



COMMONWEALTH OF PENNSYLVANIA  
INSURANCE DEPARTMENT  
Office of Chief Counsel

Capitol Associates Building  
901 North 7<sup>th</sup> Street  
Harrisburg, PA 17102

Governor's Office  
of General Counsel

Phone (717) 787-6009  
Fax (717) 772-4543

February 14, 2008

Michael F. Krimmel  
Chief Clerk  
Commonwealth Court  
628 South Office Building  
Harrisburg, PA 17120-0001

RE: Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania v. Legion Insurance Company,  
No. 183 M.D. 2002

Dear Mr. Krimmel:

Enclosed for filing please find the original and two hard copies of the Fourth Quarter 2007 Financial Report of the Liquidator Pursuant to Order Dated July 1, 2004.

As directed by the Court's Order we are also enclosing copies of the documents on a computer disk.

Thank you for your courtesies in filing the documents.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Amy L. Weber".

Amy L. Weber  
Special Funds Counsel

ALW:mm  
Enclosure

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel S. Ario, Acting Insurance Commissioner,  
Commonwealth of Pennsylvania,

Plaintiff,

v.

Legion Insurance Company,

Defendant.

No. 183 M.D. 2002

RECEIVED & FILED  
COMMONWEALTH COURT  
OF PENNSYLVANIA  
2008 FEB 14 P 12:08

**FOURTH QUARTER 2007 FINANCIAL REPORT OF THE  
LIQUIDATOR PURSUANT TO ORDER DATED JULY 1, 2004**

Joel Scott Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania in his official capacity as Statutory Liquidator (the "Liquidator") of Legion Insurance Company ("Legion"), through his undersigned counsel, hereby submits this Fourth Quarter 2007 Financial Report ("Report") pursuant to this Court's Order of July 1, 2004.

**REPORT**

**A. Special Purpose Statements of Assets and Liabilities**

Attached hereto as Exhibits "A" and "B" are Special Purpose Statements of Assets and Liabilities for Legion and Villanova Insurance Company ("Villanova"), respectively, as of December 31, 2007. As reflected in the Note accompanying these Statements, they have been prepared on a unique financial reporting basis, subject to the several assumptions and qualifications stated therein. The Statements reflect that, as of December 31, 2007, the Assets, Liabilities and Net Surplus (Deficit) of Legion and Villanova are as follows:

	<u>Assets</u>	<u>Liabilities</u>	<u>Net Surplus (Deficit)</u>
LEGION	\$2,744,700,000	\$3,384,700,000	(\$640,000,000)
VILLANOVA	\$283,300,000	\$528,700,000	(\$245,400,000)

**B. Statements Reflecting Statutory Capital and Surplus Accounts**

Attached hereto as Exhibits "C" and "D" are Statements reflecting the Statutory Capital and Surplus Accounts for Legion and Villanova, respectively, for the period December 31, 2001 through December 31, 2007. As reflected in these Statements, as of December 31, 2007, Legion has a Net Deficit of \$640,000,000 and Villanova has a Net Deficit of \$245,400,000. All cash receipts and disbursements including investment transactions are reflected in the monthly cash flow summaries (see Item C, Monthly Cash Flow Summaries, below). Also, the Liquidator has provided an expense analysis comparing, by category of expense, budget with actual accrued expenses (see Item D below).

**C. Monthly Cash Flow Summaries**

Attached hereto as Exhibits "E" and "F" are cash flow summaries on a monthly basis for Legion and Villanova including investment transactions, respectively, for the period January 1, 2007 through December 31, 2007. The summaries also reflect an adjustment for marking the investments to market and other adjustments as of December 31, 2007. As reflected in these statements, the ending available cash and investments (net of payments) at market value as of December 31, 2007 for Legion and Villanova is \$690,900,000 and \$62,300,000, respectively.

**D. 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 several schedules attached to this Report relating to expenses (Exhibits G and H) represent the expenses paid or incurred by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation.

Exhibit "G" is a schedule reflecting the combined incurred expenses of Legion and Villanova from January 1, 2007 through December 31, 2007 together with a comparison, by category of expense, between 2007 actual and 2007 budget and between 2006 and 2007 actuals. As reflected in the Statement, the total combined expenses through December 31, 2007 are \$46,122,000, which is 18.7% less than the 2007 budget and 11.6% less than 2006 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses relating to benefits. In addition, the schedule reflects \$236,000 of revenue, which is 52.7% less than budget, related to collection of large deductible recoveries as provided for by Pennsylvania statute Act 46. Lastly, the schedule lists unbudgeted revenue of \$820,000 related to expense reimbursement from a non-insurance affiliate.

#### **E. Professional Services Paid and Incurred**

Attached hereto as Exhibit "H" 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 law firms, accounting and actuarial firms, consultants on reinsurance and other matters, premium audit and collection services, and other litigation and support service providers, during the period January 1, 2007 through December 31, 2007. The schedule is broken down by month, with a year-to-date total through December 31, 2007 (before adjustments for changes in accrual and other non-cash transactions) of \$10,354,777.

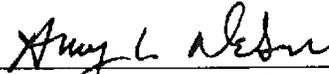
**F. Administrative Expenses**

Exhibit "G" Combined Expense Analysis, provides the accrued administrative expenses of the estate including salaries and employee benefits for the period January 1, 2007 through December 31, 2007 except for certain guaranty association expenses that may qualify as administrative expenses of the estate. Exhibit "H," Professional Services Paid and Incurred provides additional detail.

**G. Reinsurance Recoverables Due or Billable Net**

Detailed information relating to reinsurance recoverables of the estates due or billable net as of December 31, 2007 is submitted as Exhibits "I" and "J" respectively.

Respectfully submitted,



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Amy L. Weber (I.D. #45447)  
Special Funds Counsel  
Office of Liquidations, Rehabilitations and  
Special Funds  
901 North 7th Street  
Harrisburg, Pennsylvania 17102  
(717) 787-6009

Counsel for Joel S. Ario, Acting Insurance  
Commissioner of the Commonwealth of  
Pennsylvania acting in his official capacity  
as Statutory Liquidator of Legion Insurance  
Company

Dated: 2/14/08

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

**Joel S. Ario, Acting  
Insurance Commissioner of the  
Commonwealth of Pennsylvania**

**Plaintiff,**

**v.**

**Legion Insurance Company  
One Logan Square, Suite 1400  
Philadelphia, PA 19103**

**Defendant.**

**Docket No. 183 M.D. 2002**

**AFFIDAVIT OF JOSEPH ZARANDONA  
IN SUPPORT OF THE FOURTH QUARTER 2007  
FINANCIAL REPORT OF THE LIQUIDATOR**

I, **JOSEPH ZARANDONA**, 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 Fourth Quarter 2007 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 Fourth Quarter of 2007.
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.

