Legion and Villanova Questions and Answers

Information Regarding the Liquidation of Legion Insurance Company and Villanova Insurance Company

The Commonwealth Court of Pennsylvania has declared Legion Insurance Company (Legion) and Villanova Insurance Company (Villanova) insolvent and has ordered the companies into liquidation effective July 28, 2003. This booklet will help to answer frequently asked questions about making claims and the liquidation procedure.

The Office of Liquidations, Rehabilitations and Special Funds of the Pennsylvania Insurance Department has been assigned the responsibility of liquidating Legion and Villanova. All questions concerning the liquidation should be directed to the Statutory Liquidator for Legion and Villanova Insurance Companies at (215)-979-7879.

1. What happens when a company becomes insolvent and is liquidated?

Liquidation is similar to bankruptcy. When a company is liquidated, the Insurance Department's Office of Liquidations, Rehabilitations and Special Funds gathers the company's assets and determines what liabilities, such as bills and claim payments, it has. The Statutory Liquidator then develops a plan to distribute the company's assets according to law and submits the plan to the Court for approval. The liquidation process is very complex and is expected to take many years.

Claims that are the responsibility of a guaranty association have been or will be forwarded to them as appropriate. Legion (In Liquidation) or Villanova (In Liquidation) will handle valid claims that are pursued against the estate that are in excess of guaranty association limits or claims that are not covered by a guaranty association. Claims which are not covered by a guaranty association in whole or in part become claims against the Legion estate or the Villanova estate and will be paid at some time in the future to the extent funds are available.

2. You say Legion and Villanova were ordered liquidated. Does this mean my policy is worthless?

No. Although these companies have been placed into liquidation, the guaranty association in the state where you reside or where the property is situated may be obligated to provide coverage under insurance policies issued by Legion or Villanova, subject to certain defenses and limitations. Coverage of your claim under a guaranty association law is determined by the guaranty association in accordance with its guaranty association act, not by the Liquidator. The appropriate guaranty association to which the claim will be presented and the defenses and limitations are also determined in the same manner. Any claim or portion thereof which is not covered by a guaranty association becomes a claim against the estate

of Legion or the estate of Villanova. The amount deemed to be an allowed claim will be paid to the extent funds are available, on an equal basis with all other claims in the same category. These claims may be paid in full, in part or not at all, depending on the available assets. These claims will not be paid for several years.

To Legion Indemnity Company policyholders: All information enclosed is directed to claimants against the estates of Legion Insurance Company (In Liquidation) or Villanova Insurance Company (In Liquidation). Legion Indemnity Company is a separate entity in liquidation by the Illinois Director of Insurance. Claims against Legion Indemnity Company may not be filed using the enclosed Proof of Claim form

3. Will my policy be canceled because of the liquidation?

All policies or contracts of insurance issued by Legion or Villanova, whether issued in the Commonwealth of Pennsylvania or elsewhere, in effect on the effective date of the July 28, 2003 Liquidation Order, are cancelled and terminated for all purposes 30 days from the effective date of this Order, August 27, 2003. All Legion and Villanova policies and contracts of insurance, shall continue in force until one of the following events takes place, whichever occurs first: (a) the cancellation of the policy 30 days from the effective date of the Liquidation Order; (b) the normal expiration or termination of the policy or contract; or (c) the replacement of insurance coverage provided by Legion or Villanova with equivalent insurance with another insurer. In no event will any policy remain in effect after August 27, 2003.

4. What is a guaranty association?

A guaranty association is an association of all insurers licensed to write property and casualty or life and health insurance in a state. Subject to statutory coverage , eligibility, defenses and claims payment limits of its guaranty association law, a guaranty association assumes the policyholder obligations of licensed insolvent insurers in that state for residents or property insured in that state. A guaranty association obtains funds to meet its obligations by assessing the member companies.

5. Since my company has been placed into liquidation, who will pay my claims?

Valid and substantiated claims incurred prior to the termination of the policy will be paid, where covered, by the appropriate guaranty association, subject to policy limits and the limits of the guaranty association. The Statutory Liquidator of Legion and Villanova will forward your proof of claim to the appropriate guaranty association. Claims which are not covered by a guaranty association or portions of claims which exceed the statutory obligations of the guaranty association become claims against the estate of the company and will be paid at some time in the future to the extent funds are available.

6. Will my claims be paid in full by the guaranty associations?

All payments are subject to certain statutory limits contained in the various state laws creating the guaranty associations. In no case will payments exceed the applicable policy limits.

7. How long will it take for my claims to be paid by the guaranty association?

When a company is placed into liquidation, the guaranty associations are typically activated to pay claims as soon as the Court orders the liquidation. Claim payments usually begin within 90 days after the liquidation order is issued. However, the waiting period from the time of submission will vary based on the number of claims received, and the time claims are submitted.

