

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Commonwealth Insurance Company, :
In Liquidation : No. 1 CIC 2014

**LIQUIDATOR'S APPLICATION
TO ESTABLISH A CLAIMS BAR DATE**

Teresa D. Miller, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Statutory Liquidator ("Liquidator") of Commonwealth Insurance Company ("CIC"), by her undersigned counsel, respectfully applies to this Court to establish a claims bar date ("Bar Date"). In support of this Application, the Liquidator offers the following:

Background

1. CIC was placed in liquidation by Order of this Court on March 20, 2014 ("the Liquidation Order").
2. The Liquidation Order established November 21, 2014, as the claims filing deadline and directed the Liquidator to give notice of the Liquidation Order and the claims filing deadline in accordance with Section 524¹ of The Insurance Department Act of 1921, Act of May

¹40 P.S. §221.24

17, 1921 (“Act”), P.L. 789, *as amended*, added by the Act of December 14, 1977, P.L. 280, 40 P.S. §§ 221.1- 221.63.

3. Pursuant to the Liquidation Order, the Liquidator noticed all known creditors and potential creditors or claimants of CIC.

4. In accordance with Section 521² of the Act and paragraph 14 of the Liquidation Order, all policies (surety bonds in the case of CIC) were cancelled effective 30 days from the date of the Liquidation Order, or April 19, 2014.

5. For purposes of this Application, the Liquidator sets forth the following defined terms. Definitions may include defined terms. Defined terms are capitalized.

POC — A “POC” is a proof of claim form distributed by the Liquidator in connection with the liquidation of CIC. Multiple proofs of claim are designated as “POCs”.

CONTINGENT PROOF OF CLAIM — A “Contingent POC” is a timely filed POC that includes the following features: (a) the claimant did not provide specific information relating to a claim or cause of action; and (b) the claimant evidences some intent that the POC covers or asserts a claim that might occur or arise after the submission of the POC, including Future Claims.

FUTURE CLAIM or PROTECTIVE CLAIM — A “Future Claim” or “Protective Claim” is a claim that may be filed in the future that includes one or more of the following features: (a) the claim arises after the Bar Date; (b) the facts surrounding the claim are presently unknown to the Liquidator and/or the claimant whether or not intended to be set forth within a Contingent POC; (c) demands made on the basis that a demand or claim may mature at some point, where the CIC insured or Liquidator has received reports or notices, whether or not formal demands for payment were included; (d) demands asserted in litigation with the CIC insured that are reopened and reported after the Bar Date; and/or (e) the claim has yet to be asserted against a CIC insured and/or the Liquidator. Future Claims or Protective Claims often appear in the form of long-tail liability claims or, in the case of a surety company like CIC, latent defect claims and, once asserted, it is

²40 P.S. §221.21

common for such claims to take many years to develop, through litigation, before damages are determined.

UNEVALUATED CLAIM — An “Unevaluated Claim” is a demand or right of action reported to the Liquidator under a POC that includes one or more of the following features: (a) demands that are not capable of being Perfected by the Bar Date due to active and/or ongoing procedural or litigation matters; and/or (b) rights of action that have accrued but the liability has not been determined or the amount thereof liquidated and the claimant is therefore unable to perfect the claim by the Bar Date.

PERFECTED — “Perfected” means that claimants have provided to the Liquidator sufficient information and documentation describing the facts of the claim, including but not limited to: (a) a detailed statement describing the claim; (b) a detailed statement describing the dollar value of the claim; (c) documents evidencing damage; and (d) all other information or documents helpful to proving the claim, all as required by the Act and the instructions on the POC form. When the POC is perfected, CIC issues a Notice of Determination.

Status of the Claims in the CIC Estate

6. Between March 20, 2014 and March 31, 2015, the Liquidator has received 53 completed POCs. The following graph details when those POCs have been received and demonstrates that the volume of POCs received has greatly diminished over the last 6 months since the claims filing deadline of November 21, 2014.

