefits" includes expenses for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance, FICA and federal and state unemployment taxes.

C. Occupancy: "Occupancy" includes expenditures for lease expenses

in Philadelphia and Milwaukee, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.

D. Equipment: "Equipment" includes depreciation expenses for EDP equipment, operating and applications systems software, office furniture and fixtures and leasehold improvements, and expenditures for purchases and repairs of all other equipment used by the Estates.

E. Legal Fees and Expenses: "Legal Fees and Expenses" includes expenditures to outside law firms for matters related to reinsurance litigation, policyholders collections, managing general agent and third party administrators, the Estates' defendant issues and liquidation issues.

F. Professional Services: "Professional Services" includes expenditures for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.

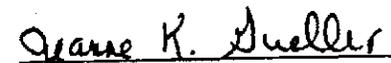
G. Other: "Other" includes expenditures for telephone, postage, express mail, printing and freight expenses, letterhead, envelopes and other office supplies; transportation, meals, lodging and other costs of employees while traveling; costs of the Pennsylvania Insurance Department for the oversight of the Estates; and insurance for fidelity and surety bonds on employees, general liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.

6. Based on my knowledge, the Petition for Approval of Administrative Expenses paid for the period July 1, 2006 – December 31, 2007 fairly presents in all material respects the administrative expenses paid by the Estates for the period July 1, 2006 – December 31, 2007.

7. 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.

  
MICHAEL I. QUIST

Sworn to and subscribed before me  
this 14<sup>th</sup> day of April, 2008.

  
NOTARY PUBLIC 5-10-09



**CERTIFICATION**

I, Amy L. Weber, Special Funds Counsel, of the Office of General Counsel, assigned to the Office of Liquidations, Rehabilitations and Special Funds, of the Pennsylvania Insurance Department, am duly authorized to make this Certification for and on behalf of Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator ("Liquidator") of Villanova Insurance Company. I have read the Combined Cash Basis Analysis for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) and certify that the legal fees and expenses stated therein for the period July 1, 2006 to December 31, 2007 are reasonable and necessary expenses to the best of my knowledge, information and belief. I understand that this Certification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.

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

Dated: May 5, 2008

**EXHIBIT**

**A**

Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
 COMBINED EXPENSE ANALYSIS  
 Budget  
 (\$ In Thousands)

	2007	2008
<b>Staffing - Average</b>		
Full Time	215	212
Part Time	1	1
Contractor Help	21	23
<b>Total Staffing - Average</b>	237	235

	Year to Date 2007 Budget	% of Total Operating	Year to Date 2008 Budget	% of Total Operating
<b>G &amp; A Expenses</b>				
<b>Salaries</b>	\$ 24,600	43.2%	\$ 26,900	48.4%
<i>Salary and overtime compensation for all Legion employees and the cost of temporary help and contractor services utilized. Also includes the performance compensation program and compensation program for displaced Legion employees.</i>				
<b>Benefits</b>	4,300	7.6%	4,600	8.1%
<i>Expenses incurred for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance and FICA and Federal and state unemployment taxes.</i>				
<b>Occupancy</b>	3,400	6.0%	3,400	6.1%
<i>Lease expenses for both Milwaukee and Philadelphia locations, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.</i>				
<b>Equipment</b>	4,700	8.3%	4,400	7.9%
<i>Depreciation expense for EDP equipment, operating and applications systems software and depreciation of office furniture and fixtures and leasehold improvements. Also includes purchases and repairs for all other equipment used by Legion.</i>				
<b>Legal Fees and Expenses</b>	7,000	12.3%	8,200	11.1%
<i>Legal retainers and fees to outside law firms for matters related to reinsurance litigation, policyholders collections, managing general agent and third party administrators, Legion defendant issues and liquidation issues.</i>				
<b>Professional Services</b>	8,700	15.3%	7,700	13.8%
<i>Fees for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, fees to outside firms for actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.</i>				
<b>Other</b>	4,100	7.2%	3,700	6.8%
<i>Telephone, postage, express mail, printing and freight expenses. Also includes cost of letterhead, envelopes and other office supplies, transportation, meals, lodging and other costs of employees while traveling, costs of the PA Insurance Department for the oversight of the Legion and Villanova estate and insurance expense for fidelity and surety bonds on employees, general liability insurance, Director and Officers and omissions coverage for directors and personal property coverage.</i>				
<b>Total Expenses</b>	56,700	100.0%	55,800	100.0%
<b>Large Deductible Collection Revenue</b>	(600)		(300)	
<i>Revenue from the estate received for the collection of large deductible recoveries on behalf of the guaranty associations.</i>				
<b>Net Budget</b>	\$ 56,200		\$ 55,500	

**EXHIBIT**  
**B**

Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
 COMBINED CASH BASIS ANALYSIS  
 July 1, 2006 to December 31, 2006  
 (\$ In Thousands)

<u>Staffing - Average for the Period</u>	
Full Time	228
Part Time	1
Contractor Help	24
<b>Total Staffing - Average</b>	<b>253</b>

