



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 26, 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 Liquidator's Petition For Approval of Commutation, Settlement and Release Agreement Between The Liquidator and Phoenix Life Insurance Company.

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 of the Commonwealth  
of Pennsylvania,

Plaintiff,

v.

LEGION INSURANCE COMPANY,

Defendant.

Docket No. 183 M.D. 2002

*In Re: Commutation, Settlement and Release Agreement between  
Legion Insurance Company (In Liquidation) and Phoenix Life Insurance Company*

ORDER

AND NOW, this \_\_\_\_\_ day of \_\_\_\_\_, 2008, upon consideration of the  
Petition for Approval of Commutation, Settlement and Release Agreement by and between  
Legion Insurance Company (In Liquidation) and Phoenix Life Insurance Company ("Phoenix  
Life") filed by Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of  
Pennsylvania in his official capacity as the Statutory Liquidator ("Liquidator") of Legion  
Insurance Company (In Liquidation) ("Legion"), and in which petition Phoenix Life concurs, the  
Court GRANTS the Petition and approves the Commutation, Settlement and Release Agreement.

\_\_\_\_\_  
MARY HANNAH LEAVITT, Judge

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

JOEL S. ARIO, Acting Insurance  
Commissioner of the Commonwealth  
of Pennsylvania,

Plaintiff,

v.

LEGION INSURANCE COMPANY,

Defendant.

Docket No. 183 M.D. 2002

26 FEB 2008 18 13

COMMONWEALTH COURT  
OF PENNSYLVANIA

*In Re: Commutation, Settlement and Release Agreement between  
Legion Insurance Company (In Liquidation) and Phoenix Life Insurance Company*

LIQUIDATOR'S PETITION FOR APPROVAL OF COMMUTATION,  
SETTLEMENT AND RELEASE AGREEMENT BETWEEN  
THE LIQUIDATOR AND PHOENIX LIFE INSURANCE COMPANY

Petitioner Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania in his official capacity as the Statutory Liquidator ("Liquidator") of Legion Insurance Company (In Liquidation) ("Legion"), respectfully requests that this Court enter an Order approving the Commutation, Settlement and Release Agreement ("Commutation") between Legion and Phoenix Life Insurance Company ("Phoenix Life").

The Liquidator asks the Court to approve the Commutation for the reasons set forth below:

1. On July 25, 2003, this Court found Legion insolvent and appointed the Commissioner as Liquidator of Legion pursuant to Article V of the Insurance Department Act of 1921, 40 P.S. §§ 221.1 – 221.63 (hereinafter, the "Department Act").
2. The Act confers broad powers on the Liquidator to marshal the assets of Legion's Estate for eventual distribution to its policyholders and creditors.

3. Prior to receivership, Legion entered into a contract of reinsurance (the "Contract") with Phoenix Life that obligated Phoenix Life to accept from Legion the cession of a certain percentage of Legion's liabilities pertaining to business written on Legion's behalf under a workers' compensation program referred to as the OccuCare Program. A description of the Contract is attached as Exhibit A to the Commutation which is attached as Exhibit 1 to this Petition.

4. Legion and Phoenix Life desire to terminate their business relationship and have agreed to commute all of their respective obligations under the Contract.

5. Phoenix Life's obligations to Legion under the Contract include obligations that may become payable in the future and that cannot be determined in an amount certain at this time.

6. Legion believes that it is in its best interest to adjust and settle Phoenix Life's obligations, including its future obligations, to Legion.

7. Accordingly, Legion has negotiated the Commutation with Phoenix Life, which is attached as Exhibit 1 to this Petition.

8. On January 15, 2004 and January 20, 2005, Legion received two payments from Phoenix Life pertaining to the OccuCare program. Pursuant to the Commutation agreement, Phoenix Life, upon this Court's approval, will pay an additional \$5,050,000 to Legion.

9. Pursuant to the Commutation Agreement, Legion and Phoenix Life will release each other from liability arising out of, or in connection with the Contract.

10. Legion entered into this Commutation in reliance on its independent investigation and analysis of the Contract and Legion's rights and obligations under the Contract.

11. The Liquidator believes that the Commutation is in the best interest of Legion's policyholders, claimants, creditors and the public generally.

12. Particularly, the Liquidator believes that Legion's receipt of the total agreed commutation payments is reasonable and adequate consideration for the commutation of Phoenix Life's obligations to Legion under the Contract.

13. Legion currently estimates Phoenix Life's current and future obligations under the Contract to be approximately \$10 million (the ultimate liability under the contract), including but not limited to the discounted present value of outstanding reserves and incurred but not reported claims. The Liquidator believes that the agreed total commutation payment is reasonable given the time value of money, issues pertinent to the subject contracts, the costs and fees that would have been expended in arbitrating due and owing balances from the reinsurer, and the benefit of certain payment now versus potential payments in the future. The Liquidator also hopes that this Commutation will lead to additional commutations with other reinsurers and, as a result, the more timely and orderly liquidation of Legion's estate for the ultimate benefit of the policyholders and creditors.

14. Gregg C. Frederick, Executive Vice President of Legion Insurance Company (In Liquidation) is responsible for all facets of ceded and assumed reinsurance at Legion. This Petition is supported in part by his Confidential Affidavit which was filed simultaneously with this Petition and attached as Sealed Exhibit A to the Liquidator's Petition for Leave to File Confidential Affidavit Under Seal. As set forth in his Affidavit Mr. Frederick has identified specific advantages to the estate arising from the consummation of the transaction memorialized in the Commutation, Settlement and Release Agreement..

15. Thus, based on the terms of the Commutation and the evaluation of the transaction as a whole by the Liquidator, his staff, and Legion staff members familiar with the company's dealings with Phoenix Life in connection with the OccuCare Program, the Liquidator has determined that the

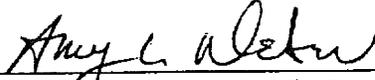
Commutation is a fair and reasonable commutation of Legion's and Phoenix Life's obligations to each other under the OccuCare Program. The Insurance Department Act authorizes the Liquidator to take such actions as he deems "necessary or expedient to . . . conserve or protect [the insolvent insurer's] assets or property[,]" including the power to "compromise" claims involving assets of the insolvent insurer in order to accomplish or aid in achieving the purposes of liquidation. See 40 P.S. § 221.23(6), (9), and (23).