  
JOSEPH ZARANDONA

Sworn to and subscribed before me  
this 11 th day of Feb, 2008.

  
NOTARY PUBLIC

COMMONWEALTH OF PENNSYLVANIA  
Notarial Seal  
Maureen Greenfield, Notary Public  
City Of Philadelphia, Philadelphia County  
My Commission Expires Dec. 23, 2010  
Member, Pennsylvania Association of Notaries

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel S. Ario, Acting  
Insurance Commissioner of the  
Commonwealth of Pennsylvania

Plaintiff,

v.

Legion Insurance Company  
One Logan Square, Suite 1400  
Philadelphia, PA 19103

Defendant.

Docket No. 183 M.D. 2002

**AFFIDAVIT OF MICHAEL I. QUIST  
IN SUPPORT OF THE FOURTH QUARTER 2007  
FINANCIAL REPORT OF THE LIQUIDATOR**

I, MICHAEL I. QUIST, hereby depose and state as follows:

1. I am Senior Vice President of Financial Operations for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) (“the Estates”), am a currently licensed Certified Public Accountant, and serve as Chief Financial Officer responsible for overseeing all aspects of the Estates’ financial operations.

2. I assisted in the direction of the preparation of the Fourth Quarter 2007 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 Statements of Assets and Liabilities: Exhibits "A" and "B" to the Report are Special Purpose Statements of Assets and Liabilities for the Estates as of December 31, 2007. As reflected in the Note accompanying these Statements, they have been prepared on a unique financial reporting basis, subject to the several assumptions and qualifications stated therein.

B. Statements Reflecting Statutory Capital and Surplus Accounts: Exhibits "C" and "D" to the Report are Statements reflecting the Statutory Capital and Surplus Accounts for the Estates for the period December 31, 2001 through December 31, 2007.

C. Monthly Cash Flow Summaries: Exhibits "E" and "F" are cash flow summaries on a monthly basis for the Estates including investment transactions for the period January 1, 2007 through December 31, 2007.

D. 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

several 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 "G" is a schedule reflecting the combined incurred expenses of the Estates from January 1, 2007 through December 31, 2007 together with a comparison, by category of expense, between 2007 actual and 2007 budget and between 2006 and 2007 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses.

F. Professional Services Paid and Incurred: Exhibit "H" 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, 2007 through December 31, 2007. Legal vendors, including law firms and other litigation and support service providers, are broken out separately on Exhibit "H."

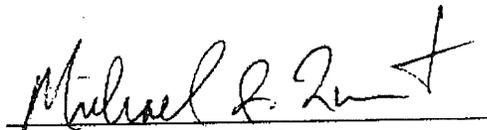
G. Administrative Expenses: Exhibit "G," Combined Expense Analysis, provides the accrued administrative expenses of the Estates including salaries and employee benefits for the period January 1, 2007 through December 31, 2007 except for certain guaranty association expenses that may qualify as administrative expenses of the estate. Exhibit "H" Professional Services Paid and Incurred provides additional

detail.

H. Reinsurance Recoverables Due or Billable Net: Detailed information relating to reinsurance recoverables of the Estates due or billable net as of December 31, 2007 is submitted as Exhibits "I" and "J" respectively.

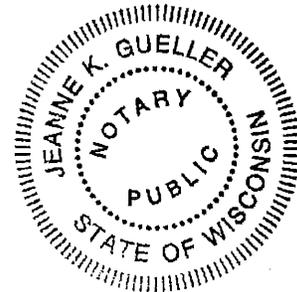
4. Based on my knowledge, the financial information included in the Report fairly presents in all material respects the financial condition, results of operations and cash flows for the Fourth Quarter of 2007.

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.

  
MICHAEL I. QUIST

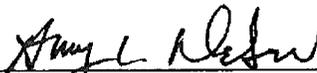
Sworn to and subscribed before me  
this 4<sup>th</sup> day of Feb., 2008.

  
NOTARY PUBLIC



**CERTIFICATION**

I, Amy L. Weber, Special Funds Counsel, of the 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 Joel S. Ario, Acting 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 the Exhibit H to the Fourth Quarter 2007 Financial Report of the Liquidator and I certify that these legal fees and expenses are reasonable and necessary. I also have reviewed Exhibit G, 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  
Special Funds Counsel

Dated: 2/14/08

EXHIBIT

A

**Legion Insurance Company (In Liquidation)**  
**Special Purpose Statement of Assets and Liabilities\***  
**December 31, 2007 and December 31, 2006**  
(In Millions of Dollars)

	12/31/2007	12/31/2006
<b>ASSETS</b>		
Cash and short duration investments:		
Liqud securities	\$ 132.3	\$ 281.3
Money market deposits	558.6	286.4
Restricted deposits	0.6	0.6
Total invested assets	691.5	568.3
Premium balances	0.2	0.5
Estimated losses and loss adjustment expense reserves - ceded	1,179.2	1,437.4
Reinsurance recoverables due or billable, net	505.9	575.1
Early access advances	274.3	134.4
State deposits and unapplied state deposits available for early access	23.3	30.5
Post liquidation claims paid on behalf of guaranty associations	-	1.8
Amounts to be distributed per Act 46	17.9	11.2
Other assets	52.4	61.6
Total Assets	\$ 2,744.7	\$ 2,820.8
<b>LIABILITIES</b>		
Estimated Priority Class		
A - Administrative expenses:		
Liquidator expenses incurred since liquidation	\$ 201.1	\$ 164.0
Liquidator expenses paid since liquidation	(195.1)	(152.8)
Liquidator expenses	6.0	11.2
Guaranty associations' paid ULAE reported	96.1	85.1
Guaranty associations' reserves ULAE	14.5	26.3
Total	\$ 116.6	\$ 122.6
B - Claims for policy benefits:		
Guaranty associations paid (including large deductible)	1,128.9	999.1
Liquidator valued NODs issued	14.0	1.5
Estimated reserves	1,727.2	1,819.6
Total	2,870.1	2,820.2
C - Federal government claims		
Total	-	-
D - Certain employee claims		
Total	-	-
E - General creditor claims:		
Liquidator valued NODs issued	17.8	-
Estimated reserves	307.9	420.6
Total	325.7	420.6
F - State and local government claims		
Liquidator valued NODs issued	8.1	-
Estimated reserves	51.2	59.5
Total	59.3	59.5
G - Late filed claims		
Liquidator valued NODs issued	1.0	-
Ancillary Receivership:		
Post liquidation claims paid, gross	34.0	28.3
Estimated losses and loss adjustment expense reserves - direct	36.9	42.5
Offset of unapplied liquidated statutory deposit	(58.9)	(58.9)
Post liquidation claims, net	12.0	11.9
Total liabilities	3,384.7	3,434.8
Net surplus (deficit)	(640.0)	(614.0)
Total Liabilities and Surplus (Deficit)	\$ 2,744.7	\$ 2,820.8