	For the Period	% of Total Operating
<b>G &amp; A Expenses</b>		
<b>Salaries</b>	\$ 10,569	44.64%
<i>Salary and overtime compensation for all Legion employees and the cost of temporary help and contractor services utilized. Also includes the performance compensation program and compensation program for displaced Legion employees.</i>		
<b>Benefits</b>	1,749	7.38%
<i>Expenses incurred for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance and FICA and Federal and state unemployment taxes.</i>		
<b>Occupancy</b>	1,651	6.97%
<i>Lease expenses for both Milwaukee and Philadelphia locations, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.</i>		
<b>Equipment</b>	1,385	5.85%
<i>Depreciation expense for EDP equipment, operating and applications systems software and depreciation of office furniture and fixtures and leasehold improvements. Also includes purchases and repairs for all other equipment used by Legion.</i>		
<b>Legal Fees and Expenses</b>	3,229	13.64%
<i>Legal retainers and fees to outside law firms for matters related to reinsurance litigation, policyholders collections, managing general agent and third party administrators, Legion defendant issues and liquidation issues.</i>		
<b>Professional Services*</b>	4,022	16.96%
<i>Fees for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, fees to outside firms for actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.</i>		
<b>Other</b>	1,073	4.53%
<i>Telephone, postage, express mail, printing and freight expenses. Also includes cost of letterhead, envelopes and other office supplies, transportation, meals, lodging and other costs of employees while traveling, costs of the PA Insurance Department for the oversight of the Legion and Villanova estates and insurance expense for fidelity and surety bonds on employees, general liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.</i>		
<b>Total Expenses</b>	<b>23,678</b>	<b>100.00%</b>
<b>Capital Expenditures</b>	579	
<i>Purchases of personal computer equipment, operation software and other data processing equipment</i>		
<b>Investment Expenses</b>	161	
<i>Banking, management and custodial fees</i>		
<b>Total</b>	<b>\$ 24,418</b>	

This exhibit reflects the cash activity of the operating expenses and does not include the change in asset and liability account balances on a cash basis.  
 \* For the purpose of this exhibit collection expenses are recorded net of premium received. The total reduction of premium collected for these expenses totals \$314

Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
 COMBINED CASH BASIS ANALYSIS  
 January 1, 2007 to December 31, 2007  
 (\$ in Thousands)

<u>Staffing - Average for the Period</u>	
Full Time	213
Part Time	1
Contractor Help	26
<b>Total Staffing - Average</b>	<b>239</b>

	For the Period	% of Total Operating
<b>G &amp; A Expenses</b>		
<b>Salaries</b>	\$ 22,785	49.6%
<i>Salary and overtime compensation for all Legion employees and the cost of temporary help and contractor services utilized. Also includes the performance compensation program and compensation program for displaced Legion employees.</i>		
<b>Benefits</b>	4,145	9.0%
<i>Expenses incurred for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance and FICA and Federal and state unemployment taxes.</i>		
<b>Occupancy</b>	2,866	6.2%
<i>Lease expenses for both Milwaukee and Philadelphia locations, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.</i>		
<b>Equipment</b>	2,919	6.4%
<i>Depreciation expense for EDP equipment, operating and applications systems software and depreciation of office furniture and fixtures and leasehold improvements. Also includes purchases and repairs for all other equipment used by Legion.</i>		
<b>Legal Fees and Expenses</b>	3,768	8.2%
<i>Legal retainers and fees to outside law firms for matters related to reinsurance litigation, policyholders collections, managing general agent and third party administrators, Legion defendant issues and liquidation issues.</i>		
<b>Professional Services*</b>	6,596	14.4%
<i>Fees for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, fees to outside firms for actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.</i>		
<b>Other</b>	2,881	6.3%
<i>Telephone, postage, express mail, printing and freight expenses. Also includes cost of letterhead, envelopes and other office supplies, transportation, meals, lodging and other costs of employees while traveling, costs of the PA Insurance Department for the oversight of the Legion and Villanova estates and insurance expense for fidelity and surety bonds on employees, general liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.</i>		
<b>Total Expenses</b>	<b>46,969</b>	<b>100.0%</b>
<b>Capital Expenditures</b>	624	
<i>Purchases of personal computer equipment, operation software and other data processing equipment</i>		
<b>Investment Expenses</b>	339	
<i>Banking, management and custodial fees</i>		
<b>Total</b>	<b>\$ 46,923</b>	

This exhibit reflects the cash activity of the operating expenses and does not include the change in asset and liability account balances on a cash basis.  
 \* For the purpose of this exhibit collection expenses are recorded net of premium received. The total reduction of premium collected for these expenses totals \$319.

Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 July 2006 - December 2006

Classification	VENDOR NAME	Services Provided	July	August	September	October	November	December	July-Dec Total	
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant		27,265			5,638		32,904	
	ARBITRATION & MEDIATION	Reinsurance Arbitrator			32,143		28,923		61,065	
	BRAVERMAN, DANIELS & KASKEY, LTD.	Reinsurance Arbitrator		1,080	246	554	452	413	2,744	
	BROWN, BROWN & KLASS	Reinsurance Collection Litigation	340	7,672	75	675		2,210	10,971	
	CALEB L. FOWLER, ESQ., C.P.C.U.	Reinsurance Arbitrator	47,725						47,725	
	CLINKENBEARD, RAMSEY & SPECKMAN, LLP	Premium Collection Litigation		4,114					4,114	
	COZEN & O'CONNOR	Premium Collection Litigation				18,685	13,846	94,139	127,670	
	DASHNELL LAW OFFICES, LLC	Premium Collection Litigation		21,455		9,397	18,989	8,725	58,446	
	DAVID THIRKILL	Reinsurance Arbitrator	2,713		1,223		2,713	3,093	10,501	
	DEUTSCH, KERRIGAN & STILES, L.L.P.	General Collection Litigation	1,543	16,254	3,900	6,272	33	54,967	82,369	
	DEVITO CONSULTING, INC.	Expert Witness			13,106				13,106	
	DIANE NERGAARD	Reinsurance Arbitrator		21,062		21,253			42,315	
	ESQUIRE DEPOSITION SERVICE	Court Reporting Services	762	20,071	1,183	20,793			42,809	
	GLENN R. PARTIDGE	Reinsurance Witness	11,244	9,096	500				20,840	
	JACKSON LEWIS, LLP	Employment Advice		5,678					5,678	
	JEFFREY D. MILLER, FSA	Expert Witness			1,200	900			2,100	
	KAREN RIDDER	Reinsurance Witness	1,265						1,265	
	LEGAL IMAGES	Copying Services						18,985	18,985	
	LEGALINK	Video Deposition Services	2,264	4,957	2,680				9,901	
	LIGHTFOOT, FRANKLIN & WHITE, LLC	Premium Collection Litigation		42	3,894	637		823	6,076	
	MARTIN D. HABER	Reinsurance Arbitrator	5,535	50,947		5,000	2,565		64,047	
	MAYER BROWN ROWE & MAW	London Reinsurance Counsel		42,442		39,206			81,648	
	MILLER ALFANO & RASPANTI PC	General Litigation and Liquidation Advice	27,654	19,107		27,792		7,975	106,616	
	MORGENSTEIN & JUBELRIER LLP	Premium Collection Litigation		4,113	556			2,710	7,379	
	NAVIGANT CONSULTING, INC.	Expert Witness		65,849	(13,106)				52,743	
	ON-SITE SOURCING, INC.	Scanning and Copying Services		275				1,503	2,278	
	PAUL W. FORBES	Reinsurance Witness	9,740						9,740	
	PEPPER HAMILTON LLP	Reinsurance Arbitrators and Advice	198,255	138,716		251,162	370,367		1,329,444	
	PETER CRICKMERE	Reinsurance Witness		13,000	8,502				21,502	
	SCHWARTZ SEMERDJIAN HAILE BALLARD & CAULEY LLP	Premium Collection Litigation		1,064				2,415	5,079	
	STITES & HARRISON	Premium Collection Litigation		869				478	1,343	
	STRADLEY RONON	Premium Collection Litigation	888	37,979	49,037	28,907	40,066	146,868	303,784	
	SYLVIA KAMINSKY	Reinsurance Arbitrator	18,532	10,044	10,044		2,223		40,843	
	THOMSON WEST	Legal Research Fees	2,520	2,520					5,040	
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Asset Sale Advice, Labor Advice, Preference Litigation	18,104	157,462	47,576	98,584	21,259		198,843	
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	2,376	583	(2,010)	746	844		544	3,083
	Legal Fees and Expenses Total		350,359	674,461	162,470	547,131	522,248	971,778	3,229,447	

Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 July 2006 - December 2006

Classification	VENDOR NAME	Services Provided	July	August	September	October	November	December	July-Dec Total
Professional Services	ACCURINT	Collection Research Fees		228		592	227		1,047
	ALAN GRAY INSURANCE SERVICES, INC.	Contract Reinsurance Services					33,220	2,930	36,149
	ALLIANCE CONSULTING	Data Management Consultant		125,600	250,000		203,200	122,000	700,800
	AMPER POLITZNER & MATTIS, P.C.	Audit Services	6,613				14,183		21,005
	BONNIE KUMEGA & ASSOCC	Collections Support Services				25,435			25,435
	CLINKENBERG, RAMSEY & SPECKMAN, LLP	Collections Support Services				1,120			1,120
	CSCFSG-MYND CORP.	Data Processing and Outsourcing	59,910	115,330	113,905		114,413	56,923	460,482
	GLASSBERG & POLLAK	Collections Support Services		212			954		1,166
	HAMMERMAN & HULTGREEN, P.C.	Collections Support Services		5,400					5,400
	HELIX UK LIMITED	London Reinsurance Collection Intermediary		205,300	174,040	131,593	174,040	87,020	771,993
	HEWITT ASSOCIATES LLC	Human Resources & Technical Consulting	12,268				2,889	116	15,273
	JOHNSON LAMBERT & CO	Audit Services				8,384	36,518	9,475	54,377
	KARL HOWE & ASSOCIATES	Collections Support Services	2,515						2,515
	LITTLE MINER & PETERSON	Collections Support Services			2,350	3,660			3,660
	MARLBORO PARK CONSULTING, INC.	Telecommunications Consultant			7,677	430	8,150		13,964
	MDY INC.	Software Vendor	23,652		1,626		50,120	5,000	86,278
	OVERLAND SOLUTIONS, INC.	Premium Audit Services		1,171			1,202		3,999
	PHILO SMITH	Broker For Sale of PRMS				3,207	4,995		1,889
	R.F. O'DOURKE & ASSOCIATES, LTD.	Strategic Consultant		75,660	131,700			148,040	356,400
	REINSURANCE SOLUTIONS INT'L	Reinsurance Technical Support	34,656						64,340
	RELIANCE INS CO (IN LIQUIDATION)	Shared Resource for Monitoring Reinsurers Solvency	6,000			29,884			6,000
	RIGHT MANAGEMENT CONSULTANTS	Human Resources Consulting							
	SMART & ASSOCIATES, LLP	Reinsurance Technical Support & Contract Reinsurance Services	180,288		341,226	188,043			719,558
	SMART BUSINESS ADVISORY AND CONSULTING, LLC	Reinsurance Technical Support & Contract Reinsurance Services					83,894	182,897	276,781
	VERIS CONSULTING	Audit Services	26,756						26,756
	VIVISIMO, INC.	Software Vendor			30,000			16,345	46,345
	WILLIAM MILLER	Collections Agency					2,711		2,711
	PREMIUM RECEIVED NET OF COLLECTION FEES	Collections Support Services	59,687	53,854	25,820	48,578	56,903	89,584	314,227
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Professional Fees	(665)	2,617	(1,274)	(2,382)	(1,785)	(4,122)	(7,511)
Professional Services Total			431,282	555,173	1,077,069	414,773	814,257	706,107	4,021,662
Change in accrual and other non-cash transactions			771,642	1,258,633	1,239,539	961,904	1,337,506	1,690,895	7,251,109
Total Legal Expenses and Fees and Professional Services Incurred			102,892	(102,350)	615,556	(40,370)	114,965	522,978	1,243,671
			874,534	1,157,283	1,853,095	921,534	1,452,471	2,803,863	8,464,780