	Received By			Claims Filing Deadline		
	3/31/2014	6/30/2014	9/30/2014	11/21/2014	12/31/2014	3/31/2015
	1	18	5	28	1	0
Total	1	19	24	52	53	53

7. The Liquidator has issued a Notice of Determination (“NOD” or “NODs” for multiple notices of determination) for 44 of the 53 POCs that have been received (83% of those received). Thirty-four of the NODs have been accepted. Of the other 10 POCs where NODs have been issued, 8 are with the claimant pending acceptance/objection, 2 are the subject of an

objection, and none are before a referee. Of the other 9 remaining POCs that have not yet been issued a NOD, 7, or 78%, are Future or Protective Claims, where no true claim has been asserted as of yet. Of the other 2, 1 is a claim currently in litigation, and 1 is a claim requiring additional information.

Claims Arising From Surety Bonds

8. CIC limited its coverage to surety bonds. Most of these were performance and payment bonds covering construction projects. CIC also wrote some license, permit and union benefit bonds.

9. The largest number of claims filed against CIC, the surety, arise from payment bonds. These claims are usually filed by material suppliers, subcontractors and equipment renters who are seeking monies as a result of a default by bond principals, such as general contractors, on their financial obligations. Many of the applicable CIC bond forms, as well as federal and state bond schemes, follow a one-year suit limitation rule, whereby suit cannot be brought against the surety after one year from the last day the claimant provided material or labor on the project. Some forms dictate that the suit limitation period will run from substantial completion or final acceptance of the project. In either case, this time frame makes it reasonable to expect that payment bond claims will be filed within a year of the day they arise.

10. Most of the other claims filed against CIC arise from performance bonds, which protect an obligee, oftentimes the person or entity that has an ownership interest in the construction project, against a default by the principal. In these situations, the surety will respond under the terms of its bond to complete the project or indemnify the obligee for the completion costs that it incurs. A majority of the defaults occur due to the financial failure of

the principal as evidenced by unpaid subcontractors and material suppliers. Other claims arise from late completion of a project or improper workmanship.

11. These types of problems are readily apparent to an obligee and normally appear during or very soon after the construction process has been completed. Such issues occurring prior to April 19, 2014 (as mentioned above in paragraph 4, the date the bonds were cancelled pursuant to Section 521³ of the Act and paragraph 14 of the Liquidation Order), should have been noticed and evaluated by the obligees within months of their occurrence, such that a POC should have been filed by the claims filing deadline of November 21, 2014.

12. There is a small group of potential claims under performance bonds related to latent defects within the completed work of the principal. In these instances, a principal has performed work that is subject to prospective failure after the obligee has made final payment or takes possession of the building. The defect lays dormant and hidden for a period of time and can lead to belated claims against the surety. The timing of such claims is not predictable and they may not be discovered for years. Although these types of claims can occur, they are relatively rare.

13. CIC also wrote a small number of miscellaneous bonds, such as license, permit and union benefit bonds. The license and permit bonds are usually for small amounts, such as less than \$50,000, and provide coverage in the event that a contractor fails to comply with a state regulatory scheme for the applicable trade or industry. These are infrequent claims and generally arise following some type of administrative review and ruling.

14. Financial guaranty bonds for union benefits are also limited in amount and produce infrequent claims. These bonds provide coverage in the event of improper reporting of wages and benefits, or payment of benefits, to the union members.

³40 P.S. §221.21

15. The license, permit and union benefit bonds were also cancelled on April 19, 2014. These types of claims are normally readily discoverable if the obligee exercises reasonable diligence. Thus, it would be realistic to expect these types of claims to be filed within a year of the day they arise.

16. In summary, because of the type of business CIC wrote, and the very small size of the company's book of business, it is reasonable to conclude that the vast majority of the CIC estate's claims have already been filed. Moreover, it is reasonable to expect that the number of claims that may be filed prospectively will be quite limited.

Reasons for Seeking a Bar Date

17. Although the CIC estate has only been open for approximately 14 months, the Liquidator has determined that it is time to seek the Court's approval of a final date after which no POCs will be permitted (i.e., the Bar Date). Some of the reasons for the Liquidator's determination are unique to a surety company such as CIC, and the claims that arise from surety bonds, as detailed in paragraphs 8 through 16 above. There are additional reasons as well, which include the following.

