

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Excalibur Reinsurance Corporation, :
In Liquidation : No. 1 ERC 2016

SUPPLEMENTAL REPORT
REGARDING NOTICE OF LIQUIDATION ORDER
AND PROCEDURES FOR FILING CLAIMS

Jessica K. Altman, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Statutory Liquidator (“Liquidator”) of Excalibur Reinsurance Corporation (“Excalibur”), through undersigned counsel, respectfully offers the following:

1. By Order dated July 18, 2016, this Court placed Excalibur in liquidation (“Liquidation Order”) and appointed Teresa D. Miller, the then-Insurance Commissioner of the Commonwealth of Pennsylvania, and her successor-in-office, as Liquidator. In August 2017, Jessica K. Altman, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, succeeded Ms. Miller, and thus is the current Liquidator of Excalibur.

2. The Liquidation Order provided that in addition to the notice requirements of Section 524 of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, as amended, added by the Act of December 14, 1977, P.L. 280, 40 P.S. §§ 221.1- 221.63 (“Act”), the Liquidator should publish notice to provide information about the procedures for filing claims.

3. Moreover, paragraph 8 of the Liquidation Order directs the Liquidator to file a report with the Court within 30 days of giving notice of the Liquidation Order, as set forth in Section 524 of the Act, and of the procedures for filing claims demonstrating, in reasonable detail, the date that and manner by which the notice was given.

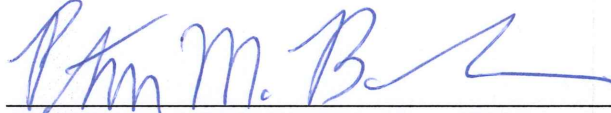
4. On October 3, 2016, in accordance with the aforementioned directive in paragraph 8 of the Liquidation Order, the Liquidator filed a Report Regarding Notice of Liquidation Order and Procedures for Filing Claims (“Report”). The Report explained when and how the Liquidator had provided notice, and further indicated, “That mailing is now complete except for (1) claimants and named insureds under Caliber One policies issued prior to 1998 for which the Liquidator has reached tentative agreement, subject to Court approval, to formally transfer the obligations under those policies to Evanston Insurance Company (a subsidiary of the prior owner of Caliber One), and (2) the claimants and named insureds under 7 Caliber One policies which the Liquidator believes were not novated properly to Excalibur and for which the Liquidator is engaged in discussions with the carrier it believes is responsible for such policies. The Liquidator will not know if the mailing of the notice is complete without exception until the Caliber One issues are resolved, but rather than continuing to delay the filing of this report, the Liquidator is filing the report now, and then will file a supplemental report to further inform the Court regarding the provision of notice when the Caliber One issues are resolved.” (See paragraphs 4 and 5 of the Report, a copy of which is attached hereto as Exhibit A).

5. The Liquidator now files this Supplemental Report to inform the Court about the resolution of the Caliber One issues referenced in paragraph 4 above.

6. The first group of claimants and named insureds identified above (Caliber One policies issued prior to 1998) were addressed when this Court granted the Liquidator’s Application for Approval of Transfer Agreement involving Excalibur, Evanston Insurance Company and Maxum Indemnity Company, and approved the transfer agreement, by Memorandum and Order dated August 24, 2017. (A copy of the Memorandum and Order is attached hereto as Exhibit B).

7. The second group of claimants and named insureds identified above (7 Caliber One policies which the Liquidator believes were not novated properly to Excalibur), were addressed, with one exception, when the Liquidator sent a letter by first class mail on October 6, 2016, to these insureds or their counsel, as applicable, informing them of the Excalibur liquidation order and providing them with other relevant information about the liquidation, including the ability to file a claim, the claims filing deadline, and a proof of claim form. The one exception was an insured entity called The Housing Authority, which has gone out of business and no address can be found for this entity or any successor entity.