16. The Liquidator further believes that the Commutation will help him in achieving the objectives of liquidation under the Act, 40 P.S. §§ 221.1 – 221.63. The Commutation Agreement will assist the Liquidator in marshalling and maximizing Legion's immediately available assets and minimize any unavoidable loss to policyholders, claimants and creditors resulting from Legion's insolvency. See 40 P.S. § 221.1(c).

17. Phoenix Life agrees to the Commutation as is evidenced by its execution of the Commutation and concurs in requesting the Court's approval of this Petition.

18. For all of these reasons, the Liquidator requests that the Court approve the Commutation Agreement.

Respectfully submitted,



Amy L. Weber, Special Funds Counsel  
I.D. # 45447

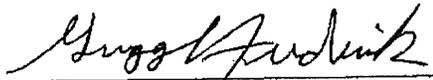
Pennsylvania Insurance Department  
Office of Liquidations, Rehabilitations  
and Special Funds  
901 N. 7<sup>th</sup> Street  
Harrisburg, PA 17102  
(717) 787-6009

Attorney for Joel S. Ario, Acting Insurance  
Commissioner of the Commonwealth of  
Pennsylvania, in his official capacity as Statutory  
Liquidator of Legion Insurance Company (In  
Liquidation)

Dated: 2/26/08

VERIFICATION

I, Gregg C. Frederick, am Executive Vice President, Reinsurance, and certify that I am authorized to make this Verification on behalf of the Honorable Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as the Statutory Liquidator of Legion Insurance Company (In Liquidation). I have reviewed the Liquidator's Petition for Approval of Commutation, Settlement and Release Agreement between the Liquidator and Phoenix Life Insurance Company and verify that the matters stated therein are true and correct to the best of my knowledge, information and belief. I understand that the Verification is made subject to the penalties of 18 Pa. C.C. § 4904 relating to unsworn falsification to authorities.



Gregg C. Frederick  
Executive Vice President, Reinsurance

Dated: February 20, 2008

**EXHIBIT**

**1**

**COMMUTATION, SETTLEMENT AND RELEASE AGREEMENT**

THIS COMMUTATION, SETTLEMENT AND RELEASE AGREEMENT (the "Agreement"), is made effective and entered into this 12<sup>th</sup> day of December, 2007, by and between Phoenix Life Insurance Company, formerly known as Phoenix Home Life Mutual Insurance Company (hereinafter known as the "Reinsurer") and Joel S. Ario, Acting Insurance Commissioner of the Commonwealth of Pennsylvania in his Official Capacity as the Statutory Liquidator of Legion Insurance Company (In Liquidation) (hereinafter known as the "Cedent") (collectively, the Reinsurer and the Cedent are referred to as the "parties").

**RECITALS**

WHEREAS, the Reinsurer and the Cedent entered into a certain contract of reinsurance, as identified and attached to Exhibit A to this Agreement (hereinafter "the Contract"), wherein the Reinsurer obligated itself to assume from the Cedent certain liabilities with respect to risks written or assumed by the Cedent and/or agents of the Cedent, regarding a program underwritten on behalf of the Cedent by OccuCare USA, Inc.;

WHEREAS, a dispute arose between the Reinsurer and the Cedent concerning their rights and obligations in connection with the Contract;

WHEREAS, on May 22, 2007, the Cedent served an arbitration demand letter on the Reinsurer, commencing an arbitration concerning the Contract (the "Arbitration");

WHEREAS, the Reinsurer and the Cedent agree that it is in each of their best interests and in the best interests of their respective policyholders and creditors to adjust and settle their differences and to enter into this Agreement; and

WHEREAS, the Reinsurer and the Cedent now desire to terminate the Contract, to fully and finally settle, release, and commute all of their respective rights, obligations, and liabilities,

*MP*

both known and unknown, under the Contract, pursuant to the terms of this Agreement, and to discontinue the Arbitration with prejudice;

NOW THEREFORE, in consideration of the mutual benefits to be received by the parties hereto and the mutual covenants and agreements herein contained, the parties hereto hereby agree as follows:

**Commutation of Reinsurance Agreements**

1. Subject to the receipt by the Cedent of the Consideration set out in paragraph 6 of this Agreement, and in further consideration of the release contained in paragraph 2 of this Agreement, the Cedent hereby irrevocably releases the Reinsurer, and its predecessors, successors, assigns, shareholders, employees, officers, and directors, from One Hundred Percent (100%) of all liabilities, adjustments, obligations, offsets, actions, causes of action, proofs of claim, suits, debts, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, conversions, agreements, promises, damages, judgments, claims, and demands whatsoever, whether known, unknown or suspected, arising out of, or in connection with or in any manner related to the Contract.

2. In consideration of the release set out in paragraph 1 of this Agreement, the Reinsurer hereby irrevocably releases the Cedent, and its respective predecessors, successors, assigns, shareholders, agents, employees, officers, directors, receivers, liquidators, and administrators, from One Hundred Percent (100%) of all liabilities, adjustments, obligations, offsets, actions, causes of action, proofs of claim, suits, debts, sums of money, accounts, reckonings, bonds, bills, covenants, contracts, conversions, agreements, promises, damages, judgments, claims, and demands whatsoever, whether known, unknown or suspected, arising out of, or in connection with or in any manner related to the Contract.

3. The parties acknowledge that statutory or common law may limit the waiver or release of unknown or unsuspected claims. Without accepting that such statutory or common law applies to this Agreement, the parties hereby waive and release any and all rights they may have pursuant to such statutory or common law in connection with the promises, covenants, agreements, conditions, and payments relating to this Agreement.

