IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, Plaintiff,	:	
v.	:	Docket No. 1 CIC 2014
Commonwealth Insurance Company 555 City Line Ave Suite 620 Bala Cynwyd, PA 19004,	:	
Defendant.	:	

RECEIVED & FILED
COMMONWEALTH COURT
OF PENNSYLVANIA
19 MAR 2014 13 25

PETITION FOR REVIEW IN THE NATURE OF A COMPLAINT FOR ORDER OF LIQUIDATION

INTRODUCTION

1. By this action, Plaintiff, Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, seeks an Order of Liquidation of Commonwealth Insurance Company (hereinafter "Commonwealth Ins. Co." or the "Company") and its business and affairs pursuant to Article V of the Insurance Department Act of 1921, Act of May 19, 1921, P.L. 789, as amended, 40 P.S. §§ 221.1-221.63 (the "Act"), on the grounds of consent to liquidation.

JURISDICTION

2. Jurisdiction over this case is founded upon 42 Pa. C.S. § 761(a) and Section 504(d) of the Insurance Department Act of 1921, supra, 40 P.S. § 221.4(d).

PARTIES

3. Plaintiff is Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, acting in his official capacity ("Commissioner"). Plaintiff has his principal office at 1326 Strawberry Square, Harristown State Office Building No. 1, Harrisburg, Pennsylvania 17120.

4. Plaintiff is charged with the execution of the laws of the Commonwealth of Pennsylvania in relation to insurance for the protection of policyholders, creditors, and the public generally.

5. Defendant, Commonwealth Ins. Co., is a domestic stock casualty insurance company that is organized pursuant to the laws of the Commonwealth of Pennsylvania and has its principal place of business at 555 City Line Ave, Suite 620, Bala Cynwyd, PA 19004.

6. Commonwealth Ins. Co. is part of an insurance holding company system with The Pennsylvania Group Ltd. ("PA Grp."), a Delaware company who is the 100% owner and sole shareholder of Commonwealth Ins. Co.

7. Commonwealth Ins. Co. is authorized to write fidelity and surety lines of business under the Insurance Company Law of 1921, Act of May 17, 1921, P.L. 682, as amended, section 202(c), 40 P.S. § 382(c)(1),

8. Commonwealth Ins. Co. is, and at all material times has been, engaged in the lines of insurance described in Paragraph 7, supra.

9. Commonwealth Ins. Co. is, and at all material times has been, subject to examination by and to the jurisdiction of the Commissioner.

GROUNDS FOR LIQUIDATION

CONSENT

10. Under 40 P.S. §§ 221.14, 221.19 and 221.20(b), an order of liquidation may be entered upon written consent of the insurer if:

> The board of directors or the holders of a majority of the shares entitled to vote, or a majority of those individuals entitled to the control of those entities specified in section 502 [40 P.S. § 221.2 (relating to Persons covered)] requested or consent to rehabilitation under this article.

40 P.S. § 221.14(12) (order of rehabilitation may be issued based upon consent); 40 P.S. § 221.19 (order of liquidation may be issued on the same grounds as order of rehabilitation); 40 P.S. § 221.20(b) (liquidation orders issued pursuant to written consent of the insurer).

11. PA Grp., the sole shareholder of Commonwealth Ins. Co., consented to an Order of Liquidation. A true and correct copy of the Certificate of PA Grp. evidencing the resolution of PA Grp.'s directors dated March 3, 2014, is attached to this Petition as Exhibit 1 and incorporated herein by reference. A true and correct copy of the Certificate of PA Grp. evidencing the resolution of PA Grp.'s shareholders dated March 18, 2014 is attached to this Petition as Exhibit 2 and incorporated herein by reference. A true and correct copy of the supporting Affidavit of Ann E. Glass, PA Grp. Secretary ("Affidavit") is attached to this Petition as Exhibit 3 and incorporated herein by reference.

12. Similarly, on March 3, 2014, Commonwealth Ins. Co.'s Board of Directors unanimously consented to the entry of an Order of Liquidation. See Certificate and Affidavit attached to this Petition as Exhibit 4 and incorporated herein by reference.

13. On March 19, 2014, pursuant to the unanimous consent of the Commonwealth Ins. Co. Board of Directors and the consent of PA Grp., the Sole Shareholder of Commonwealth Ins. Co., Ann E. Glass, Secretary of Commonwealth Ins. Co., executed a Consent to Order of

Liquidation waiving Commonwealth Ins. Co's right to a hearing under 40 P.S. § 221.20(b). A true and correct copy of the Consent to the Order of Liquidation is attached to this petition as Exhibit 5 and incorporated herein by reference.

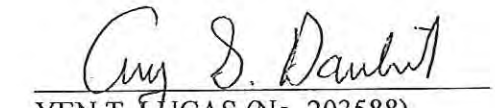
14. The consents of Commonwealth Ins. Co's Board of Directors and its sole shareholder, PA Grp., provide independent and sufficient grounds for entry of an Order of Liquidation.

RELIEF

WHEREFORE, Plaintiff Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, respectfully requests that this Honorable Court enter the attached Order of Liquidation.

