

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Lincoln General Insurance Company :
In Liquidation

No. 1 LIN 2015

**APPLICATION FOR APPROVAL OF
FINAL ACCOUNTING, FINAL DISTRIBUTION AND
RECOMMENDATION FOR DISPOSITION OF RECORDS
PURSUANT TO 40 P.S. § 221.50**

Michael Humphreys, in his official capacity as Acting Insurance Commissioner of the Commonwealth of Pennsylvania, as Statutory Liquidator of Lincoln General Insurance Company (hereinafter, "Liquidator"), by his undersigned counsel, respectfully represents that:

1. Lincoln General Insurance Company (hereinafter "Lincoln") was placed in liquidation by Order of this Court effective November 5, 2015.

2. On December 20, 2022, the Liquidator filed with this Court his Final Accounting, Proposal for Final Distribution and Application for Approval of Notice ("Application"), seeking to make a final distribution of those assets he has collected, in accordance with 40 P.S. § 221.44.

3. The Liquidator provided notice to all known claimants of the Application, which Notice was mailed on January 3, 2023, after approval by this Court by Order dated the same day, January 3, 2023. Copies of the Order and Notice are attached hereto as Exhibits A and B, respectively.¹

¹ In preparing this application for filing, counsel noted for the first time that the Notice, attached hereto as Exhibit B, was inadvertently dated January 3, 2022, instead of January 3, 2023, which is the day it was mailed. While this error is seemingly inconsequential, counsel nonetheless wanted to bring this to the Court's attention in this filing.

4. In response to his Notice, the Liquidator did not receive any objections.

5. The Liquidator has responded to all Application-related claimant inquiries and has made all necessary address and information corrections to the claimant mailing list and stands ready to begin paying claims.

6. Accordingly, the Liquidator now files this Application for Approval of Final Accounting, Final Distribution and Recommendation for Disposition of Records Pursuant to 40 P.S. § 221.50, seeking this Court's approval of his final accounting and final distribution, and his recommendation regarding the disposition of records, which is attached hereto as Exhibit C.

WHEREFORE, the Liquidator prays your Honorable Court that:

1. The Application for Approval of Final Accounting, Final Distribution and Recommendation for Disposition of Records Pursuant to 40 P.S. § 221.50 be approved and confirmed absolutely.

2. The Liquidator be authorized to make distribution of the assets of Lincoln in accordance with paragraph 6 of the Liquidator's Final Accounting, Proposal for Final Distribution and Application for Approval of Notice, as follows:

- a. Priority class "a" claims will be paid at 100%. The Liquidator has already received \$13,078,283.89 in administrative expenses.
- b. Priority class "b" claims will be paid at 100%.
- c. Priority class "c" claims will be paid at least 8.78%.
- d. There are no priority class "d" claims.
- e. Priority class "e" claims will not be paid.
- f. Priority class "f" claims will not be paid.
- g. Priority class "g" claims will not be paid.
- h. Priority class "h" claims will not be paid.

i. Priority class "i" claims will not be paid.

3. The Liquidator be authorized to destroy the records of Lincoln in accordance with the recommendation attached as Exhibit C to this Application for Approval of Final Accounting, Final Distribution and Recommendation for Disposition of Records Pursuant to 40 P.S. § 221.50.

4. In accordance with 40 P.S. § 221.48(a), following the completion of the final distribution of assets, the Liquidator shall file an application seeking discharge of the Liquidator, which will also seek approval of the final disposition of any assets remaining in the Liquidator's possession at the time of discharge, or that may be unexpectedly received by the Liquidator post-discharge.

Respectfully submitted:

A handwritten signature in black ink, appearing to read "P.M. B." followed by a stylized flourish.