\* See Note to Special Purpose Statement of Assets and Liabilities

**Legion Insurance Company (In Liquidation) and  
Villanova Insurance Company (In Liquidation)  
Note to Special Purpose Statement of Assets and Liabilities**

The special-purpose statements of assets and liabilities of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) are prepared on a unique financial reporting basis in that the statements do 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 statements of assets and liabilities. The statements do 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 statements 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. 22144. 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 statements of assets and liabilities are based primarily on guaranty association paid claims, known case reserves and actuarial estimates of expected losses calculated prior to the companies entering rehabilitation. Sufficient credible data is not yet available to update the aggregate actuarial estimates of reserves after the rehabilitation effective date due to the significant changes in claim settlement and reserving processes triggered by the rehabilitation and liquidation actions;
- The statements do not reflect any general provision for estimated unrealizable reinsurance recoverable assets. The statements do 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.

The special purpose statements 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

B

**Villanova Insurance Company (In Liquidation)**  
**Special Purpose Statement of Assets and Liabilities\***  
**December 31, 2007 and December 31, 2006**  
(In Millions of Dollars)

	12/31/2007	12/31/2006
<b>ASSETS</b>		
Cash and short duration investments:		
Liquid securities	\$ -	\$ 24.8
Money market deposits	62.3	39.3
Total invested assets	62.3	64.1
Premium balances	0.2	0.8
Estimated losses and loss adjustment expense reserves - ceded	84.8	55.4
Reinsurance recoverables due or billable, net	86.3	85.6
Early access advances	34.9	15.5
State deposits and unapplied state deposits available for early access	2.2	2.8
Post liquidation claims paid on behalf of guaranty associations	-	0.1
Amounts to be distributed per Act 46	4.6	2.3
Other assets	8.0	4.6
Total Assets	\$ 283.3	\$ 231.2
<b>LIABILITIES</b>		
Estimated Priority Class		
A - Administrative expenses:		
Liquidator expenses incurred since liquidation	\$ 22.9	\$ 17.7
Liquidator expenses paid since liquidation	(21.3)	(16.6)
Liquidator expenses	1.6	1.1
Guaranty associations' paid ULAE reported	22.2	14.9
Guaranty associations' reserves ULAE	5.9	6.0
Total	\$ 29.7	\$ 22.0
B - Claims for policy benefits:		
Guaranty associations paid (including large deductible)	200.5	163.8
Liquidator valued NODs issued	0.2	-
Estimated reserves	254.6	246.2
Total	455.3	410.0
C - Federal government claims		
D - Certain employee claims		
E - General creditor claims:		
Liquidator valued NODs issued	1.5	-
Estimated reserves	36.1	31.7
Total	37.6	31.7
F - State and local government claims:		
Liquidator valued NODs issued	2.2	-
Estimated reserves	2.3	4.5
Total	4.5	4.5
G - Late filed claims:		
Liquidator valued NODs issued	-	-
Ancillary Receiverships:		
Post liquidation claims paid, gross	1.1	1.0
Estimated losses and loss adjustment expense reserves - direct	1.7	1.8
Offset of unapplied liquidated statutory deposit	(1.2)	(1.2)
Post liquidation claims, net	1.6	1.6
Total liabilities	528.7	469.8
Net surplus (deficit)	(245.4)	(238.6)
Total Liabilities and Surplus (Deficit)	\$ 283.3	\$ 231.2

\* See Note to Special Purpose Statement of Assets and Liabilities

**Legion Insurance Company (In Liquidation) and  
Villanova Insurance Company (In Liquidation)  
Note to Special Purpose Statement of Assets and Liabilities**

The special-purpose statements of assets and liabilities of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) are prepared on a unique financial reporting basis in that the statements do 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 statements of assets and liabilities. The statements do 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 statements 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. 22144. 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 statements of assets and liabilities are based primarily on guaranty association paid claims, known case reserves and actuarial estimates of expected losses calculated prior to the companies entering rehabilitation. Sufficient credible data is not yet available to update the aggregate actuarial estimates of reserves after the rehabilitation effective date due to the significant changes in claim settlement and reserving processes triggered by the rehabilitation and liquidation actions;
- The statements do not reflect any general provision for estimated unrealizable reinsurance recoverable assets. The statements do 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.

The special purpose statements 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  
C

**Legion Insurance Company (In Liquidation)**  
**Statutory Capital and Surplus Account**  
**For the Period December 31, 2001 Thru December 31, 2007**  
**(In Millions of Dollars)**

<b>Surplus as Regards Policyholders, Beginning Balance</b>	<b>\$ 298.3</b>
<b>Net Loss:</b>	
Underwriting Loss, Net	(1,091.2)
Investment Income, Net	111.7
Other Expense, Net	(16.5)
Loss Before Income Taxes	<u>(996.0)</u>
Federal & Foreign Income Taxes	<u>(22.4)</u>
Net Loss	(973.6)
Net Unrealized Capital Gains (Losses)	(20.6)
Change in Net Deferred Income Tax	(42.3)
Change in Non Admitted Assets	75.5
Change in Provision for Reinsurance	22.7
Change in Surplus as Regards Policyholders for the Period	<u>(938.3)</u>
<b>Surplus as Regards Policyholders, Ending Balance</b>	<b><u>\$ (640.0)</u></b>

EXHIBIT

D

**Villanova Insurance Company (In Liquidation)**  
**Statutory Capital and Surplus Account**  
**For the Period December 31, 2001 Thru December 31, 2007**  
**(In Millions of Dollars)**

<b>Surplus as Regards Policyholders, Beginning Balance</b>	<b>\$ 27.6</b>
Net Loss:	
Underwriting Loss, Net	(113.8)
Investment Income, Net	12.5
Other Expense, Net	<u>(2.5)</u>
Loss Before Income Taxes	(103.8)
Federal & Foreign Income Taxes	<u>7.5</u>
Net Loss	(111.3)
Net Unrealized Capital Gains (Losses)	-
Change in Net Deferred Income Tax	(8.6)
Change in Non Admitted Assets	(154.8)
Change in Provision for Reinsurance	<u>1.7</u>
Change in Surplus as Regards Policyholders for the Period	(273.0)
<b>Surplus as Regards Policyholders, Ending Balance</b>	<b><u>\$ (245.4)</u></b>

