

GOVERNOR'S OFFICE OF GENERAL COUNSEL

July 11, 2008

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

RECORDED & FILED  
COMMONWEALTH COURT  
OF PENNSYLVANIA  
2008 JUL 11 P 1:21

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

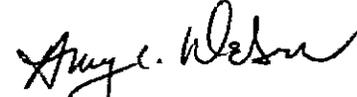
Dear Mr. Krimmel:

Enclosed for filing please find the original and two (2) copies of the Liquidator's Petition for Leave to File Confidential Affidavit Under Seal, as well as the order regarding the above-referenced matter.

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,

  
Amy L. Weber  
Special Funds Counsel

ALW:jlh  
Enclosures





2. Preserving the confidentiality of the information contained in the Confidential Affidavit and its exhibits will serve important interests, including maximizing the assets of the Estate, enhancing the efficiency and economy of Liquidation, and facilitating the Liquidator's efforts to "protect...the interests of insureds, creditors and the public generally...." 40 P.S. § 221.1(c); see 40 P.S. § 221.23.

3. The Confidential Affidavit and its exhibits contain sensitive information regarding the Liquidator's reasons for entering into the Agreement and how the parties arrived at the final commutation amount. It would be highly prejudicial to the Liquidator, and Legion's creditors and policyholders, if the details of the Liquidator's strategies, business valuations, and rationale behind the Agreements were disclosed to the public.

4. The Liquidator has been and likely will be negotiating settlements or commutations with a number of Legion's reinsurers. If the analysis supporting the amounts the Liquidator is willing to accept from a particular reinsurer is made public, other reinsurers will be able to use that information in determining their own negotiating positions. This is likely to set a ceiling on the amounts the Liquidator will be able to collect from other reinsurers, thereby hampering his efforts to maximize the recovery of assets of the Legion Estate. Commutation agreements between insurers often contain confidentiality provisions for this very reason.

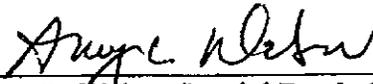
5. Consistent with the foregoing, if any policyholder or creditor of the Legion Estate (other than another reinsurer of Legion) with a demonstrable interest in the subject matter of the Agreement wishes to review the Confidential Affidavit, the Liquidator, subject to the Court's approval, will provide it to that person or entity upon its execution of a confidentiality agreement limiting the use of and prohibiting disclosure of the information contained therein. This

represents the least restrictive means of accomplishing the necessary purpose of maintaining the confidentiality of these materials.

6. The Liquidator requests that, in resolving this Petition, the Court review the Confidential Affidavit and its exhibits in camera, grant the Petition, and direct the Prothonotary to file the Confidential Affidavit and its exhibits under seal. Should the Court be inclined to deny the Petition, the Liquidator respectfully requests that the Court permit the Liquidator the opportunity to withdraw the Petition and Confidential Affidavit to avoid any prejudice which may befall the Liquidator, the Estate, or may be caused to the policyholders and claimants of Legion from premature public disclosure of this information.

WHEREFORE, the Liquidator respectfully requests that this Court grant the Petition for Leave to File Confidential Affidavit Under Seal and enter an Order in the form attached hereto.

Respectfully submitted,

  
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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, Insurance Commissioner  
of the Commonwealth of Pennsylvania, in his  
official capacity as Statutory Liquidator of Legion  
Insurance Company (In Liquidation)

Dated: 7/11/08

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

v.

LEGION INSURANCE COMPANY,  
Defendant.

Docket No. 183 M.D. 2002

2008 JUL 11 P 1:21

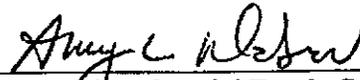
FILED  
COMMONWEALTH COURT  
OF PENNSYLVANIA

*In Re: Commutation, Settlement and Release Agreement between Legion Insurance  
Company (In Liquidation) and Hannover Ruckversicherungs-Aktiengesellschaft*

**SEALED EXHIBIT A TO PETITION FOR LEAVE TO FILE  
CONFIDENTIAL AFFIDAVIT UNDER SEAL**

THIS ENVELOPE IS SEALED AND CONTAINS INFORMATION  
DESIGNATED CONFIDENTIAL IN THIS CASE. IT IS NOT TO BE OPENED OR THE  
CONTENTS THEREOF TO BE DISPLAYED OR REVEALED EXCEPT BY OR UPON  
ORDER OF THE COURT.

Respectfully submitted,



Amy L. Weber, Special Funds Counsel  
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Pennsylvania Insurance Department  
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and Special Funds  
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