18. Notwithstanding the conclusion and expectation mentioned in paragraph 16, unless a Bar Date is established, the Liquidator cannot know, with absolute certainty, at what point in time all Contingent and Future or Protective Claims (which likely would be latent defect claims) have been made, since conceivably, they could be submitted for several years to come. This could result in the CIC liquidation remaining open indefinitely until all new claims are determined and all litigation is resolved. Moreover, the Liquidator would be unable to calculate the amount of any final pro-rata distribution until the value of all claims was determined.

19. If untimely filed claims, including Contingent and Future or Protective Claims, were to be considered and allowed after the Bar Date, it would adversely impact the distribution percentage to be received by claimants who have legitimate, timely filed claims that will receive a distribution from the CIC estate. Furthermore, the longer the estate remains open, the more administrative expenses are incurred, which further decreases the distribution percentage to be received by those claimants waiting for a distribution from the estate. This consideration is of particular note and concern in the CIC estate, which is a very small estate with very limited assets.

20. The only potential claimants who would not file their claims by the Bar Date, or who will be unable to submit documents supporting their claims by the Bar Date, will be potential claimants who have no legitimate claims by the time of the Bar Date, but who might have Contingent or Future or Protective Claims. It is inequitable to delay for a significant period the distribution to the vast majority of creditors for the benefit of a small number of “potential” future creditors, who may or may not have claims develop after the Bar Date.

21. Moreover, a unique and very important consideration in the case of a surety bond company like CIC is that finalizing the estate’s liability will allow the release of collateral to principals or payment of collateral to claimants. The Liquidator is currently holding 130 mortgages with a value of \$67,803,000, \$750,000 in irrevocable letters of credit, \$127,950 in cash and \$95,000 in certificates of deposit. Once the Bar Date has been established and the estate’s liability finally determined, this collateral will be released.

22. For these reasons, the order establishing a Bar Date (“the Bar Date Order”) should, with respect to claims to which the Bar Date applies, preclude the filing of claims after the Bar Date for any reason, including, without limitation, a reason constituting “good cause”

under Section 537⁴ of the Act. This applies to a Future or Protective Claim as described in paragraph 5 above.

23. If a POC filed before the Bar Date asserts a claim that has not ripened into a legal cause of action (i.e., a Contingent POC as described in paragraph 5 above) prior to the Bar Date, the Bar Date Order should disallow that POC. This does not include a POC that asserts a legal cause of action but where the damages are not yet liquidated (i.e., an Unevaluated Claim as described in paragraph 5 above).

24. The Bar Date should apply to all claims arising out of actions or omissions (including representations concerning surety bonds and otherwise) of CIC, its officers, employees, agents and representatives prior to liquidation or arising out of contracts (other than surety bonds) entered into by CIC prior to liquidation. It should further apply to all claims arising out of post-liquidation actions or omissions (including representations concerning surety bonds and otherwise) of CIC, the Liquidator or their officers, employees, agents and representatives (including, but not limited to, attorneys, auditors, actuaries, accountants, consultants and other professionals, whether employees or independent contractors), or arising out of post-liquidation contracts entered into by CIC or the Liquidator, as long as those actions, omissions or breaches of contract occurred prior to the Bar Date. If a claim first arises within the thirty (30) days prior to the Bar Date, the filing of a POC should be allowed after the Bar Date but only within thirty (30) days of when the claim arose.

25. The Bar Date should not apply to routine administrative expense claims. However, the claims to which the Bar Date would apply include claims allegedly arising out of or based in any way on the conduct of the liquidation proceedings, and the effects of the

⁴40 P.S. §221.37

Liquidation Order, even if such claims could possibly be characterized as administrative expense claims or policyholder claims.

26. The Bar Date would not apply to, or affect in any way, claims, actions or rights of CIC or the Liquidator.

27. The Bar Date Order should provide that neither the establishment of a Bar Date nor the recognition of certain exceptions to the preclusive effect of the Bar Date constitutes the waiver of any defenses to individual POCs, including any defenses otherwise based on the untimeliness of the claims.

28. The entry of the Bar Date Order should not be viewed as an occasion for a claimant to refile or reargue a claim that has previously been submitted. Accordingly, the Bar Date Order should provide that the filing of duplicate POCs is neither required nor permitted and that the Liquidator shall disallow duplicative claims without further consideration of their merits.