Respectfully submitted,

DATED:



YEN T. LUCAS (No. 203588)
Chief Counsel
AMY GRIFFITH DAUBERT (No. 62064)
Deputy Chief Counsel
JODI A. FRANTZ (No. 84727)
Department Counsel
Pennsylvania Insurance Department
1341 Strawberry Square
Harrisburg, PA 17120
(717) 787-2567

Counsel for Michael F. Consedine,
Insurance Commissioner of the Commonwealth of Pennsylvania

Exhibit 1

THE PENNSYLVANIA GROUP, LTD.

CERTIFICATE OF THE SECRETARY

Re: Voluntary Liquidation of Commonwealth Insurance Company
Under 40 P.S. §§ 221.1-221.63
(Article V of the Insurance Department Act of 1921)

I, the undersigned duly elected and qualified Secretary of The Pennsylvania Group, Ltd., a Delaware Company ("PA Grp."), do hereby certify that:

Attached as Exhibit "A" to this Certification is a true, correct and complete copy of a certain Unanimous Consent duly adopted by the Board of Directors of the PA Grp., which constitutes the only Unanimous Consent of the Board of Directors of the PA Grp. relating to the transaction contemplated by the voluntary liquidation of Commonwealth Insurance Company. Such Unanimous Consent of the PA Grp. has not been amended, modified or rescinded and remains in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March 2014.

THE PENNSYLVANIA GROUP, LTD.

By: Ann Glass
Ann Glass, Secretary

THE PENNSYLVANIA GROUP, LTD.

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS

Dated March 3, 2014

The undersigned, constituting all of the members of the Board of Directors entitled to vote by Unanimous Consent in writing, without the formality of convening a meeting, do hereby consent to the following actions of The Pennsylvania Group, Ltd. ("PA Grp."):

WHEREAS, the PA Grp. is a Delaware corporation; and

WHEREAS, Ann Glass resigned as Secretary and Treasurer of the PA Grp. at the end of 2012, but is now willing to be reappointed as Secretary of the PA Grp., effective immediately; and

WHEREAS, the PA Grp. wishes to reinstate and reappoint Ann Glass as Secretary of the PA Grp., effective immediately; and

WHEREAS, Deputy Insurance Commissioner Stephen J. Johnson, CPA of the Pennsylvania Insurance Department has requested that Commonwealth Insurance Company (the "Commonwealth Ins. Co."), of which the PA Grp. is its sole shareholder, consent to this voluntary liquidation under Article V of the Insurance Department Act of 1921, as amended, 40 P.S. §§ 221.1-221.63; and

WHEREAS, the PA Grp. and the Commonwealth Ins. Co. have concluded that it is in the best interests of the Commonwealth Ins. Co. to provide the consent sought by the Pennsylvania Insurance Department to its voluntary liquidation under Article V of the Insurance Department Act of 1921.

NOW THEREFORE BE IT RESOLVED, that the PA Grp. hereby elects to the office of Secretary, effective immediately, Ann Glass, to serve until her successor is elected and qualified; and

BE IT FURTHER RESOLVED, that based on the request by the Pennsylvania Insurance Department, the advice of counsel to Commonwealth Ins. Co., and the approval of Commonwealth Ins. Co., the PA Grp. hereby approves the consent by Commonwealth Ins. Co. to the Pennsylvania Insurance Department's request for voluntary liquidation of Commonwealth Ins. Co.; and

BE IT FURTHER RESOLVED, that this Unanimous Consent may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; and

BE IT FINALLY RESOLVED, that signatures to this Unanimous Consent may be delivered by facsimile or mail correspondence and such signatures may be relied upon, and shall have the same force and effect as the originals of such signatures.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Consent on the date set forth above.

Richard Hovsepian, Director

Jack Georgiou, Director

Exhibit 2

THE PENNSYLVANIA GROUP, LTD.

CERTIFICATE OF THE SECRETARY

Re: Voluntary Liquidation of Commonwealth Insurance Company
Under 40 P.S. §§ 221.1-221.63
(Article V of the Insurance Department Act of 1921)

I, the undersigned duly elected and qualified Secretary of The Pennsylvania Group, Ltd., a Delaware Company (the "PA Grp."), do hereby certify that:

Attached as Exhibit "A" to this Certification is a true, correct and complete copy of a certain Resolution duly adopted by the Shareholders of the PA Grp., which constitutes the only Resolution of the Shareholders of the PA Grp. relating to the transaction contemplated by the voluntary liquidation of Commonwealth Insurance Company. Such Resolution of the Shareholders of the PA Grp. has not been amended, modified or rescinded and remains in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March 2014.

THE PENNSYLVANIA GROUP, LTD.

By: Ann Glass
Ann Glass, Secretary

THE PENNSYLVANIA GROUP, LTD.

RESOLUTION OF THE SHAREHOLERS

Dated March 18, 2014

WHEREAS, The Pennsylvania Group, Ltd. ("PA Grp."), a Delaware corporation is the 100% owner and sole shareholder of Commonwealth Insurance Company, a Pennsylvania property and casualty stock insurance company; and

WHEREAS, with a quorum present, the Shareholders of PA Grp. held a Special Telephone Conference Meeting on Tuesday, March 18, 2014 at 11:00 AM EDT; and

WHEREAS, the purpose of the above Special Telephone Conference Meeting was to present to the Shareholders for their consideration, discussion, and action the Resolution (copy attached) adopted by the unanimous consent of the Board of Directors at its Special Telephone Conference Call March 3, 2014 Meeting; and

WHEREAS, the Shareholders before taking a vote on the matters before them vigorously reviewed and discussed at length the items contained in the Board of Directors' Unanimous Consent (copy attached) adopted at its March 3, 2014 Special Telephone Conference Meeting.