Respectfully submitted,



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

Attorney for Jessica K. Altman, Acting Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her capacity as Statutory Liquidator
of Excalibur Reinsurance Corporation, In
Liquidation

Dated: 11/22/17

EXHIBIT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Excalibur Reinsurance Corporation, :
In Liquidation : No. 1 ERC 2016

**REPORT REGARDING NOTICE OF LIQUIDATION ORDER
AND PROCEDURES FOR FILING CLAIMS**

Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Statutory Liquidator (“Liquidator”) of Excalibur Reinsurance Corporation (“Excalibur”), through undersigned counsel, respectfully offers the following:

1. By order dated July 18, 2016, this Court placed Excalibur in liquidation (“Liquidation Order”) and appointed Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, as Liquidator.
2. In addition to the notice requirements pertaining to the entry of a liquidation order that are contained in Section 524 of the Insurance Department Act of 1921, Act of May 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, paragraph 7 of the Liquidation Order directs the Liquidator to publish notice about the procedures for filing claims against the estate of Excalibur.
3. Moreover, paragraph 8 of the Liquidation Order directs the Liquidator to file a report with the Court within 30 days of giving notice of the Liquidation Order, as set forth in Section 524 of the Act, and of the procedures for filing claims demonstrating, in reasonable detail, the date that and manner by which the notice was given.

4. Because of the state of Excalibur's records and data, it was necessary to do a staggered mailing of the notice as the relevant information became available. That mailing is now complete except for (1) claimants and named insureds under Caliber One policies issued prior to 1998 for which the Liquidator has reached tentative agreement, subject to Court approval, to formally transfer the obligations under those policies to Evanston Insurance Company (a subsidiary of the prior owner of Caliber One), and (2) the claimants and named insureds under 7 Caliber One policies which the Liquidator believes were not novated properly to Excalibur and for which the Liquidator is engaged in discussions with the carrier it believes is responsible for such policies.

5. The Liquidator will not know if the mailing of the notice is complete without exception until the Caliber One issues are resolved, but rather than continuing to delay the filing of this report, the Liquidator is filing the report now, and then will file a supplemental report to further inform the Court regarding the provision of notice when the Caliber One issues are resolved.

6. The Liquidator sent notice of the Liquidation Order by first-class mail to all known policyholders, creditors and claimants on the following dates:

August 12	- 117 notices
August 16	- 221 notices
August 19	- 11 notices
August 22	- 1 notice
August 23	- 114 notices
September 1	- 1 notice
September 14	- 1 notice
September 23	- 3 notices
September 30	- 1 notice

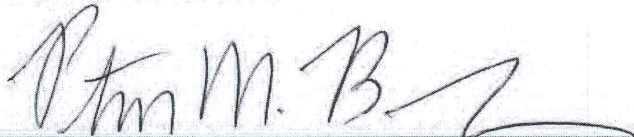
Total - 470 notices.

Additionally, the Liquidator provided notice to the Insurance Commissioner in each state where Excalibur did business, and to a representative of the National Conference of Insurance Guaranty Funds to facilitate notice of the Liquidation Order to the responsible individual guaranty associations.

7. The mailings referenced in paragraph 6 included, in addition to notice of the Liquidation Order, a proof of claim form and answers to frequently asked questions.

8. The Liquidator also caused the procedures for filing claims, including the date of the last day for filing (i.e., November 30, 2016), to be published in The Philadelphia Inquirer and Business Insurance on August 1, 2016.

Respectfully submitted,



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

Attorney for Teresa D. Miller, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her capacity as Statutory Liquidator
of Excalibur Reinsurance Corporation, In
Liquidation

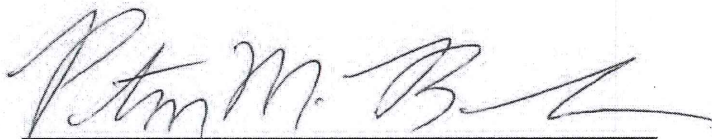
Dated: 10/3/16

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 regular U.S. Mail addressed as follows:

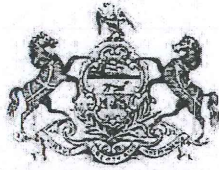
Keith E. Kaplan, Esq.
Chief Liquidation Officer
c-kkaplan@pa.gov
Excalibur Reinsurance Corporation, In Liquidation
1880 JFK Blvd., Suite 801
Philadelphia, PA 19103



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

Attorney for Teresa D. Miller, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her capacity as Statutory
Liquidator of Excalibur Reinsurance Corporation,
In Liquidation

Dated: 10/3/16



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF GENERAL COUNSEL

October 3, 2016

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: Excalibur Reinsurance Corporation (In Liquidation)*
No. 1 ERC 2016

Dear Mr. Krimmel:

Attached for filing please find the Liquidator's Report Regarding Notice of Liquidation Order and Procedures for Filing Claims with regard to the above-referenced matter.