29. The Bar Date should not apply to any claim by a guaranty association.

30. The Liquidator requests that the Court establish the Bar Date at the earliest possible time and that the Bar Date be no more than forty-five (45) days after the Order setting that date.

31. Accordingly, the Liquidator requests that the Court enter proposed Order I attached hereto, which in addition to establishing the Bar Date, also approves the form, scope and mailing of the Notice of the Bar Date Order attached to this petition as Exhibit "A", and the Proof of Claim form that is attached to this petition as Exhibit "B". Proposed Order I does not provide for publication Notice given the very small size of the CIC estate and its extremely limited assets of \$132,728.82 as of May 15, 2015. It is the Liquidator's conclusion that after applying a cost/benefit analysis to these circumstances, a publication Notice would be an

unnecessary use of estate funds that can otherwise be used to pay claims. Alternatively, should the Court decide that a publication Notice is required, the Liquidator would request that the Court enter proposed Order II attached hereto, which approves a publication Notice as Exhibit “C”, in addition to establishing the Bar Date, the form, scope and mailing of the Notice of the Bar Date Order attached to this application as Exhibit “A”, and the Proof of Claim form that is attached to this application as Exhibit “B”. Should the Court decide a publication Notice is required, the following text will be inserted as paragraph 11 in the Notice of the Bar Date Order (Exhibit “A” hereto): “The publication Notice is hereby approved. CIC shall cause a copy of the publication Notice to be published once in the Philadelphia Inquirer within thirty (30) days of the date of this Order.”

32. In support of his request for a Bar Date Order, the Liquidator would note that this Court has approved six prior requests for a Bar Date Order in other liquidation proceedings, specifically the PHICO Insurance Company liquidation, the Rockwood Insurance Company liquidation, the Westmoreland Insurance Company liquidation, the First Sealord Surety, Inc., liquidation, the Legion Insurance Company liquidation, and the Villanova Insurance Company liquidation.

WHEREFORE, the Liquidator respectfully requests the entry of proposed Order I in the form attached hereto establishing a Bar Date, approving the form, scope and mailing of the Notice of the Bar Date Order attached to this petition as Exhibit “A”, and the Proof of Claim form that is attached to this petition as Exhibit “B”. Alternatively, should the Court decide a publication Notice is required, the Liquidator would request that the Court enter proposed Order II attached hereto, which approves a publication Notice as Exhibit “C”, in addition to establishing the Bar Date, the form, scope and mailing of the Notice of the Bar Date Order

attached to this application as Exhibit "A", and the Proof of Claim form that is attached to this application as Exhibit "B". Should the Court decide a publication Notice is required, the following text will be inserted as paragraph 11 in the Notice of the Bar Date Order (Exhibit "A" hereto): "The publication Notice is hereby approved. CIC shall cause a copy of the publication Notice to be published once in the Philadelphia Inquirer within thirty (30) days of the date of this Order."

Respectfully submitted:

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

Attorney for Teresa D. Miller, Acting Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her official capacity as Statutory
Liquidator of Commonwealth Insurance Company

Dated: 5/20/15

EXHIBIT A

EXHIBIT A

**NOTICE OF THE CLAIMS BAR DATE
FOR COMMONWEALTH INSURANCE COMPANY (IN LIQUIDATION) ("CIC")**

On _____, 2015, the Commonwealth Court of Pennsylvania entered an Order establishing a claims bar date in connection with the liquidation of Commonwealth Insurance Company. The full text of the Court's Order is as follows:

<u>ORDER</u>

1. The date forty-five (45) days after the date of this Order is hereby established as a claims bar date ("Bar Date").

2. Any and all claims against CIC, against the Liquidator, his agents and representatives, or in any way affecting or seeking to affect any assets of CIC, wherever or however such assets may be owned or held, directly or indirectly, must be filed with the Liquidator no later than the Bar Date.

3. A claim must be filed by means of a completed Proof of Claim form, together with proper proofs supporting the claim. The Proof of Claim form attached as Exhibit "B" to the Liquidator's Bar Date Application is approved and should be utilized by any claimant who files a claim after the date of this Order. Notwithstanding the foregoing, a Proof of Claim received on the original Proof of Claim form for the CIC estate shall be reviewed by the Liquidator and will be subject to the terms of this Order.