EXHIBIT  
E

Legion Insurance Company (in Liquidation)  
 Cash Flow Summary  
 Liquidation Basis  
 YTD December 31, 2007  
 (in millions)

	2007											
	January	February	March	April	May	June	July	August	September	October	November	December
	\$ 581.2	\$ 581.2	\$ 588.1	\$ 620.8	\$ 665.9	\$ 708.4	\$ 721.9	\$ 731.9	\$ 771.4	\$ 782.8	\$ 787.0	\$ 817.6
<b>Beginning Available Cash and Investments</b>												
Premium collections (net of expenses)	0.4	0.3	0.1	0.1	2.1	2.7	0.3	0.3	0.2	0.1	0.7	0.3
Reinsurance collections:												
Reinsurance recoverables:												
Mutual Companies	1.0	-	-	-	1.1	-	-	-	-	-	-	-
All Other Reinsurers	10.0	8.7	13.5	45.3	31.1	18.1	7.3	21.3	12.0	11.3	19.7	11.6
Reinsurance commitments/settlements:												
Mutual Companies	-	-	-	-	-	-	-	-	-	1.9	-	-
All Other Reinsurers	0.8	-	1.5	-	3.7	-	-	18.4	-	2.0	-	-
Deductible Recoveries:												
Mutual Companies	0.6	-	1.8	-	1.7	-	1.4	-	1.1	4.3	0.7	-
All Other	-	0.1	-	-	0.2	0.3	0.2	0.1	0.5	0.1	0.1	0.1
Investment income (net of expenses)	2.3	2.4	2.4	2.3	2.8	3.3	2.8	2.7	2.9	3.0	2.9	2.9
Dividends from affiliate	-	-	19.7	-	-	-	-	-	-	-	-	-
<b>Total Sources of Cash</b>	<b>14.9</b>	<b>9.5</b>	<b>39.1</b>	<b>47.7</b>	<b>42.7</b>	<b>24.4</b>	<b>12.0</b>	<b>42.8</b>	<b>16.7</b>	<b>22.7</b>	<b>24.1</b>	<b>14.9</b>
Loss & loss adjustment expense payments	-	-	-	-	-	-	-	-	-	-	-	-
Paid expenses	(1.9)	(2.1)	(4.8)	(1.8)	(2.5)	(1.7)	(1.7)	(2.0)	(1.6)	(2.2)	(2.1)	(2.6)
Payroll	(1.4)	(1.2)	(1.8)	(1.2)	(1.3)	(3.6)	(1.3)	(1.8)	(1.2)	(1.3)	(1.3)	(1.3)
Intercompany transfers	-	0.6	-	0.2	1.3	-	(0.4)	0.2	(0.2)	(0.4)	-	(0.5)
Guaranty Association transactions	-	-	-	-	-	-	-	-	-	-	-	(133.4)
Amount to be distributed per Act 46	(0.7)	-	(0.1)	-	-	(3.9)	-	-	(2.6)	(4.8)	-	(0.8)
Other cash inflows (outflows)	0.8	0.1	0.3	0.2	0.3	0.3	1.3	0.4	0.3	0.2	0.1	0.8
<b>Total Uses of Cash</b>	<b>(3.2)</b>	<b>(2.6)</b>	<b>(6.4)</b>	<b>(2.8)</b>	<b>(2.2)</b>	<b>(8.9)</b>	<b>(2.1)</b>	<b>(3.2)</b>	<b>(5.3)</b>	<b>(8.5)</b>	<b>(3.2)</b>	<b>(137.8)</b>
<b>Ending Available Cash and Investments</b>	<b>\$ 581.2</b>	<b>\$ 588.1</b>	<b>\$ 620.8</b>	<b>\$ 665.9</b>	<b>\$ 708.4</b>	<b>\$ 721.9</b>	<b>\$ 731.9</b>	<b>\$ 771.4</b>	<b>\$ 782.8</b>	<b>\$ 787.0</b>	<b>\$ 817.6</b>	<b>\$ 894.9</b>
Mark to market and other adjustments	-	-	9.9	-	(6.6)	-	-	-	(3.9)	-	-	(4.0)
<b>Adjusted Balance</b>	<b>\$ 581.2</b>	<b>\$ 588.1</b>	<b>\$ 630.7</b>	<b>\$ 665.9</b>	<b>\$ 701.8</b>	<b>\$ 718.3</b>	<b>\$ 731.9</b>	<b>\$ 771.4</b>	<b>\$ 778.0</b>	<b>\$ 787.0</b>	<b>\$ 817.6</b>	<b>\$ 890.9</b>

**EXHIBIT**  
**F**

Villanova Insurance Company (In Liquidation)  
 Cash Flow Summary  
 Liquidation Basis  
 YTD December 31, 2007  
 (In millions)

	2007											
	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Available Cash and Investments	\$ 64.8	\$ 65.5	\$ 66.4	\$ 66.9	\$ 67.3	\$ 70.3	\$ 68.1	\$ 70.1	\$ 70.6	\$ 70.3	\$ 78.3	\$ 78.7
Premium collections (net of expenses)	-	-	-	-	-	-	-	-	-	-	-	-
Reinsurance collections:												
Reinsurance recoverables:												
Mutual Companies	0.4	-	0.2	-	0.4	-	-	-	-	-	-	-
All Other Reinsurers	0.3	0.2	1.5	2.7	0.3	0.3	0.4	0.2	0.2	8.9	0.1	1.2
Reinsurance commutations/settlements:												
Mutual Companies	-	-	-	-	-	-	-	-	-	-	-	-
All Other Reinsurers	-	-	-	-	-	-	-	-	-	-	-	-
Deductible Recoveries:												
Mutual Companies	-	-	-	-	-	-	-	-	-	-	-	-
All Other	-	-	-	-	-	-	-	-	-	-	-	-
Investment Income (net of expenses)	0.3	0.3	0.3	0.3	0.3	(0.3)	0.3	0.3	0.2	0.3	0.3	0.3
Total Sources of Cash	1.0	0.5	0.5	1.8	3.4	(0.3)	0.5	0.7	0.4	9.2	0.4	1.5
Loss & loss adjustment expense payments	-	-	-	-	-	-	-	-	-	-	-	-
Paid expenses	-	-	-	-	-	-	-	-	-	-	-	-
Payroll	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany transfers	-	(0.6)	-	0.5	(1.3)	-	0.4	-	-	0.4	-	0.5
Guaranty Association transactions	-	-	-	-	-	-	-	-	-	-	-	(19.4)
Amount to be distributed per Act 46	(0.3)	-	-	-	-	(0.9)	-	-	(1.3)	(0.6)	-	(0.1)
Other cash inflows (outflows)	-	-	-	-	-	-	-	-	0.4	-	-	0.1
Total Uses of Cash	(0.3)	(0.6)	-	0.5	(1.3)	(0.9)	0.4	-	(0.9)	(0.2)	-	(18.9)
Ending Available Cash and Investments	\$ 65.5	\$ 65.4	\$ 65.9	\$ 66.2	\$ 70.3	\$ 69.1	\$ 70.1	\$ 70.8	\$ 70.3	\$ 79.3	\$ 79.7	\$ 62.3
Mark to Market and other adjustments	-	-	0.6	-	-	-	-	-	-	-	-	-
Adjusted Balance	\$ 65.5	\$ 65.4	\$ 66.5	\$ 66.2	\$ 70.3	\$ 69.1	\$ 70.1	\$ 70.8	\$ 70.3	\$ 79.3	\$ 79.7	\$ 62.3