NOW THEREFORE BE IT RESOLVED, that the Shareholders hereby approve/confirm and ratify the Board of Directors' March 3, 2014 Unanimous Consent to elect to the office of Secretary, effective March 3, 2014, Ann Glass and to serve until her successor is elected and qualified; and

BE IT FINALLY RESOLVED, that the Shareholders hereby approve/confirm and ratify the Board of Directors' March 3, 2014 Unanimous Consent to consent to the Pennsylvania Insurance Department's request for the voluntary liquidation of Commonwealth Insurance Company.

Exhibit 3

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

COMMISSIONER MICHAEL F. CONSEDINE, INSURANCE COMMISSIONER OF THE COMMONWEALTH OF PENNSYLVANIA, Plaintiff,	:	Docket No. _____
v.	:	
COMMONWEALTH INSURANCE COMPANY, Defendant.	:	

****

COMMONWEALTH OF PENNSYLVANIA	:	
	:	ss.
COUNTY OF MONTGOMERY	:	

AFFIDAVIT OF ANN GLASS

Before the undersigned Notary Public did appear Ann Glass who, upon being duly sworn did depose and say as follows:

1. My names is Ann Glass. I am over the age of 18, am competent to give this Affidavit, and make the statement herein based on my personal knowledge.

2. I am the Corporate Secretary of Commonwealth Insurance Company, a Pennsylvania domiciled property and casualty insurance company, and I have held that office since March 3, 2014.

3. As Corporate Secretary of Commonwealth Insurance Company, I am familiar with and have knowledge with respect to the sole shareholder of Commonwealth Insurance Company, The Pennsylvania Group, Ltd., of which I am also its Corporate Secretary, having held that office since March 3, 2014. I also have knowledge with respect to the actions of the

Boards of Directors of both Commonwealth Insurance Company and The Pennsylvania Group, Ltd., and the Shareholders of The Pennsylvania Group, Ltd.

4. The Board of Directors of the sole shareholder of Commonwealth Insurance Company, The Pennsylvania Group, Ltd., as well as the Board of Directors of Commonwealth Insurance Company, each by unanimous consent has approved resolutions consenting to the voluntary liquidation of Commonwealth Insurance Company, as attached hereto as Exhibits "A" and "B" (the "Corporate Approvals").

5. Additionally, the shareholders of The Pennsylvania Group, Ltd., by unanimous vote have approved/affirmed and ratified the Board of Directors March 3, 2014 Unanimous Consent consenting to the voluntary liquidation of Commonwealth Insurance Company, as attached hereto as Exhibit "C" (the "Corporate Approvals").

FURTHER AFFIANT SAYETH NOT.

Ann Glass

Ann Glass, Corporate Secretary
Commonwealth Insurance Company
The Pennsylvania Group, Ltd.

On this, 18th day of March, 2014, before me, the undersigned officer, personally appeared Ann Glass, known to me (or satisfactorily proven) to be the Corporate Secretary of Commonwealth Insurance Company and The Pennsylvania Group, Ltd., and that as such Corporate Secretary, being authorized to do so, executed the foregoing instrument for the purpose therein contained by signing the name of herself as the Corporate Secretary of both Commonwealth Insurance Company and The Pennsylvania Group, Ltd., and acknowledged that she executed the same for the purposes therein contained

IN WITNESS WHEREOF, I have hereunto set my hand and official seal the day and year aforesaid

Leann M Then

Notary Public
My commission expires: 9/20/2016

[SEAL]

NOTARIAL SEAL
LEANN M THEN
Notary Public
LOWER MERION TWP., MONTGOMERY CNTY
My Commission Expires Sep 20, 2016

Exhibit 4

COMMONWEALTH INSURANCE COMPANY

CERTIFICATE OF THE SECRETARY

Re: Voluntary Liquidation Under 40 P.S. §§ 221.1-221.63
(Article V of the Insurance Department Act of 1921)

I, the undersigned duly elected and qualified Secretary of Commonwealth Insurance Company, a Pennsylvania domiciled property and casualty stock insurance company ("Commonwealth Ins. Co."), do hereby certify that:

Attached as Exhibit "A" to this Certification is a true, correct and complete copy of a certain Unanimous Consent duly adopted by the Board of Directors of the Commonwealth Ins. Co., which constitutes the only Unanimous Consent of the Board of Directors of Commonwealth Ins. Co. relating to the transaction contemplated by the voluntary liquidation of Commonwealth Ins. Co. Such Unanimous of the Commonwealth Ins. Co. has not been amended, modified or rescinded and remain in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March 2014.

