

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

**LIQUIDATOR’S APPLICATION
TO ELIMINATE THE AGGREGATE HOLDBACK**

Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as statutory Liquidator ("Liquidator") of Legion Insurance Company (In Liquidation) ("Legion" or the "Estate"), by her undersigned counsel, respectfully makes this Application to the Court to Eliminate the Aggregate Holdback pursuant to the February 12, 2012 Order issued by this Court, and asserts the following in support of her Application as follows:

Aggregate Holdback

1. By Order dated July 25, 2003, this Court declared Legion to be insolvent; issued Liquidation Orders pursuant to 40 P.S. §§ 221.18 and 221.20; appointed the Pennsylvania Insurance Commissioner as Liquidator of Legion; ordered the Liquidator to take possession of all Legion property; and authorized the Liquidator to liquidate the business and affairs of Legion.

2. On December 2, 2011, the Liquidator filed an Amended Petition for First Interim Distribution Pursuant to 40 P.S. § 221.46. In the Amended Petition, the Liquidator petitioned the Court for an Order allowing the Liquidator to hold back 50% of interim distributions to claimants which have made claims against the Estate under policies having aggregate limits of liability, and have received approved notices of determination “. . . to address any future developments with Unevaluated POCs” with respect to the same policies. The purpose of the holdback of 50% of each aggregate limit from interim distributions (“Aggregate Holdback”) was to ensure that all claimants under the same policy’s aggregate limits (“Aggregate Claimants”) would receive the same percentage of the policy’s limit.

3. On February 27, 2012, the Court entered an Order which approved the First Interim Distribution and provided:

where the Statutory Liquidator determines that the Class (b) Claimant had been covered under a Legion policy with aggregate limits the first interim distribution to that claimant shall be adjusted by a holdback of 50% to ensure that other Class (b) Claimants covered by that same policy, including Guaranty Associations, will not be foreclosed from sharing in the total amount of aggregate coverage provided in that policy and, further, the amount of this holdback may be adjusted from time to time on application of the Statutory Liquidator and order of the Court;

4. Pursuant to that Court order, the Liquidator held back distributions from Legion claimants on fourteen (14) claims arising under ten (10) aggregate limit policies (the “Affected Aggregate Limit Policies”). The Proofs of Claim on the Affected Aggregate Limit Policies, and the allowed amounts on those claims, are listed on the attached Exhibit A to this Application. As of December 31, 2016, the amounts of such holdbacks total \$1,902,063.

5. In addition, on April 29, 2015, the Court entered an Order establishing a Claims Bar Date of July 28, 2015. Pursuant to the Order, “[a]ny Proof of Claim filed after the Claims Bar Date is untimely and shall be disallowed by the Liquidator without consideration of its merits.”

Elimination of the Aggregate Holdback

6. The Liquidator has confirmed that the Estate has received no Proofs of Claim with respect to the Affected Aggregate Limit Policies after April 29, 2015 and on or prior to the Claims Bar Date.

7. Legion’s claim staff has determined that none of the Affected Aggregate Limit Policies has claims totaling in excess of the aggregate limit for the policy, including payments

made by Legion prior to Liquidation. All of the claims under the Affected Aggregated Limit Policies have been settled and concluded.

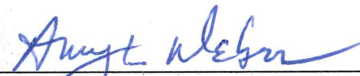
8. Because the Claims Bar Date has passed, all claims under the Affected Aggregate Limit Policies have been settled and concluded, and there is no risk that unanticipated development on those policies will occur, a holdback is no longer required to ensure that Aggregate Claimants would receive the same percentage of the policy's limit. For these reasons, the Liquidator respectfully requests that this Court grant this Application and Order as follows:

a. The 50% holdback from distributions to Legion claimants of each aggregate limit approved by the Court's February 27, 2012 Order is eliminated;

b. The Liquidator's release of any Aggregate Holdback from distributions to Aggregate Claimants to compensate them for the elimination of the 50% holdback is approved;

c. The Statutory Liquidator will not make any other distribution of estate assets without the approval of the Court.

