



GOVERNOR'S OFFICE OF GENERAL COUNSEL

May 21, 2009

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

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

21 MAY 19 11 41 AM '09
RECEIVED
GENERAL COUNSEL

Dear Mr. Krimmel:

Enclosed for filing, please find an original and two (2) copies of the Liquidator's 2009 Budget and Petition for Approval of Administrative Expenses Paid for the Period July 1, 2008 through December 31, 2008.

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
Insurance Department Counsel

ALW:jlh
Encs.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

Plaintiff, :

v. :

Legion Insurance Company, :

Defendant. :

Docket No. 183 M.D. 2002

ORDER

AND NOW, this _____ day of _____, 2009, upon consideration of the Statutory Liquidator's 2009 Budget and Petition for Approval of Administrative Expenses Paid for the Period July 1, 2008 through December 31, 2008, the Petition is hereby GRANTED.

BY THE COURT:

MARY HANNAH LEAVITT, J.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

Plaintiff, :

v. :

Legion Insurance Company, :

Defendant. :

Docket No. 183 M.D. 2002

41 31093 JUL 13 14
COMMONWEALTH COURT OF PENNSYLVANIA

**LIQUIDATOR'S SUBMISSION OF 2009 BUDGET
AND PETITION FOR APPROVAL OF ADMINISTRATIVE
EXPENSES PAID FOR THE PERIOD JULY 1, 2008 THROUGH DECEMBER 31, 2008**

Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner"), in his official capacity as Statutory Liquidator ("Liquidator") for Legion Insurance Company ("Legion"), by and through his counsel, respectfully submits his 2009 Budget pursuant to this Court's Order dated January 8, 2004 and his Petition for Approval of Administrative Expenses Paid for the Period July 1, 2008 through December 31, 2008.

SUBMISSION OF 2009 BUDGET

1. On January 8, 2004, the Court entered an Order requiring the Liquidator, inter alia, to provide the budget for the cost of professional services including expense

reimbursements and necessary administrative expenses for Legion.

2. The Liquidator respectfully attaches as Exhibit A to this submission the Combined Operating Expenses (Budget) for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation), which includes the Liquidator's budgeted items for the cost of professional services, including Legal Fees, IT Services, and Professional and other Services, as well as the necessary administrative expenses for Legion, which include, among other items, salaries, benefits and rent (collectively "the 2009 Budget").

PETITION FOR APPROVAL OF ADMINISTRATIVE EXPENSES PAID

3. Prior to receivership, Legion, Villanova Insurance Company ("Villanova") and Legion Indemnity Company ("Indemnity") operated with an expense sharing agreement, pursuant to which Legion paid the common expenses for all three companies through July 2003. Under the expense sharing agreement, common expenses were allocated 80% to Legion, 10% to Villanova and 10% to Indemnity. Following entry of the Court's Orders placing Legion and Villanova into liquidation in July 2003, the expenses were allocated 90% to Legion and 10% to Villanova. The several schedules attached to this Petition represent the expenses paid by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation.

4. Pursuant to the Court's Order of January 8, 2004, the Liquidator previously filed petitions for approval of administrative expenses paid beginning on July 29, 2003, which have been approved by the Court. Most recently, the petition for approval of administrative expenses paid for the period January 1, 2008 through June 30, 2008 was approved by the Court on October 21, 2008.

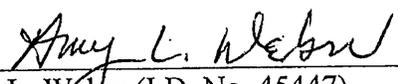
5. The Liquidator respectfully petitions the Court for approval of his administrative expenses paid for the period July 1, 2008 through December 31, 2008, as set forth on the

attached Exhibit B, Combined Cash Basis Analysis, which were reasonable and necessary expenses for the administration of the Legion liquidation. An illustration of the expenditures as a percentage of the total expenditures paid is attached as Exhibit C, including Combined Cash Basis Analysis, Professional Fees & Expenses and Legal Fees & Expenses for the period July 1, 2008 through December 31, 2008.