COMMONWEALTH INSURANCE COMPANY

By: _____
Ann Glass, Secretary

COMMONWEALTH INSURANCE COMPANY

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS

Dated March 3, 2014

The undersigned, constituting all of the members of the Board of Directors entitled to vote by unanimous consent in writing, without the formality of convening a meeting, do hereby consent to the following actions of Commonwealth Insurance Company (Commonwealth Ins. Co.):

WHEREAS, Commonwealth Ins. Co. is a Pennsylvania domiciled property and casualty stock insurance company; and

WHEREAS, Ann Glass resigned as Secretary and Treasurer of Commonwealth Ins. Co. at the end of 2012, but is now willing to be reappointed as Secretary of Commonwealth Ins. Co., effective immediately; and

WHEREAS, Commonwealth Ins. Co. wishes to reinstate and reappoint Ann Glass as Secretary of Commonwealth Ins. Co., effective immediately; and

WHEREAS, Deputy Insurance Commissioner Stephen J. Johnson, CPA of the Pennsylvania Insurance Department has requested that Commonwealth Ins. Co. consent to its voluntary liquidation under Article V of the Insurance Department Act of 1921, as amended, 40 P.S. §§ 221.1-221.63; and

WHEREAS, Commonwealth Ins. Co. and its sole shareholder, The Pennsylvania Group, Ltd. ("PA Grp.") have concluded that it is in the best interests of Commonwealth Ins. Co. to provide the consent sought by the Pennsylvania Insurance Department to its voluntary liquidation under Article V of the Insurance Department Act of 1921.

NOW THEREFORE BE IT RESOLVED, that Commonwealth Ins. Co. hereby elects to the office of Secretary, effective immediately, Ann Glass, to serve until her successor is elected and qualified; and

BE IT FURTHER RESOLVED, that based on the request by the Pennsylvania Insurance Department, the advice of counsel, and the approval of the PA Grp., the sole shareholder of Commonwealth Ins. Co., it hereby consents to the Pennsylvania Insurance Department's request for voluntary liquidation of Commonwealth Ins. Co.; and

BE IT FURTHER RESOLVED, that the corporate Secretary, Ann Glass, is authorized and directed to execute in the name of Commonwealth Ins. Co. the Consent to Entry of Order of Liquidation evidencing the foregoing resolution in the form attached hereto as Exhibit "A"; and

BE IT FURTHER RESOLVED, that the corporate Secretary and such other officers as may be necessary are authorized and directed to execute and deliver such other and further documents, and to take such other further action, as may be necessary or desirable in order to carry out the foregoing resolutions; and

BE IT FURTHER RESOLVED, that this Unanimous Consent may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; and

BE IT FINALLY RESOLVED, that signatures to this Unanimous Consent may be delivered by facsimile or mail correspondence and such signatures may be relied upon, and shall have the same force and effect as the originals of such signatures.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Consent on the date set forth above.

Richard Hovsepian, Director

Jack Georgiou, Director

Exhibit 5

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, Plaintiff,	:	
v.	:	Docket No. _____
Commonwealth Insurance Company 555 City Line Ave Suite 620 Bala Cynwyd, PA 19004,	:	
Defendant.	:	

CONSENT TO ENTRY OF ORDER OF LIQUIDATION

1. Commonwealth Insurance Company ("Commonwealth Ins. Co.") pursuant to the March 3, 2014 resolutions of its Board of Directors (Exhibit I) and its sole shareholder, Pennsylvania Group, Ltd. ("PA Grp."), as evidenced by the March 3, 2014 resolution of the Board of Directors of PA Grp. (Exhibit II), and the March 18, 2014 resolution of the shareholders of PA Group (Exhibit III), hereby agrees and consents to the terms of the attached Order of Liquidation (Exhibit IV), to be entered by the Commonwealth Court in accordance with the Insurance Department Act of 1921, P.L. 789, as amended, 40 P.S. §§ 221.1—221.63.

2. Commonwealth Ins. Co. consents to the entry of the Order of Liquidation on the terms contained in said Order, which are incorporated herein by reference.

3. Commonwealth Ins. Co. hereby waives its rights to service of the Petition for Liquidation and to any hearing before the Insurance Commissioner or the Commonwealth Court

with respect to the Order of Liquidation as provided for in Section 520 of the Insurance Department Act of 1921, 40 P.S. § 221.20, or any other sections or acts.

4. Commonwealth Ins. Co. agrees that this consent is voluntary, made with advice of counsel, and with full knowledge and understanding of the consequences of the entry of the Order of Liquidation.

COMMONWEALTH INSURANCE COMPANY

By: Ann E. Glass

Ann E. Glass
Secretary and Treasurer

DATED: 3/19/14

Exhibit I

COMMONWEALTH INSURANCE COMPANY

CERTIFICATE OF THE SECRETARY

Re: Voluntary Liquidation Under 40 P.S. §§ 221.1-221.63
(Article V of the Insurance Department Act of 1921)

I, the undersigned duly elected and qualified Secretary of Commonwealth Insurance Company, a Pennsylvania domiciled property and casualty stock insurance company ("Commonwealth Ins. Co."), do hereby certify that:

Attached as Exhibit "A" to this Certification is a true, correct and complete copy of a certain Unanimous Consent duly adopted by the Board of Directors of the Commonwealth Ins. Co., which constitutes the only Unanimous Consent of the Board of Directors of Commonwealth Ins. Co. relating to the transaction contemplated by the voluntary liquidation of Commonwealth Ins. Co. Such Unanimous of the Commonwealth Ins. Co. has not been amended, modified or rescinded and remain in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March 2014.