If you are a policyholder or third party claimant and you currently have a claim pending with Legion or Villanova, you need to complete and return the enclosed proof of claim as soon as possible. While your claim file has already been forwarded to the guaranty association, payments may be delayed by your failure to do so on a timely basis.

8. I have questions about what is and is not covered by the guaranty association? Who can answer these questions for me?

You can address your questions about your property and casualty guaranty association's responsibilities to the guaranty association in the state in which you reside. Some states have separate organizations which handle worker's compensation claims.

You should address your questions about your accident and health policy to the same entity that has handled your claims in the past. The life and health guaranty associations have contracted with these entities to continue to handle your claims.

9. What do I do if I have a claim against a Legion or a Villanova insured?

You are a third party claimant if you have a claim against a Legion or a Villanova insured, which may be covered by the insured's insurance policy. You may either file a claim with the Statutory Liquidator or pursue legal action against the insured to attempt to recover on your claim. If you choose to file a claim with the Liquidator, filing of this claim shall operate as a release of the insured's liability to you on that cause of action up to the amount of applicable policy limits. If coverage is avoided by the Liquidator, this release becomes null and void. Be advised that the Court has approved a final Claims Bar Date (see question #14).

10. I believe I have a claim against Legion or Villanova, but I am not a policyholder or a third party claimant under either of the companies' policies. How do I make a claim?

Claims filed against Legion or Villanova by general creditors, stockholders, trade creditors, governmental agencies, reinsurers, cedants, agents, employees, former officers and

directors and other persons interested in the affairs of the two companies are handled by the Statutory Liquidator. To file a claim for monies owed to you by either Legion or Villanova, you should have filed a proof of claim form with the Statutory Liquidator no later than 5:00 p.m. EST, on June 30, 2005. If you failed to file a proof of claim form by that date, your claim may not be considered to be timely filed. Failure to file a timely claim may result in denial of your claim or consideration of your claim at a lower priority level. Be advised that the Court has approved a final Claims Bar Date (see question #14).

To Legion Indemnity Company policyholders: All information enclosed is directed to claimants against the estates of Legion Insurance Company (In Liquidation) or Villanova Insurance Company (In Liquidation). Legion Indemnity Company is a separate entity in liquidation by the Illinois Director of Insurance. Claims against Legion Indemnity Company may not be filed using the enclosed Proof of Claim form.

11. How do I file a claim against Legion or Villanova?

If you believe you have a claim against Legion or Villanova, you must file a proof of claim with the Statutory Liquidator using the proof of claim form. Even if you have a claim already pending with Legion or Villanova you must file a proof of claim. If your claim is a new claim, you should attach documentation to the proof of claim to document your claim. If your claim has already been submitted to Legion or Villanova, you must complete the proof of claim form, but it is not necessary for you to attach additional documentation. Your claim file has been shipped to the appropriate guaranty association. If additional information is needed at a later date, you will be contacted. Be advised that the Court has approved a final Claims Bar Date (see question #14).

If you have more than one claim against Legion or Villanova, you may duplicate the proof of claim form to submit each claim separately.

Information regarding specific types of claims follows. You are urged to consult with your own attorney for assistance in preparing your proof of claim, particularly for medical malpractice or similar liability.

a. Worker's Compensation Claims...

Under an agreement with the various state guaranty associations, and with the authorization of the Commonwealth Court of Pennsylvania, Legion (In Liquidation) or Villanova (In Liquidation) will continue the payment of scheduled worker's compensation indemnity payments for 30 days from the date of the Order. All active worker's compensation files will be shipped to the state guaranty associations, and future payments may be forthcoming from the appropriate guaranty association, subject to statutory coverage and/or claims payment limits of its guaranty association law, as soon as the various guaranty associations can begin making the payments. Certain workers compensation claims may not be covered by a guaranty association or may be handled by a party other than a guaranty association. You should contact your employer for that information.

If you have already submitted your claim to Legion or Villanova, you must complete a proof of claim form and return it to the Statutory Liquidator of Legion and Villanova in accordance with the instructions included on the form. If additional documentation is required, you will be contacted. If you have a new worker's compensation claim, you must complete and return the proof of claim form and provide documentation to support your claim.

b. Accident & Health Claims...

All accident and health claimants must complete a proof of claim in order to assure that all claims will be considered for payment. If your claim has already been submitted, you only need to fill out the proof of claim form. If this is a new claim, you must submit documentation to support your claim. You must provide all applicable information requested on the proof of claim form. The proof of claim form should be returned to Legion (In Liquidation) or Villanova (In Liquidation) as directed.

For the most part, the life and health guaranty associations have worked out a seamless transition for the payment of accident and health claims. Claims of residents in some states may not have coverage by their state life and health guaranty association as a result of statutory constraints. Those claimants will have a claim against the Legion estate or the Villanova estate and will be paid to the extent funds are available. These claims will not be paid for many years.

c. Personal Automobile Claims...