6. The Affidavits of the Chief Liquidation Officer and the Vice President and Chief Financial Officer in support of the Liquidator's submission of the Petition for Approval of Administrative Expenses Paid, and the Certification of Department Counsel related to legal expenses paid are attached to this Petition.

WHEREFORE, the Liquidator requests that the Court enter the Order attached hereto approving the administrative expenses paid.

Respectfully submitted,



Amy L. Weber (I.D. No. 45447)
Department Counsel for Insurance Department
Governor's Office of General Counsel
Capitol Associates Building
Office of Liquidations, Rehabilitations
and Special Funds
901 North 7th 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: 5/21/09

4. I know of no significant expenses or outlays for 2009 that are not included in the Budget.

5. Based on my knowledge, the Petition for Approval of Administrative Expenses paid for the period July 1- December 31, 2008 fairly presents in all material respects the administrative expenses paid by the Estates for the period July 1-December 31, 2008.

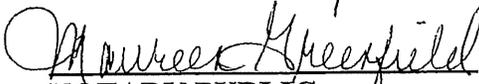
6. My certification is made in reasonable reliance on the work of qualified staff and the Estates' internal procedures for financial operations, planning and budgeting.

7. 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 20th day of May, 2009.



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

compensation for all the Estates' employees, the cost of temporary help and contractor services, the performance compensation program, and a compensation program for displaced employees of the Estates.

B. Benefits: "Benefits" includes expenses for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance, FICA and federal and state unemployment taxes.

C. Occupancy: "Occupancy" includes expenditures for lease expenses in Philadelphia and Milwaukee, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.

D. Equipment: "Equipment" includes depreciation expenses for EDP equipment, operating and applications systems software, office furniture and fixtures and leasehold improvements, and expenditures for purchases and repairs of all other equipment used by the Estates.

E. Legal Fees and Expenses: "Legal Fees and Expenses" includes expenditures to outside law firms for matters related to reinsurance litigation, policyholder collections, managing general agent and third party administrators, the Estates' defendant issues and liquidation issues.

F. Professional Services: "Professional Services" includes expenditures for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.

G. Other: "Other" includes expenditures for telephone, postage, express mail, printing and freight expenses, letterhead, envelopes and other office supplies; transportation, meals, lodging and other costs of employees while traveling; costs of the Pennsylvania Insurance Department for the oversight of the Estates; and insurance for fidelity and surety bonds on employees, general liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.

4. I know of no significant expenses or outlays for 2009 that are not included in the Budget.

5. I certify that the Petition for Approval of Administrative Expenses paid for the period July 1-December 31, 2008 fairly presents in all material respects the Estates' paid administrative expenses for the period July 1-December 31, 2008 for the following areas of expenditure:

A. Salaries: "Salaries" includes expenses for salary and overtime compensation for all the Estates' employees, the cost of temporary help and contractor services, the performance compensation program, and a compensation program for displaced employees of the Estates.

B. Benefits: "Benefits" includes expenses for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance, FICA and federal and state unemployment taxes.

C. Occupancy: "Occupancy" includes expenditures for lease expenses in Philadelphia and Milwaukee, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental

costs for postage and copier/fax equipment.

D. Equipment: "Equipment" includes depreciation expenses for EDP equipment, operating and applications systems software, office furniture and fixtures and leasehold improvements, and expenditures for purchases and repairs of all other equipment used by the Estates.

E. Legal Fees and Expenses: "Legal Fees and Expenses" includes expenditures to outside law firms for matters related to reinsurance litigation, policyholder collections, managing general agent and third party administrators, the Estates' defendant issues and liquidation issues.

F. Professional Services: "Professional Services" includes expenditures for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.

G. Other: "Other" includes expenditures for telephone, postage, express mail, printing and freight expenses, letterhead, envelopes and other office supplies; transportation, meals, lodging and other costs of employees while traveling; costs of the Pennsylvania Insurance Department for the oversight of the Estates; and insurance for fidelity and surety bonds on employees, general liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.

6. Based on my knowledge, the Petition for Approval of Administrative Expenses paid for the period July 1-December 31, 2008 fairly presents in all material

respects the administrative expenses paid by the Estates for the period July 1-December 31, 2008.