4. Upon full execution of this Agreement by both parties, approval by the Commonwealth Court of Pennsylvania (the "Court") and payment of the Consideration by the Reinsurer to the Cedent as set out in paragraph 6 of this Agreement, the parties hereby agree that this Agreement is final and binding, and cannot be voided or opened by either party for any reason, including but not limited to the discovery of facts, circumstances, or legal decisions, subsequent or otherwise, different from or in addition to those now known or believed to be true regarding the subject matter of this Agreement.

#### Warranties

5. To the best information and belief of each of the parties to this Agreement, the following express warranties apply:

a. There are no pending agreements, transactions, negotiations, regulatory actions or lawsuits in which any of the parties are involved nor are there any threatened regulatory actions or lawsuits of which any of the parties are aware that would render this Agreement or any part thereof void, avoidable, or unenforceable; and

b. No party hereto has transferred, assigned, or contracted to transfer or assign to any person, corporation, company or entity any of its rights, title, benefit or obligations directly arising out of or in connection with the Contract, including without limitation any balances, accounts, costs, claims, counterclaims or demands which are within the contemplation of this

Agreement. The Reinsurer has not undertaken any action that would impede, prohibit or limit its ability to make payment under this Agreement.

**Consideration**

6. The Reinsurer agrees to pay the Cedent the total sum of Six Million Five Hundred Fifty Thousand Dollars (US\$6,550,000), comprised of \$2,499,539 in total commuted reserves and \$4,050,461 for adjusted outstanding recoverables ("the Consideration"). One Million Five Hundred Thousand Dollars (US\$1,500,000) of the Consideration has already been paid to the Cedent. The remaining Five Million Fifty Thousand Dollars (US\$5,050,000) of the Consideration shall be paid to the Cedent no later than the tenth (10th) day following notice by the Cedent to the Reinsurer of Court approval of this Agreement as executed by the parties ("the Completion Date"). Notwithstanding the foregoing, if the Completion Date expires on a weekend or a holiday, then the payment must be completed by the end of the next business day. Reinsurer shall transfer the Consideration pursuant to the Cedent's wiring instructions.

7. The Cedent shall accept payment in full of the Consideration as full and final settlement of any and all amounts claimed heretofore and hereafter to be due by the Reinsurer to the Cedent arising under or in respect of the Contract and all rights, liabilities and obligations thereunder shall be cancelled in their entirety and neither of the parties shall have any liability or obligations thereunder.

8. The parties further agree not to voluntarily become a party to, by originating party, by joinder, intervenor or otherwise, any actions, causes of action and/or suits of any kind or nature as may be brought against Cedent or Reinsurer, for any reason whether known or unknown as pertains to the Contract, except if either party wishes to bring an action against the other for breach of any provision of this Agreement.

9. The parties expressly consent to and agree that upon the Reinsurer's payment under the terms of this Agreement being received in full by Cedent, the Arbitration and any and all other pending arbitrations or litigation between the parties in respect of or relating to the Contract, in any jurisdiction or venue, shall be dismissed with prejudice, and the parties will use their best endeavours to the maximum extent of their ability and powers to ensure such a dismissal with prejudice is filed with the appropriate court and/or arbitration tribunal.

**Successors and Assigns**

10. This Agreement shall inure to the benefit of and bind the Reinsurer and its successors and assigns and the Cedent and its respective successors and assigns.

**Independent Investigation**

11. Each of the parties acknowledges that it has entered into this Agreement in reliance upon its own independent investigation and analysis of the Contract and its respective rights and obligations thereunder, and not on the basis of any representation by the other party hereto. Each of the parties further acknowledges that it has read this Agreement, that it has had the opportunity to discuss it with legal counsel, and that it fully understands all of the terms herein.

**No Third Party Beneficiary**

12. This Agreement is intended to confer rights and benefits only upon, and shall inure only to the benefit of, the parties hereto and their respective successors and assigns. It shall not be deemed to confer any rights on any other third party, including any rights based upon a claim of collateral estoppel or res judicata.

**Integration and Waiver**

13. This Agreement shall constitute the entire agreement between the parties pertaining to the subject matter hereof, and supersedes any and all prior or contemporaneous

understandings or agreements. No supplement, modification, waiver or termination hereof shall be binding or enforceable unless executed in writing by the parties to be bound thereby. No delay, omission or forbearance on the part of any party to this Agreement in exercising or enforcing any right, power or remedy under this Agreement shall impair such right, power or remedy or operate as a waiver thereof. The single or partial exercise or enforcement of such right, power or remedy shall not preclude any other or further exercise or enforcement thereof or of any other right, power or remedy. The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by law.

#### Cooperation

14. a. The Cedent hereby agrees to use its best efforts to provide the Reinsurer with any and all documentation (in both paper and/or computer/electronic formats) at Reinsurer's expense (i) relating to the Contract (including claims, underwriting and accounting files), and (ii) in the Cedent's possession or control (including in the possession or control of its agents or counsel), requested by the Reinsurer from time to time to the extent that the Reinsurer, acting reasonably and in good faith, in its sole discretion, deems necessary or advisable in connection with any retrocessional billing or collection activities; and

b. The Cedent hereby agrees to use its best efforts to allow access to the Reinsurer, upon reasonable notice, to inspect and make copies (at the Reinsurer's sole expense) of any such documentation requested by the Reinsurer from time to time that the Reinsurer, acting reasonably and in good faith, and in its sole discretion, deems necessary or advisable in connection with any billing or collection activities with retrocessionaires.

c. In addition, the Cedent will cooperate with and provide commercially reasonable assistance to the Reinsurer in all respects in the Reinsurer's efforts to recover from its

retrocessionaires in connection with this Agreement. Such reasonable assistance and cooperation shall include, but not be limited to, providing appropriate personnel to assist the Reinsurer by explaining, or by providing testimony at deposition, trial or arbitration, about the business that is subject to this Agreement. In the event that the Cedent provides such personnel, the Reinsurer shall reasonably compensate the Cedent for the time expended by its personnel in assisting the Reinsurer.