COMMONWEALTH INSURANCE COMPANY

By: _____
Ann Glass, Secretary

COMMONWEALTH INSURANCE COMPANY

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS

Dated March 3, 2014

The undersigned, constituting all of the members of the Board of Directors entitled to vote by unanimous consent in writing, without the formality of convening a meeting, do hereby consent to the following actions of Commonwealth Insurance Company (Commonwealth Ins. Co.):

WHEREAS, Commonwealth Ins. Co. is a Pennsylvania domiciled property and casualty stock insurance company; and

WHEREAS, Ann Glass resigned as Secretary and Treasurer of Commonwealth Ins. Co. at the end of 2012, but is now willing to be reappointed as Secretary of Commonwealth Ins. Co., effective immediately; and

WHEREAS, Commonwealth Ins. Co. wishes to reinstate and reappoint Ann Glass as Secretary of Commonwealth Ins. Co., effective immediately; and

WHEREAS, Deputy Insurance Commissioner Stephen J. Johnson, CPA of the Pennsylvania Insurance Department has requested that Commonwealth Ins. Co. consent to its voluntary liquidation under Article V of the Insurance Department Act of 1921, as amended, 40 P.S. §§ 221.1-221.63; and

WHEREAS, Commonwealth Ins. Co. and its sole shareholder, The Pennsylvania Group, Ltd. ("PA Grp.") have concluded that it is in the best interests of Commonwealth Ins. Co. to provide the consent sought by the Pennsylvania Insurance Department to its voluntary liquidation under Article V of the Insurance Department Act of 1921.

NOW THEREFORE BE IT RESOLVED, that Commonwealth Ins. Co. hereby elects to the office of Secretary, effective immediately, Ann Glass, to serve until her successor is elected and qualified; and

BE IT FURTHER RESOLVED, that based on the request by the Pennsylvania Insurance Department, the advice of counsel, and the approval of the PA Grp., the sole shareholder of Commonwealth Ins. Co., it hereby consents to the Pennsylvania Insurance Department's request for voluntary liquidation of Commonwealth Ins. Co.; and

BE IT FURTHER RESOLVED, that the corporate Secretary, Ann Glass, is authorized and directed to execute in the name of Commonwealth Ins. Co. the Consent to Entry of Order of Liquidation evidencing the foregoing resolution in the form attached hereto as Exhibit "A"; and

BE IT FURTHER RESOLVED, that the corporate Secretary and such other officers as may be necessary are authorized and directed to execute and deliver such other and further documents, and to take such other further action, as may be necessary or desirable in order to carry out the foregoing resolutions; and

BE IT FURTHER RESOLVED, that this Unanimous Consent may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; and

BE IT FINALLY RESOLVED, that signatures to this Unanimous Consent may be delivered by facsimile or mail correspondence and such signatures may be relied upon, and shall have the same force and effect as the originals of such signatures.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Consent on the date set forth above.

Richard Hovsepian, Director

Jack Georgiou, Director

Exhibit II

THE PENNSYLVANIA GROUP, LTD.

CERTIFICATE OF THE SECRETARY

Re: Voluntary Liquidation of Commonwealth Insurance Company
Under 40 P.S. §§ 221.1-221.63
(Article V of the Insurance Department Act of 1921)

I, the undersigned duly elected and qualified Secretary of The Pennsylvania Group, Ltd., a Delaware Company ("PA Grp."), do hereby certify that:

Attached as Exhibit "A" to this Certification is a true, correct and complete copy of a certain Unanimous Consent duly adopted by the Board of Directors of the PA Grp., which constitutes the only Unanimous Consent of the Board of Directors of the PA Grp. relating to the transaction contemplated by the voluntary liquidation of Commonwealth Insurance Company. Such Unanimous Consent of the PA Grp. has not been amended, modified or rescinded and remains in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March 2014.

THE PENNSYLVANIA GROUP, LTD.

By: Ann Glass
Ann Glass, Secretary

THE PENNSYLVANIA GROUP, LTD.

UNANIMOUS CONSENT OF THE BOARD OF DIRECTORS

Dated March 3, 2014

The undersigned, constituting all of the members of the Board of Directors entitled to vote by Unanimous Consent in writing, without the formality of convening a meeting, do hereby consent to the following actions of The Pennsylvania Group, Ltd. ("PA Grp."):

WHEREAS, the PA Grp. is a Delaware corporation; and

WHEREAS, Ann Glass resigned as Secretary and Treasurer of the PA Grp. at the end of 2012, but is now willing to be reappointed as Secretary of the PA Grp., effective immediately; and

WHEREAS, the PA Grp. wishes to reinstate and reappoint Ann Glass as Secretary of the PA Grp., effective immediately; and

WHEREAS, Deputy Insurance Commissioner Stephen J. Johnson, CPA of the Pennsylvania Insurance Department has requested that Commonwealth Insurance Company (the "Commonwealth Ins. Co."), of which the PA Grp. is its sole shareholder, consent to this voluntary liquidation under Article V of the Insurance Department Act of 1921, as amended, 40 P.S. §§ 221.1-221.63; and

WHEREAS, the PA Grp. and the Commonwealth Ins. Co. have concluded that it is in the best interests of the Commonwealth Ins. Co. to provide the consent sought by the Pennsylvania Insurance Department to its voluntary liquidation under Article V of the Insurance Department Act of 1921.

NOW THEREFORE BE IT RESOLVED, that the PA Grp. hereby elects to the office of Secretary, effective immediately, Ann Glass, to serve until her successor is elected and qualified; and

BE IT FURTHER RESOLVED, that based on the request by the Pennsylvania Insurance Department, the advice of counsel to Commonwealth Ins. Co., and the approval of Commonwealth Ins. Co., the PA Grp. hereby approves the consent by Commonwealth Ins. Co. to the Pennsylvania Insurance Department's request for voluntary liquidation of Commonwealth Ins. Co.; and

BE IT FURTHER RESOLVED, that this Unanimous Consent may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; and

BE IT FINALLY RESOLVED, that signatures to this Unanimous Consent may be delivered by facsimile or mail correspondence and such signatures may be relied upon, and shall have the same force and effect as the originals of such signatures.