7. 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.


GERALD V. BEHR

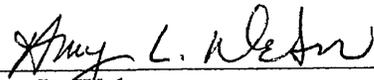
Sworn to and subscribed before me
this 20 th day of May, 2009.


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

CERTIFICATION

I, Amy L. Weber, 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, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator ("Liquidator") of Legion Insurance Company (In Liquidation). I have read the Combined Cash Basis Analysis for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) and certify that the Legal Fees and Expenses stated therein for the period July 1, 2008 through December 31, 2008 are reasonable and necessary expenses to the best of my knowledge, information and belief. I understand that this Certification is made subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.



Amy L. Weber
Insurance Department Counsel

Dated: 5/21/09

EXHIBIT
A

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
COMBINED OPERATING EXPENSES (BUDGET)
(\$ In Thousands)

	<u>2008</u>		<u>2009</u>
Staffing			
Full Time	208		179
Part Time	-		-
Contractor Help	18		23
Total Staffing	226		202
	Year to Date	% of Total	Year to Date
	2008 Budget	Operating	2009 Budget
			% of Total
			Operating
G & A Expenses			
Salaries	\$ 25,900	46.4%	\$ 29,649 53.1%
<i>Salary and overtime compensation for all Legion employees and the cost of temporary help and contractor services utilized. Also includes the performance compensation program and compensation program for displaced Legion employees.</i>			
Benefits	4,500	8.1%	4,100 7.3%
<i>Expenses incurred for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance and FICA and Federal and state unemployment taxes.</i>			
Occupancy	3,400	6.1%	2,945 5.3%
<i>Lease expenses for both Milwaukee and Philadelphia locations, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.</i>			
Equipment	4,400	7.9%	3,705 6.8%
<i>Depreciation expense for EDP equipment, operating and applications systems software and depreciation of office furniture and fixtures and leasehold improvements. Also includes purchases and repairs for all other equipment used by Legion.</i>			
Legal Fees and Expenses	6,200	11.1%	5,500 9.8%
<i>Legal retainers and fees to outside law firms for matters related to reinsurance litigation, policyholders collections, managing general agent and third party administrators, Legion defendant issues and liquidation issues.</i>			
Professional Services	7,700	13.8%	6,117 10.9%
<i>Fees for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, fees to outside firms for actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.</i>			
Other	3,700	6.6%	3,859 6.9%
<i>Telephone, postage, express mail, printing and freight expenses. Also includes cost of letterhead, envelopes and other office supplies, transportation, meals, lodging and other costs of employees while traveling, costs of the PA Insurance Department for the oversight of the Legion and Villanova estates and insurance expense for fidelity and surety bonds on employees, general liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.</i>			
Total Expenses	55,800	100.0%	55,875 100.0%
Large Deductible Collection Revenue			
<i>Revenue from the estate received for the collection of large deductible recoveries on behalf of the guaranty associations.</i>			
	(300)		(400)
Net Budget	\$ 55,500		\$ 55,475

EXHIBIT
B

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
COMBINED CASH BASIS ANALYSIS
July 1, 2008 to December 31, 2008

<u>Staffing - Average for the Period</u>	199	
Full Time	1	
Part Time	28	
Contractor Help	227	
Total Staffing - Average		