If you have already submitted your automobile claim to Legion and Villanova, you must complete a proof of claim form and return it to the Statutory Liquidator of Legion and Villanova in accordance with the instructions included on the form. If additional documentation is required, you will be contacted. If you have a new personal automobile claim, you must complete and return the proof of claim form and provide documentation to support your claim.

d. Medical Malpractice and other Liability Claims...

If your claim has already been submitted to Legion or Villanova, you must file a proof of claim; however, you do not need to provide documentation to support your claim. If, however, you are filing a new claim with Legion (In Liquidation) or Villanova (In Liquidation), you must complete the proof of claim form and submit documentation to support your claim. Once a determination is made concerning guaranty association coverage, your file will either be transferred to the appropriate guaranty association or retained at Legion (In Liquidation) or Villanova (In Liquidation) for handling. Claims which have some guaranty association coverage will be forwarded as appropriate. In either case, you will be contacted if additional documentation is required to adjudicate your claim.

e. Other Types of Insurance

If you have a claim which falls into any other category not listed above, you must file a proof of claim form. If your claim has already been submitted to Legion or Villanova, you do not need to provide documentation to support your claim. If, however, you are filing a

new claim with Legion (In Liquidation) or Villanova (In Liquidation), you must complete the proof of claim form and submit documentation to support your claim. Once a determination is made concerning guaranty association coverage, your file will either be transferred to the appropriate guaranty association or retained at Legion (In Liquidation) or Villanova (In Liquidation) for handling. Claims which have some guaranty association coverage will be forwarded as appropriate. In either case, you will be contacted if additional documentation is required to adjudicate your claim.

f. Claims under an Excess Policy over a Self-Insured Retention...

If you were insured by Legion or Villanova under an excess policy and a claim under that policy has an incurred value in excess of 75 percent of the self insured retention, you should complete a proof of claim for that loss and return it, along with supporting documentation, to the Statutory Liquidator of Legion and Villanova in accordance with the instructions included on the form.

g. Claims for the return of unearned premium and other premium refunds...

If you have a claim for the return of unearned premium or other premium refund, you must complete a proof of claim form. If you have documentation to support your claim, you should provide a copy of that documentation with your proof of claim. If you do not have documentation, you should complete the information requested on the proof of claim form and submit it as directed. Your claim will be evaluated based on Legion or Villanova records and the support you provide, and if approved, will be paid to the extent funds are available for this purpose.

h. Claims for agent commissions...

If you were a Legion or Villanova agent and have a claim for earned commission, it will be necessary for you to complete a proof of claim form. If you have documentation to support your claim, including your most recent statement, you should provide a copy of that documentation with your proof of claim. If you do not have documentation, you should complete the information requested on the proof of claim form and submit it as directed.

i. Claims of general creditors...

General creditors are persons or organizations, including law firms, trade creditors, etc., who provided services to Legion or Villanova prior to the April 1, 2002 effective date of the Order of Rehabilitation, for which they were not paid, or any person or organization who believes they are owed money by Legion (In Liquidation) or Villanova (In Liquidation) regardless of the time period in which these services were incurred, etc. If you believe you have a claim, it will be necessary for you to complete a proof of claim form. If you have documentation to support your claim, you should provide a copy of that documentation with your proof of claim.

j. Claims of former employees, officers and directors...

If you are a former employee, officer or director of Legion (In Liquidation) or Villanova (In Liquidation) and you believe you have a claim; you must file a proof of claim. Use Item 5 on the proof of claim form to provide the necessary information about your claim. You should attach documentation to support your claim to the proof of claim form and submit it as directed.

12. May I file a contingent claim?

No. The Court has approved a final Claims Bar Date Order (see question #14). The Order expressly prohibits the filing of a claim that does not ripen into a legal cause of action prior to the final Claims Bar Date.

13. What is the deadline for filing a claim?

The Commonwealth Court of Pennsylvania had established June 30, 2005 at 5:00 p.m. EST, as the deadline for receipt of claims against Legion (In Liquidation) and Villanova (In Liquidation). If you failed to file a proof of claim form by that date, your claim may not be considered to be timely filed. Failure to file a timely claim may result in denial of your claim or consideration of your claim at a lower priority level, depending upon consideration of "good cause" under the late claims provision of Article V of the Insurance Department Act of 1921. Some guaranty associations have an earlier deadline. Be advised that the Court has also approved a final Claims Bar Date (see question #14).

14. What is a final Claims Bar Date?

The Commonwealth Court of Pennsylvania has established July 28, 2015 as a final Claims Bar Date for receipt of claims against Legion (In Liquidation) and Villanova (In Liquidation). Any Proof of Claim filed after the final Claims Bar Date is untimely and shall be disallowed by the Liquidator without consideration of it merits or "good cause" as set forth in question #13. Notwithstanding the foregoing, if a claim first arises within the thirty (30) days prior to the final Claims Bar Date, the filing of a POC should be allowed after the final Claims Bar Date but only within thirty (30) days of when the legal cause of action commenced.