IN WITNESS WHEREOF, the undersigned have executed this Unanimous Consent on the date set forth above.

Richard Hosseplan, Director

Jack Georgiou, Director

Exhibit III

THE PENNSYLVANIA GROUP, LTD.

CERTIFICATE OF THE SECRETARY

Re: Voluntary Liquidation of Commonwealth Insurance Company
Under 40 P.S. §§ 221.1-221.63
(Article V of the Insurance Department Act of 1921)

I, the undersigned duly elected and qualified Secretary of The Pennsylvania Group, Ltd., a Delaware Company (the "PA Grp."), do hereby certify that:

Attached as Exhibit "A" to this Certification is a true, correct and complete copy of a certain Resolution duly adopted by the Shareholders of the PA Grp., which constitutes the only Resolution of the Shareholders of the PA Grp. relating to the transaction contemplated by the voluntary liquidation of Commonwealth Insurance Company. Such Resolution of the Shareholders of the PA Grp. has not been amended, modified or rescinded and remains in full force and effect as of the date hereof.

IN WITNESS WHEREOF, I have hereunto set my hand this 18th day of March 2014.

THE PENNSYLVANIA GROUP, LTD.

By: Ann Glass
Ann Glass, Secretary

THE PENNSYLVANIA GROUP, LTD.

RESOLUTION OF THE SHAREHOLERS

Dated March 18, 2014

WHEREAS, The Pennsylvania Group, Ltd. ("PA Grp."), a Delaware corporation is the 100% owner and sole shareholder of Commonwealth Insurance Company, a Pennsylvania property and casualty stock insurance company; and

WHEREAS, with a quorum present, the Shareholders of PA Grp. held a Special Telephone Conference Meeting on Tuesday, March 18, 2014 at 11:00 AM EDT; and

WHEREAS, the purpose of the above Special Telephone Conference Meeting was to present to the Shareholders for their consideration, discussion, and action the Resolution (copy attached) adopted by the unanimous consent of the Board of Directors at its Special Telephone Conference Call March 3, 2014 Meeting; and

WHEREAS, the Shareholders before taking a vote on the matters before them vigorously reviewed and discussed at length the items contained in the Board of Directors' Unanimous Consent (copy attached) adopted at its March 3, 2014 Special Telephone Conference Meeting.

NOW THEREFORE BE IT RESOLVED, that the Shareholders hereby approve/confirm and ratify the Board of Directors' March 3, 2014 Unanimous Consent to elect to the office of Secretary, effective March 3, 2014, Ann Glass and to serve until her successor is elected and qualified; and

BE IT FINALLY RESOLVED, that the Shareholders hereby approve/confirm and ratify the Board of Directors' March 3, 2014 Unanimous Consent to consent to the Pennsylvania Insurance Department's request for the voluntary liquidation of Commonwealth Insurance Company.

Exhibit IV

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, Plaintiff,	:	
v.	:	Docket No._____
Commonwealth Insurance Company 555 City Line Ave Suite 620 Bala Cynwyd, PA 19004,	:	
Defendant.	:	

ORDER OF LIQUIDATION

AND NOW, this __ day of _____, upon consideration of the Petition for Review in the Nature of a Complaint for Order of Liquidation of Commonwealth Insurance Company ("Commonwealth Ins. Co.") filed by Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, and upon the unanimous consents of the Board of Directors of Commonwealth Ins. Co. and of the Board of Directors and Shareholders of The Pennsylvania Group Ltd., the sole shareholder of Commonwealth Ins. Co., it is hereby **ORDERED** that:

1. The Petition for Liquidation is GRANTED, and Commonwealth Ins. Co. is ordered to be **LIQUIDATED** pursuant to Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended*, 40 P.S. §§ 221.1 – 221.63 ("Article V").

2. Insurance Commissioner Michael F. Consedine and his successors in office are hereby **APPOINTED** Statutory Liquidator of Commonwealth Ins. Co. and directed to take possession of Commonwealth Ins. Co.'s property, business and affairs in accordance with Article V.

3. The Liquidator is hereby **VESTED** with all the powers, rights and duties authorized under Article V and other applicable statutes and regulations.

ASSETS OF THE ESTATE

4. The Liquidator is vested with title to all property, assets, contracts and rights of actions ("assets") of Commonwealth Ins. Co. of whatever nature and wherever located, as of the date of filing of the Petition for Liquidation. All assets of Commonwealth Ins. Co. are hereby found to be *in custodia legis* of this Court and this Court asserts jurisdiction as follows: (a) *in rem* jurisdiction over all assets of Commonwealth Ins. Co. wherever they may be located and regardless of whether they are held in the name of Commonwealth Ins. Co. or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to Commonwealth Ins. Co. or to another party; (c) exclusive jurisdiction over all determinations of the validity and amounts of claims against Commonwealth Ins. Co.; and (d) exclusive jurisdiction over the determination of the priority of all claims against Commonwealth Ins. Co.