EXHIBIT

G

LEGION INSURANCE COMPANY (IN LIQUIDATION)  
 VILLANOVA INSURANCE COMPANY (IN LIQUIDATION)  
 COMBINED EXPENSE ANALYSIS BY ACCOUNT  
 December 31, 2007 ACTUALS vs BUDGET  
 (\$ In Thousands)

	Year to Date				2007 Actual vs 2007 Budget		2007 Actual vs 2006 Actual	
	2007 Actual	% of Total Operating	2007 Budget	2006 Actual	Dollar Variance	Percent Variance	Dollar Variance	Percent Variance
Full Time	214		205	211	(9)	-4.4%	(3)	-1.4%
Part Time	1		1	1	-	0.0%	-	0.0%
Contractor Help	28		19	22	(9)	-47.4%	(6)	-27.3%
<b>Total Staffing - Current</b>	<b>243</b>		<b>225</b>	<b>234</b>	<b>(18)</b>	<b>-8.0%</b>	<b>(9)</b>	<b>-3.8%</b>
<b>Staffing - Average</b>								
Full Time	213		215	235	2	0.9%	22	9.1%
Part Time	1		1	1	-	0.0%	-	0.0%
Contractor Help	25		21	26	(4)	-19.5%	1	2.0%
<b>Total Staffing - Average</b>	<b>239</b>		<b>237</b>	<b>262</b>	<b>(2)</b>	<b>-0.8%</b>	<b>23</b>	<b>8.5%</b>
<b>General &amp; Administrative Expenses *</b>								
Salaries	\$ 22,625	49.1%	\$ 24,500	\$ 24,547	\$ 1,875	7.7%	\$ 1,922	7.8%
Benefits	4,162	9.0%	4,300	4,106	138	3.2%	(56)	-1.4%
Occupancy	2,848	6.2%	3,400	3,371	552	16.2%	523	15.5%
Equipment	4,052	8.8%	4,700	3,893	648	13.8%	(159)	-4.1%
Legal Fees and Expenses	3,896	8.4%	7,000	4,839	3,104	44.3%	943	19.5%
Professional Services	5,225	11.3%	8,700	8,780	3,475	39.9%	3,555	40.5%
Other	3,314	7.2%	4,100	2,621	786	19.2%	(693)	-26.5%
<b>Total Expenses</b>	<b>46,122</b>	<b>100.0%</b>	<b>56,700</b>	<b>52,157</b>	<b>10,578</b>	<b>18.7%</b>	<b>6,035</b>	<b>11.6%</b>
<b>Revenue for Collecting Large Deductible Recoveries as Provided by PA Statute Act 46 Act 46 Collection</b>								
Expense Reimbursement**	236		500	611	(264)	-52.7%	(375)	-61.3%
Non-insurance affiliate	820		-	-	820	n/a	820	n/a
<b>Total Revenue</b>	<b>1,056</b>		<b>500</b>	<b>611</b>	<b>556</b>	<b>111.3%</b>	<b>445</b>	<b>72.9%</b>
<b>Net Budget</b>	<b>\$ 45,066</b>		<b>\$ 56,200</b>	<b>\$ 51,546</b>	<b>\$ 11,134</b>	<b>19.8%</b>	<b>\$ 6,480</b>	<b>12.6%</b>

\*This exhibit does not include certain guaranty association expenses that may qualify as administrative expenses of the estate.

\*\* Expenses reimbursed for the sale and ongoing operations of PRMS.

**EXHIBIT  
H**

Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 January 2007 - December 2007

Classification	Vendor Name	Services Provided	January	February	March	April	May	June
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant	27,370			29,600	5,780	
	ARBITRATION & MEDIATION	Reinsurance Arbitrator	564		1,987	9,674	90	207
	BROWN BROWN & KLASS	Reinsurance Collection Litigation						9,093
	COZEN & O'CONNOR	Premium Collection Litigation						
	DANIEL E. SCHMIDT, IV., ESQ.	Reinsurance Arbitrator	7,205	8,161	2,569	1,803	208	1,400
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation				11,200		10,968
	DAVID THIRKILL	Reinsurance Arbitrator	6,110	1,803	30,568	4,001		
	DEUTSCH, KERRIGAN, & STILES, L.L.P.	General Collection Litigation						11,517
	DIANE MERGAARD	Reinsurance Arbitration						54,450
	ESQUIRE DEPOSITION SERVICES	Court Reporting Services						
	GRP, LLC	Reinsurance Witness						
	JAMS, INC.	Mediation Services		9,525	(4,750)			
	JEFFREY D. MILLER, FSA	Expert Witness						
	JOHN ROWLAND QC	Reinsurance Arbitrator						
	KATHLEEN WALSH CRAMER	Court-appointed Referee						3,259
	LEGALINK	Video Deposition Services						677
	LEXISNEXIS	Legal Research Fees	590		590	285		4,700
	MARTIN D. HABER	Reinsurance Arbitrator						700
	MARY ELLEN BURNS, ESQUIRE	Reinsurance Arbitrator	5,000					
	MAYER BROWN, ROWE & MAW LLP	London Reinsurance Counsel	1,464					
	MILLER ALFANO & RASPANTI PC	General Litigation and Liquidation Advice	11,067		21,082	6,856		3,159
	MORGENSTEIN & JUBELIRER LLP	Premium Collection Litigation	1,080					
	NELSON LEVINE DE LUCA & HORST	Reinsurance Arbitrator						
	ON-SITE SOURCING, INC.	Scanning and Copying Services	8,117	24,725	10,659	1,892	13,330	46,041
	PEPPER HAMILTON LLP	Reinsurance Arbitrations and Advice		78,128	52,826	78,053	89,942	384
	SCHIFF HARDIN, LLP	Premium Collection Litigation						1,518
	STRADLEY RONON	Premium Collection Litigation	19,893	335	7,947	13,957	43,389	19,211
	THE HUSTEAD LAW FIRM	Premium Collection Litigation						
	THE MCS GROUP, INC	Copying and Scanning Services						
	THOMAS A. GREENE	Reinsurance Arbitrator	5,250		5,548	3,242	2,520	3,150
	TRENNAM, KEMKER, SCHARF, BARKIN	Legal Research Fees						
	TRIAL TECHNOLOGIES, INC.	Legal Research Fees						
	U.S. LEGAL SUPPORT, INC.	Court Reporter Fees		11,648				
W. MAX HOLLMANN	Expert Witness				1,614			
WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Asset Sale Advice, Labor Advice, General Advice	85,557	11,468	86,312	11,448	10,821	26,327	
	General Legal Support Costs	100	80	144	(4,930)		1,020	
	Aggregate Amount for Total Vendor Payments Under \$1,000	179,400	144,728	233,384	167,808	260,896	215,703	
	Total Legal Fees and Expenses Paid	313,908	32,775	4,128	102,428	(13,963)	(127,775)	
	Change in Legal Fees and Expenses accrual and other non-cash transactions							
	Total Legal Fees and Expenses Incurred		177,503	237,490	270,235	246,933	87,928	

Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 January 2007 - December 2007

Classification	Vendor Name	Services Provided	January	February	March	April	May	June
Professional Services	ACCURINT-ACCT#1065480	Contract Reinsurance Services	287		212	224		441
	ALAN GRAY INSURANCE SERVICES, INC.	Contract Reinsurance Services		3,008				
	ALLIANCE CONSULTING	Data Management Consultant	153,750		127,305		335,150	9,200
	AMPER/POLITZNER & MATTIS, P.C.	Audit Services		1,582		11,477	41,136	30,454
	APPLE & APPLE	Collections Support Services						
	ARRAY SOLUTIONS, INC.	IT Technical Support						
	BONNIE KUMEGA & ASSOC.	Collections Support Services			11,282			10,000
	CIRBA & KIRWAN, PC AND SECURE	Loss Settlement Agreement			7,729			
	CLAIMS MANAGEMENT GROUP LTD.	London Claims Accounting Services						
	CONYERS, DILL & PEARMAN	Employment Support Services	54,542	55,501	57,085	55,769	54,470	55,865
	CSC/FG-MYND CORP.	Data Processing and Outsourcing	6,050					
	GLASSBERG & POLLAK	Collections Support Services						
	GLENN R. PARTRIDGE	Strategic Consultant						
	HELIIX UK LIMITED	London Reinsurance Collection Intermediary	1,000	174,040	87,020		174,040	87,020
	HEWITT ASSOCIATES LLC	Human Resources & Technical Consulting			3,604			
	HUGGINS ACTUARIAL SERVICE, INC.	Actuarial Services					87,277	
	JDM INFRASTRUCTURE	IT Technical Support						
	JEFFERSON WELLS INTERNATIONAL INC.	Audit Services		3,031				
	JOHNSON LAMBERT & CO	Audit Services	1,700	300	87	90	1,051	53
	KARL HOWE & ASSOCIATES	Collections Support Services			78,155	41,970	17,540	
	KPMG LLP	Audit Services						
	LINDA HIGGINS	Chain Technical Support		2,000	5,385	10,000	1,900	
	MARLBORO PARK CONSULTING, INC.	Telecommunications Consultant	2,657		175,171		699	
	MDY INC.	Software Vendor						
	MERCER HUMAN RESOURCE CONSULTING	Human Resources Consulting						
	MINTZER SAROWITZ ZRIS & LEDVA	Litigation Support Services			1,400			
	NEWMAN, MATHIS, BRADY	Collections Support Services						253
	OVERLAND SOLUTIONS, INC.	Litigation Support Services		6,000				
	PHILIP MASIN	Human Resources Consulting						
	PHILO SMITH	Broker For Sale of PRMS			473,305			
	R.F. O'ROURKE & ASSOCIATES, LTD.	Strategic Consultant	4,537					
	REINSURANCE SOLUTIONS INTL	Reinsurance Technical Support	232,110		148,130	65,000	48,750	40,950
	RELIANCE INS CO (IN LIQUIDATION)	Shared Resource for Monitoring Reinsurers						
	RESOURCE BRIDGE	Solvency	17,913		11,150			
	RIGHT MANAGEMENT CONSULTANTS	eLearning Technology Development				37,224		
	SCOTT F. LEHMAN	Human Resources Consulting				13,150		
	SMART & ASSOCIATES	Collections Support Services				10,000		
	SMART BUSINESS ADVISORY & CONSULTING, LLC	Reinsurance Technical Support & Contract		51,349				
	SUNGARD AVAILABILITY SERVICE	Reinsurance Services	252,112		213,628	6,048	252,565	110,193
	TROUT & ASSOCIATES, LTD.	Collection Services					42,500	
	VIVISIMO, INC.	Collections Support Services	993		84,762			
	WATSON & JONES, P.A.	Software Vendor						
	WILLIAMS & SHEDD	Litigation Support Services			10,132	4,127		(244)
	PREMIUM RECEIVED NET OF COLLECTION FEES	Collections Support Services			(9)	128,798	38,985	21,864
	Aggregate Amount for Total Vendor Payments Under \$1,000	Collections Support Services			3,136	(3,043)		(439)
	Change In Professional Services Incurred	General Professional Fees	725,291	282,981	1,479,697	381,834	1,124,611	365,156
	Total Professional Services Paid		(288,503)	(214,269)	(584,212)	(8,520)	(512,368)	1,207
	Total Professional Services Incurred		437,788	78,712	915,485	373,314	612,243	365,383
	Total Legal Expenses and Fees and Professional Services Incurred		751,696	256,215	1,152,975	843,548	899,176	454,291

\* All expenses above are gross before any allocation among Legion Insurance Company (In Liquidation), Villanova Insurance Company (In Liquidation) and PRMSLIC, Inc.

Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

Legion Insurance Company (In Liquidation)  
 Villanova Insurance Company (In Liquidation)  
 Legal Expenses and Fees and Professional Services Paid  
 January 2007 - December 2007

Exhibit H 3 of 4

Classification	Vendor Name	Services Provided	July	August	September	October	November	December	2007 Total	
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant	12,671			6,766		13,640	20,406	
	ARBITRATION & MEDIATION	Reinsurance Arbitrator	512			326			76,421	
	BROWN, BROWN & KLASS	Reinsurance Collection Litigation		1,588				23	3,708	
	COZEN & O'CONNOR	Premium Collection Litigation	10,000						19,335	
	DANIEL E. SCHMIDT, IV, ESQ.	Reinsurance Arbitrator	1,083			1,174		5,642	10,000	
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation	1,400			13,850	11,900	43,921	25,875	
	DAVID THIRKILL	Reinsurance Arbitrator			5,066	8,047		78,153	83,471	
	DEUTSCH, KERRIGAN, & STILES, L.L.P.	General Collection Litigation						220	115,158	
	DIANE MERGAARD	Reinsurance Arbitrator	1,634						42,073	
	ESQUIRE DEPOSITION SERVICES	Court Reporting Services					3,921		96,304	
	GRP LLC	Reinsurance Witness				1,270			5,191	
	JAMS, INC.	Mediation Services						4,775		
	JEFFREY D. MILLER, FSA	Expert Witness						1,675	1,575	
	JOHN ROWLAND QC	Reinsurance Arbitrator	14,946	1,559					16,505	
	KATHLEEN WALSH CRAMER	Court-appointed Referee						2,868	2,868	
	LEGALINK	Video Deposition Services	284	580	304	304	338		3,543	
	LEXISNEXIS	Legal Research Fees	3,450			6,150	3,560		4,692	
	MARTIN D. HABER	Reinsurance Arbitrator		1,806		2,718	20,000		17,850	
	MARY ELLEN BURNS, ESQUIRE	Reinsurance Arbitrator							28,522	
	MAYER BROWN ROWE & MAW LLP	London Reinsurance Counsel						1,494		
	MILLER ALFANO & RASPANTI PC	General Litigation and Liquidation Advice	633	13,278	7,861	7,861	13,962	28,378	123,712	
	MORGENSTEIN & JUBELIRER LLP	Premium Collection Litigation		2,695					1,090	
	NIELSON LEVINE DE LUCA & HORST	Reinsurance Arbitrator						6,744	9,439	
	ON-SITE SOURCING, INC.	Scanning and Copying Services							104,745	
	PEPPER HAMILTON LLP	Reinsurance Arbitrations and Advice	5,954	165,649	738	478,435	324,805	501,668	1,776,581	
	SCHIFF HARDIN, LLP	Premium Collection Litigation	3,829	230		22,506		7,643	41,168	
	SCHWARTZ SEMERJUAN HAILE BALLARD & CAULEY LLP	Premium Collection Litigation	575	230		1,069		694	11,367	
	STRADLEY RONON	Premium Collection Litigation	9,069	19,680	3,618	9,868	2,793	23,144	197,460	
	THE HUSTEAD LAW FIRM	Premium Collection Litigation		5,650					5,650	
	THE MGS GROUP, INC	Copying and Scanning Services					18,024	(1,966)	16,058	
	THOMAS A. GREENE	Reinsurance Arbitrator		3,000					3,000	
	THOMSON WEST	Legal Research Fees		5,040	2,520	3,767	2,520	2,657	36,246	
	TRENAM, KEMKER, SCHARF, BARKIN	General Litigation	15,167		48,867		47,820	112,459	306,305	
	TRIAL TECHNOLOGIES, INC.	Legal Research Fees							11,648	
	U.S. LEGAL SUPPORT, INC.	Court Reporter Fees							1,614	
	W. MAX HOLLMANN	Expert Witness	3,700					30,975	48,113	
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Asset Sale Advice, Labor Advice, General Advice	27,795	32,304	10,122	40,880	100,037	97,708	524,781	
	Aggregate Amount for Total Vendor Payments Under \$1,000			350	387	82	149			(2,376)
	Total Legal Fees and Expenses Paid			112,702	253,408	79,511	604,737	549,619	956,493	3,758,367
	Change in Legal Fees and Expenses accrual and other non-cash transactions			332,613	49,744	300,155	(217,543)	(205,172)	(286,534)	137,354
	Total Legal Fees and Expenses Incurred			445,315	303,152	409,666	387,195	348,446	669,959	3,895,730

Classification	VENDOR NAME	July	August	September	October	November	December	2007 Total
Professional Services	ACCURINT-ACCT#1055460		254	119	103	143		1,782
	ALAN GRAY INSURANCE SERVICES, INC.			600				3,608
	ALLIANCE CONSULTING	75,135	52,940	17,400	10,800	56,735	47,983	865,597
	AMPER,POLITZNER & MATTIS, P.C.	8,383						81,450
	APPLE & APPLE							1,562
	ARRAYA SOLUTIONS, INC.	28,000					2,120	28,000
	BONNIE KUMIEGA & ASSOC.				260			13,662
	CIRBA & KIRWAN, PC AND SECURE							10,000
	CLAIMS MANAGEMENT GROUP LTD.		16,754				880	17,534
	CONYERS DILL & PEARMAN	53,910	56,787	54,344	53,041		106,358	657,782
	CSC/SG-WYND CORP.			100	300			5,450
	GLASSBERG & POLLAK		12,378					16,559
	GLENN R. PARTRIDGE	87,020	87,020	87,020		173,815	87,020	1,045,015
	HELI X UK LIMITED						2,454	6,058
	HEWITT ASSOCIATES LLC				42,302			129,579
	HUGGINS ACTUARIAL SERVICE, INC.					2,980		2,980
	JDM INFRASTRUCTURE	13,380	10,200	12,621		7,600		44,001
	JEFFERSON WELLS INTERNATIONAL INC.			24,270	31,850	14,674		73,805
	JOHNSON LAMBERT & CO							3,957
	KARL HOWE & ASSOCIATES	87			(16)	585		135,665
	KPMG LLP		2,640					2,640
	LINDA HIGGINS			1,658				22,465
	MARLBORO PARK CONSULTING, INC.	850			585		293	178,528
	MIDY INC.							7,001
	MERCER HUMAN RESOURCE CONSULTING				12,618		8,511	21,129
	MINTZER SAROWITZ ZRIS & LEDVA				7,001			1,850
	NEWMAN, MATHIS, BRADY				250		2,373	2,885
	OVERLAND SOLUTIONS, INC.	270						6,000
	PHILIP MABIN							473,305
	PHILO SMITH							4,637
	R.F. O'Rourke & Associates, Ltd.		42,408	19,200		71,263		727,927
	REINSURANCE SOLUTIONS INTL	50,164						
	RELIANCE INS CO (IN LIQUIDATION)	20,988						117,587
	RESOURCE BRIDGE		514					24,814
	RIGHT MANAGEMENT CONSULTANTS							30,274
	SCOTT F. LEHMAN							10,000
	SMART & ASSOCIATES							51,349
	SMART BUSINESS ADVISORY & CONSULTING, LLC							1,292,624
	SUNGUARD AVAILABILITY SERVICE		96,882	89,665	74,588	87,386		42,500
	TROUT & ASSOCIATES, LTD.			1,200				65,745
	VIVISIMO, INC.				2,240			2,845
	WATSON & JONES, P.A.	340					505	14,355
	WILLIAMS & SHEDD	19,746	22,786	26,003	11,017	21,684	28,788	318,472
	PREMIUM RECEIVED NET OF COLLECTION FEES	(285)	168	(120)	(1,424)	687	(2,477)	(6,426)
	Aggregate Amount for Total Vendor Payments Under \$1,000	467,274	401,718	334,081	300,003	438,356	284,008	6,598,410
		(83,878)	31,288	(28,599)	76,387	10,380	210,760	(1,371,404)
		383,298	433,016	304,484	376,790	448,736	494,768	5,223,005
		828,611	736,168	714,180	763,985	795,182	1,164,727	9,120,735