	<u>For the Period</u>	<u>% of Total Operating</u>
<u>G & A Expenses</u>		
Salaries	\$ 11,230,231	53.5%
<i>Salary and overtime compensation for all Legion employees and the cost of temporary help and contractor services utilized. Also includes the performance compensation program and compensation program for displaced Legion employees.</i>		
Benefits	1,370,460	6.5%
<i>Expenses incurred for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance and FICA and Federal and state unemployment taxes.</i>		
Occupancy	1,333,609	6.4%
<i>Lease expenses for both Milwaukee and Philadelphia locations, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.</i>		
Equipment	1,446,657	6.9%
<i>Depreciation expense for EDP equipment, operating and applications systems software and depreciation of office furniture and fixtures and leasehold improvements. Also includes purchases and repairs for all other equipment used by Legion.</i>		
Legal Fees and Expenses	2,043,910	9.7%
<i>Legal retainers and fees to outside law firms for matters related to reinsurance litigation, policyholders collections, managing general agent and third party administrators, Legion defendant issues and liquidation issues.</i>		
Professional Services	2,525,208	12.0%
<i>Fees for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, fees to outside firms for actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.</i>		
Other	1,021,516	4.9%
<i>Telephone, postage, express mail, printing and freight expenses. Also includes cost of letterhead, envelopes and other office supplies, transportation, meals, lodging and other costs of employees while traveling, costs of the PA Insurance Department for the oversight of the Legion and Villanova estates and insurance expenses for fidelity and surety bonds on employees, general liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.</i>		
Total Expenses	20,971,592	100.0%
Capital Expenditures	35,060	
<i>Purchases of personal computer equipment, operation software and other data processing equipment</i>		
Investment Expenses	382,652	
<i>Banking, management and custodial fees</i>		
TPA Payments	62,909	
<i>Payments made to external TPAs for services rendered during rehabilitation period.</i>		
Total	\$ 21,452,212	

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Expenses and Fees and Professional Services Paid
 July 1, 2008 - December 31, 2008

Classification	VENDOR NAME	Services Provided	July	August	September
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant	-	11,928	-
	ARBITRATION & MEDIATION	Reinsurance Arbitrator	-	-	-
	GMS CAMERON MCKENNA	Reinsurance Witness	-	9,819	-
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation	76	661	-
	DAVID THIRKILL	Reinsurance Arbitrator	-	5,600	-
	DEUTSCH, KERRIGAN, & STILES, L.L.P.	General Collection Litigation	-	-	-
	ESQUIRE DEPOSITION SERVICES	Court Reporting Services	-	1,641	-
	GOLKOW TECHNOLOGIES, INC.	Court Reporting Services	1,834	-	-
	GRP, LLC	Reinsurance Witness	-	8,740	-
	JEC CONSULTING, INC.	Reinsurance Arbitrator	16,346	-	-
	JOHN ROWLAND QC	Reinsurance Arbitrator	-	62,261	-
	KATHLEEN WALSH CRAMER	Referee Fees	-	-	-
	LEXISNEXIS	Legal Research Fees	1,551	344	313
	MARTIN D. HABER	Reinsurance Arbitrator	71,882	-	-
	MAGNA LEGAL SERVICES	Court Reporting Services	-	-	-
	MARY ELLEN BURNS, ESQUIRE	Reinsurance Arbitrator	-	-	-
	MILLER ALFANO & RASPANTI PC	General Litigation and Liquidation Advice	-	-	-
	NELSON LEVINE DE LUCA & HORST	Reinsurance Arbitrator	347	732	-
	ON-SITE SOURCING, INC.	Scanning and Copying Services	-	-	-
	P. J.Z. CRICKMERE	Witness Fees	-	14,260	-
	PEPPER HAMILTON LLP	Reinsurance Arbitrations and Advice	2,941	612,953	145,748
	PIETRAGALLO, GORDON, ALFANO, BOSICK & RASPANTI, LLP	General Litigation and Liquidation Advice	16,325	52,464	54,091
	ROBBRE LLC	Reinsurance Arbitrator	3,120	960	-
	ROBERT B. GREEN	Reinsurance Arbitrator	-	-	-
	SCHIFF HARDIN, LLP	Premium Collection Litigation	2,584	120	47
	SCHWARTZ SEMERD, IAN HAILE BALLARD & CAULEY LLP	Premium Collection Litigation	304	2,635	-
	STRADLEY RONON	Premium Collection Litigation	496	253	-
	SYLVIA KAMINSKY	Reinsurance Arbitrator	-	3,750	-
	THE FEINBERG GROUP, LLP	Reinsurance Arbitrator	37,500	-	-
	THE HUSTEAD LAW FIRM	Premium Collection Litigation	2,280	-	-
	THE MCS GROUP, INC	Copy and Scanning Services	-	3,132	(164)
	THOMSON WEST	Legal Research Fees	2,646	3,316	2,660
	TRENAM, KEMKER, SCHARF, BARKIN	General Litigation	-	13,120	-
	TRIAL GRAPHIX	Litigation Support Services	-	-	19,261
	W. MAX HOLLMANN	Expert Witness	-	10,150	-
	WINTER REPORTING INC.	Court Reporting Services	3,058	-	-
	WMF CONSULTING, INC.	Expert Witness Services	-	-	-
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Labor Advice, General Advice	6,367	91,025	29,693
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	14	-	-
	Total Legal Fees and Expenses Paid		168,662	909,873	251,649
	Change in Legal Fees and Expenses accrued and other non-cash transactions		326,140	(980,496)	91,745
	Total Legal Fees and Expenses Incurred		495,822	(70,623)	343,394

