

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Legion Insurance Company, : No. 1 LEG 2002
(In Liquidation) :

**QUARTERLY REPORT OF THE LIQUIDATOR
ON THE STATUS OF THE LIQUIDATION OF
LEGION INSURANCE COMPANY AS OF JUNE 30, 2013**

I. INTRODUCTION

Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator (the "Liquidator") of Legion Insurance Company ("Legion or Estate"), through his undersigned counsel, hereby submits this Quarterly Report on the status of the liquidation of Legion for the period from January 1, 2013 through June 30, 2013 ("Report").

II. REPORT

A. Financial Statements.

Legion has prepared the Special Purpose Statement of Assets and Liabilities, Statutory Capital and Surplus Account and Cash Flow Summary ("Statements"). The Statements include many estimates as noted below and may not fully reflect the effects of the liquidation. Consequently, the ultimate distribution to creditors is unknown at this time. For this reason,

third parties should not rely on the financial information contained herein as providing any certainty or clear indication as to the ultimate distribution that will be made from Legion. The Notes to the Special Purpose Statement of Assets and Liabilities, attached as Exhibit D, describes the nature of the line items on the Statements and should be included in any review of Legion's financial information.

The Statements are addressed in more detail in sections 1 through 4 below.

1. **Special Purpose Statement of Assets and Liabilities – Assets -**
EXHIBIT A.

As of June 30, 2013, the attached Special Purpose Statement of Assets and Liabilities shows estimated total assets were \$2,502.6 million including \$484.1 million of cash and liquid investments.

Reinsurance recoverables and future reinsurance recoverables totaled \$603.2 million. These amounts may change significantly over time because, among other things, 1) the amount of reinsurance recoverable will change as valid Proofs of Claim, including ongoing evaluation of Guaranty Association omnibus Proofs of Claim, ("POCs") continue to be evaluated and allowed amounts determined, 2) reinsurance collection will be affected by valid offsets, disputes and uncollectible amounts due to the financial condition of reinsurers and 3) Legion will actively pursue reinsurance commutations in an effort to collect reinsurance sooner. The Statements do not reflect any general provision for estimated unrealizable reinsurance recoverable assets.

Early access advances to Guaranty Associations ("GAs") totaled \$1,378.5 million.

a. **Cash and Investments.**

Legion had a cash and investment portfolio of \$484.1 million as of June 30, 2013. Refer to the Cash Flow Summary (Exhibit C) for major components of change for the current year.

Excess cash flows over and above the immediate operating needs of the Estate are transferred to money market deposits. Legion's investment manager, Delaware Investments, utilizes Legion's approved investment policy to trade specific securities held in the fixed income securities portfolio and to generally monitor and manage the portfolio in accordance with the guidelines. As of July 1, 2009, Delaware Investments is Legion's sole investment manager. All marketable securities are booked to the market values provided by Legion's custodian, BNY Mellon Bank, as of the end of each month. Of the \$484.1 million cash and investments available, \$41.5 million is being reserved as it may be potentially distributed for Early Access funds currently held. (See Paragraph II.A.1.d.)

b. Estimated Losses and Loss Adjustment Expense Reserves – Ceded.

Estimated losses and loss adjustment expense reserves - ceded was \$572.7 million at June 30, 2013. Estimated losses and loss adjustment expense reserves - ceded are determined and recorded by applying the recovery terms under reinsurance contracts to individual case estimates of loss and loss adjustment expenses. It also includes estimates for losses and loss adjustment expenses on claims that have been incurred but not reported or have been reported but not developed ("IBNR"). Legion's actuarial and reinsurance departments review the relationship of ceded loss to direct loss at a program, treaty and underwriting year level. Estimates are based primarily on guaranty association paid claims, POCs and NODs issued, any known case reserves and actuarial estimates of expected losses on an undiscounted basis.

c. Reinsurance Recoverables Due or Billable, Net.

The GA data feeds reflecting paid claims plus the accepted Notices of Determination ("NODs") issued by Legion result in ceded paid losses calculated according to the terms of

applicable reinsurance contracts. At June 30, 2013 Legion's reinsurance recoverable due or billable was \$30.5 million.

A Reinsurance Recovery Committee oversees the collection of reinsurance. When necessary, Legion utilizes outside counsel and the arbitration clauses in the treaties to recover or negotiate payments. During the period January 1, 2013 through June 30, 2013, Legion collected \$37.9 million in reinsurance.

Detailed information relating to reinsurance recoverables of the estate due or billable net as of June 30, 2013 is submitted as Exhibit G.

d. Early Access Advances.

Workers' compensation claims paid by Legion on behalf of the GAs during the first 90 days after the date of the Liquidation and pursuant to the Court's Order are considered part of early access monies.

On August 8, 2012, the Court approved the Liquidator's Seventh Proposal to Distribute Assets (\$250.0 million) to the State Guaranty Associations ("Liquidator's Seventh Proposal") bringing the total authorized by the Court to \$1.4 billion for early access distributions. Legion has distributed via cash payments and reductions of statutory deposits all of these funds, except for \$41.5 million which is currently being held.

State deposits and unapplied state deposits available for early access represent deposits retained by or still available to various state insurance departments. They are valued at market value plus accrued interest on a date based upon when a refunding agreement was signed, the date Legion became aware that the applicable Insurance Department or guaranty association took control of the asset for states that have not signed a refunding agreement plus an imputed interest

value or the market value as of June 30, 2013 for states that would not be entitled to the deposit via early access.

2. Special Purpose Statement of Assets and Liabilities–Liabilities-
EXHIBIT A.

Total estimated liabilities at June 30, 2013 were \$3.6 billion. The Statement includes an estimate of the liquidation expenses that have been incurred by the GAs in administering the Estate. They do not include an estimate of the cost that will be incurred by Legion in administering the Estate over time. Legion liquidation expenses are class (a) priority payments under the Insurance Department Act of 1921, 40 P.S. § 221.44 (“Act”), as are certain GA expenses, to the extent permitted by the Act. Both Liquidator and GA expenses will be paid before distributions for claims under policies for losses, class (b) priority, and other lower class creditors. As of June 30, 2013, there was \$8.1 million in reserves for unpaid liquidator and GA administrative expenses.

However, the most significant liability is the \$3.1 billion assigned to class (b) POCs. This category includes direct insurance policy holder benefits reported by the GAs as paid (\$1.5 billion) and reserves (\$1.5 billion). The liability includes Legion’s estimate of the value of POCs in excess of the GAs’ limits or uncovered by the GAs and for claims not yet reported or reported and not yet fully developed (“IBNR”) as well as proof of claims that Legion is not yet able to evaluate. As of June 30, 2013, Legion’s liability for non-guaranty fund accepted NODs was \$50.9 million. A reduction of \$22.3 million is shown for distribution payments issued to class (b) claimants as of June 30, 2013.

a. Priority Class A.