PRESTON M. BUCKMAN (I.D. #57570)
Governor's Office of General Counsel
Pennsylvania Insurance Department
Capitol Associate Building
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Attorney for Michael Humphreys, Acting Insurance
Commissioner of the Commonwealth of
Pennsylvania, in his official capacity as Statutory
Liquidator of Lincoln General Insurance Company

Dated: February 9, 2023

EXHIBIT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

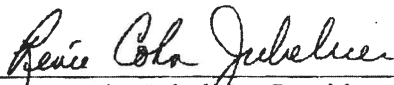
In Re: Lincoln General Insurance Company :
in Liquidation :

No. 1 LIN 2015
:
:

In Re: Liquidator's Application for Approval of Notice of Final Accounting and Proposal for Final Distribution of Assets

ORDER

AND NOW, January 3, 2023, upon consideration of the Statutory Liquidator's Application for Approval of Notice of Final Accounting and Proposal for Final Distribution (Application), which requests approval of the Notice to All Claimants of Lincoln General Insurance Company (attached to the Application as Exhibit C) regarding the filing of the Application, the form of Notice is APPROVED. The Liquidator shall mail the Notice by first-class mail to all claimants listed in Exhibit B to the Application.



Renée Cohn Jubelirer, President Judge

Order Exit
01/03/2023

EXHIBIT B

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Lincoln General Insurance Company :
In Liquidation : No. 1 LIN 2015

January 3, 2022

**NOTICE TO ALL CLAIMANTS OF
LINCOLN GENERAL INSURANCE COMPANY**

PLEASE TAKE NOTICE that Michael Humphreys, in his official capacity as Acting Insurance Commissioner of the Commonwealth of Pennsylvania, and as such, Statutory Liquidator of Lincoln General Insurance Company (In Liquidation) ("Lincoln") ("Liquidator"), has filed for approval of his final accounting and proposal for final distribution, which sets forth the steps taken in this liquidation.

PLEASE TAKE FURTHER NOTICE that the total for class "a", "b", "c", "e", "f", "g", "h" and "i" priority claims that has been approved and allowed is \$189,306,210.60. There are no class "d" claims. The total net assets available for distribution, after payment of administrative expenses incurred by the Liquidator and a reserve of \$190,000 for future administrative expenses of the Liquidator, are \$46,564,680.57.

The Liquidator requests, or will subsequently request, that:

1. The final accounting and proposal for final distribution be approved and confirmed absolutely.
2. The Liquidator be authorized to make a distribution of the assets of Lincoln as follows:
 - a. Priority class "a" claims will be paid at 100%. The Liquidator has already received \$13,078,283.89 in administrative expenses.
 - b. Priority class "b" claims will be paid at 100%.
 - c. Priority class "c" claims will be paid at least 8.78%.
 - d. There are no priority class "d" claims.
 - e. Priority class "e" claims will not be paid.
 - f. Priority class "f" claims will not be paid.
 - g. Priority class "g" claims will not be paid.
 - h. Priority class "h" claims will not be paid.

i. Priority class "i" claims will not be paid.

3. The Liquidator's form of Notice to be sent by first class mail to claimants be approved.

4. The Liquidator be authorized to destroy records of Lincoln in accordance with a recommendation to be filed by the Liquidator with the Court after the issuance of the Notice and the resolution of any objections received to the final accounting and proposal for final distribution.

5. Michael Humphreys, in his official capacity as Acting Insurance Commissioner of the Commonwealth of Pennsylvania, and his predecessors in office, be discharged as Statutory Liquidator of Lincoln, and thereby released from any liability to make payment of any further claims, subject to the filing of an application by the Liquidator with this Court seeking the discharge of the Statutory Liquidator upon completion of the final distribution.

TAKE FURTHER NOTICE that objections to the final accounting and proposal for final distribution must be filed in writing with the Commonwealth Court of Pennsylvania, Office of the Prothonotary, 601 Commonwealth Avenue, Suite 2100, P.O. Box 69185, Harrisburg, Pennsylvania 17106-9185. In the event of such a filing, please refer to Docket No. 1 LIN 2015.

Objections must be filed within 30 days of the date of this Notice, or they shall be forever barred. Objections must be clearly and concisely written.

Copies of the final accounting and proposal for final distribution are available to interested parties for inspection at the Commonwealth Court of Pennsylvania, Office of the Prothonotary, 601 Commonwealth Avenue, Suite 2100, Harrisburg, Pennsylvania 17106-9185; and the PA Insurance Department, 901 North 7th Street, Harrisburg, Pennsylvania 17102.