5. The filing or recording of this Order with the Clerk of the Commonwealth Court or with the Recorder of Deeds of the county in which Commonwealth Ins. Co.'s principal office or place of business is located (Montgomery County), shall impart the same notice as is imparted by any deed, bill of sale or other evidence of title duly filed or recorded with that Recorder of Deeds.

6. The Liquidator is directed to take possession of all assets that are the property of Commonwealth Ins. Co.

7. The Liquidator is directed to continue telephone, data-processing, water, electric, sewage, garbage, delivery, trash removal and utility services needed by the estate of Commonwealth Ins. Co. by establishing a new account for the Liquidator as of the date of this Order.

8. Commonwealth Ins. Co.'s directors, officers and employees shall: (a) surrender peaceably to the Liquidator the premises where Commonwealth Ins. Co. conducts its business; (b) deliver all keys or access codes thereto and to any safe deposit boxes; (c) advise the Liquidator of the combinations and access codes of any safe or safekeeping devices of Commonwealth Ins. Co. or any password or authorization code or access code required for access to data processing equipment; and (d) deliver and surrender peaceably to the Liquidator all the assets, books, records, files, credit cards, and other property of Commonwealth Ins. Co. in their possession or control, wherever located, and otherwise advise and cooperate with the Liquidator in identifying and locating any of the foregoing.

9. Commonwealth Ins. Co.'s directors, officers and employees are enjoined from taking any action, without the prior approval of the Liquidator, to transact further business on behalf of Commonwealth Ins. Co. They are further enjoined from taking any action that would waste the assets of Commonwealth Ins. Co. or would interfere with the Liquidator's efforts to wind up the affairs of Commonwealth Ins. Co.

10. Except as otherwise provided in this Order, executory contracts to which Commonwealth Ins. Co. is a party to as of the date of this Order may be affirmed or disavowed by the Liquidator.

11. All banks, investment bankers, companies, other entities or other persons having in their possession assets which are, or may be, the property of Commonwealth Ins. Co. shall, unless otherwise instructed by the Liquidator, deliver the possession of the same immediately to the Liquidator, and shall not disburse, convey, transfer, pledge, assign, hypothecate, encumber or in any manner dispose of the same without the prior written consent of, or unless directed in writing by, the Liquidator.

12. All persons and entities are enjoined from disposing of or destroying any records pertaining to any transactions between Commonwealth Ins. Co. and any other party.

13. The amount recoverable by the Liquidator from any reinsurer shall not be reduced as a result of this Order of Liquidation, regardless of any provision in a reinsurance contract or other agreement. Payment made directly by the reinsurer to any principal or other creditor of Commonwealth Ins. Co. shall not diminish the reinsurer's obligation to Commonwealth Ins. Co., except to the extent provided by law.

TERMINATION OF SURETY BONDS AND UNDERTAKINGS

14. Any Commonwealth Ins. Co. surety bond or surety undertaking still in force at the time of the Liquidation will continue only until the earlier of the following: (1) thirty (30) days after the entry of this order; (2) the expiration of the bond, undertaking or policy by its own terms; or (3) the date when the obligee or any principal replaces the surety bond, surety undertaking or policy with equivalent coverage in another reinsurer or surety, or otherwise terminates the policy.

PROOF OF CLAIM FILING

15. All claims against the estate of Commonwealth Ins. Co., together with proper proof thereof, shall be filed on or before _____. No person shall participate in any distribution of the assets of Commonwealth Ins. Co. unless his, her or its claim has been filed with the Liquidator in accordance with the time limit established by the Liquidator, subject to the provisions for the late filing of claims pursuant to Section 537 of Article V, 40 P.S. § 221.37.

16. No judgment or order against Commonwealth Ins. Co. or any of its principals entered after the date of filing of the Petition for Liquidation, and no judgment or order against Commonwealth Ins. Co. or any of its principals entered at any time by default, by

collusion, or otherwise will be considered as evidence of liability or quantum of damages by the Liquidator in evaluating a claim against the estate of Commonwealth Ins. Co.

17. In addition to the notice requirements of Section 524 of Article V, 40 P.S. § 221.24, the Liquidator shall publish notice in newspapers of general circulation where Commonwealth Ins. Co. has its principal places of business that: (a) specifies the last day for the filing of claims; (b) explains the procedure by which claims may be submitted to the Liquidator; (c) provides the address of the Liquidator's office for the submission of claims; and (d) notifies the public of the right to present a claim, or claims, to the Liquidator.

18. Within thirty (30) days of giving notice of the Order of Liquidation, as set forth in Section 524 of Article V, 40 P.S. § 221.24, and of the procedures for filing claims against the estate of Commonwealth Ins. Co., the Liquidator shall file a compliance report with the Court noting, in reasonable detail, the date that and manner by which these notices were given.

ADMINISTRATIVE EXPENSES

19. The Liquidator shall pay as costs and expenses of administration pursuant to Section 544 of Article V, 40 P.S. § 221.44, the actual, reasonable and necessary costs of preserving or recovering the assets of Commonwealth Ins. Co.

20. Distribution of the assets of Commonwealth Ins. Co. in payment of the costs and expenses of estate administration including, but not limited to, compensation for services of employees and professional consultants, such as attorneys, actuaries and accountants, shall be made under the direction and approval of the Court. This includes reimbursement to the Pennsylvania Insurance Department for expenses it has incurred in compensating professional consultants, attorneys and other persons it has engaged on behalf of Commonwealth Ins. Co. for the preservation of its assets.