Prior to receivership, Legion, Villanova Insurance Company (“Villanova”) and Legion Indemnity Company (“Indemnity”) operated with an expense sharing agreement pursuant to which Legion paid the common expenses for all three companies through July 2003. Under the expense sharing agreement, common expenses were allocated 80% to Legion, 10% to Villanova and 10% to Indemnity. Following entry of the Court’s Orders placing Legion and Villanova into liquidation in July, 2003, the expenses were allocated 90% to Legion and 10% to Villanova. The several schedules attached to this Report relating to expenses (Exhibits E and F) represent the expenses paid or incurred by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation. The Liquidator’s Petition for Approval of Administrative Expenses Paid for the Period July 1, 2012 through December 31, 2012 was approved by the Court on May 17, 2013.

The Combined Expense Detail attached as Exhibit E lists \$13.7 million of statutory liquidator administrative operating expenses incurred by Legion and Villanova for the period January 1, 2013 through June 30, 2013.

The GAs report their administrative expenses to Legion via financial reports generally received quarterly from most GAs. Attached as Exhibit H is the Guaranty Fund Claim Overview Report showing by GA the total \$186.5 million in the administrative expenses reported to Legion as paid by GAs as of June 30, 2013. Legion conducts periodic desk reviews, onsite reviews of GA administrative expenses and reconciles data reported by GAs on an ongoing basis. Legion makes adjustments for inaccuracies or material expenses, as appropriate. Legion provides the GAs with early access monies to help fund the administrative and policyholder benefit payments

made by the GAs on Legion's behalf. All such expenses will be settled through the formal NOD process.

b. Priority Class B.

The amounts set forth on this Statement for losses, loss adjustment expenses and IBNR for June 30, 2013 are estimates based primarily upon guaranty association paid claims, POCs and NODs issued, known case reserves and actuarial estimates of expected losses on an undiscounted basis. Actual liability figures will not be known until the claims fully develop or, if the claims are contingent upon the resolution of underlying litigation, that litigation is resolved. The actuarial department prepares the analysis of losses and allocated loss adjustment expense ("ALAE") reserves on direct and assumed business. The actuarial department also estimates losses and loss adjustment expense reserves – ceded based on the direct business. Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used and the variability resulting from the effect of the liquidation process, the actual emergence of losses may be significantly different from the estimate of loss and ALAE reserves included in the Statements.

Legion essentially maintained the actuarially determined ultimate direct loss by changing the IBNR by the amount of direct paid loss and increase/decrease in outstanding specific case reserves and other adjustments, which may become necessary based on their analysis of specific programs. As of June 30, 2013, the amount of direct IBNR included in priority class (b) was \$420.2 million.

c. Priority Classes Below Class B.

Also included in total liabilities are estimated liabilities for POCs assigned to priority classifications below class (b), which aggregate to \$277.0 million. See the accompanying notes

for a brief description of each line item. Legion had entered into a pooling arrangement with affiliates related to loss experience. In the fourth quarter 2008, the contract was accounted for as being terminated effective as of the rehabilitation date of April 1, 2002.

3. Statement of Statutory Capital and Surplus Account - EXHIBIT B.

Attached to this report is a special purpose Statement of Statutory Capital and Surplus Account for the period from December 31, 2001 to June 30, 2013. The estimated net deficit at June 30, 2013 was \$1,058.7 million. Net Loss is the largest component of the surplus change and is described in more detail below in the Operating Report section.

4. Statement of Cash Flow Summary – EXHIBIT C.

Attached to this report is a Statement of Cash Flow Summary (“Cash Flow Summary”) for the period January 1, 2013 through June 30, 2013. Reinsurance collections of \$37.9 million were the primary source of cash receipts for the period. Total sources of cash and investments for the period were \$43.8 million.

Total uses of cash and investments were \$16.5 million for the period.

a. Reinsurance Collections.

Reinsurance recoverables are a significant asset of Legion. Legion claims and accounting staff provide reinsurers with required claims documentation to support reinsurance billings, respond to inquiries, resolve disputes and verify proper offsets. Nevertheless, reinsurance collections can be difficult and often take significant amounts of time in liquidation. In many cases, time frames for responses and payments from reinsurers have lengthened considerably. Many reinsurers now require much more documentation (significantly more than prior to liquidation and sometimes more than is contractually required), have repeated inquiries for information already provided and then respond with many questions before even stating their

payment position on the billings. Formal and informal dispute resolution actions have been required against a few reinsurers with substantial overdue balances.

Legion does not record an estimated allowance for uncollectible reinsurance, as noted earlier. During the period January 1, 2013 through June 30, 2013, \$37.9 million of reinsurance was collected. In addition to standard billing and collection efforts, Legion is also using commutations as a way to accelerate collections. In a commutation, Legion receives a lump sum payment today from a reinsurer representing an estimate of the net present value of all known and future unknown losses. The Reinsurance Recovery Committee approves all settlements.

b. Deductible Recoveries/Amounts to be Distributed per Act 46.

Legion collects funds under large deductible policies. These funds will be paid, as outlined in Pennsylvania Statute Act 46, to those entities that funded the claim payments. Until the appropriate allocation can be determined, the funds are transferred to a separate restricted cash account.

c. Operating Expenses.

Refer to Exhibit E, Combined Expense Detail, for line item detail of major components of operating expenses incurred by Legion for the period January 1, 2013 through June 30, 2013. Operating expenses paid per the Cash Flow Summary and Administrative Expenses Incurred per the Combined Expense Detail differs somewhat because of accruals. For most operating expenses, Legion pays the invoice and is reimbursed from Villanova for its share through an intercompany transfer. (Please refer to the explanation of expense allocation included under Section 2a.).

d. Guaranty Association Transactions.

As of June 30, 2013, the Court has authorized \$1.4 billion in total for early access distributions. Legion has distributed via cash payments and reductions of statutory deposits all of these funds, except for \$41.5 million which is currently being held.

e. Interim Distribution.

On February 27, 2012, the Court approved the Liquidator's Amended Petition for First Interim Distribution allowing a 50% distribution to all class (b) claimants whose NOD is approved by the Court. As of June 30, 2013, Legion has made distribution payments of \$22.3 million.

5. Combined Expense Detail – EXHIBIT E.

The operating expenses of Legion relate to efforts by the Liquidator to marshal and maximize the assets of the Estate for the benefit of all Legion policyholders and claimants, as well as to review and determine the ultimate liabilities of the Estate, to fulfill the public policies and purposes of the Act and the liquidation process, and to investigate and hold accountable those third parties alleged to contribute to the insolvency of Legion.

Exhibit E is a schedule reflecting the combined incurred expenses of Legion and Villanova from January 1, 2013 through June 30, 2013 together with a comparison, by category of expense, between 2013 YTD actual and 2013 YTD budget and between 2013 YTD actual and 2012 YTD actual. As reflected in the Statement, the total combined expenses through June 30, 2013 are \$13.7 million, which is 2.1% lower than the 2013 budget and 22.6% less than the 2012 actual. There have been no significant unfavorable variances between the budgeted and actual accrued expenses. In addition, the schedule reflects \$72,000 of revenue related to collection of

large deductible recoveries as provided for by Pennsylvania statute Act 46. The GAs also incurred operating expenses, which are reported cumulatively on Exhibit H. Please refer to Section 2a for an explanation of the expense allocation.

a. Labor, Benefits and Payroll Taxes.