\* All expenses above are gross before any allocation among Legion Insurance Company (in Liquidation), Villanova Insurance Company (in Liquidation) and PRMSLIC, Inc.  
 Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

**EXHIBIT**

**I**

**Legion Insurance Company (In Liquidation)**  
**Reinsurance Recoverables Due or Billable, Net**  
**December 31, 2007**

Reinsurer	Amount
FIRST EXCESS REINSURANCE CORPORATION	\$ 50,057,103
MIDWEST EMPLOYERS CASUALTY COMPANY	42,836,343
HANNOVER RUCKVERSICHERUNGS AG	28,903,514
SWISS RE LIFE COMPANY OF AMERICA	22,845,437
CONTINENTAL CASUALTY COMPANY	18,854,796
SWISS REINSURANCE AMERICA CORPORATION	12,368,190
ODYSSEY REINSURANCE CORPORATION	11,219,899
AMERICAN RE-INSURANCE COMPANY	10,866,000
LLOYDS SYNDICATE # 53	10,177,825
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY	9,288,457
SCOR REINSURANCE COMPANY	7,762,817
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	7,706,372
FOLKSAMERICA REINSURANCE COMPANY	7,662,951
CHUBB ATLANTIC INDEMNITY LIMITED	7,254,303
XL REINSURANCE AMERICA LTD	6,655,442
HARTFORD FIRE INSURANCE COMPANY	6,587,432
FEDERAL INSURANCE COMPANY	6,538,737
TRANSATLANTIC REINSURANCE COMPANY	6,466,500
EMPLOYERS REINSURANCE CORPORATION	6,185,535
LLOYDS SYNDICATE # 435	5,804,607
ALEA EUROPE LIMITED	5,639,349
GE REINSURANCE CORPORATION	5,382,692
TERRA NOVA INSURANCE COMPANY LTD	5,381,642
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	4,699,690
EMPLOYERS EQUITY INSURANCE COMPANY	4,305,153
USF REINSURANCE (MA)	4,244,625
QBE REINSURANCE CORPORATION	3,653,768
XL MID OCEAN REINSURANCE COMPANY LTD	3,547,697
JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY	3,470,533
CORE INSURANCE COMPANY	3,430,870
AMERICAN NATIONAL INSURANCE COMPANY	3,340,528
WESTCHESTER FIRE INSURANCE COMPANY	3,227,857
MUTUAL INDEMNITY (BERMUDA), LTD.	2,986,759
LINCOLN NATIONAL LIFE INSURANCE COMPANY	2,733,965
LLOYDS SYNDICATE # 510	2,829,407
GIO (UK) LTD	2,476,098
UNDERWRITERS REINSURANCE COMPANY	2,353,229
HANNOVER LIFE REASSURANCE COMPANY OF AMERICA	2,333,813
CNA INTERNATIONAL REINSURANCE COMPANY	2,307,152
ACE INSURANCE SA-NV	2,241,789
LLOYDS SYNDICATE # 183	2,231,885
ODYSSEY AMERICA REINSURANCE CORPORATION	2,161,879
LLOYDS SYNDICATE #47	2,156,694
LIFE REASSURANCE CORPORATION OF AMERICA	2,146,827
LINCOLN NATIONAL HEALTH & CASUALTY INSURANCE COMPA	2,027,238
MANULIFE REINSURANCE CORPORATION (USA)	1,957,861
TRUSTMARK INSURANCE COMPANY	1,816,428
LLOYDS SYNDICATE # 1245	1,888,933
UTAH WORKERS COMPENSATION FUND	1,568,480
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	1,455,775
ST PAUL REINSURANCE COMPANY LTD	1,399,925
RELIASTAR LIFE INSURANCE COMPANY	1,399,705
CHARTWELL REINSURANCE COMPANY	1,361,548
LLOYDS SYNDICATE # 376	1,354,059
AMERICAN UNITED LIFE INSURANCE COMPANY	1,332,595
ODYSSEY RE (LONDON) LIMITED	1,273,829
MLA INSURANCE COMPANY	1,207,547
LLOYDS SYNDICATE # 362	1,200,085
CROWN LIFE INSURANCE COMPANY (CANADA)	1,097,200
HOUSTON CASUALTY COMPANY	1,009,197
THREE LAKES INSURANCE COMPANY	1,005,861
BERKLEY INSURANCE COMPANY	919,061
TRENWICK AMERICA REINSURANCE CORPORATION	818,494
GENERAL REINSURANCE CORPORATION	486,037
ALL OTHER REINSURERS (LESS THAN \$1M DUE LIC)	21,870,693
Pending Cessions	95,373,701
Total Reinsurance recoverables due or billable, net	<u>\$ 505,948,361</u>

EXHIBIT

J

**Villanova Insurance Company (In Liquidation)**  
**Reinsurance Recoverables Due or Billable, Net**  
**December 31, 2007**

Reinsurer	Amount
LLOYDS SYNDICATE # 53	\$ 4,085,806
SWISS REINSURANCE AMERICA CORPORATION	3,986,171
GE REINSURANCE CORPORATION	3,888,852
HANNOVER RUCKVERSICHERUNGS AG	3,706,384
ALEA EUROPE LIMITED	2,434,617
FIRST EXCESS REINSURANCE CORPORATION	2,301,888
MIDWEST EMPLOYERS CASUALTY COMPANY	2,279,277
CHARTWELL REINSURANCE COMPANY	2,025,376
ODYSSEY REINSURANCE CORPORATION	1,761,394
WESTPORT INSURANCE CORPORATION	1,573,115
ODYSSEY AMERICA REINSURANCE CORPORATION	1,311,299
CONTINENTAL CASUALTY COMPANY	1,042,389
CHUBB ATLANTIC INDEMNITY LIMITED	1,009,710
XL MID OCEAN REINSURANCE COMPANY LTD	1,002,199
All Other Reinsurers (Less than \$1M due VIC)	9,631,618
Pending Cessions	<u>44,211,101</u>
Total Reinsurance recoverables due or billable, net	<u>\$ 86,251,196</u>