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Expenses and Fees and Professional Services Paid
 July 1, 2008 - December 31, 2008

Classification	VENDOR NAME	Services Provided	July	August	September
Professional Services	ALLIANCE CONSULTING	Data Management Consultant	8,400	-	-
	ANEXINET	Data Management Consultant	-	-	-
	ARRAYA SOLUTIONS, INC.	IT Technical Support	-	-	-
	BONNIE KOMIEGA & ASSOC	Collections Support Services	4,950	-	-
	CSCIFSG-MYND CORP.	Data Processing and Outsourcing	55,093	61,037	61,307
	ENET PARTNERS, INC.	IT Technical Support	-	-	-
	HELIX UK LIMITED	London Reinsurance Collection Intermediary	99,500	99,500	105,196
	HEWITT ASSOCIATES LLC	Human Resources & Technical Consulting	-	1,748	-
	HUGGINS ACTUARIAL SERVICE, INC.	Actuarial Services	19,448	-	-
	JEFFERSON WELLS INTERNATIONAL INC.	Audit Services	11,840	15,193	-
	JOHNSON LAMBERT & CO	Human Resources	18,200	8,499	15,708
	MERCER HUMAN RESOURCE CONSULTING	Human Resources Consulting	3,547	-	-
	MINTZER SAROWITZ ZEIS & LEDVA	Litigation Support Services	-	-	-
	NAVIGANT CONSULTING, INC.	Data Management Consultant	-	-	-
	PRICEWATERHOUSE COOPERS LLP	Actuarial Services	-	-	-
	REINSURANCE SOLUTIONS LLC	Reinsurance Technical Support	38,239	-	45,855
	RELJANCE INS CO (IN LIQUIDATION)	Shared Resource for Monitoring Reinsurers Solvency	50,540	-	-
	RESOURCE BRIDGE	eLearning Technology Development	-	-	-
	RESPONSE COMPANIES	Investment Consulting	-	-	9,750
	RIGHT MANAGEMENT CONSULTANTS	Human Resources Consulting	1,500	1,500	-
	SMART BUSINESS ADVISORY & CONSULTING, LLC	Reinsurance Technical Support & Contract Reinsurance Services	243,540	94,236	66,124
	TRANSNET CORPORATION	Data Management Consultant	-	-	-
	WVSI/MO, INC.	Data Management Consultant	-	-	-
	PREMIUM RECEIVED NET OF COLLECTION FEES	Collections Support Services	1,263	18,839	(2,461)
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Professional Fees	1,838	(100)	11,304
Total Professional Services Paid			557,898	300,391	312,763
Change in Professional Services accrual and other non-cash transactions			(307,395)	83,476	(45,338)
Total Professional Services Incurred			250,503	383,867	267,424
Total Legal Expenses and Fees and Professional Services Incurred			746,325	313,244	610,819

* 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
 July 1, 2008 - December 31, 2008