As of June 30, 2013, Legion had a total of 89 employees. In addition, Legion utilizes a number of temporary/contractor workers when needed, which currently totals 13.5. Current plans dictate that this mix will fluctuate as Legion implements a more flexible staffing model designed to ensure continuity of specialized and institutional knowledge critical to the Estate.

b. Occupancy.

Legion currently leases office space in Philadelphia. Legion executed a lease agreement on new office space in Philadelphia in 2012. Legion is committed to the new lease through June 30, 2016, with monthly base lease payments of \$57,263, \$48,160 and \$49,307 effective July 1 of 2013, 2014 and 2015, respectively.

c. Legal Fees and Expenses.

Attached as Exhibit F is a schedule containing the legal expense paid detail by firm for the period January 1, 2013 through June 30, 2013 by month. Legal expenses generally pertained to reinsurance matters, policyholder and other collections, POC objections, direct actions and liquidation matters.

d. Professional Services.

Attached as Exhibit F is a schedule containing the professional service expense paid detail by vendor name for the period January 1, 2013 through June 30, 2013 by month. The individual professionals and firms listed in the schedule include auditing services, actuarial services, collection services and consulting fees.

6. Guaranty Fund Claims and Expense Information.

The GAs are an essential part of the liquidation safety net, providing significant coverage to certain policyholders and paying covered claims as defined and required by their respective statutes. Legion has continuously worked with the National Conference of Insurance Guaranty Funds (“NCIGF”) to assure the smooth interaction between the Estate and the state guaranty funds. The NCIGF’s members include almost all of the state property and casualty insurance GAs in the United States. All aspects of cooperation between the Estate and GAs are discussed with the NCIGF. Discussions and correspondence included matters such as Legion claim file distribution, claim handling procedures, communication protocols, GA data reporting and Uniform Data Standards protocol, Legion product and policy information, and deductible and policy aggregate tracking. Legion personnel have worked with specific NCIGF groups and committees on specific areas, such as Liquidator Large Deductible Recoveries. Legion staff work with the GAs to obtain information required for reinsurance loss reporting to maximize reinsurance collections.

a. Status of Uniform Data Standards (“UDS”).

A department within Legion coordinates with the GAs and their vendors in managing the data reporting process and the quality of data reported by GAs. As of June 30, 2013, there were 52 GAs reporting paid and outstanding loss information via electronic UDS files, either sent directly to Legion or submitted to the NCIGF secure FTP website. 51 of the GAs report monthly and 1 GA reports quarterly. Data from all GAs was current through June 30, 2013. The electronic files received from GAs are interfaced to a processing application at Legion, where the data is parsed and edited. Resolution of data errors is coordinated with the respective GA. The

data is then interfaced to Legion's policy/claim system to support Estate functions, including reinsurance billing and financial reporting.

Data quality is additionally monitored through various reports and procedures, which specifically address aspects of the UDS data, such as Net Worth recoveries and Liquidator Large Deductible recoveries.

b. Guaranty Fund Claim Overview – EXHIBIT H.

The Guaranty Fund Claim Overview Report ("COR") as of June 30, 2013 summarized by state the policyholder benefit claims and administrative expenses received and applied by Legion through June 30, 2013. The COR data represented the last reported UDS claims paid inception-to-date and claim reserve information prior to June 30, 2013 for the 54 GAs (excludes Massachusetts and Oregon which have formed ancillaries to administer the Legion workers compensation claimants from those states and have not signed the refunding agreement). Administrative expenses were updated from the quarterly Financial Information Questionnaires, which generally lag behind the automated UDS transmissions. Legion adjusted the COR for states which triggered the estate's liquidation prior to July 28, 2003, post liquidation claim payments made on behalf of GAs, questionable settlements and deductible recoveries. Legion also adjusted for disallowed administrative expenses.

The COR is a summary of the GAs' preliminary documentation supporting their proofs of claim against the Estate. Based on the documentation provided, Legion provides the GAs with early access monies to help fund the administrative and policyholder benefit payments made by the GAs on Legion's behalf. All such expenses ultimately will be settled through the formal NOD process, which may include objections to adjustments made by Legion.

7. Claims Process.

Legion wrote a variety of long tail lines of business, including workers' compensation, directors and officers, medical malpractice, and professional liability. For reasons unrelated to the Legion receivership, but based rather on the nature of the insurance coverage written by Legion and the claims under those policies, it may be many years before some of these long tail claims will be resolved.

The deadline for filing POCs was June 30, 2005. As of June 30, 2013, Legion and Villanova combined had received a total of 46,063 POC claims. Of those, 2,694 were received after the claim filing deadline. Notwithstanding the claim filing deadline, Legion continues to receive new POC claims. Late filed claims will be evaluated consistent with the late filing provisions of the Act.

a. Proofs of Claim Statistics – EXHIBIT I (Inception-to-Date).

As of June 30, 2013, Legion had issued and accepted NODs for 41,077 of the 41,414 POC claims assigned to it for a total allowed amount of \$150.4 million. Accepted NODs accounted for approximately 99% of the POC claims filed with the Estate. The Court has approved 40,944 of these NODs, as of June 30, 2013, for a total allowed amount of \$147.1 million. Exhibit I breaks down this information by priority class. NODs will be issued for all POCs received (see note below).

b. Proofs of Claim Statistics – EXHIBIT J (Quarter-to-Date).

During the quarter ended June 30, 2013, Legion received additional POC claims and completed reclassifications resulting in a net increase of 6 POC claims for the quarter. An additional 56 NODs were issued during the period and 50 were accepted.

c. **Notice of Determination Objection Statistics – EXHIBIT K.**

As of June 30, 2013, the Liquidator had received a total of 935 objections on the 41,124 NODs issued. As of June 30, 2013, Legion resolved 926 objections. Of the 9 unresolved objections, 6 were assigned to referees as of June 30, 2013. Exhibit K indicates the status of all objections received through June 30, 2013, breaks down this information by priority class and includes the Allowed Amounts for objections in each priority class.

d. **Status of Distribution.**

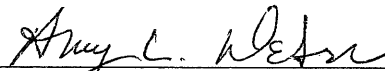
On February 8, 2008, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from May 1, 2007 to October 31, 2007 (“Report of Claims”). The Report of Claims listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from May 1, 2007 to October 31, 2007. The Court granted the petition on March 31, 2008. On September 11, 2008, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from November 1, 2007 to April 30, 2008 (“Report of Claims 2”). The Report of Claims 2 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from November 1, 2007 to April 30, 2008. The Court granted the petition on October 21, 2008. On April 7, 2009, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from May 1, 2008 to October 31, 2008 (“Report of Claims 3”). The Report of Claims 3 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from May 1, 2008 to October 31, 2008. The Court granted the petition on May 13, 2009. On September 21, 2009, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from