#### Cedent's Remedies

15. In the event that the Reinsurer fails to pay the Consideration to the Cedent by the Completion Date, the Cedent shall have all rights and remedies available at law or in equity. In addition, the Cedent shall have the express right to:

a. deem the entire Agreement null and void by notice in writing to the Reinsurer per paragraph 18 of this Agreement and to seek recovery of all sums due or to become due under the Contract; or

b. bring suit to enforce or otherwise seek relief pursuant to the Agreement, including interest on the agreed-upon but unpaid amount as set out in paragraph 15(c) of this Agreement.

c. Without prejudice to the Cedent's rights to rescind this Agreement pursuant to paragraph 15(a) of this Agreement, if Reinsurer does not pay all of the Consideration recited herein to the Cedent by the Completion Date, the Reinsurer shall pay interest on any unpaid sums at a rate which is equal to one percentage point (1.00%) over the Prime Rate (the base rate on corporate loans at large U.S. money center commercial banks) as published in The Wall Street Journal, but in no event shall said interest be calculated at less than six percent (6%) per annum.

**Expenses of Collection**

16. Subject to the provisions of paragraph 15(c) of this Agreement, if the Reinsurer fails to pay the Consideration to the Cedent by the Completion Date, Reinsurer agrees to reimburse the Cedent for all reasonable expenses including, without limitation, attorney fees which are incurred by the Cedent in the enforcement of this Agreement and collection of the Consideration together with any interest accrued upon such reasonable expenses from the date of payment of such expenses at the rate set out in paragraph 15(c).

**Choice of Laws**

17. The performance and interpretation of this Agreement shall be governed by the laws of the Commonwealth of Pennsylvania, exclusive of the rules with respect to conflict of laws, with respect to any dispute arising under this Agreement between the Reinsurer and the Cedent.

**Notices**

18. All notices required under this Agreement shall be as follows:

a. Any notice or other communication under or in connection with this Agreement shall be in writing and shall be delivered personally or sent by first class post/mail (or by air mail if overseas) or by overnight courier service, to the addresses of the parties as set out in Exhibit B attached hereto or to such other person or address as any party may specify by notice in writing to the others.

b. In the absence of evidence of earlier receipt, any notice or other communication shall be deemed to have been duly served if (i) sent by first class post on the second business day after posting; (ii) sent by overnight courier on the next business day after mailing; (iii) sent by air mail, six (6) days after posting; and (iv) if delivered personally, when left

during normal business hours at the address set out in Exhibit B or any alternative address specified by the receiving party.

**Interpretation**

19. The language of this Agreement is the result of negotiation between all parties hereto, and any ambiguities in said language shall not be construed against or in favor of any party or parties hereto.

**Execution and Approval**

20. Except as disclosed in paragraph 22 of this Agreement, each party to this Agreement represents that it is authorized to enter into this Agreement and the transactions contemplated herein.

21. Except as disclosed in paragraph 22 of this Agreement, each signatory to this Agreement represents that said signatory is authorized and empowered to execute this Agreement and the transactions contemplated herein and that any and all required corporate approval on behalf of the Reinsurer has been properly executed and that the Agreement is entered into voluntarily.

22. This Agreement is subject to approval by the Court, which has jurisdiction over the Liquidation of the Cedent. Upon execution of this Agreement by all parties, the Cedent shall promptly make application to the Court to secure said approval. In the event the Court does not approve this Agreement, then the Cedent, upon receiving notice of such disapproval, shall notify the Reinsurer in writing of the disapproval, and this Agreement will become null and void and have no further force or effect as between the Reinsurer and the Cedent.

23. This Agreement may be signed and exchanged in counterpart by facsimile or by electronic mail, and this Agreement as so signed and exchanged will constitute the binding Agreement of the parties.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the dates set forth.

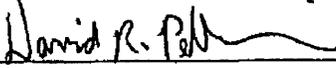
**JOEL S. ARIO, ACTING INSURANCE COMMISSIONER OF THE COMMONWEALTH OF PENNSYLVANIA, IN HIS OFFICIAL CAPACITY AS STATUTORY LIQUIDATOR OF LEGION INSURANCE COMPANY (In Liquidation)**

By:   
Bruce M. Daley

Title: Chief, Takeover Management Division

Date: December 13, 2007

**PHOENIX LIFE INSURANCE COMPANY**

By:   
David R. Pellerin

Title: Senior Vice President and Chief Accounting Officer

Date: December 18, 2007

**EXHIBIT A**

Cedent Contract Number LO3200-283; Phoenix Contract Reference Number 770  
OccuCare Underwriters, Inc. 2<sup>nd</sup> Layer Aggregate Excess 02/15/97 - ~~01/01/98~~ 100%  
(copy attached)

02/15/98

*[Handwritten initials]*

*[Handwritten initials]*

AGGREGATE CASUALTY EXCESS OF LOSS  
REINSURANCE AGREEMENT

This Agreement is made and entered into by and between the LEGION INSURANCE COMPANY, Philadelphia, Pennsylvania (hereinafter called the "Company") and the Reinsurer specifically identified on the signature page of this Agreement (hereinafter called the "Reinsurer").

ARTICLE 1

BUSINESS REINSURED

This Agreement is to indemnify the Company in respect of the net excess liability as a result of any loss or losses which may occur during the term of this Agreement under any Policies classified by the Company as Workers' Compensation Business, in force, written or renewed by or through OccuCare USA, Inc., Charlotte, North Carolina, subject to the terms and conditions herein contained.

ARTICLE 2

COVER

- A. The Reinsurer will be liable in the aggregate in respect of the term of this Agreement for the Ultimate Net Loss over and above an initial Ultimate Net Loss equal to the sum of \$5,000,000 plus 70% of Gross Net Earned Premium Income in the aggregate in respect of the term of this Agreement, subject to a limit of liability to the Reinsurer of \$10,000,000 in the aggregate in respect of the term of this Agreement.
- B. The Company's Statutory Excess of Loss Reinsurance Agreement inures to the benefit of this Agreement; however, loss recoveries under the aggregate coverage of such agreement will not be deducted in calculating Ultimate Net Loss hereunder.

ARTICLE 3

TERM

This Agreement shall become effective at 12:01 a.m., Eastern Standard Time, February 15, 1997, and shall remain in full force for twelve months, expiring 12:01 a.m., Eastern Standard Time, February 15, 1998.