4. A Proof of Claim shall be deemed filed on the day it is received by the Liquidator, unless first class mail is utilized, in which case it will be deemed filed on the date of the postmark.

5. Any Proof of Claim filed after the Bar Date is untimely and shall be disallowed by the Liquidator without consideration of its merits. This Order bars the filing of any such Proof of Claim after the Bar Date for any reason, including, without limitation, a reason constituting “good cause” under the late claims provisions of Article V of the Insurance Department Act of 1921, the discovery of information not previously known, and the fact that a claim was previously unmatured or contingent. Any claim is barred which does not ripen into a legal cause of action prior to the Bar Date, even though the claimant filed a Proof of Claim before the Bar Date. Notwithstanding the foregoing, if a claim first arises within the thirty (30) days prior to the Bar Date, the filing of a POC should be allowed after the Bar Date but only within thirty (30) days of when the claim arose.

6. The establishment of the Bar Date does not constitute the waiver of any defenses to individual Proofs of Claim. Any and all defenses to such claims remain available to CIC and the Liquidator, including defenses otherwise based on the untimeliness of the claims.

7. The Bar Date does not apply to, or affect in any way, claims, actions or rights of CIC or the Liquidator.

8. The establishment of the Bar Date is not an opportunity to refile or reargue a claim previously filed with CIC, and duplicative Proofs of Claim shall not be submitted. If duplicative Proofs of Claim are filed contrary to this Order, the Liquidator shall disallow them without further consideration of their merits.

9. The Bar Date shall not apply to routine administrative expense claims.

10. The Bar Date shall not apply to any claim by a guaranty association.

11. The mailing Notice attached as Exhibit “A” to the Liquidator’s Bar Date Application is hereby approved. CIC shall mail by first class mail, as soon as practicable after

receipt of this Order, a copy of the mailing Notice to all insureds of record as of the date of the Liquidation Order (March 20, 2014) and to all other persons or entities that filed a proof of claim as referenced in paragraph 6 of the Liquidator's Bar Date Application.

Any claim should be filed on the Court-approved claim form together with proofs supporting the claim. Proofs of Claim will be provided by first class mail and a form may be obtained by sending a request in writing to:

Statutory Liquidator of Commonwealth Insurance Company
901 N. 7th Street
Harrisburg, PA 17102

Or call:

717-787-7823

Please request a separate claim form for each claim that you wish to file.

**YOUR COMPLETED PROOF OF CLAIM MUST BE FILED BY _____,
2015, OR IT WILL BE FOREVER BARRED UNLESS YOUR CLAIM COMES WITHIN
AN EXCEPTION PROVIDED FOR IN THE COURT'S ORDER.**

EXHIBIT B



PROOF OF CLAIM

**COMMONWEALTH INSURANCE COMPANY (CIC) IN LIQUIDATION
ALL CLAIMS MUST BE POSTMARKED BEFORE THE BAR DATE DEADLINE OF 5:00 PM ON
_____, 2015**

Note: Please read carefully the accompanying Notice and instructions on the back before completing this Proof of Claim Form. DO NOT alter this Proof of Claim form or any of the required information. Mark "N/A" or "Not Applicable", if appropriate. Please type or print.

DO NOT FILE A PROOF IF CLAIM IF:

- You have already filed a Proof of Claim form; or
- Your claim has not ripened into a legal cause of action prior to INSERT BAR DATE _____

SECTION I

Proof of Claim No. (Leave Blank)

Bond Principal

Bond Obligee

Bond Type Bond No. Bond Effective Date Bond End Date

Project Name (If applicable)

SECTION II

Claimant's Full Name

Mailing Address

City, State, Zip Code

Telephone No. Home

TIN/EIN

Business

E-Mail

Claim is for:

- _____ General Creditor (attorney fees, vendors, lessors, consultants, cedents, reinsurers)
- _____ Agent Balances (earned commissions)
- _____ Other (Describe below)
- _____ Claim by performance bond obligee for cost of completion of contract or for defective construction.
- _____ Claim by (1) subcontractor, (2) material supplier, or (3) employee who furnished work or rendered services on the project. (Circle 1, 2 or 3)
- _____ Claim on bond other than construction performance and/or payment bond.
- _____ Claim is for return of collateral posted for the bond principal.
- _____ Claim is made for the return of unearned premium due to early cancellation. (if amount is unknown, Liquidator will calculate).
- _____ Amount of premium/consideration paid to date. Attach copies of cancelled checks or other proof of payments.
- _____ Was premium financed? Yes No. If yes, provide name of premium finance company and details of premium financing.