STAY OF LITIGATION

21. Unless the Liquidator consents thereto in writing, no action at law or in equity, including, but not limited to, an arbitration or mediation, the filing of any judgment, attachment, garnishment, lien or levy of execution process against Commonwealth Ins. Co. or its assets, shall be brought against Commonwealth Ins. Co. or the Liquidator or against any of their employees, officers or liquidation officers for acts or omissions in their capacity as employees, officers or liquidation officers of Commonwealth Ins. Co. or the Liquidator, whether in this Commonwealth or elsewhere, nor shall any such existing action be maintained or further prosecuted after the effective date of this Order. All above-enumerated actions currently pending against Commonwealth Ins. Co. in the courts of the Commonwealth of Pennsylvania or elsewhere are hereby stayed; relief sought in these actions shall be pursued by filing a proof of claim against the estate of Commonwealth Ins. Co. pursuant to Section 538 of Article V, 40 P.S. § 221.38.

22. All secured creditors or parties, pledges, lienholders, collateral holders or other persons claiming secured, priority or preferred interests in any property or assets of Commonwealth Ins. Co. are hereby enjoined from taking any steps whatsoever to transfer, sell, assign, encumber, attach, dispose of, or exercise, purported rights in or against any property or assets of Commonwealth Ins. Co. except as provided in 40 P.S. § 221.43.

23. All agents, brokers, and other persons having sold bonds issued by Commonwealth Ins. Co. shall account for and pay all unearned commissions and all premiums, collected or uncollected, for the benefit of Commonwealth Ins. Co. directly to the Liquidator within 30 days of notice of this Order. No agent, broker, reinsurance intermediary or other person shall disburse or use any monies which come into their possession and are owed to, or claimed by Commonwealth Ins. Co. for any purpose other than payment to the Liquidator.

24. Any premium finance company that has entered into a contract to finance a bond that has been issued by Commonwealth Ins. Company shall pay any and all premium owed to Commonwealth Ins. Co. to the Liquidator.

_____

, Judge

VERIFICATION

I verify that the statements made in the Petition for Review in the Nature of a Complaint for Order of Liquidation 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 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).

Stephen J. Johnson, CPA
Deputy Insurance Commissioner

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, Plaintiff,	:	
v.	:	Docket No._____
Commonwealth Insurance Company 555 City Line Ave Suite 620 Bala Cynwyd, PA 19004,	:	
Defendant.	:	

ORDER OF LIQUIDATION

AND NOW, this __ day of _____, upon consideration of the Petition for Review in the Nature of a Complaint for Order of Liquidation of Commonwealth Insurance Company ("Commonwealth Ins. Co.") filed by Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, and upon the unanimous consents of the Board of Directors of Commonwealth Ins. Co. and of the Board of Directors and Shareholders of The Pennsylvania Group Ltd., the sole shareholder of Commonwealth Ins. Co., it is hereby **ORDERED** that:

1. The Petition for Liquidation is GRANTED, and Commonwealth Ins. Co. is ordered to be **LIQUIDATED** pursuant to Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended*, 40 P.S. §§ 221.1 – 221.63 ("Article V").

2. Insurance Commissioner Michael F. Consedine and his successors in office are hereby **APPOINTED** Statutory Liquidator of Commonwealth Ins. Co. and directed to take possession of Commonwealth Ins. Co.'s property, business and affairs in accordance with Article V.

3. The Liquidator is hereby **VESTED** with all the powers, rights and duties authorized under Article V and other applicable statutes and regulations.

ASSETS OF THE ESTATE

4. The Liquidator is vested with title to all property, assets, contracts and rights of actions ("assets") of Commonwealth Ins. Co. of whatever nature and wherever located, as of the date of filing of the Petition for Liquidation. All assets of Commonwealth Ins. Co. are hereby found to be *in custodia legis* of this Court and this Court asserts jurisdiction as follows: (a) *in rem* jurisdiction over all assets of Commonwealth Ins. Co. wherever they may be located and regardless of whether they are held in the name of Commonwealth Ins. Co. or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to Commonwealth Ins. Co. or to another party; (c) exclusive jurisdiction over all determinations of the validity and amounts of claims against Commonwealth Ins. Co.; and (d) exclusive jurisdiction over the determination of the priority of all claims against Commonwealth Ins. Co.

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24. Any premium finance company that has entered into a contract to finance a bond that has been issued by Commonwealth Ins. Company shall pay any and all premium owed to Commonwealth Ins. Co. to the Liquidator.

_____

, Judge

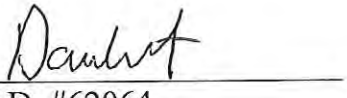
CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the foregoing document upon the following parties of record in this proceeding and in the following manner:

Service by email and first-class mail, addressed as follows:

William R. Balaban, Esquire
William Balaban & Associates, LLC
Governors' Row
27 North Front Street
Harrisburg, PA 17101-1606
WBalaban@BalabanAndAssociates.com

Counsel for Commonwealth Insurance Company



Amy G. Daubert, I.D. #62064
Deputy Chief Counsel
Pennsylvania Insurance Department
1341 Strawberry Square
Harristown State Office Building No. 1
Harrisburg, PA 17120
(717) 787-2567

Dated: March 19. 2014