\* All expenses above are gross before any allocation between Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation).  
 Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

Legion Insurance Company (in Liquidation)  
 Villanova Insurance Company (in Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 January 2007 - December 2007

Classification	Vendor Name	Services Provided	January	February	March	April	May	June
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant	27,370			29,600	8,760	207
	ARBITRATION & MEDIATION	Reinsurance Arbitrator	564		1,987	8,674	90	9,093
	BROWN BROWN & KLASS	Reinsurance Collection Litigation						
	COZEN & O'CONNOR	Premium Collection Litigation	7,205	6,161	2,599	1,803	208	1,400
	DANIEL E. SCHMIDT IV, ESQ.	Premium Collection Litigation				11,200		10,568
	DASHIELL LAW OFFICES, LLC	Reinsurance Arbitrator	6,110	1,803	30,555	4,001	11,517	54,450
	DAVID THIRKILL	General Collection Litigation						
	DEUTSCH, KERRIGAN, & STILES, L.L.P.	Reinsurance Arbitrator						
	DIANE NERGAARD	Court Reporting Services						
	ESQUIRE DEPOSITION SERVICES	Reinsurance Witness		9,623	(4,750)			
	GRP, LLC	Mediation Services						
	JAMS, INC.	Expert Witness						
	JEFFREY D. MILLER, FSA	Reinsurance Arbitrator					3,259	
	JOHN ROWLAND QC	Court-appointed Referee					677	700
	KATHLEEN WALSH CRAMER	Video Deposition Services		590	590		4,700	
	LEGALINK	Legal Research Fees						
	LEXISNEXIS	Reinsurance Arbitrator	5,000					
	MARTIN D. HABER	London Reinsurance Counsel	1,494		21,082		5,655	9,737
	MARY ELLEN BURNS, ESQUIRE	General Litigation and Liquidation Advice	11,007					
	MAYER BROWN, ROWE & MAW LLP	Premium Collection Litigation	1,086					
	MILLER ALFANO & RASPANTI PC	Reinsurance Arbitrator	8,117	24,725	10,530	1,892	13,330	46,041
	MORGENSTEIN & JUBELIURER LLP	Scanning and Copying Services		78,128	62,828	78,053	89,942	384
	NELSON LEVINE DE LUCA & HORST	Reinsurance Arbitrations and Advice					1,516	5,674
	ON-SITE SOURCING, INC.	Premium Collection Litigation		854	7,947			19,211
	PEPPER HAMILTON LLP	Premium Collection Litigation	18,883	355	33,465		43,309	
	SCHIFF HARDIN, LLP	Premium Collection Litigation						
	SCHWARTZ SEMERDJIAN HAILE BALLARD & CAULLEY LLP	Premium Collection Litigation						
	STRADLEY RONON	Premium Collection Litigation						
	THE HUSTEAD LAW FIRM	Copyright and Scanning Services					3,242	3,150
	THE MCS GROUP, INC.	Reinsurance Arbitrator	5,350		5,549			82,192
	THOMAS A. GREENE	Legal Research Fees						
	THOMSONWEST	General Litigation		11,648			1,514	
	TRENAM KEMKER, SCHARF, BARKIN	Legal Research Fees						
	TRIAL TECHNOLOGIES, INC.	Court Reporter Fees						
	U.S. LEGAL SUPPORT, INC.	Expert Witness						
	W. MAX HOLLIMAN	Premium Collection Litigation, Asset Sale Advice, Labor Advice, General Advice	86,557	11,458	68,312	11,449	10,821	26,327
	WOLF BLOCK SCHORR & SOUS-COHEN, LLP	General Legal Support Costs	179,400	100	144,728	144	14,533	1,020
		134,508	32,775	233,384	167,606	280,808	215,703	
		313,906	177,583	237,490	270,235	113,953	(127,775)	
						246,933	87,928	

Aggregated Amount for Total Vendor Payments Under \$1,000

Total Legal Fees and Expenses Paid

Change in Legal Fees and Expenses (accrued) and other non-cash transactions

Total Legal Fees and Expenses Incurred

Legion Insurance Company (In Liquidation)  
 Viskova Insurance Company (In Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 January 2007 - December 2007