In the space below, give a brief, concise statement of the particulars of your claim as identified above, including the consideration given for it.

CIC was, at the time of the Order of Liquidation, and still is indebted (or liable) to this claimant in the sum of \$

In support of this claim, attached is/are true and accurate copies of the following:

- A. Contract, subcontract or purchase order between Claimant and Contractor
- B. Unpaid Invoices; receipts
- C. Ledger of Contractor's account(s) with claimant;
- D. Delivery tickets for unpaid invoices; progress estimates;
- E. Any liens filed by the claimant;
- F. Correspondence supporting claim;
- G. Copy of Bond or written instrument that is foundation of claim;
- H. Payment made on debt, if any;
- I. Other- please explain



PROOF OF CLAIM (page 2)

**COMMONWEALTH INSURANCE COMPANY (CIC) IN LIQUIDATION
ALL CLAIMS MUST BE POSTMARKED BEFORE THE BAR DATE DEADLINE OF 5:00 PM ON
_____, 2015**

Date when claimant last furnished labor, material, supplies or services in connection with this claim.

No judgment has been rendered on this claim except (provide judgment amount, judgment date, name and location of court, case number, and name and address of attorney who represented you):

This claim is not subject to any set-off, counterclaim, back charges, credits or defense, nor has the bond principal asserted any such set-off, counterclaim, back charges, credits or defense, except as follows:

The claimant does not assert any right of priority of payment or any other specific right (a) to any security interest in the property of CIC; (b) to any collateral held by or for the benefit of CIC in connection with the bonded obligation; or (c) contract funds or other funds held by anyone in connection with the bonded obligation, except:

(If any such interest as is described above is claimed and is evidenced by any writing, attach a copy to this form. Also attach evidence of perfection of any security interest claimed.)

Are you represented by an attorney	Yes	No	If "yes" provide the following:
Name of Attorney			Telephone No.
Name of Law Firm			
Mailing Address			City, State, Zip Code
Has a lawsuit or other legal action been instituted?	Yes	No	If "yes" provide the following:
Court where filed			
Date filed		Case No.	
Plaintiff(s)		Defendant(s)	
Has CIC moved to stay the above-described proceeding?		Yes	No
If so, what was the disposition of such motion?			

NOTE: If you need additional space to explain a response, please attach a separate sheet to this Proof of Claim.

I certify that the statements made in this proof of claim are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 19 Pa. C.S. §4904 (relating to unsworn falsification to authorities).

_____ Claimant Signature

_____ Date

EXHIBIT C

EXHIBIT C

**PUBLICATION NOTICE OF THE CLAIMS BAR DATE
FOR COMMONWEALTH INSURANCE COMPANY (IN LIQUIDATION)**

**NOTICE
TO THE BONDHOLDERS, CLAIMANTS, CREDITORS AND
ALL OTHER PERSONS INTERESTED IN THE
AFFAIRS OF
COMMONWEALTH INSURANCE COMPANY (IN LIQUIDATION)**

NOTICE IS HERBY GIVEN THAT:

Commonwealth Insurance Company (In Liquidation) ("CIC") was placed into Liquidation by Order of the Commonwealth Court of Pennsylvania, dated March 20, 2014 (the "Liquidation Order"). The Liquidation Order appointed the Insurance Commissioner of the Commonwealth of Pennsylvania as Statutory Liquidator of CIC and vested him with title to all the property, assets, contracts and rights of action of CIC.

On _____, 2015, the Liquidator filed in the Commonwealth Court of Pennsylvania an Application to Establish a Claims Bar Date ("Bar Date Application"). On _____, 2015, the Commonwealth Court entered an Order granting the Bar Date Application and setting a Claims Bar Date of _____, 2015.

Therefore, all persons who may have a claim against CIC, against the Liquidator, his agents or representatives, or in any way affecting or seeking to affect any of the assets of CIC, wherever or however such assets may be owned or held, directly or indirectly, whether that claim is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured, must file a Proof of Claim by the Claim Bar Date of _____, 2015, or the claim will be forever barred.