Upon expiration of this Agreement, the entire liability of the Reinsurer for losses occurring subsequent to expiration shall cease concurrently with the expiration. Should this Agreement expire while a loss covered hereunder is in progress, the Reinsurer shall be responsible for the loss in progress in the same manner and to the same extent it would have been responsible had the Agreement expired the day following the conclusion of the loss in progress.

Notwithstanding the above, the Company has the option to require the Reinsurer to continue to cover all Policies coming within the scope of this Agreement, until the natural expiration of such Policies, whichever occurs first, but in no event longer than 12 months, plus odd time, from the date of expiration of this Agreement. In such event, any additional premium will be calculated by multiplying the existing rate by the Gross Net Earned Premium Income for the period following the expiration of this Agreement, as respects in-force Policies.



A handwritten signature in dark ink, appearing to be 'J. P. ...' or similar, located in the bottom right corner of the page.

ARTICLE 4

TERRITORY

This Agreement applies to losses arising out of Policies written in the United States of America, its territories and possessions, Puerto Rico and Canada, wherever occurring.

ARTICLE 5

WARRANTY

It is warranted for purposes of this Agreement that the maximum Ultimate Net Loss subject to this Agreement is \$300,000, any one Loss Occurrence.

ARTICLE 6

EXCLUSIONS

This Agreement does not cover:

- A. Reinsurance assumed business.
- B. Nuclear incidents.
- C. Financial Guarantee and Insolvency.
- D. War Risks as excluded in the attached North American War Exclusion Clause (Reinsurance) No. 08-45.
- E. Pools, Associations and Syndicates, except losses from Assigned Risk Plans or similar plans are not excluded.
- F. Liability of the Company arising by contract, operation of law or otherwise from its participation or membership, whether voluntary or involuntary, in any Insolvency fund. "Insolvency fund" includes any guarantee fund, insolvency fund, plan, pool, association, fund or other arrangement, howsoever denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee or other obligation of an insurer or its successors or assigns which has been declared by any competent authority to be insolvent or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.
- G. Extra Contractual Obligations.
- H. Employers Liability.
- I. United States Longshore and Harbor Workers Compensation Act, except when incidental.
- J. Professional sports teams.
- K. Commercial Airline Crews.
- L. Jones Act.



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ARTICLE 7

PREMIUM

- A. The Company will pay the Reinsurer a minimum and deposit premium of \$40,000 for the term of this Agreement, to be paid in the amount of \$10,000 on the first day of each quarter.
- B. Within 60 days following the expiration of this Agreement, the Company will calculate a premium at a rate of 0.17% multiplied by the Company's Gross Net Earned Premium Income. Should the premium so calculated exceed the minimum and deposit premium paid in accordance with Paragraph A. above, the Company will immediately pay the Reinsurer the difference.

ARTICLE 8

REPORTS

Within 60 days following the expiration of this Agreement, the Company will furnish the Reinsurer with:

- A. Gross Net Earned Premium Income of the Company for the term of this Agreement.
- B. Any other information which the Reinsurer may require to prepare its Annual Statement which is reasonably available to the Company.

ARTICLE 9

DEFINITIONS

- A. The term "Ultimate Net Loss" as used in this Agreement shall mean the actual loss paid by the Company or for which the Company becomes liable to pay, such loss to include expenses of litigation and interest, and all other loss expense of the Company including subrogation, salvage, and recovery expenses (office expenses and salaries of officials and employees not classified as loss adjusters are not chargeable as expenses for purposes of this paragraph), but salvages and all recoveries, including recoveries under all reinsurances which inure to the benefit of this Agreement (whether recovered or not), shall be first deducted from such loss to arrive at the amount of liability attaching hereunder.

All salvages, recoveries or payments recovered or received subsequent to loss settlement hereunder shall be applied as if recovered or received prior to the aforesaid settlement, and all necessary adjustments shall be made by the parties hereto.

For purposes of this definition, the phrase "becomes liable to pay" shall mean the existence of a judgment which the Company does not intend to appeal, or a release has been obtained by the Company, or the Company has accepted a proof of loss.

Nothing in this clause shall be construed to mean that losses are not recoverable hereunder until the Company's Ultimate Net Loss has been ascertained.



A handwritten signature in dark ink, appearing to be initials or a name, located in the bottom right corner of the page.

- B. The term "Gross Net Earned Premium Income" as used in this Agreement shall mean gross earned premium income on business the subject of this Agreement less earned premium income paid for reinsurances, recoveries under which would inure to the benefit of this Agreement.
- C. The term "Policy" as used in this Agreement shall mean any binder, policy, or contract of insurance issued, accepted or held covered provisionally or otherwise, by OccuCare USA, Inc., Charlotte, North Carolina, for and on behalf of the Company.

#### ARTICLE 10

##### NET RETAINED LINES

This Agreement applies only to that portion of any insurances covered by this Agreement which the Company retains net for its own account, and in calculating the amount of any loss hereunder and also in computing the amount in excess of which this Agreement attaches, only loss or losses in respect of that portion of any insurances which the Company retains net for its own account shall be included, it being understood and agreed that the amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Company to collect from any other reinsurers, whether specific or general, any amounts which may have become due from them, whether such inability arises from the insolvency of such other reinsurers or otherwise.

#### ARTICLE 11

##### CURRENCY

The currency to be used for all purposes of this Agreement shall be United States of America currency.

#### ARTICLE 12

##### LOSS FUNDING

With respect to losses, funding will be in accordance with the attached Loss Funding Clause No. 13-03.

#### ARTICLE 13

##### TAXES

The Company will be liable for taxes (except Federal Excise Tax) on premiums reported to the Reinsurer hereunder.

Federal Excise Tax applies only to those reinsurers, excepting Underwriters at Lloyd's, London and other reinsurers exempt from the Federal Excise Tax, who are domiciled outside the United States of America.

The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax 1% of the premium payable hereon to the extent such premium is subject to Federal Excise Tax.