Thank you for your assistance in this matter.

Very truly yours,

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

Preston M. Buckman
Insurance Department Counsel

PMB:drh

Enclosure

EXHIBIT B

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Excalibur Reinsurance Corporation (In Liquidation) :
: No. 1 ERC 2016

Re: Liquidator's Application for Approval of Transfer Agreement

MEMORANDUM and ORDER

Presently before the Court is the Liquidator's application for approval of a transfer agreement (Application) involving Excalibur Reinsurance Corporation, Evanston Insurance Company and Maxum Indemnity Company.¹ The policies of insurance covered by the transfer agreement were written by Lincoln Insurance Company prior to Excalibur's acquisition of Lincoln as a subsidiary in 1997.² Under the terms of the transfer agreement, title to the Lincoln policies will be transferred to Evanston, which will assume all responsibilities and liabilities stemming from the policies as direct obligations, thereby relieving Excalibur and Maxum from any present or future potential liability under the policies.

Considering the Liquidator's express statutory authority to "use assets of the estate to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable [priorities of distribution],"³ the terms of the Transfer Agreement (attached to the Application as

¹ No responses have been filed to the application.

² Lincoln's name was subsequently changed to Maxum Indemnity Company following its divestiture in 2003.

³ Section 523(8) of The Insurance Department Act of 1921 (Act), Act of May 17, 1921, P.L. 789, added by the Act of December 14, 1977, P.L. 280, 40 P.S. § 221.23(8). The priorities

Exhibit A), and the supporting documentation, the Application is granted as follows.

AND NOW, this 24th day of August, 2017, the Liquidator's Application is GRANTED, and the Transfer Agreement is APPROVED.


P. KEVIN BROBSON, Judge

Certified from the Record

AUG 24 2017

And Order Exit

for distribution of assets are set forth in Section 544 of the Act, also added by the Act of December 14, 1977, P.L. 280, 40 P.S. § 221.44.

CERTIFICATE OF SERVICE

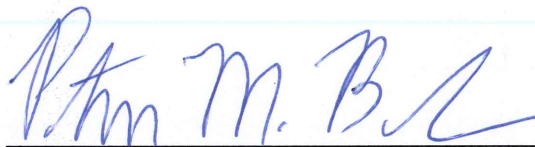
I hereby certify that I am this day serving the foregoing document upon all parties of record in this proceeding in accordance with the requirements of 1 Pa. Code Chapter 33 in the following manner:

Service via regular U.S. Mail addressed as follows:

Keith E. Kaplan, Esq.
Chief Liquidation Officer
c-kkaplan@pa.gov
Excalibur Reinsurance Corporation,
In Liquidation
1880 JFK Blvd., Suite 801
Philadelphia, PA 19103

Robert W. Blazer, III, Managing
Director of Reinsurance
Markel Corporation
310 Highway 35 south
Red Bank, NJ 07701
(732) 391-8863

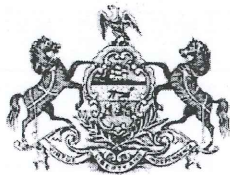
William D. Goddard, Esq.
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PRESTON M. BUCKMAN (I.D. #57570)
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(717) 787-6009

Attorney for Teresa D. Miller, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her capacity as Statutory Liquidator
of Excalibur Reinsurance Corporation, In
Liquidation

Dated: 11/22/17



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF GENERAL COUNSEL

November 22, 2017

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: Excalibur Reinsurance Corporation (In Liquidation)
No. 1 ERC 2016***

Dear Mr. Krimmel:

Attached for filing please find a Supplemental Report Regarding Notice of Liquidation Order and Procedures for Filing Claims, 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

Enclosure