Classification	Vendor Name	January	February	March	April	May	June
Professional Services	AGCURINT-ACCT#1055460	287		212	224		441
	ALAN GRAY INSURANCE SERVICES, INC.			3,008		355,150	9,200
	ALLIANCE CONSULTING	153,750		127,306	11,477	41,138	30,454
	AMPER POLITZNER & MATTIS, P.C.		1,582				
	APPLE & APPLE			11,202			10,000
	ARRAYA SOLUTIONS, INC.			7,728			
	BONNIE KUMEGA & ASSOC.					54,470	55,865
	CIRBA & KIRWAN, PC AND SECURE	54,542	55,601	57,085	55,769		
	CLAIMS MANAGEMENT GROUP LTD.	5,050					
	CONYERS DILL & PEARMAN						
	CSCJSG-MYND CORP.						
	GLASSBERG & POLLAK	174,040		87,020		174,040	87,020
	GLENN R. PARTRIDGE	1,000		3,604		87,277	
	HEX UK LIMITED						
	HEWITT ASSOCIATES LLC						
	HUGGINS ACTUARIAL SERVICE, INC.						
	IBM INFRASTRUCTURE	3,031		97	90	1,051	53
	JEFFERSON WELLS INTERNATIONAL INC.	1,700		76,155	41,970	17,540	
	KARL HOWE & ASSOCIATES						
	KPMG LLP		2,000	5,395	10,000	1,300	888
	LINDA HIGGINS			175,171			
	MARLBORO PARK CONSULTING, INC.	2,657					
	MDY INC.						
	MERCER HUMAN RESOURCE CONSULTING			1,400			253
	MINZER SAROWITZ ZRIS & LEIDVA						
	NEWMAN, MATHEIS, BRADY		6,000				
	OVERLAND SOLUTIONS, INC.			473,305			
	PHILIP MASIN	4,537					
	R.F. O'Rourke & Associates, Ltd.	232,110		149,130		66,000	40,950
	REINSURANCE SOLUTIONS INTL.						
	RELIANCE INS CO (IN LIQUIDATION)	17,913		11,150	37,224	13,150	
	RESOURCE BRIDGE						
	RIGHT MANAGEMENT CONSULTANTS						
	SCOTT F. LEHMAN				10,000		
	SMART & ASSOCIATES		51,340				
	SMART BUSINESS ADVISORY & CONSULTING, LLC			213,626		6,048	110,183
	SUNGARD AVAILABILITY SERVICE						
	TROUT & ASSOCIATES, LTD.	593		64,752			
	WATSON & JONES, P.A.			10,132	4,127	38,985	(244)
	WILLIAMS & SHEDD						
	PREMIUM RECEIVED NET OF COLLECTION FEES	(359)			(0)		
	Aggregato Amount for Total Vendor Payments Under \$1,000	726,201	282,981	1,473,897	341,834	1,124,611	365,156
	Total Professional Services Paid	(288,503)	(214,269)	(564,212)	(8,520)	(612,368)	1,207
	Change in Professional Services Accrual and other non-cash transactions	437,768	78,712	915,465	373,314	612,243	386,363
	Total Professional Services Incurred	751,086	256,215	1,152,075	643,649	650,176	454,291
	Total Legal Expenses and Fees and Professional Services Incurred						

\* All expenses above are gross before any allocation among Legion Insurance Company (In Liquidation), Viskova Insurance Company (In Liquidation) and PRMSLIC, Inc. Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

Legion Insurance Company (In Liquidation)  
 VibeNova Insurance Company (In Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 January 2007 - December 2007

Classification	Vendor Name	Services Provided	July	August	September	October	November	December	2007 Total	
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant				6,766		13,640	20,406	
	ARBITRATION & MEDIATION	Reinsurance Arbitrator	12,871						76,421	
	BROWN, BROWN & KLASS	Reinsurance Collection Litigation	512	1,568		328	23		3,708	
	DOZEN & O'CONNOR	Premium Collection Litigation	10,000					5,642	10,000	
	DANIEL E. SCHMIDT, IV., ESQ.	Reinsurance Arbitrator	3,083			1,174			25,875	
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation	1,400			13,650	11,900	43,921	82,471	
	DAVID THIRKILL	Reinsurance Arbitrator				5,088		78,153	115,168	
	DEUTSCH, KERRIGAN, & STILES, L.L.P.	General Collection Litigation						42,073	42,073	
	DIANE NERGAARD	Reinsurance Arbitrator	1,834					220	56,304	
	ESQUIRE DEPOSITION SERVICES	Court Reporting Services				1,270	3,921		4,775	
	GRP LLC	Reinsurance Witness						1,575	1,575	
	JAMS, INC.	Mediation Services							19,505	
	JEFFREY D. MILLER, FSA	Expert Witness	14,946	1,559					2,868	19,505
	JOHN ROWLAND QC	Reinsurance Arbitrator							2,868	2,868
	KATHLEEN WALSH CRAMER	Court-appointed Referee	204	590	304	304	338	304		3,543
	LEGALINK	Video Deposition Services	3,450			5,150	3,550			17,850
	LEANSIXIS	Legal Research Fees		1,806		2,718	20,000			29,522
	MARTIN D. HABER	Reinsurance Arbitrator								1,494
	MARY ELLEN BURNS, ESQUIRE	London Reinsurance Counsel	653	13,278	7,861			13,962	28,378	123,712
	MAYER BROWN, ROWE & MAW LLP	General Litigation and Liquidation Advice								1,090
	MILLER ALFANO & RASPANTI PC	Premium Collection Litigation		2,895					6,744	9,439
	MORGENSTEIN & JUBELIER LLP	Reinsurance Arbitrator								104,745
	NELSON LEVINE DE LUCA & HORST	Scanning and Copying Services	5,954	165,648	738	478,435			501,668	1,716,541
	ON-SITE SOURCING, INC.	Reinsurance Arbitrations and Advice	3,829			22,508			7,643	41,188
	PEPPER HAMILTON LLP	Premium Collection Litigation	675	330		1,058			664	11,367
	SCHIFF HARBIN LLP	Premium Collection Litigation	9,099	18,890	3,616	9,958		23,144		197,460
	SCHWARTZ SEMERJAN HAILE BALLARD & CAULEY LLP	Premium Collection Litigation		5,650						5,650
	STRADLEY RONON	Premium Collection Litigation					18,074		(1,966)	16,008
	THE HUSTEAD LAW FIRM	Copying and Scanning Services		3,009						3,009
	THE MCS GROUP, INC.	Reinsurance Arbitrator		5,040		2,520		2,520		36,246
	THOMAS A. GREENE	Legal Research Fees	15,167			49,587			112,459	306,305
	THOMSON WEST	General Litigation								11,648
	TRENAAM, KEWKER, SCHARF, BARKIN	Legal Research Fees	3,700							1,814
	TRIAL TECHNOLOGIES, INC.	Court Reporter Fees								49,113
	U.S. LEGAL SUPPORT, INC.	Expert Witness								524,781
W. MAX HOLLMANN	Premium Collection Litigation, Asset Sale Advice, Labor Advice, General Advice	27,795	32,304	10,122	40,880	100,037	97,708		(2,376)	
WOLF BLOCK SCHOHR & SOLIS-COHEN, LLP	Legal Research Fees								144	
	General Legal Support Costs	112,702	253,608	70,511	604,797	649,679	856,493		3,156,367	
		332,813	49,744	330,155	(217,543)	(203,172)			237,364	
		445,315	303,152	400,865	387,195	348,446	669,859		3,095,730	