*gork*

In the event of any return of premium becoming due hereunder the Reinsurer will deduct 1% from the amount of the return and the Company or its agent should take steps to recover the Tax from the U.S. Government.

#### ARTICLE 14

##### NOTICE OF LOSS AND LOSS SETTLEMENTS

The Company will advise the Reinsurer promptly in the event losses are likely to result in a claim being made upon the Reinsurer, based upon a reasonable estimate of the Company's Gross Net Earned Premium Income, and will continue to keep the Reinsurer informed of subsequent developments in incurred losses.

The Reinsurer agrees to abide by the loss settlements of the Company, and will pay its share of loss settlements immediately upon receipt of proof of loss from the Company.

Should the Ultimate Net Loss of the Company exceed the Company's estimated retention prior to the time that the Gross Net Earned Premium Income of the Company is known, the Reinsurer will make provisional settlement based on a reasonable estimate of the Gross Net Earned Premium Income. Any provisional settlement will be adjusted when the Company's actual Gross Net Earned Premium Income is known.

#### ARTICLE 15

##### COMMUTATION

- A. Seven years after the expiration of this Agreement, the Company shall advise the Reinsurer of any outstanding claims or occurrences during the term of this Agreement which have not been finally settled and which may cause a claim under this Agreement and the Reinsurer shall not be responsible for any claims reported by the Company after February 15, 2005.
- B. The Reinsurer may then, or at any time thereafter, request that its liability with respect to one or more of such unsettled claims be commuted. Upon such request, the Reinsurer and the Company shall review such claim and shall attempt to reach a settlement by mutual agreement. If the Company and the Reinsurer cannot reach a settlement by mutual agreement, then the Company and the Reinsurer shall mutually appoint an independent actuary (F.S.A./F.C.A.S. or A.S.A./A.C.A.S.) who shall investigate, determine and capitalize the present value of such unsettled claims. In the event the Company and the Reinsurer can not reach an agreement on an independent actuary, each party shall appoint an actuary. The two chosen actuaries shall then select a third actuary. If either party refuses or neglects to appoint an actuary within 30 days after receipt of the written request for commutation, the requesting party may appoint a second actuary. If the actuaries fail to agree on the selection of a third actuary within 30 days of their appointment, each of them shall name three individuals, of whom the other shall decline two, and the decision shall be made by drawing lots. All actuaries selected by drawing lots shall be disinterested in the outcome of the commutation. Any payment by the Reinsurer under this Article shall constitute a complete release of the Reinsurer for its liability under this Agreement, for known or unknown losses and loss adjustment expenses, including any developments thereon. Cost of any independent actuary shall be shared on an equal basis by the Company and the Reinsurer.



A handwritten signature in black ink, appearing to be 'B. O. P.' or similar, located in the bottom right corner of the page.

ARTICLE 16

DELAY, OMISSION OR ERROR

Any inadvertent delay, omission or error shall not be held to relieve either party hereto from any liability which would attach to it hereunder if such delay, omission or error had not been made, providing such delay, omission or error is rectified upon discovery.

Nevertheless, this Article shall not apply with respect to loss reports rendered to the Reinsurer beyond the period required to afford coverage in accordance with the COMMUTATION ARTICLE.

ARTICLE 17

INSPECTION OF RECORDS

The Company shall place at the disposal of the Reinsurer at all reasonable times, and the Reinsurer shall have the right to inspect, through its authorized representatives, all books, records and papers of the Company in connection with any reinsurance hereunder, or claims in connection herewith.

ARTICLE 18

ARBITRATION

Any irreconcilable dispute between the parties to this Agreement will be arbitrated in Philadelphia, Pennsylvania in accordance with the attached Arbitration Clause No. 22-01.1.

ARTICLE 19

SERVICE OF SUIT

The attached Service of Suit Clause No. 20-01.5 - U.S.A., will apply to this Agreement.

ARTICLE 20

INSOLVENCY

In the event of the insolvency of the Company the attached Insolvency Clause No. 21-01 1/1/86 will apply.



ARTICLE 21

INTERMEDIARY

Sedgwick Re, Inc. is hereby recognized as the Intermediary negotiating this Agreement for all business hereunder. All communications including notices, premiums, return premiums, commissions, taxes, losses, loss adjustment expenses, salvages and loss settlements relating thereto shall be transmitted to the Reinsurer or the Company through Sedgwick Re, Inc., 1501 Fourth Avenue, Suite 1400, Seattle, Washington 98101. Payments by the Company to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed only to constitute payment to the Company to the extent that such payments are actually received by the Company.



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ARTICLE 22

PARTICIPATION:      **AGGREGATE CASUALTY EXCESS OF LOSS  
REINSURANCE AGREEMENT  
EFFECTIVE: February 15, 1997**

This Agreement obligates the Reinsurer for 100.00% of the interests and liabilities set forth under this Agreement.

The participation of the Reinsurer in the interests and liabilities of this Agreement shall be separate and apart from the participations of other reinsurers and shall not be joint with those of other reinsurers, and the Reinsurer shall in no event participate in the interests and liabilities of other reinsurers.

IN WITNESS WHEREOF, the parties hereto, by their authorized representatives, have executed this Agreement as of the following dates:

In Warren, New Jersey, this 27<sup>th</sup> day of May, 1997.

MANAGEMENT FACILITIES CORPORATION  
for and on behalf of  
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY  
Enfield, Connecticut

By *Michael A. Pellino*  
(signature)  
Michael A. Pellino  
(name)  
Sr. V.P.  
(title)

*Handwritten initials*

and in Philadelphia, Pennsylvania, this

9<sup>th</sup>

day of APRIL

, 1998.

LEGION INSURANCE COMPANY

By



(signature)

GLENN R. PARTRIDGE

(name)

EXECUTIVE VICE PRESIDENT

(title)

AGGREGATE CASUALTY EXCESS OF LOSS  
REINSURANCE AGREEMENT

issued to

LEGION INSURANCE COMPANY

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**NORTH AMERICAN WAR EXCLUSION CLAUSE (REINSURANCE)**

As regards interests which at time of loss or damage are on shore, no liability shall attach hereto in respect of any loss or damage which is occasioned by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority.