November 1, 2008 to April 30, 2009 ("Report of Claims 4"). The Report of Claims 4 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from November 1, 2008 to April 30, 2009. The Court granted the petition on October 28, 2009. On February 5, 2010, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from May 1, 2009 to October 31, 2009 ("Report of Claims 5"). The Report of Claims 5 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from May 1, 2009 to October 31, 2009. The Court granted the petition on April 8, 2010. On September 23, 2010, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from November 1, 2009 to April 30, 2010 ("Report of Claims 6"). The Report of Claims 6 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from November 1, 2009 to April 30, 2010. The Court granted the petition on October 25, 2010. On February 7, 2011, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from May 1, 2010 to October 31, 2010 ("Report of Claims 7"). The Report of Claims 7 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from May 1, 2010 to October 30, 2010. The Court granted the petition on April 8, 2011. On June 29, 2011, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from November 1, 2010 to April 30, 2011 ("Report of Claims 8"). The Report of Claims 8 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from November 1, 2010 to April 30, 2011. The Court granted the petition on August 25, 2011. On March 12, 2012, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed

and Resolved from May 1, 2011 to December 31, 2011 ("Report of Claims 9"). The Report of Claims 9 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from May 1, 2011 to December 31, 2011. The Court granted the petition on May 11, 2012. On July 27, 2012, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from January 1, 2012 to June 30, 2012 ("Report of Claims 10"). The Report of Claims 10 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from January 1, 2012 to June 30, 2012. The Court granted the petition on August 30, 2012. On February 14, 2013, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from July 1, 2012 to December 31, 2012 ("Report of Claims 11"). The Report of Claims 11 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from July 1, 2012 to December 31, 2012. The Court granted the petition on March 20, 2013. On July 31, 2013, the Liquidator filed a Petition for Approval of Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from January 1, 2013 to June 30, 2013 ("Report of Claims 12"). The Report of Claims 12 listed the allowed amounts of claimant NODs that had been accepted or assumed accepted from January 1, 2013 to June 30, 2013. The allowed amounts on NODs approved for distribution are listed by priority class on Exhibit I. On December 2, 2011 the Liquidator filed an Amended Petition for First Interim Distribution for a 50% distribution of NOD allowed amounts to all Class (b) claimants whose NOD is approved by the Court, including the aggregate policies. The Court granted the petition on February 27, 2012. Other than workers' compensation policies, many policies written by Legion were subject to aggregate limits. The NOD allowed amounts on a few policies have exceeded or are close to exceeding the aggregate

limits; therefore, when all POC claims have been evaluated for these affected policies, the final NOD allowed amounts will be an allocation of the policy aggregate limits. The aggregate limit will be allocated pro rated, based on the relative value of each NOD gross allowed value to the total gross allowed values of all NODs assigned to the particular policy.

Respectfully submitted,



AMY L. WEBER (I.D. #45447)
Insurance Department Counsel
Office of Liquidations, Rehabilitations and
Special Funds
Capitol Associates Building
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Counsel for Michael F. Consedine, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in his official capacity as Statutory
Liquidator of Legion Insurance Company (In
Liquidation)

DATED: 8/14/13

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Legion Insurance Company : No. 1 LEG 2002
(In Liquidation) :

**AFFIDAVIT OF ROBERT E. HABERLE
IN SUPPORT OF THE SECOND QUARTER 2013
FINANCIAL REPORT OF THE LIQUIDATOR**

I, **ROBERT E. HABERLE**, hereby depose and state as follows:

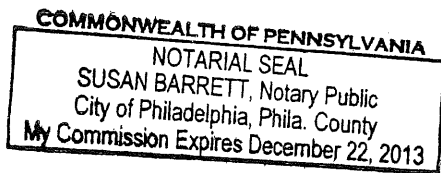
1. I am Chief Liquidation Officer of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) (“the Estates”), and am responsible for overseeing their daily business operations.
2. I directed the preparation of and have reviewed the Second Quarter 2013 Financial Report of the Liquidator (“the Report”).
3. Based on my knowledge, the financial information included in the Report fairly presents in all material respects the financial condition, results of operations and cash flows for the Second Quarter of 2013.
4. My certification is made in reasonable reliance on the work of qualified staff and the Estates’ internal procedures for financial operations.

5. I verify that the matters stated therein are true and correct to the best of my knowledge, information and belief, and make these statements subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.


ROBERT E. HABERLE

Sworn to and subscribed before me
this 13 th day of August, 2013.


NOTARY PUBLIC



IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Legion Insurance Company : No. 1 LEG 2002
(In Liquidation) :

**AFFIDAVIT OF GERALD V. BEHR
IN SUPPORT OF THE SECOND QUARTER 2013
FINANCIAL REPORT OF THE LIQUIDATOR**

I, **GERALD V. BEHR**, hereby depose and state as follows:

1. I am Vice President and Chief Financial Officer of Legion Insurance Company (In Liquidation) ("Legion") and Villanova Insurance Company (In Liquidation) ("Villanova") (collectively, "the Estates"), am a currently licensed Certified Public Accountant, and am responsible for overseeing all aspects of the Estate's financial operations.
2. I assisted in the direction of the preparation of the Second Quarter 2013 Financial Report of the Liquidator ("the Report"), and make this certification in reliance on the assistance and support of qualified staff and the Estates' internal procedures for financial operations.
3. I certify that the Exhibits attached to the Report fairly present the following:

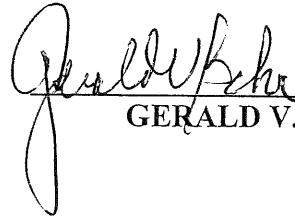
- A. Special Purpose Statement of Assets and Liabilities: Exhibit "A" to the Report is the Special Purpose Statement of Assets and Liabilities for the Estates as of June 30, 2013. As reflected in the Note accompanying these Statements, it has been prepared on a unique financial reporting basis, subject to the several assumptions and qualifications stated therein.
- B. Statement Reflecting Statutory Capital and Surplus Account: Exhibit "B" to the Report is the Statement reflecting the Statutory Capital and Surplus Account for the Estates for the period December 31, 2001 through June 30, 2013.
- C. Monthly Cash Flow Summary: Exhibit "C" is the cash flow summary on a monthly basis for the Estate including investment transactions for the period January 1, 2013 through June 30, 2013.
- D. Notes to Special Purpose Statement of Assets and Liabilities: Exhibit "D" contains information explaining the unique financial reporting basis used to prepare the Special Purpose Statement.
- E. Combined Expense Analysis: Prior to receivership, Legion, Villanova and Legion Indemnity Company ("Indemnity") operated with an expense sharing agreement pursuant to which Legion paid the common expenses for all three companies through July 2003. Under the expense sharing agreement, common expenses were allocated 80% to Legion, 10% to Villanova and 10% to Indemnity. Following entry of the Court's Orders placing Legion and Villanova into liquidation in July, 2003, the expenses were allocated 90% to Legion and 10% to Villanova. The schedules attached to the Report relating

to expenses represent the expenses paid or incurred by the Estates on a consolidated basis, including all common expenses, before any allocation. Exhibit "E" is a schedule reflecting the combined incurred expenses of the Estates from January 1, 2013 through June 30, 2013 together with a comparison, by category of expense, between 2013 and the 2013 budget and between 2012 and 2013 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses. Exhibit E provides the accrued administrative expenses of the Estates including salaries and employee benefits for the period of January 1, 2013 through June 30, 2013 except for certain guaranty association expenses that may qualify as administrative expenses of the Estates.