You may obtain a free copy of the Proof of Claim form by writing to the

Statutory Liquidator of Commonwealth Insurance Company
901 N. 7th Street
Harrisburg, PA 17102

Or call:

717-787-7823

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 eservice through PACFile, and regular U.S. Mail addressed as follows:

William R. Balaban, Esquire
WBalaban@BalabanAndAssociates.com
27 North Front Street
Harrisburg, PA 17101-1606
(717) 695-2901
(717) 695-7914 (fax)

Bernard S. Rubb, Esquire
bernierubb@gmail.com
434 Oliver Road
Sewickley, PA 15143
(412) 741-3021
(412) 741-3011 (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) 787-6009

Counsel for the Statutory Liquidator of
Commonwealth Insurance Company

DATED: 5/20/15



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF GENERAL COUNSEL

May 20, 2015

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

***Re: In Re: Commonwealth Insurance Company (In Liquidation)
No. 1 CIC 2014***

Dear Mr. Krimmel:

Attached please find the Liquidator's Application to Establish a Claims Bar Date with regard to the above-referenced matter.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read "P.M. Buckman".

Preston M. Buckman
Insurance Department Counsel

PMB:drh

Enclosures

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Commonwealth Insurance Company, :
In Liquidation : No. 1 CIC 2014

ORDER I

AND NOW, this ____ day of _____, 2015, upon consideration of the Application to Establish a Claims Bar Date (“Bar Date Application”) filed by Teresa D. Miller, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Statutory Liquidator (“Liquidator”) of Commonwealth Insurance Company (“CIC”), the Bar Date Application is GRANTED and it is hereby ORDERED as follows:

1. The date forty-five (45) days after the date of this Order is hereby established as a claims bar date (“Bar Date”).

2. Any and all claims against CIC, against the Liquidator, his agents and representatives, or in any way affecting or seeking to affect any assets of CIC, wherever or however such assets may be owned or held, directly or indirectly, must be filed with the Liquidator no later than the Bar Date.

3. A claim must be filed by means of a completed Proof of Claim form, together with proper proofs supporting the claim. The form of Proof of Claim attached as Exhibit “B” to

the Bar Date Application is approved and should be utilized by any claimant who files a claim after the date of this Order. Notwithstanding the foregoing, a Proof of Claim received on the original Proof of Claim form for the CIC estate shall be reviewed by the Liquidator and will be subject to the terms of this Order.

4. A Proof of Claim shall be deemed filed on the day it is received by the Liquidator, unless first class mail is utilized, in which case it will be deemed filed on the date of the postmark.

5. Any Proof of Claim filed after the Bar Date is untimely and shall be disallowed by the Liquidator without consideration of its merits. This Order bars the filing of any such Proof of Claim after the Bar Date for any reason, including, without limitation, a reason constituting “good cause” under the late claims provisions of Article V of the Insurance Department Act of 1921, the discovery of information not previously known, and the fact that a claim was previously unmaturing or contingent. Any claim is barred which does not ripen into a legal cause of action prior to the Bar Date, even though the claimant filed a Proof of Claim before the Bar Date. Notwithstanding the foregoing, if a claim first arises within the thirty (30) days prior to the Bar Date, the filing of a POC should be allowed after the Bar Date but only within thirty (30) days of when the claim arose.

6. The establishment of the Bar Date does not constitute the waiver of any defenses to individual Proofs of Claim. Any and all defenses to such claims remain available to CIC and the Liquidator, including defenses otherwise based on the untimeliness of the claims.

7. The Bar Date does not apply to, or affect in any way, claims, actions or rights of CIC or the Liquidator.

8. The establishment of the Bar Date is not an opportunity to refile or reargue a claim previously filed with CIC, and duplicative Proofs of Claim shall not be submitted. If duplicative Proofs of Claim are filed contrary to this Order, the Liquidator shall disallow them without further consideration of their merits.