Classification	VENDOR NAME	Services Provided	October	November	December	Total
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant	-	-	-	11,928
	ARBITRATION & MEDIATION	Reinsurance Arbitrator	-	-	29,053	29,053
	CAS CAMERON MCKENNA	Reinsurance Witness	-	9,426	-	19,245
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation	2,479	1,843	2,378	7,443
	DAVID THIRKILL	Reinsurance Arbitrator	-	-	-	5,600
	DEUTSCH, KERRIGAN, & STILES, L.L.P.	General Collection Litigation	-	-	-	-
	ESQUIRE DEPOSITION SERVICES	Court Reporting Services	428	-	-	2,069
	GOLKOW TECHNOLOGIES, INC.	Court Reporting Services	-	-	-	1,834
	GRP, LLC	Reinsurance Witness	-	-	1,313	10,053
	JEC CONSULTING, INC.	Reinsurance Arbitrator	-	-	-	16,346
	JOHN ROWLAND QC	Reinsurance Arbitrator	-	-	-	62,261
	KATHLEEN WALSH CRAMER	Referee Fees	-	-	10,656	10,656
	LEXISNEXIS	Legal Research Fees	313	1,568	313	4,402
	MARTIN D. HABER	Reinsurance Arbitrator	-	-	-	71,882
	MAGNA LEGAL SERVICES	Court Reporting Services	50,272	-	-	50,272
	MARY ELLEN BURNS, ESQUIRE	Reinsurance Arbitrator	-	-	-	-
	MILLER ALFANO & RASPANTI PC	General Litigation and Liquidation Advice	-	-	-	-
	NELSON LEVINE DE LUCA & HORST	Reinsurance Arbitrator	193	-	39	1,309
	ON-SITE SOURCING, INC.	Scanning and Copying Services	-	-	-	-
	P-J.J. CRICKMERE	Witness Fees	-	-	-	14,260
	PEPPER HAMILTON LLP	Reinsurance Arbitrations and Advice	45,093	101,746	177,067	1,086,558
	PIETRAGALLO, GORDON, ALFANO, BOSICK&RASPANTI, LLP	General Litigation and Liquidation Advice	49,821	23,263	47,491	243,454
	ROBBRE, LLC	Reinsurance Arbitrator	-	4,827	-	8,907
	ROBERT B. GREEN	Reinsurance Arbitrator	-	-	-	-
	SCHIFF HARDIN, LLP	Premium Collection Litigation	239	-	-	2,990
	SCHWARTZ SEMERDJIAN HAILE BALLARD & CAULEY LLP	Premium Collection Litigation	115	-	208	3,262
	STRADLEY RONON	Premium Collection Litigation	-	-	-	749
	SYLVIA KAMINSKY	Reinsurance Arbitrator	-	-	-	3,750
	THE FEINBERG GROUP, LLP	Reinsurance Arbitrator	-	-	-	37,500
	THE HUSTEAD LAW FIRM	Premium Collection Litigation	-	-	-	2,280
	THE MCS GROUP INC	Copy and Scanning Services	5,854	-	-	8,822
	THOMSON WEST	Legal Research Fees	3,036	3,568	2,646	17,872
	TREMAN, KEMKER, SCHARF, BARKIN	General Litigation	-	-	-	13,120
	TRIAL GRAPHIX	Litigation Support Services	-	-	-	19,261
	W. MAX HOLLMANN	Expert Witness	-	-	-	10,150
	WINTER REPORTING INC.	Court Reporting Services	-	-	-	3,058
	WMF CONSULTING, INC.	Expert Witness Services	-	-	-	-
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Labor Advice, General Advice	45,405	42,337	48,700	263,527
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	-	-	-	14
	Total Legal Fees and Expenses Paid		204,247	188,585	319,873	2,043,910
	Change in Legal Fees and Expenses accrued and other non-cash transactions		(91,853)	(251)	181,346	(473,370)
	Total Legal Fees and Expenses Incurred		112,393	188,334	501,219	1,570,540

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Expenses and Fees and Professional Services Paid
 July 1, 2008 - December 31, 2008