This War Exclusion Clause shall not, however, apply to interests which at time of loss or damage are within the territorial limits of the United States of America (comprising the fifty States of the Union, the District of Columbia, and including bridges between the U.S.A. and Mexico provided they are under United States ownership), Canada, St. Pierre and Miquelon, provided such interests are insured under policies, endorsements or binders containing a standard war or hostilities or warlike operations exclusion clause.

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## LOSS FUNDING

This clause is only applicable to those Reinsurers who cannot qualify for credit by the State having jurisdiction over the Company's loss reserves.

As regards policies or bonds issued by the Company coming within the scope of this Agreement, the Company agrees that when it shall file with the insurance department or set up on its books reserves for losses covered hereunder which it shall be required to set up by law it will forward to the Reinsurer a statement showing the proportion of such loss reserves which is applicable to them.

The Reinsurer hereby agrees that it will apply for and secure delivery to the Company a clean irrevocable and unconditional Letter of Credit issued by a bank chosen by the Reinsurer and acceptable to the appropriate insurance authorities, in an amount equal to the Reinsurer's proportion of the loss reserves in respect of known outstanding losses that have been reported to the Reinsurer, allocated loss expenses relating thereto and Incurred But Not Reported loss and loss expense as shown in the statement prepared by the Company.

The Letter of Credit shall be "Evergreen" and shall be issued for a period of not less than one year, and shall be automatically extended for one year from its date of expiration or any future expiration date unless thirty (30) days prior to any expiration date, the bank shall notify the Company by certified or registered mail that it elects not to consider the Letter of Credit extended for any additional period.

The Company, or its successors in interest, undertakes to use and apply any amounts which it may draw upon such Credit pursuant to the terms of the Agreement under which the Letter of Credit is held, and for the following purposes only:

- (a) To pay the Reinsurer's share or to reimburse the Company for the Reinsurer's share of any liability for loss reinsured by this Agreement, the payment of which has been agreed by the Reinsurer and which has not otherwise been paid.
- (b) To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's share of any liability reinsured by this Agreement.
- (c) In the event of expiration of the Letter of Credit as provided for above, to establish deposit of the Reinsurer's share of known and reported outstanding losses and allocated expenses relating thereto, and Incurred But Not Reported loss and loss expense, under this Agreement. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon shall accrue to the benefit of the Reinsurer. It is understood and agreed that this procedure will be implemented only in exceptional circumstances and that, if it is implemented, the Company will ensure that a rate of interest is obtained for the Reinsurers on such a deposit account that is at least equal to the rate which would be paid by Citibank N.A. in New York, and further that the Company will account to the Reinsurers on an annual basis for all interest accruing on the cash deposit account for the benefit of the Reinsurer.

The bank chosen for the issuance of the Letter of Credit shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

At annual intervals, or more frequently as agreed but never more frequently than semiannually, the Company shall prepare a specific statement, for the sole purpose of amending the Letter of Credit, of the Reinsurer's share of known and reported outstanding losses and allocated expenses relating thereto. If the statement shows that the Reinsurer's share of such losses and allocated loss expenses, and Incurred But Not Reported loss and loss expense, exceeds the balance of credit as of the statement date, the Reinsurer shall, within thirty (30) days after receipt of notice of such excess, secure delivery to the Company of an amendment of the Letter of Credit increasing the amount of credit by the amount of such difference. If, however, the statement shows that the Reinsurer's share of known and reported outstanding losses plus allocated loss expenses, and Incurred But Not Reported loss and loss expense, relating thereto is less than the balance of credit as of the statement date, the Company shall, within thirty (30) days after receipt of written request from the Reinsurer, release such excess credit by agreeing to secure an amendment to the Letter of Credit reducing the amount of credit available by the amount of such excess credit.

NOTE:— Whenever used herein the terms:

"Company" shall be understood to mean "Company," "Reinsured," "Reassured" or whatever other term is used in the attached reinsurance agreement to designate the reinsured company. "Agreement" shall be understood to mean "Contract," "Agreement," "Policy" or whatever other term is used to designate the attached reinsurance document. "State" shall be understood to mean the state, province or Federal authority having jurisdiction over the Company's loss reserves.

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## ARBITRATION CLAUSE

As a condition precedent to any right of action hereunder, any irreconcilable dispute between the parties to this Agreement will be submitted for decision to a board of arbitration composed of two arbitrators and an umpire.

Arbitration shall be initiated by the delivery of a written notice of demand for arbitration by one party to the other within a reasonable time after the dispute has arisen.

The members of the board of arbitration shall be active or retired disinterested officials of insurance or reinsurance companies, or Underwriters at Lloyd's, London, not under the control or management of either party to this Agreement. Each party shall appoint its arbitrator and the two arbitrators shall choose an umpire before instituting the hearing. If the respondent fails to appoint its arbitrator within four weeks after being requested to do so by the claimant, the latter shall also appoint the second arbitrator. If the two arbitrators fail to agree upon the appointment of an umpire within four weeks after their nominations, each of them shall name three, of whom the other shall decline two, and the decision shall be made by drawing lots.

The claimant shall submit its initial brief within 45 days from appointment of the umpire. The respondent shall submit its brief within 45 days thereafter and the claimant may submit a reply brief within 30 days after filing of the respondent's brief.

The board shall make its decision with regard to the custom and usage of the insurance and reinsurance business. The board shall issue its decision in writing based upon a hearing in which evidence may be introduced without following strict rules of evidence but in which cross-examination and rebuttal shall be allowed. The board shall make its decision within 60 days following the termination of the hearings unless the parties consent to an extension. The majority decision of the board shall be final and binding upon all parties to the proceeding. Judgment may be entered upon the award of the board in any court having jurisdiction.

Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the expense of the umpire. The remaining costs of the arbitration proceedings shall be allocated by the board.

Note:— Wherever used herein, the term "Company" shall be understood to mean "Reinsured," "Reassured" or whatever other term is used in the attached Agreement to designate the reinsured company. The term "Agreement" shall be understood to mean "Contract," "Policy" or whatever other term is used to designate the attached reinsurance document.