- F. Professional Services Paid and Incurred: Exhibit "F" is a schedule reflecting the amounts which the Liquidator paid to or amounts which the Liquidator has incurred as a result of the performance of services by various professional vendors, including accounting and actuarial firms, consultants on reinsurance and other matters, premium audit and collection services, and other support service providers, during the period January 1, 2013 through June 30, 2013. Legal vendors, including law firms and other litigation and support service providers, are broken out separately on Exhibit "F."
- G. Reinsurance Recoverables due or Billable Net: Detailed information relating to reinsurance recoverables of the Estate due or billable net as of June 30, 2013 is submitted as Exhibit "G."

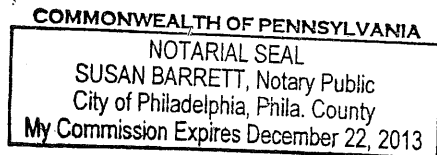
- H. Guaranty Fund Claim Overview Report: Summary information for liquidation class ("Class") A and B claims at a state guaranty association level is provided in Exhibit "H." This information may include adjustments for inaccuracies in GA data reporting or material expenses, as appropriate. This information excludes any state guaranty associations which have formed an ancillary to administer their claims.
 - I. Proof of Claim Statistics Inception to Date: Exhibit "I" provides inception to date summary information at a Class level of various proof of claims statistics.
 - J. Proof of Claim Statistics Quarter to Date: Exhibit "J" provides quarter to date summary information at a Class level of various proofs of claims statistics.
 - K. Notice of Determination Objection Statistics: Summary information at a class level of Notice of Determination Objections received, resolved and unresolved is provided in Exhibit "K". Additional summary information is also provided related to unresolved objections.
4. Based on my knowledge, the financial information included in the Report fairly presents in all material respects the financial condition, results of operations and cash flows for the Second Quarter of 2013.

5. I verify that the matters stated herein are true and correct to the best of my knowledge, information and belief, and make these statements subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.


GERALD V. BEHR

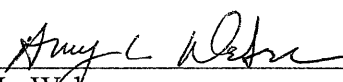
Sworn to and subscribed before me
This 13 th day of August, 2013.


NOTARY PUBLIC



CERTIFICATION

I, Amy L. Weber, Governor's Office of General Counsel, assigned to the Office of Liquidations, Rehabilitations and Special Funds of the Pennsylvania Insurance Department, am duly authorized to make this Certification for and on behalf of Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator ("Liquidator") of Legion Insurance Company. I am responsible for reviewing the invoices and documents received from outside counsel supporting the legal fees and expenses for Exhibit F to the Quarterly Report of the Liquidator on the Status of the Liquidation of Legion Insurance Company as of June 30, 2013, and I certify that these legal fees and expenses are reasonable and necessary. I also have reviewed Exhibit E, the Combined Expense Analysis for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) and certify that the legal fees and expenses stated therein have been reflected accurately. I understand that this Certification is made subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.



Amy L. Weber
Insurance Department Counsel

Dated: 8/14/13

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Legion Insurance Company, : No. 1 LEG 2002
(In Liquidation) :

EXHIBITS A - K
QUARTERLY REPORT OF THE LIQUIDATOR
ON THE STATUS OF THE LIQUIDATION
OF LEGION INSURANCE COMPANY
AS OF JUNE 30, 2013

EXHIBIT A

Legion Insurance Company (In Liquidation)
Special Purpose Statement of Assets and Liabilities*
June 30, 2013 and December 31, 2012
(In Millions of Dollars)

	<u>6/30/2013</u>	<u>12/31/2012</u>
ASSETS		
Cash investments:		
Fixed income securities	\$ 163.2	\$ 171.4
Money market deposits	320.9	288.8
Total cash and invested assets	484.1	460.2
Estimated losses and loss adjustment expense reserves - ceded	572.7	655.8
Reinsurance recoverables due or billable, net	30.5	38.9
Early access advances	1,378.5	1,378.5
State deposits and unapplied state deposits available for early access	3.3	3.3
Amounts to be distributed per Act 46	19.0	19.9
Amounts to be collected from Large Deductibles	13.9	16.1
Other assets	0.6	0.8
Total Assets	<u>\$ 2,502.6</u>	<u>\$ 2,573.5</u>
LIABILITIES		
Estimated Priority Class		
A - Administrative expenses:		
Liquidator expenses incurred since liquidation	\$ 397.1	\$ 384.7
Liquidator expenses paid since liquidation	(393.6)	(380.8)
Liquidator expenses	3.5	3.9
Guaranty associations paid ULAE reported	186.5	181.9
Guaranty associations' reserves ULAE	4.6	4.6
Total	\$ 194.6	\$ 190.4
B - Claims for policy benefits:		
Guaranty associations paid (including large deductible)	1,523.9	1,501.0
Liquidator valued NODs accepted	50.9	48.2
Asset distribution payments, net	(22.3)	(20.8)
Estimated reserves - guaranty associations	578.8	594.5
Estimated reserves - other	958.4	1,023.7
Total	3,089.7	3,146.6
C - Federal government claims	-	-
D - Certain employee claims	-	-
E - General creditor claims		
Guaranty associations paid	28.5	28.5
Liquidator valued NODs accepted	69.2	68.7
Estimated value	112.2	122.3
Total	209.9	219.5
F - State and local government claims		
Liquidator valued NODs accepted	26.9	26.9
Estimated value	32.1	32.1
Total	59.0	59.0
G - Late filed claims		
Liquidator valued NODs accepted	3.3	3.3
Ancillary Receiverships:		
Post liquidation claims and administrative expenses paid, gross	58.3	57.7
Estimated losses and loss adjustment expense reserves - direct	49.6	49.6
Offset of unapplied liquidated statutory deposit	(103.1)	(91.4)
Post liquidation claims, net	4.8	15.9
Total liabilities	3,561.3	3,634.7
Net surplus (deficit)	(1,058.7)	(1,061.2)
Total Liabilities and Surplus (Deficit)	<u>\$ 2,502.6</u>	<u>\$ 2,573.5</u>

* See Notes to Special Purpose Statement of Assets and Liabilities

EXHIBIT B

Legion Insurance Company (In Liquidation)
Statutory Capital and Surplus Account
For the various periods
(in millions of Dollars)