Respectfully submitted,



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

DATED: 6/1/17

VERIFICATION

I, Robert E. Haberle, am authorized by Teresa D. Miller, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, pursuant to 40 P.S. §221.23, to act on her behalf in her capacity as the Liquidator of Legion Insurance Company and to supervise the daily operations as Chief Liquidation Officer for Legion Insurance Company. I hereby verify that the facts set forth in the foregoing pleading are true and correct to the best of my knowledge, information and belief.

I understand that this Verification is made subject to the penalties of 18 P.S. §4904 relating to unsworn falsification to authorities.

Date: May 31st, 2017



Robert E. Haberle

EXHIBIT A

EXHIBIT A

CLAIMS ON
AFFECTED AGGREGATE LIMIT POLICIES

	POC #	NOD Owner	Insured	Policy #	Aggregate Limit	POC Allowed Amount
1	1061821-1	Equity Trust Co. Cust FBO David Fishel IRA (United Assoc. Union Local 290 Pension Plan and Trust)	United Assoc. Union Local 290	LG20601050	\$4,000,000	\$889,116
2	1380067-1	Equity Trust Co. Cust. FBO David Fishel IRA (United Assoc. Union Local 290 Health & Welfare)				\$864,564
3	1062803-1	Eight Dist. Electrical Pension Plan & Trust	Eighth District Elec.	LG30602699	\$5,000,000	\$3,708,848
			Electrical Industry	LG40602880	\$500,000	\$48,148
4	1368307-1	Equity Trust Co. Cust. FBO David Fishel IRA (Town of Brookfield)	Town of Brookfield	UM11246712	\$4,000,000	\$2,550,000
5	1348321-1	Christopher Field c/o Emmer & Associates, PA.	Northcott Company	CP51243037	\$2,000,000	\$699,000
6	1368041-1	Equity Trust Co. Cust. FBO David Fishel IRA (Grand Aerie Fraternal of Eagles c/o George A Miller)	Grand Aerie Fraternal Order of Eagles	CP30699461	\$2,000,000	\$10,000
7	1368037-1	Equity Trust Co. Cust. FBO David Fishel IRA (Grand Aerie Fraternal Order of Eagles c/o James E Lozier)				\$1,000,000

8	1388025-1	Atlantic Concrete	Atlantic Concrete	GL10529853	\$1,000,000	\$6,000
			Atlantic Concrete	GL20529853	\$1,000,000	\$6,000
9	1388465-1	Atlantic Concrete	Atlantic Concrete	GL10529853	\$1,000,000	\$4,750
10	1388467-1	Atlantic Concrete	Atlantic Concrete	GL20529853	\$1,000,000	\$4,750
11	1366295-3	Equity Trust Co. Cust. FBO David Fishel IRA (City of Bristol)	City of Bristol	CP21246513	\$1,000,000	\$266,525
12	1366295-4	Equity Trust Co. Cust. FBO David Fishel IRA (City of Bristol)				\$93,275
13	1366295-5	Equity Trust Co. Cust. FBO David Fishel IRA (City of Bristol)				\$340,200
14	1331435-1	Equity Trust Co. Cust. FBO Liq. Sol Inc 401K D Fishel Trustee (Grodner and Associates)	United Association of Journeyman and Apprentices of the Plumbing and Pipe Fitting Industry of the United States and Canada	UL10642002	\$1,000,000	\$133,333

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(In Liquidation) :

Re: Liquidator's Application to Eliminate the Aggregate Holdback

ORDER

AND NOW, this ____ day of _____, 2017, it is hereby ORDERED as follows:

1. The Statutory Liquidator's Application to Eliminate the Aggregate Holdback on distributions made to Class (b) claimants who had been covered under a Legion policy with aggregate limits is GRANTED.

2. The elimination of the Aggregate Holdback is APPROVED.

3. The Statutory Liquidator is directed to release any Aggregate Holdback for distribution to Claimants under Aggregate Policies to compensate them for the elimination of the Aggregate Holdback.

4. The Statutory Liquidator will not make any other distribution of estate assets without the approval of the Court.

MARY HANNAH LEAVITT, Judge