## INSOLVENCY CLAUSE

In the event of the insolvency of the Company, reinsurance under this Agreement shall be payable by the Reinsurer on the basis of the liability of the Company under Policy or Policies reinsured without diminution because of the insolvency of the Company, to the Company or to its liquidator, receiver, or statutory successor except as provided by Section 4118(a) of the New York Insurance Law or except when the Agreement specifically provides another payee of such reinsurance in the event of the insolvency of the Company and when the Reinsurer with the consent of the direct insured or insureds has assumed such Policy obligations of the Company as direct obligations of the Reinsurer to the payees under such Policies and in substitution for the obligations of the Company to such payees.

It is agreed, however, that the liquidator or receiver or statutory successor of the insolvent Company shall give written notice to the Reinsurer of the pendency of a claim against the insolvent Company on the Policy or Policies reinsured within a reasonable time after such claim is filed in the insolvency proceeding and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding when such claim is to be adjudicated, any defense or defenses which it may deem available to the Company or its liquidator or receiver or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to court approval, against the insolvent Company as part of the expense of liquidation to the extent of a proportionate share of the benefit which may accrue to the Company solely as a result of the defense undertaken by the Reinsurer.

When two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Agreement as though such expense had been incurred by the insolvent Company.

Should the Company go into liquidation or should a receiver be appointed, the Reinsurer shall be entitled to deduct from any sums which may be due or may become due to the Company under this reinsurance Agreement any sums which are due to the Reinsurer by the Company under this reinsurance Agreement and which are payable at a fixed or stated date as well as any other sums due the Reinsurer which are permitted to be offset under applicable law.

Note:— Wherever used herein the terms:

"Company" shall be understood to mean "Company," "Reinsured," "Reassured" or whatever other term is used in the attached reinsurance Agreement to designate the reinsured Company. "Agreement" shall be understood to mean "Contract," "Agreement," "Policy" or whatever other term is used to designate the attached reinsurance document.



## SERVICE OF SUIT

This Clause applies only to a reinsurer domiciled outside the United States of America or should the Company be authorized to do business in the State of New York, a reinsurer unauthorized in New York as respects suits instituted in New York.

It is agreed that in the event of the failure of the Reinsurer hereon to pay any amount claimed to be due hereunder, the Reinsurer hereon, at the request of the Company, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Clause constitutes or should be understood to constitute a waiver of the Reinsurer's right to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States district court or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States.

It is further agreed that service of process in such suit may be made upon Messrs. Mendes & Mount, 750 Seventh Avenue, New York, New York 10019-8829 and that in any suit instituted against the Reinsurer upon this Agreement, the Reinsurer will abide by the final decision of such court or of any appellate court in the event of an appeal.

The above-named are authorized and directed to accept service of process on behalf of the Reinsurer in any such suit and/or upon the request of the Company to give a written undertaking to the Company that they will enter a general appearance upon the Reinsurer's behalf in the event such a suit shall be instituted.

Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereon hereby designates the superintendent, commissioner or director of insurance or other officer specified for that purpose in the statute or his successor or successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Agreement, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

Note:— Wherever used herein the terms:

"Company" shall be understood to mean "Company," "Reinsured," "Reassured" or whatever other term is used in the attached reinsurance Agreement to designate the reinsured company. "Agreement" shall be understood to mean "Contract," "Agreement," "Policy" or whatever other term is used to designate the attached reinsurance document.

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ENDORSEMENT NO. 1

Attaching to and forming part of the AGGREGATE CASUALTY EXCESS OF LOSS REINSURANCE AGREEMENT between LEGION INSURANCE COMPANY, Philadelphia, Pennsylvania (hereinafter called the "Company") and the Reinsurer specifically identified below (hereinafter called the "Reinsurer").

IT IS AGREED, effective 12:01 a.m., Eastern Standard Time, February 15, 1998, that the Reinsurer will continue to cover all Policies coming within the scope of this Agreement until the natural expiration or anniversary of such Policies, whichever occurs first, but in no event longer than 12 months plus odd time from the date of expiration of this Agreement.

Any additional premium will be calculated by multiplying the existing rate by the Gross Net Earned Premium Income for the period following the expiration of this Agreement, as respects in-force Policies.

ALL OTHER TERMS AND CONDITIONS REMAIN UNCHANGED.

IN WITNESS WHEREOF, the parties hereto, by their authorized representatives, have executed this Endorsement as of the following dates:

In Warren, New Jersey, this 30<sup>th</sup> day of September, 1998.

MANAGEMENT FACILITIES CORPORATION  
for and on behalf of  
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY  
Enfield, Connecticut

By Michael A. Pellino  
(signature)  
Michael A. Pellino  
(name)  
Senior Vice President  
(title)

*JHK*  
*JR*



and in Philadelphia, Pennsylvania, this 10<sup>th</sup> day of August, 1998.

LEGION INSURANCE COMPANY

By   
(signature)

ALLEN G. BARRY, III  
(name)

SR. VICE PRESIDENT  
(title)

AGGREGATE CASUALTY EXCESS OF LOSS REINSURANCE AGREEMENT

issued to

LEGION INSURANCE COMPANY

*ATC* *MB*



**EXHIBIT B**

**NOTICE TO CEDENT:**

Marti Little, Esq.  
General Counsel  
Legion Insurance Company (In Liquidation)  
One Logan Square, Suite 1400  
Philadelphia, PA 19103

with a copy to:

Gregg C. Frederick  
Executive Vice President, Reinsurance  
Legion Insurance Company (In Liquidation)  
One Logan Square, Suite 1400  
Philadelphia, PA 19103

**NOTICE TO REINSURER:**

David R. Pellerin  
Senior Vice President and Chief Accounting Officer  
Phoenix Life Insurance Company  
One American Row  
P.O. Box 5056  
Hartford, Connecticut 06102-5056

with a copy to:

John H. Beers, Esq.  
Vice President & Associate General Counsel  
Phoenix Life Insurance Company  
One American Row  
P.O. Box 5056  
Hartford, Connecticut 06102-5056