Surplus as regards to policyholders, as of December 31, 2001	\$ 298.3
Net loss:	
Underwriting loss, net	(30.6)
Investment income, net	(0.8)
Other income (expenses), net	3.4
Loss before income taxes	(28.0)
Federal & foreign income taxes	-
Net loss	(28.0)
Change in net unrealized capital gains (losses)	3.2
Change in net deferred income tax	(42.3)
Change in non-admitted assets	47.7
Change in in provision for reinsurance	-
Change in surplus for the period	(19.4)
Surplus as regards to policyholders, as of March 31, 2002	278.9

Surplus activity during Rehabilitation Period:

Net loss:	
Underwriting loss, net	(279.0)
Investment income, net	10.5
Other income (expenses), net	(5.1)
Net loss	(273.6)
Change in net unrealized capital gains (losses)	(25.6)
Change in net deferred income tax	-
Change in non-admitted assets	(18.5)
Change in in provision for reinsurance	22.7
Change in surplus for the period	(295.0)
Surplus as regards to policyholders, as of July 28, 2003	(16.1)

Surplus activity during Liquidation:

Net loss:	
Underwriting loss, net	(613.1)
Class A administrative expenses	(588.2)
Investment income, net	173.8
Other income (expenses), net	(79.2)
Net loss	(1,106.7)
Change in net unrealized capital gains (losses)	1.9
Change in net deferred income tax	-
Change in non-admitted assets	62.2
Change in in provision for reinsurance	-
Change in surplus for the period	(1,042.6)
Surplus as regards to policyholders, as of June 30, 2013	\$ (1,058.7)

EXHIBIT C

Legion Insurance Company (In Liquidation)
Cash Flow Summary - Monthly Summaries
Liquidation Basis
YTD January 1, 2013 - June 30, 2013
(In millions)

	2013						2013	
	January	February	March	April	May	June	YTD	YTD
Beginning Available Cash and Investments*	\$ 460.3	\$ 477.6	\$ 478.6	\$ 483.9	\$ 483.0	\$ 483.1	\$	\$ 460.3
Premium collections	1.5	-	-	-	-	-	1.5	1.5
Reinsurance collections:								
Reinsurance recoverables	4.1	1.3	1.9	1.9	1.9	1.3	12.4	12.4
Reinsurance commutations/settlements	13.1	1.6	5.4	-	-	5.4	25.5	25.5
Deductible Recoveries:								
Mutual Companies	0.4	0.2	-	0.1	0.1	-	0.8	0.8
All Other Reinsurers	0.4	0.1	-	0.1	0.7	0.1	1.4	1.4
Investment Income	0.4	0.5	0.4	0.3	0.4	0.2	2.2	2.2
Total Sources of Cash	19.9	3.7	7.7	2.4	3.1	7.0	43.8	43.8
Loss & loss adjustment expense payments	-	-	-	-	-	-	-	-
Paid expenses	(1.5)	(1.1)	(1.7)	(1.0)	(1.8)	(1.2)	(8.3)	(8.3)
Payroll	(1.0)	(1.6)	(0.7)	(0.8)	(1.1)	(0.7)	(5.9)	(5.9)
Intercompany transfers	0.1	(0.1)	-	0.1	0.2	0.2	0.5	0.5
Guaranty Association transactions	-	-	-	-	-	-	-	-
Distributions to Court approved NODs	-	-	-	(1.5)	-	-	(1.5)	(1.5)
Amounts to be distributed per Act 46	(0.3)	-	-	(0.1)	(0.3)	(0.8)	(1.5)	(1.5)
Other cash inflows (outflows)	0.1	0.1	-	-	-	-	0.2	0.2
Total Uses of Cash	(2.6)	(2.7)	(2.4)	(3.3)	(3.0)	(2.5)	(16.5)	(16.5)
Ending Available Cash and Investments	\$ 477.6	\$ 478.6	\$ 483.9	\$ 483.0	\$ 483.1	\$ 487.6	\$	\$ 487.6
Mark to Market and other adjustments			3.5			0.6	0.6	0.6
Pending Transactions			(4.4)			(4.1)	(4.1)	(4.1)
Adjusted Balance			\$ 483.0			\$ 484.1	\$	\$ 484.1

EXHIBIT D

Legion Insurance Company (In Liquidation)
Notes to Special Purpose Statement of Assets and Liabilities

The Special Purpose Statement of Assets and Liabilities of Legion Insurance Company (In Liquidation) is prepared on a unique financial reporting basis in that the statement does not reflect the effect of the companies' liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts that may be substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustments that might result from outcomes of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits. Specifically, the following facts should be noted in reviewing the accompanying Special Purpose Statement of Assets and Liabilities:

- Estimated priority class of claims from the insurers' estates is set forth in detail in Article V of the Commonwealth of Pennsylvania Insurance Department Act of 1921 at 40 P.S. § 221.44. The classes are:
 - A Administrative expenses
 - B Claims for policy benefits
 - C Federal government claims
 - D Certain employee claims
 - E General creditor claims
 - F State and local government claims
 - G Late filed claims

Note: Administrative expenses include both the guaranty associations' expenses related to administering the claims of the companies in liquidation and the Liquidator's expenses.

- The amounts to be distributed per Act 46 represent funds collected under large deductible policies. These funds will be paid, as outlined in Act 46, to those entities that funded the claim payments;
- The recorded priority class B reflected on the Special Purpose Statement of Assets and Liabilities is based primarily on guaranty association paid claims, POCs and NODs issued, any known case reserves and actuarial estimates of expected losses on an undiscounted basis;
- The statement does not reflect any general provision for estimated unrealizable reinsurance recoverable assets. The statement does reflect provisions for specific reinsurance insolvencies or other industry known facts which will likely result in compromised collections;
- There is an estimated provision for current guaranty association costs that have been incurred by the estates;
- There is no provision for future internal operating costs to execute the activities and responsibilities of the estates in the liquidation process through the date of the final liquidation of the estates;
- There is no provision for potential federal income tax liability, if any.

The Special Purpose Statement of Assets and Liabilities is not intended to be in conformity with and may vary significantly from generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners. Certain presentation reclassifications have been made to reflect the estimated priority classes.

EXHIBIT E

LEGION INSURANCE COMPANY (IN LIQUIDATION)
VILLANOVA INSURANCE COMPANY (IN LIQUIDATION)
COMBINED EXPENSE ANALYSIS BY ACCOUNT
June 30, 2013 ACTUAL vs BUDGET
(\$ In Thousands)

