

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Villanova Insurance Company, : No. 1 VIL 2002
(In Liquidation) :

**LIQUIDATOR'S APPLICATION
FOR APPROVAL OF ADMINISTRATIVE EXPENSES PAID
FOR THE PERIOD JANUARY 1, 2018 THROUGH JUNE 30, 2018**

Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner"), in her official capacity as Statutory Liquidator for Villanova Insurance Company ("Villanova"), by and through her counsel, respectfully submits her Application for Approval of Administrative Expenses Paid for the Period January 1, 2018 through June 30, 2018.

APPLICATION FOR APPROVAL OF ADMINISTRATIVE EXPENSES PAID

1. Prior to receivership, Villanova, Legion Insurance Company ("Legion") 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 Petition represent the expenses paid by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation.

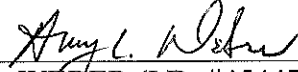
2. Pursuant to the Court's Order of January 8, 2004, the Liquidator previously filed petitions for approval of administrative expenses paid beginning on July 29, 2003, which administrative expenses paid have been approved by the Court. Most recently, the petition for approval of administrative expenses paid for the period July 1, 2017 through December 31, 2017 was approved by the Court on April 5, 2018.

3. With the current Petition, the Liquidator respectfully petitions the Court for approval of her administrative expenses paid for the period January 1, 2018 through June 30, 2018, as set forth on the attached Exhibit A, Combined Cash Basis Analysis, which were reasonable and necessary expenses for the administration of the Villanova liquidation. In addition, Exhibit A shows adjustments identified in a reconciliation of administrative expenses for the period 8/1/03 through 6/30/18 conducted by the Chief Financial Officer and his staff.

4. The Affidavits of the Chief Liquidation Officer and the Vice President and Chief Financial Officer in support of the Liquidator's submission of the Petition for Approval of Administrative Expenses Paid, and the Certification of Department Counsel related to legal expenses paid are attached to this Petition.

WHEREFORE, the Liquidator requests that the Court enter the Order attached hereto approving the administrative expenses paid.

Respectfully submitted,



AMY L. WEBER (I.D. #45447)
Insurance Department Counsel
Office of Liquidations, Rehabilitations and
Special Funds
Capitol Associates Building
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 Villanova Insurance Company (In
Liquidation)

DATED: 9/19/18

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Villanova Insurance Company :
(In Liquidation) : No. 1 VIL 2002

**AFFIDAVIT OF ROBERT E. HABERLE IN SUPPORT
OF THE LIQUIDATOR'S APPLICATION FOR APPROVAL OF
ADMINISTRATIVE EXPENSES PAID
FOR THE PERIOD JANUARY 1, 2018 THROUGH JUNE 30, 2018**

I, **ROBERT E. HABERLE**, hereby depose and state as follows:

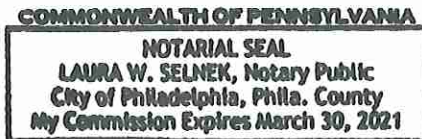
1. I am Chief Liquidation Officer of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation)(“the Estates”), and am responsible for overseeing their daily business operations.
2. I directed the preparation of and have reviewed the Liquidator’s Application for Approval of Administrative Expenses paid for the period January 1 through June 30, 2018.
3. Based on my knowledge, the Application for Approval of Administrative Expenses paid for the period January 1, 2018 through June 30, 2018 fairly presents in all material respects the administrative expenses paid by the Estates for the period January 1, 2018 through June 30, 2018.
4. My certification is made in reasonable reliance on the work of qualified staff and the Estates’ internal procedures for financial operations, planning and budgeting.

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.


ROBERT E. HABERLE

Sworn to and subscribed before me
this 17th day of September, 2018.


NOTARY PUBLIC



B. Benefits: “Benefits” includes expenses for employee group health, life and disability programs, employee training, workers' compensation insurance, FICA and federal and state unemployment taxes.

C. Occupancy: “Occupancy” includes expenditures for lease expenses in Philadelphia, 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 expenses for operating and applications systems software, and 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 the Estates’ defendant issues and liquidation issues.

F. Professional Services: “Professional Services” includes expenditures for audit and tax consulting fees of independent CPA firms, 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.

3. In preparation for the closing of the Estate, my staff and I reviewed the administrative expenses of the Estate as reported to the Court from the inception of the Liquidation through 6/30/2018 in the semi-annual Applications for Approval of Administrative Expenses (the “Applications”).

4. Exhibit A reflects the results of that review.

5. In the section entitled “Adjustments Identified in Reconciliation of Period 8/1/03 through 6/30/18 the following adjustments are reflected.

A. The “TPA Fees” adjustment reflects TPA fees that were booked prior to 2008 in the Underwriting Expense category, but to be consistent with the accounting since 2008, are now reflected as administrative expense.