If you have any questions, please call the Bureau of Liquidations Claims, 901 North 7th Street, Harrisburg, Pennsylvania 17102 at (717) 787-7823.


Laura L. Slaymaker
Deputy Insurance Commissioner

EXHIBIT C

EXHIBIT C

**TO THE LIQUIDATOR'S APPLICATION FOR APPROVAL OF
FINAL ACCOUNTING, FINAL DISTRIBUTION AND
RECOMMENDATION FOR DISPOSITION OF RECORDS
PURSUANT TO 40 P.S. §221.50**

RECOMMENDATION FOR THE DISPOSITION OF RECORDS

The Lincoln General Insurance Company ("Lincoln") (In Liquidation) estate currently has the following categories of records:

Underwriting Files including:

Policy Forms

Correspondence

Terminated policies

Pre-liquidation administrative files

Pre-liquidation files containing annual statements

Pre-liquidation accounting files with correspondence

Pre-liquidation accounting files containing payables

Pre-liquidation accounting files containing tax records

Pre-liquidation reinsurance files - both ceded and assumed

Pre-liquidation closed claim files

Pre-liquidation open claim files closed post liquidation

Pre-liquidation surety bond files

Pre-liquidation legal correspondence files

Post liquidation administrative files including:

Corporate Records

Personnel files

Corporate Insurance files

Correspondence files

Post liquidation proof of claim files

Pre-liquidation records are important in the early stages of a liquidation proceeding, as they inform the Liquidator about, *inter alia*, the company's assets and financial arrangements, the identity of policyholders and creditors, the identity and status of claims, agent and reinsurance arrangements, and the identity and status of ongoing or contemplated litigation. These records,

however, become less and less utilized as the liquidation progresses, as the Liquidator's staff creates and maintains their own records, such that the original, pre-liquidation records of the company lose, to a large extent, their usefulness in the final stages of a liquidation proceeding. Accordingly, now that the Lincoln liquidation proceeding is nearing its conclusion, the Liquidator is recommending that most of the pre-liquidation records be destroyed, as they no longer serve any purpose and will not be required in the future to respond to any post-discharge inquiries that may be received concerning the Lincoln liquidation proceeding. The Liquidator would, however, retain the pre-liquidation accounting files that contain tax records, as they could have information that would possibly be needed to file the post-discharge final tax return with the IRS.

The Liquidator is also recommending that all post liquidation files be retained until such time post-discharge that he believes they are no longer needed to respond to any future inquiries concerning the Lincoln liquidation, or for any other purpose, at which time the Liquidator respectfully requests that this Court grant him the discretion to destroy those records.

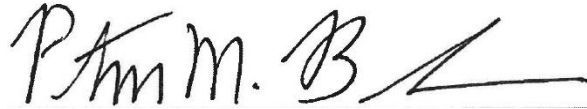
Finally, the Liquidator would note that certain key records of any liquidation proceeding, such as Court orders, final executed settlement agreements, legal filings, certain significant reports and memoranda, *inter alia*, are maintained in perpetuity. That will be the case with the Lincoln estate as well.

In keeping with the foregoing, the Liquidator seeks this Court's approval of the following recommendation for the disposition of Lincoln records:

1. The Liquidator be authorized to destroy the underwriting files (including policy files, correspondence and terminated policies) and pre-liquidation records, except for the accounting files that contain tax records.
2. That the Liquidator be granted the discretion to prospectively destroy records that he believes no longer need to be retained for any post discharge purpose.

