

## FIRST SEALORD:

### **Commonwealth Court Approves Insurance Department's Petition to Liquidate First Sealord Surety**

**Harrisburg-** Insurance Commissioner Michael Consedine announced today that the department has received approval from Commonwealth Court on its petition of liquidation for First Sealord Surety. First Sealord is a bond and surety company in Villanova, PA, which had experienced a precipitous drop in its surplus.

"First Sealord Surety is no longer able to meet its policyholder obligations, nor meet its debts as they come due," said Consedine. "Policyholder protection is our first regulatory priority so I petitioned Pennsylvania's Commonwealth Court for an order of liquidation. Commonwealth Court has now approved our petition which puts numerous policyholder safeguards in place and establishes an orderly payment process."

First Sealord Surety began its operation in 1991 as a mono-line insurance company underwriting surety bonds. The firm insured construction general contractors and subcontractors against loss. Until it recently, when it stopped writing bonds, it offered coverage in 39 states.

"Aggressively working with financially trouble companies is a critical part of our regulatory role," continued Consedine. "In the majority of cases, our work can help put a company back on a stable financial course. In the case of Sealord, the company fell too far, too fast."

This liquidation order triggers the following process:

- The department, as liquidator, takes over, secures the company and marshals all available assets to pay policyholder claims.
- On-site financial examiners analyze the company's most recent financial data to understand the full scope of company's financial hole.
- Policies (bonds) terminate within 30 business days of liquidation order.
- Policyholders/bondholders are among the first priority of payments and will receive notice of that payment process shortly.
- Creditors are also paid in order of priority and follow a proof of claims process.
- The liquidator distributes any surplus funds to the shareholders.
- The company is then formally dissolved.

The decision to take down a company is never done in haste but only after a painstaking review of the financial facts. The Insurance Department is now on-site at the company. Sealord bondholder and producers with questions should call 717-787-7823. More information on the liquidation process can be found at [www.insurance.pa.gov](http://www.insurance.pa.gov).

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