B. The “Labor” adjustment reflects a salary accrual that was incorrectly reported in 2005.

C. The “Other” adjustment reflects miscellaneous adjustments.

6. These adjustments as a result of the reconciliation are one-time adjustments so that the sums of all administrative expenses reported in the Applications will agree to the administrative expenses reported in the Quarterly Reports submitted to the Court.

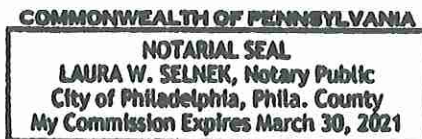
7. Based on my knowledge, the Application for Approval of Administrative Expenses paid for the period January 1, 2018 through June 30, 2018 fairly presents in all material respects the administrative expenses paid by the Estates for the period January 1, 2018 through June 30, 2018.

8. 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.


GERALD V. BEHR

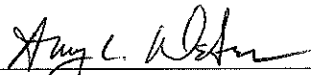
Sworn to and subscribed before me
this 17th day of September, 2018.


NOTARY PUBLIC



CERTIFICATION

I, Amy L. Weber, 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 Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her 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 January 1, 2018 through June 30, 2018, 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
Insurance Department Counsel

Dated: 9/19/18

EXHIBIT A

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
COMBINED CASH BASIS ANALYSIS
January 1, 2018 to June 30, 2018

Total Staffing - End of Period	16	
	For the Period	% of Total Operating
<u>G & A Expenses</u>		
Labor <i>Salary and overtime compensation for all Legion employees. Also includes the retention compensation program and severance program for displaced Legion employees.</i>	\$ 3,360,597	62.0%
Benefits <i>Expenses incurred for employee group health, life and disability programs, employee training, workers' compensation insurance and FICA and Federal and state unemployment taxes.</i>	542,289	10.0%
Occupancy <i>Lease expenses for facilities, 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>	346,503	6.4%
Equipment <i>Expenses for operating and applications systems software and purchases and repairs for all other equipment used by Legion.</i>	265,766	4.9%
Legal Fees and Expenses <i>Legal retainers and fees to outside law firms for matters related to Legion defendant issues and liquidation issues.</i>	17,587	0.3%
Professional Services <i>Audit and tax consulting fees of independent CPA firms, and fees to outside firms for technology support.</i>	93,602	1.7%
Other <i>Telephone, postage, express mail, printing and freight expenses. Also includes cost of 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 expenses for fidelity and surety bonds on employees, general liability insurance, Directors and Officers, errors and omissions and personal property coverage.</i>	798,357	14.7%
Total Operating Expenses	5,424,701	100.0%
Investment Expenses <i>Banking, management and custodial fees</i>	51,151	
Total Expenses, Net for the period ending June 30, 2018	5,475,852	
<u>Adjustments identified in the reconciliation of the period July 28, 2003 through June 30, 2018</u>		
TPA Fees <i>TPA Fees paid prior to 2008, for services rendered during the rehabilitation period, being reclassified from underwriting loss to administrative expenses</i>	1,038,734	
Labor <i>Correction of the administrative expenses paid filing for the period January 1, 2005 through June 30, 2005, which included accrued salaries</i>	(2,139,638)	
Other, net	(423,075)	
Total Expenses, Net	\$ 3,951,873	

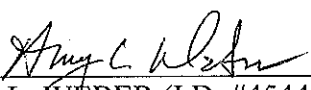
Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Fees and Expenses and Professional Services Paid
 January 1, 2018 - June 30, 2018

Classification	VENDOR NAME	Services Provided	2018 YTD Total
Legal Fees and Expenses	LEXISNEXIS	Legal Research Fees	1,594
	WEST PUBLISHING CORPORATION	Legal Research Fees	15,849
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	144
Total Legal Fees and Expenses Paid			17,587
Change in Legal Fees and Expenses accrual and other non-cash transactions			(2,626)
Total Legal Fees and Expenses Incurred			14,961
Professional Services	ASHDAR PARTNERS, INC.	IT Consulting	61,255
	COMPUTER SCIENCES CORPORATION	Data Processing	32,347
Total Professional Services Paid			93,602
Change in Professional Services accrual and other non-cash transactions			(39,014)
Total Professional Services Incurred			54,588
Total Legal Fees and Expenses and Professional Services Incurred			69,549

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

**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.



AMY L. WEBER (I.D. #45447)
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Counsel for Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator of Villanova Insurance Company (In Liquidation)

DATED: 9/19/18

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Villanova Insurance Company, : No. 1 VIL 2002
(In Liquidation) :

ORDER

AND NOW, this ____ day of _____, 2018, upon consideration of the Statutory Liquidator's Application for Approval of Administrative Expenses Paid for the Period January 1, 2018 through June 30, 2018, the Application is hereby GRANTED.

BY THE COURT:

MARY HANNAH LEAVITT, J.