Aggregate Amount for Total Vendor Payments Under \$1,000

Total Legal Fees and Expenses Paid

Change in Legal Fees and Expenses accrual and other non-cash transactions

Total Legal Fees and Expenses Incurred

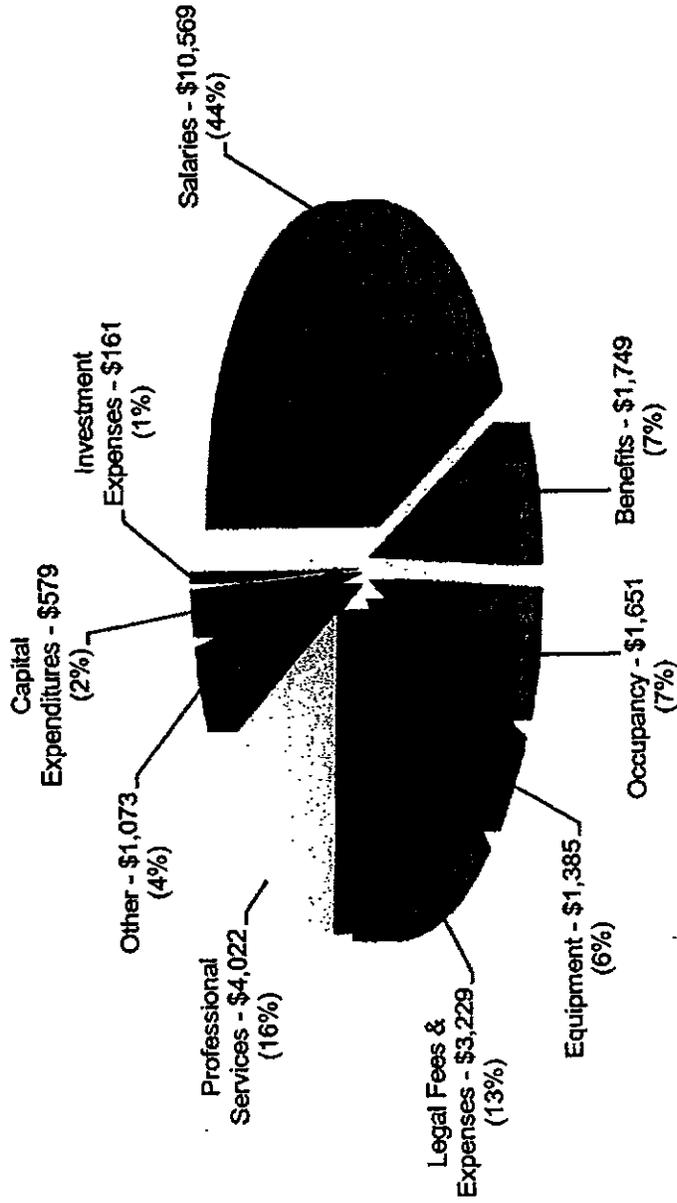
Legion Insurance Company (in Liquidation)  
 Villanova Insurance Company (in Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 January 2007 - December 2007