**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. #57570)
Insurance Department Counsel
Office of Liquidations, Rehabilitations
& Special Funds
Governor's Office of General Counsel
Capital Associates Building
901 North 7th Street
Harrisburg, PA 17102
(717) 886-2080

Attorney for Michael Humphreys, Acting Insurance
Commissioner of the Commonwealth of
Pennsylvania, in his capacity as Statutory Liquidator
of Lincoln General Insurance Company, In
Liquidation

Dated: February 9, 2023

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the foregoing document upon all parties of record in this proceeding in accordance with the requirements of 1 Pa. Code Chapter 33 in the following manner:


Service via email and/or regular U.S. Mail addressed as follows:

Jordan L. Miller, Esquire
jordanm@jdsalaw.com
Jeffers, Danielson, Sonn & Aylward, P.S.
2600 Chester Kimm Road
Wenatchee, WA 98801
(509) 662-3685
(509) 662-2452 (Fax)

Arleigh P. Helfer III, Esquire
ahelfer@schnader.com
Schnader Harrison Segal & Lewis LLP
1600 Market Street, Suite 3600
Philadelphia, PA 19103
(215) 751-2430
(215) 751-2205 (Fax)

Anthony J. Urban, Esquire
Anthony Urban Law Offices, P.C.
474 North Center Street, 3rd Floor
P.O. Box 890
Pottsville, PA 17901-0890
(570) 622-1247

Matthew Binstock, CFA
mattb@argopartners.net
Argo Partners
12 West 37th Street, 9th Floor
New York, NY 10018
(212) 643-5444
(212) 643-6401 (Fax)



PRESTON M. BUCKMAN (I.D. #57570)
Insurance Department Counsel
Office of Liquidations, Rehabilitations
& Special Funds
Governor's Office of General Counsel
Capital Associates Building
901 North 7th Street
Harrisburg, PA 17102
(717) 886-2080

Attorney for Michael Humphreys, Acting Insurance
Commissioner of the Commonwealth of
Pennsylvania, in his capacity as Statutory Liquidator
of Lincoln General Insurance Company, In
Liquidation

Dated: February 9, 2023



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF GENERAL COUNSEL

February 9, 2023

Michael F. Krimmel, Chief Clerk
Commonwealth Court of Pennsylvania
601 Commonwealth Avenue, Suite 2100
P.O. Box 69185
Harrisburg, PA 17120-9185

Re: *Lincoln General Insurance Company (In Liquidation)*
No. 1 LIN 2015

Dear Mr. Krimmel:

Attached please find the Liquidator's Application for Approval of Final Accounting, Final Distribution and Recommendation for Disposition of Records in the above-referenced liquidation matter.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in black ink, appearing to read "Preston M. Buckman".

Preston M. Buckman
Insurance Department Counsel

PMB:kms

Enclosure

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Lincoln General Insurance Company :
In Liquidation : No. 1 LIN 2015

ORDER

AND NOW, this ____ day of _____ 2023, upon consideration of the foregoing Application for Approval of Final Accounting, Final Distribution and Recommendation for Disposition of Records Pursuant to 40 P.S. § 221.50, it is ordered and decreed that:

1. The Application for Approval of Final Accounting, Final Distribution and Recommendation for Disposition of Records Pursuant to 40 P.S. § 221.50 of Michael Humphreys, in his official capacity as Acting Insurance Commissioner of the Commonwealth of Pennsylvania, as Statutory Liquidator (“Liquidator”) of Lincoln General Insurance Company (“Lincoln”) (In Liquidation), is approved and confirmed absolutely.

2. The Liquidator is authorized to make distribution of the assets of Lincoln in accordance with paragraph 6 of the Liquidator’s Final Accounting, Proposal for Final Distribution and Application for Approval of Notice, as follows:

- a. Priority class “a” claims will be paid at 100%. The Liquidator has already received \$13,078,283.89 in administrative expenses.
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- h. Priority class “h” claims will not be paid.
- i. Priority class “i” claims will not be paid.

3. The Liquidator is authorized to destroy the records of Lincoln in accordance with the recommendation attached as Exhibit C to the Application for Approval of Final Accounting, Final Distribution and Recommendation for Disposition of Records Pursuant to 40 P.S. § 221.50.

4. In accordance with 40 P.S. § 221.48(a), following the completion of the final distribution of assets, the Liquidator shall file an application seeking discharge of the Liquidator, which shall also seek approval of the final disposition of any assets remaining in the Liquidator’s possession at the time of discharge, or that may be unexpectedly received by the Liquidator post-discharge.

BY THE COURT:

Renee Cohn Jubelirer, President Judge