	Year to Date				2013 Actual vs 2013 Budget		2013 Actual vs 2012 Actual	
	2013 Actual	% of Total Operating	2013 Budget	2012 Actual	Variance	Percent Variance	Variance	Percent Variance
Full Time	89		94	119	5	5.3%	30	33.7%
BPO	6.5		4.5	8	(2)	-44.4%	1.5	23.1%
Contractor Help	7		10	7	3	30.0%	-	0.0%
Total Full time Employee Equivalents	102.5		108.5	134	6	5.5%	31.5	30.7%
General & Administrative Expenses								
Labor, Benefits, & Payroll Taxes:								
Labor - Internal	\$ 5,984			\$ 7,234			\$ 1,250	17.3%
Labor - External	1,413			1,834			421	22.9%
Benefits & Payroll Taxes	1,365			1,410			45	3.2%
Total Labor, Benefits, and Payroll Taxes	8,762	64.0%	8,955	10,478	193	2.2%	1,716	12.5%
Occupancy	549	4.0%	553	1,028	4	0.8%	479	46.6%
Equipment	807	5.9%	831	1,301	24	2.9%	494	38.0%
Legal Fees and Expenses	307	2.2%	435	534	128	29.6%	227	42.5%
Professional Services								
Actuarial	187	1.5%	168	85	(19)	-11.4%	(102)	-119.2%
Reinsurance	422	3.1%	356	448	(66)	-18.7%	26	5.8%
Other	67	0.5%	60	183	(7)	-11.1%	116	63.6%
IT Services	905	6.6%	909	2,331	4	0.5%	1,426	61.2%
Liquidator Costs	195	1.4%	215	252	20	9.1%	57	22.6%
Other	1,482	10.8%	1,496	1,037	14	0.9%	(445)	-42.9%
Total Expenses	13,663	100.0%	13,978	17,677	295	2.1%	3,994	22.6%
Revenue for Collecting Large Deductible Recoveries as Provided by PA Statute Act 46								
Act 46 Collection	(72)		-	-	72	n/a	72	n/a
Total Revenue	(72)		-	-	72	n/a	72	n/a
Net Budget	\$ 13,611		\$ 13,978	\$ 17,677	\$ 368	2.6%	\$ 4,066	23.0%

EXHIBIT F

Classification	VENDOR NAME	Services Provided	2013 Total
Legal Fees and Expenses	ANTHONY VIDOVIK	Reinsurance Arbitrator	5,598
	DANIEL STERN, REFEREE	Referee Fees	5,828
	DAVID THIRKILL	Reinsurance Arbitrator	9,800
	DELOITTE CONSULTING LLP	Reinsurance Reserve Evaluator	57,250
	DUANE MORRIS LLP	General Collection Litigation	81,313
	HALL ARBITRATIONS	Reinsurance Arbitrator	2,025
	JAMES C. KILDUFF	Reinsurance Witness	2,000
	KEVIN C. MCALLISTER	Reinsurance Reserve Evaluator	4,050
	LANDMARK LEGAL SOLUTIONS	Copy and Scanning Services	37,662
	LEXISNEXIS	Legal Research Fees	1,831
	MAGNA LEGAL SERVICES	Court Reporting Services	1,024
	MARTSON, DEARDORFF, WILLIAMS, OTTO, GILROY & FALLER	Referee Fees	2,479
	PEPPER HAMILTON LLP	Reinsurance Arbitration Advice	100,441
	PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP	General Litigation and Liquidation Advice	3,302
	PIROZZI & HILLMAN, INC	Court Reporting Services	3,573
	SCHOENBERG CONSULTING, LLC	Reinsurance Arbitrator	5,920
	WEST PUBLISHING CORPORATION	Legal Research Fees	19,124
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	(155)
Total Legal Fees and Expenses Paid			343,065
Change in Legal Fees and Expenses accrual and other non-cash transactions			(35,882)
Total Legal Fees and Expenses Incurred			307,183

Classification	VENDOR NAME	Services Provided	2013 Total
Professional Services	CITADEL RISK SERVICES UK LIMITED	London Reinsurance Collection Intermediary	458,808
	COMPUTER SCIENCES CORPORATION	Data Processing	184,895
	ERNST & YOUNG LLP	Tax Consulting	22,437
	HODGES ACTUARIAL CONSULTING LLC	Actuarial Services	40,970
	MAGIC HAT CONSULTING	IT Consulting	7,520
	MARCUM LLP	Human Resources Consulting	2,500
	PRICEWATERHOUSE COOPERS LLP	Actuarial Services	150,509
	R&Q SOLUTIONS LLC	Reinsurance Technical Support	127,188
	RCG GLOBAL SERVICES, INC.	Data Management Consultant	767,230
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Professional Fees	1,115
	Total Professional Services Paid		1,763,172
	Change in Professional Services accrual and other non-cash transactions		(182,572)
	Total Professional Services Incurred		1,580,600
Total Legal Expenses and Fees and Professional Services Incurred			1,887,783

* All expenses above are gross before any allocation among Legion Insurance Company (In Liquidation), Villanova Insurance Company (In Liquidation)

EXHIBIT G

Legion Insurance Company (In Liquidation)
Reinsurance Recoverables Due or Billable, Net
June 30, 2013

Reinsurer	Amount
TRENWICK AMERICA REINSURANCE CORPORATION & CHARTWELL	\$ 2,894,223
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	2,510,490
ODYSSEY AMERICA REINSURANCE CORPORATION & ODYSSEY REINSURANCE CORPORATION	2,485,690
LLOYDS SYNDICATE # 435	2,351,865
SCOR REINSURANCE COMPANY	2,113,266
SPHERE DRAKE INSURANCE (BERMUDA) LTD	1,535,712
AMERICAN RE-INSURANCE COMPANY	1,500,122
XL REINSURANCE AMERICA LTD	1,007,697
ALL OTHER REINSURERS (LESS THAN \$1M DUE)	11,891,562
PENDING CESSIONS	2,155,965
TOTAL REINSURANCE RECOVERABLES DUE OR BILLABLE, NET	\$ 30,446,593

EXHIBIT H

Legion Insurance Company (in Liquidation)
Guaranty Fund Claim Overview Report
As of June 30, 2013