Classification	July	August	September	October	November	December	2007 Total
Professional Services							
MENDOR NAME							
ACCOUNT-ACCT#105480	254	118	103	143			1,792
ALAN GRAY INSURANCE SERVICES, INC.		800					3,908
ALLIANCE CONSULTING	75,135	52,840	17,400	10,900	56,735	47,083	885,597
AMPER POLITZNER & MATTS, P.C.	8,383						91,450
APPLE & APPLE	26,000						1,902
ARRAYA SOLUTIONS, INC.				280			10,000
BONNIE KUMIEGA & ASSOC.						880	17,624
GIRBA & KIRWAN, PC AND SECURE		16,784					5,450
CLAIMS MANAGEMENT GROUP LTD.	53,910	56,797	54,344	53,061		106,358	857,782
CONYERS DILL & PEARMAN			100	300			16,559
CSC/PSG-MYND CORP		12,378		4,181			1,045,015
GLASSBERG & POLLAK	87,020	87,020					2,454
GLENN R. PARTRIDGE					173,815		6,058
HEALX UK LIMITED				42,302			129,579
HEWITT ASSOCIATES LLC					2,900		2,900
HUGGINS ACTUARIAL SERVICE, INC.					7,800		44,001
JDM INFRASTRUCTURE		10,200	12,821				73,905
JEFFERSON WELLS INTERNATIONAL, INC.	13,380		24,270	31,930	14,874		14,874
JOHNSON LAMBERT & CO	97				585		3,857
KARL HOWE & ASSOCIATES							135,885
KPMG LLP		2,640					2,640
LINDA HIGGINS	650		1,658		585		293
MARLBORO PARK CONSULTING, INC.							178,528
MOY INC.							21,128
MERCER HUMAN RESOURCE CONSULTING							7,001
MINTZER SARONWITZ ZEIS & LEDVA							2,973
NEWMAN, MATTHEW, BRADY	270						2,895
OVERLAND SOLUTIONS, INC.							6,000
PHILIP MASIN							473,365
PHILO SMITH	50,764	42,408	19,200	8,955	71,283		4,537
R.F. O'Rourke & Associates, Ltd.							727,927
REINSURANCE SOLUTIONS INTL	20,989			41,471			117,597
RELIANCE INS CO (IN LIQUIDATION)							24,814
RESOURCE BRIDGE							30,274
RIGHT MANAGEMENT CONSULTANTS							10,000
SCOTT F. LEHMAN							51,348
SMART & ASSOCIATES							1,292,624
SMART BUSINESS ADVISORY & CONSULTING, LLC	109,475	86,862	89,865	74,898	87,386		42,500
SUNGARD AVAILABILITY SERVICE							1,200
TROUT & ASSOCIATES, LTD.							65,745
VIVISIMO, INC.	340						605
WATSON & JONES, P.A.	19,746	22,786	28,003	11,017	21,694		14,355
WILLIAMS & SHREDD	(285)	168	(120)	(1,424)	597		28,789
PREMIUM RECEIVED NET OF COLLECTION FEES	467,274	401,718	334,081	300,403	436,336		319,472
Aggregate Amount for Total Vendor Payments Under \$1,000	(63,978)	31,298	(29,586)	76,387	10,390		(8,026)
Total Professional Services Paid	383,298	453,016	304,484	376,790	448,736		8,396,110
Change in Professional Services Incurred	828,611	730,188	714,160	765,935	795,182		1,371,404
Total Professional Services Incurred							5,225,005
Total Legal Expenses and Fees and Professional Services Incurred							9,120,735

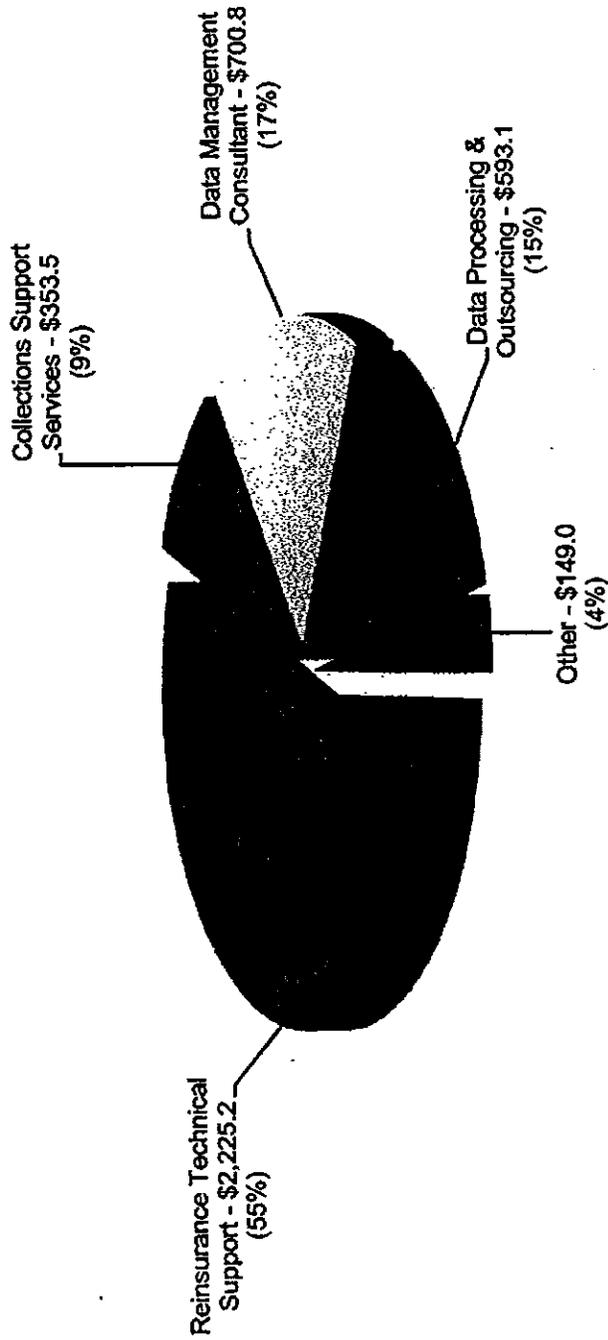
\* All expenses above are gross before any allocation among Legion Insurance Company (in Liquidation), Villanova Insurance Company (in Liquidation) and PRASLLC, Inc. Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