9. The Bar Date shall not apply to routine administrative expense claims.

10. The Bar Date shall not apply to any claim by a guaranty association.

11. The mailing Notice attached to the Bar Date Application as Exhibit A is hereby approved. The Liquidator shall mail by first class mail, as soon as practicable after receipt of this Order, a copy of the mailing Notice to all insureds of record as of the date of the Liquidation Order (March 20, 2014) and to all other persons or entities that filed a proof of claim as referenced in paragraph 6 of the Bar Date Application.

12. Due to the very small size of the CIC estate and the extremely limited amount of estate assets, the Liquidator is not required to publish notice of the Bar Date.

BONNIE BRIGANCE LEADBETTER
JUDGE

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Commonwealth Insurance Company, :
In Liquidation : No. 1 CIC 2014

ORDER II

AND NOW, this ____ day of _____, 2015, upon consideration of the Application to Establish a Claims Bar Date (“Bar Date Application”) filed by Teresa D. Miller, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Statutory Liquidator (“Liquidator”) of Commonwealth Insurance Company (“CIC”), the Bar Date Application is GRANTED and it is hereby ORDERED as follows:

1. The date forty-five (45) days after the date of this Order is hereby established as a claims bar date (“Bar Date”).

2. Any and all claims against CIC, against the Liquidator, her agents and representatives, or in any way affecting or seeking to affect any assets of CIC, wherever or however such assets may be owned or held, directly or indirectly, must be filed with the Liquidator no later than the Bar Date.

3. A claim must be filed by means of a completed Proof of Claim form, together with proper proofs supporting the claim. The form of Proof of Claim attached as Exhibit “B” to

the Bar Date Application is approved and should be utilized by any claimant who files a claim after the date of this Order. Notwithstanding the foregoing, a Proof of Claim received on the original Proof of Claim form for the CIC estate shall be reviewed by the Liquidator and will be subject to the terms of this Order.

4. A Proof of Claim shall be deemed filed on the day it is received by the Liquidator, unless first class mail is utilized, in which case it will be deemed filed on the date of the postmark.

5. Any Proof of Claim filed after the Bar Date is untimely and shall be disallowed by the Liquidator without consideration of its merits. This Order bars the filing of any such Proof of Claim after the Bar Date for any reason, including, without limitation, a reason constituting “good cause” under the late claims provisions of Article V of the Insurance Department Act of 1921, the discovery of information not previously known, and the fact that a claim was previously unmaturing or contingent. Any claim is barred which does not ripen into a legal cause of action prior to the Bar Date, even though the claimant filed a Proof of Claim before the Bar Date. Notwithstanding the foregoing, if a claim first arises within the thirty (30) days prior to the Bar Date, the filing of a POC should be allowed after the Bar Date but only within thirty (30) days of when the claim arose.

6. The establishment of the Bar Date does not constitute the waiver of any defenses to individual Proofs of Claim. Any and all defenses to such claims remain available to CIC and the Liquidator, including defenses otherwise based on the untimeliness of the claims.

7. The Bar Date does not apply to, or affect in any way, claims, actions or rights of CIC or the Liquidator.

8. The establishment of the Bar Date is not an opportunity to refile or reargue a claim previously filed with CIC, and duplicative Proofs of Claim shall not be submitted. If duplicative Proofs of Claim are filed contrary to this Order, the Liquidator shall disallow them without further consideration of their merits.

9. The Bar Date shall not apply to routine administrative expense claims.

10. The Bar Date shall not apply to any claim by a guaranty association.

11. The publication Notice attached to the Bar Date Application as Exhibit C is hereby approved. The Liquidator shall cause a copy of the publication Notice to be published once in the Philadelphia Inquirer within thirty (30) days of the date of this Order. Moreover, the following text will be inserted as paragraph 11 in the Notice of the Bar Date Order (Exhibit "A" of the Bar Date Application): "The publication Notice is hereby approved. CIC shall cause a copy of the publication Notice to be published once in the Philadelphia Inquirer within thirty (30) days of the date of this Order."

12. The mailing Notice is hereby approved. The Liquidator shall mail by first class mail, as soon as practicable after receipt of this Order, a copy of the mailing Notice to all insureds of record as of the date of the Liquidation Order (March 20, 2014) and to all other persons or entities that filed a proof of claim as referenced in paragraph 6 of the Bar Date Application.

BONNIE BRIGANCE LEADBETTER
JUDGE