State	GA	Number			A- Level Paid Admin Exp	B - Level Paid		B- Level Known Case Reserves
		Number Files Assigned	Files Complete	Number Files outstanding		Losses and Loss Adj Expenses		
AK	354	40	39	1	\$ 19,857	\$ 1,810,187	\$ 144,615	
AL	301	594	469	125	3,924,688	27,350,167	38,245,202	
AR	303	244	238	6	233,520	3,262,673	738,294	
AZ	402	82	82	-	527,135	1,178,827	-	
AZ	302	354	305	49	1,199,469	7,971,000	9,086,834	
CA	360	40,819	37,629	3,190	76,622,564	546,251,991	217,082,605	
CO	305	391	379	12	874,415	9,953,521	4,038,389	
CT	306	1,394	1,372	22	3,938,626	27,926,686	4,590,568	
DC	308	48	41	7	339,235	1,312,926	1,723,377	
DE	307	113	102	11	1,025,398	3,415,942	2,588,108	
FL	409	682	677	5	1,484,304	28,081,460	12,649	
FL	309	757	754	3	2,090,005	54,396,986	588,686	
GA	310	3,048	3,009	39	6,486,135	77,695,126	31,078,461	
HI	352	44	42	2	157,982	1,490,437	335,302	
IA	314	135	129	6	351,385	2,279,344	450,128	
ID	311	70	66	4	111,150	1,271,145	442,879	
IL	312	1,883	1,863	20	5,961,018	36,954,468	12,735,472	
IN	313	198	196	2	690,392	2,548,004	27,507	
KS	315	280	273	7	611,988	10,286,232	2,992,899	
KY	316	441	338	103	1,177,678	13,401,841	14,561,337	
LA	317	293	283	10	857,765	8,540,291	988,927	
MD	319	369	343	26	2,437,179	7,778,062	3,189,876	
ME	318	264	261	3	674,497	2,964,153	1,575,807	
MI	321	638	628	10	1,971,088	20,481,149	3,821,365	
MN	322	195	178	17	454,532	4,136,067	1,293,326	
MO	324	655	645	10	1,076,200	10,445,287	7,250,383	
MS	323	1,368	1,278	90	3,730,524	41,401,692	21,461,277	
MT	325	99	80	19	545,678	3,676,447	3,708,481	
NC	332	1,466	1,437	29	3,314,920	33,494,394	6,650,971	
ND	333	7	7	-	84,757	416,975	-	
NE	326	113	108	5	378,467	3,165,123	3,913,663	
NH	328	550	538	12	954,117	4,639,925	1,819,937	
NJ	429	1,336	1,332	4	1,547,800	36,704,527	302,166	
NJ	329	1,836	1,725	111	2,103,821	53,404,054	26,528,302	
NM	330	97	83	14	373,950	2,556,083	2,044,694	
NV	327	1,221	1,217	4	2,217,958	9,085,210	244,358	
NY	431	5,268	5,155	113	0	101,004,358	4,475,344	
NY	331	2,731	2,413	318	33,199,375	88,094,435	42,456,523	
OH	334	113	113	-	741,269	1,892,288	-	
OK	335	706	687	19	1,883,092	12,519,397	6,484,421	
PA	437	761	754	7	935,678	14,076,869	356,256	
PA	337	961	892	69	2,604,445	53,559,631	18,506,957	
RI	338	263	260	3	490,154	3,657,170	69,921	
SC	339	1,448	1,377	71	2,469,097	36,707,038	13,834,380	
SD	340	32	30	2	74,295	335,258	235,292	
TN	341	1,367	983	384	3,997,413	33,407,647	18,443,555	
TX	342	2,233	2,138	95	3,754,239	40,316,257	12,409,591	
UT	343	68	63	5	206,247	1,008,507	46,703	
VA	345	626	576	50	2,285,451	20,623,081	31,370,456	
VT	344	303	295	8	550,321	4,661,615	3,162,570	
WA	346	79	79	-	126,238	718,121	-	
WI	348	184	177	7	606,817	4,847,003	282,818	
WV	347	37	36	1	231,860	1,097,509	6	
WY	349	10	8	2	36,143	852,317	419,265	
NOHLGA	370	424	424	-	1,803,465	2,786,023	-	
		79,738	74,606	5,132	\$ 186,545,798	\$ 1,523,892,924	\$ 578,810,900	

EXHIBIT I

Legion Insurance Company (In Liquidation)
Proofs of Claim Statistics
Inception to Date June 30, 2013

Class Descriptions	Total # of POC Claims Received	# of POC Claims Received After 6/30/05	# of NODs Issued	# of NODs Accepted	Allowed Amounts on Accepted NODs	# of NODs Approved for Distribution	Allowed Amounts on NODs Approved for Distribution
A - Administrative Expenses	1,148	20	1,091	1,091	\$ 0	1,090	\$ 0
B - PolicyHolder Claims	14,791	1,006	14,591	14,553	50,931,991	14,453	48,204,627
C - Federal Government	2	-	-	-	-	-	-
D- Employees	-	-	-	-	-	-	-
E - General Credit/UEP	19,051	374	19,024	19,017	69,219,903	18,994	68,667,891
F- State/Local Government	121	5	121	121	26,905,367	121	26,905,367
G- Late Filed/Subrogation	6,301	1,050	6,297	6,295	3,319,582	6,286	3,289,278
H - Surplus, Prem. Refunds	-	-	-	-	-	-	-
I- Shareholders/Other Owners	-	-	-	-	-	-	-
No Class	-	-	-	-	-	-	-
TOTALS	41,414	2,455	41,124	41,077	\$ 150,376,843	40,944	\$ 147,067,163

EXHIBIT J

Legion Insurance Company (In Liquidation)
Proofs of Claim Statistics
Quarter to Date June 30, 2013

Class Descriptions	Total # of POC Claims Received	# of NODs Issued	# of NODs Accepted	Allowed Amounts on Accepted NODs	# of NODs Approved for Distribution	Allowed Amounts on NODs Approved for Distribution*
A - Administrative Expenses	-	-	-	\$ 0	-	\$ -
B - PolicyHolder Claims	6	51	38	1,139,916	-	-
C - Federal Government	-	-	-	-	-	-
D- Employees	-	-	-	-	-	-
E - General Credit/UEP	3	5	11	284,846	-	758
F- State/Local Government	-	-	-	-	-	-
G- Late Filed/Subrogation	(3)	-	1	-	-	-
H - Surplus, Prem. Refunds	-	-	-	-	-	-
I- Shareholders/Other Owners	-	-	-	-	-	-
No Class	-	-	-	-	-	-
TOTALS	6	56	50	\$ 1,424,762	-	\$ 758

* System adjustment for Class "E" allowed amounts related to 8 NODs which were previously Court approved.

EXHIBIT K

Legion Insurance Company (In Liquidation)
 Notice of Determination Objection Statistics
 Inception to Date June 30, 2013

Class Descriptions	Total # NOD Objections Received	Allowed Amounts on Objections	# of Objections Resolved	Allowed Amounts on Objections Resolved
A - Administrative Expenses	7	\$ 0	7	\$ 0
B - PolicyHolder Claims	340	2,564,839	339	2,564,839
C - Federal Government	-	-	-	-
D - Employees	-	-	-	-
E - General Credit/UEP	519	14,451,949	513	1,391,637
F - State/Local Government	4	11,971	4	11,971
G - Late Filed/Subrogation	65	714,306	63	714,306
H - Surplus, Prem. Refunds	-	-	-	-
I - Shareholders/Other Owners	-	-	-	-
TOTALS	935	\$ 17,743,065	926	\$ 4,682,753

Class Descriptions	Total Objections Unresolved	Allowed Amounts on Objections Unresolved	# of Objections Unresolved Assigned to Referees	Allowed Amounts on Objections Unresolved Assigned to Referees	# of Objections Unresolved Not Assigned to Referees	Allowed Amounts on Objections Unresolved Not Assigned to Referees
A - Administrative Expenses	0	\$ 0	0	\$ 0	0	\$ 0
B - PolicyHolder Claims	1	-	1	0	-	-
C - Federal Government	-	-	-	-	-	-
D - Employees	-	-	-	-	-	-
E - General Credit/UEP	6	13,060,312	5	13,060,312	1	-
F - State/Local Government	-	-	-	-	-	-
G - Late Filed/Subrogation	2	-	-	-	2	-
H - Surplus, Prem. Refunds	-	-	-	-	-	-
I - Shareholders/Other Owners	-	-	-	-	-	-
TOTALS	9	\$ 13,060,312	6	\$ 13,060,312	3	\$ -