**EXHIBIT**  
**C**

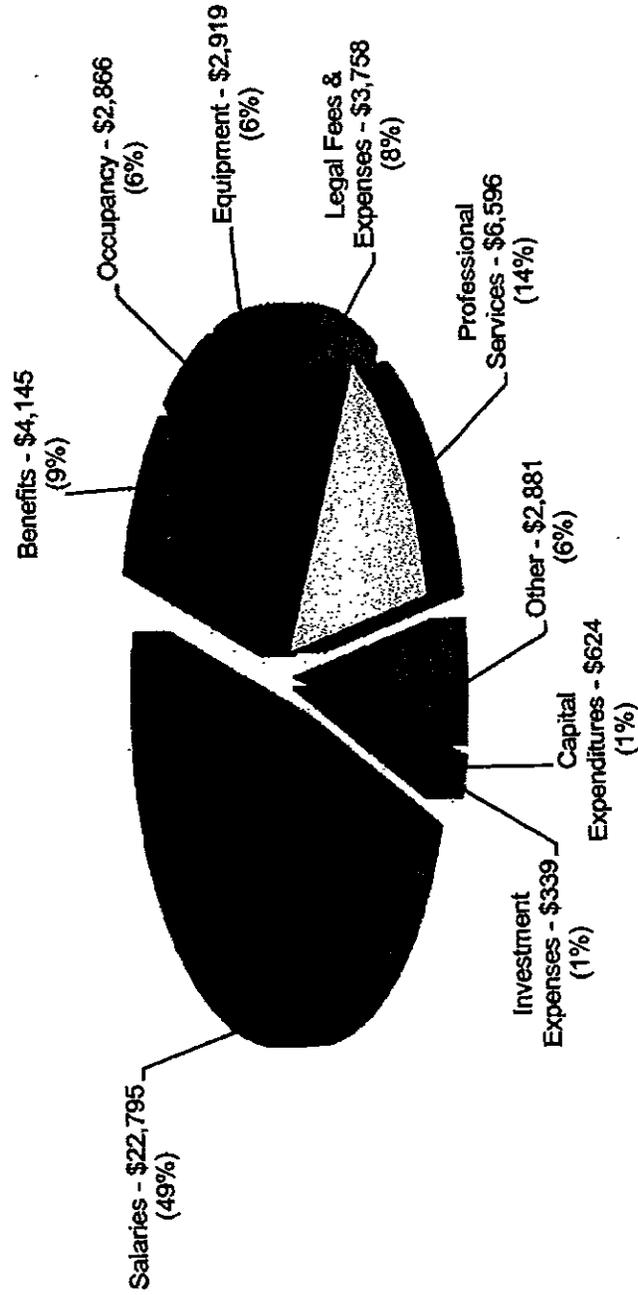
Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
**Combined Cash Basis Analysis**  
 July 1, 2006 To December 31, 2006  
 (In Thousands)



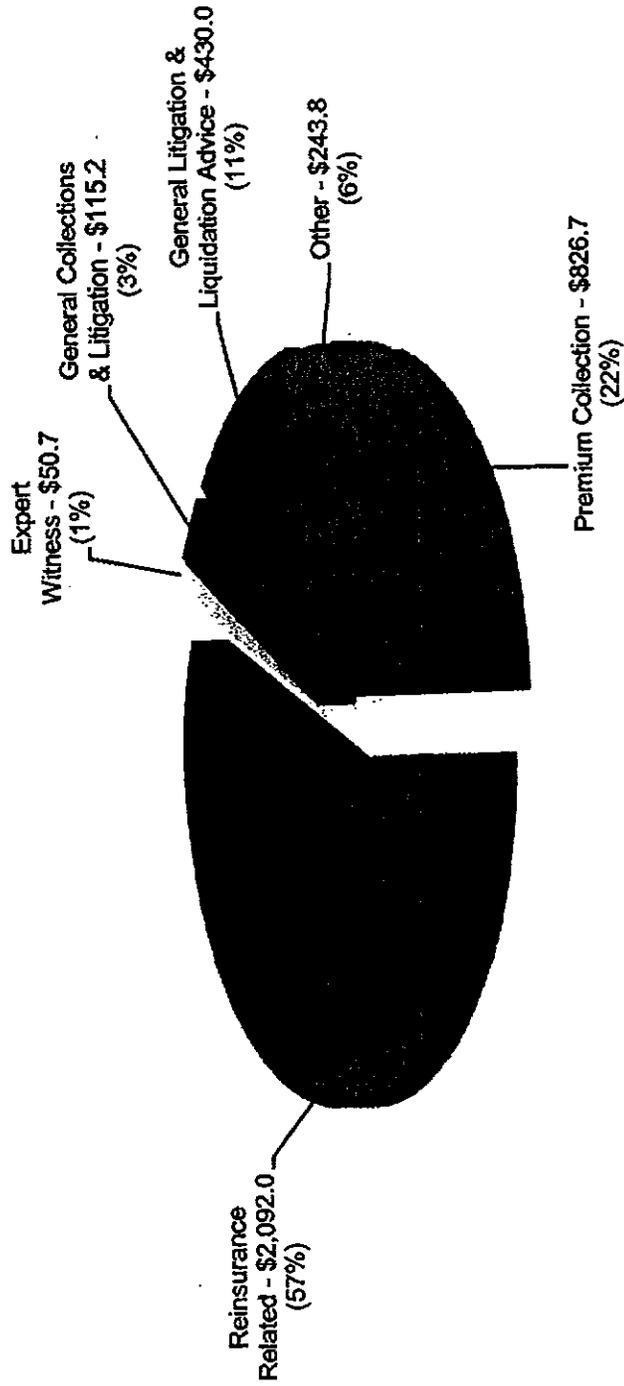
**Legion Insurance Company (In Liquidation)  
Villanova Insurance Company (In Liquidation)  
Professional Services July 2006 to December 2006**



Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
**Combined Cash Basis Analysis**  
 January 1, 2007 To December 31, 2007  
 (In Thousands)



Legion Insurance Company (In Liquidation)  
Villanova Insurance Company (In Liquidation)  
**Legal Fees & Expenses January 2007 to December 2007**



Legion Insurance Company (In Liquidation)  
Villanova Insurance Company (In Liquidation)  
**Professional Services January 2007 to December 2007**