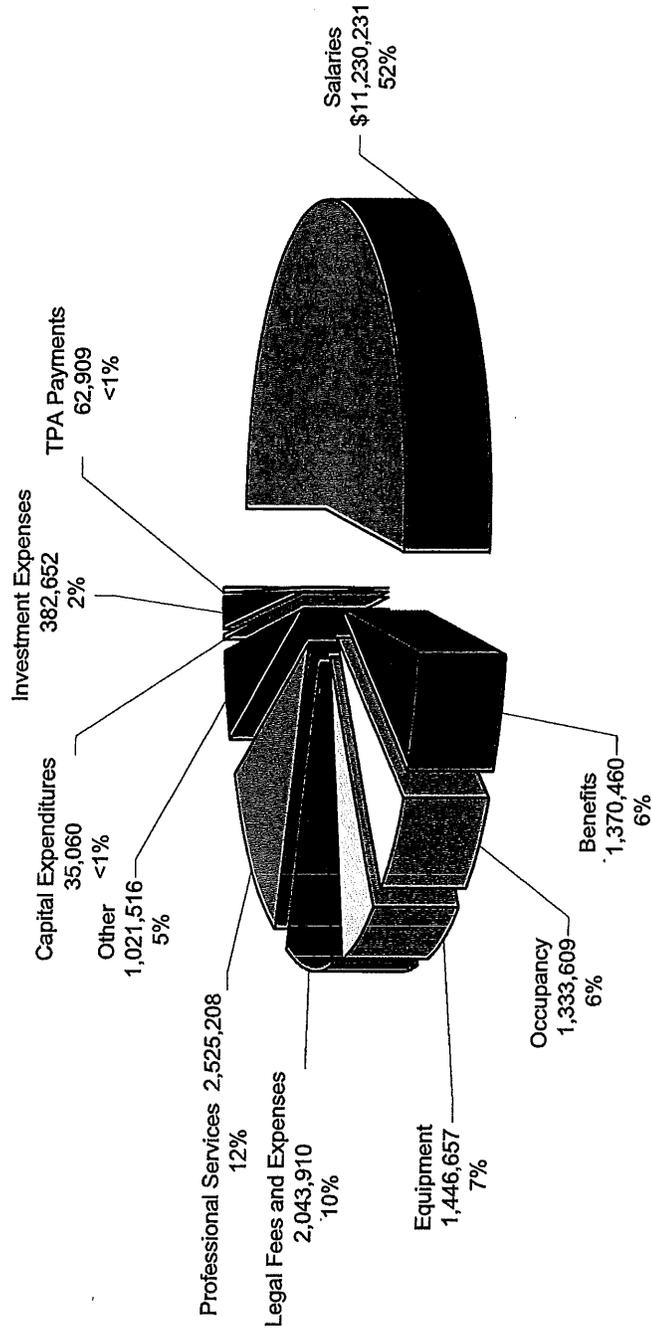
Classification	VENDOR NAME	Services Provided	October	November	December	Total
Professional Services	ALLIANCE CONSULTING	Data Management Consultant	-	-	-	8,400
	ANEXINET	Data Management Consultant	-	-	20,385	20,385
	ARRAYA SOLUTIONS, INC.	IT Technical Support	-	-	-	-
	BONNIE KUMIEGA & ASSOC	IT Technical Support	-	-	-	-
	CSC/FSG-MYND CORP.	IT Technical Support	-	-	-	-
	ENET PARTNERS, INC.	Data Processing and Outsourcing	59,824	54,707	56,099	348,066
	HELIX UK LIMITED	IT Technical Support	-	-	-	-
	HEWITT ASSOCIATES LLC	London Reinsurance Collection Intermediary	-	-	298,500	602,696
	HUGGINS ACTUARIAL SERVICE, INC.	Human Resources & Technical Consulting	2,056	11,112	-	14,916
	JEFFERSON WELLS INTERNATIONAL, INC.	Actuarial Services	14,560	26,325	45,175	105,508
	JOHNSON LAMBERT & CO	Audit Services	-	-	-	26,973
	MERCER HUMAN RESOURCE CONSULTING	Audit Services	12,066	-	-	54,493
	MINTZER SAROWITZ ZRIS & LEDVA	Human Resources Consulting	-	-	8,484	12,031
	NAVIGANT CONSULTING, INC.	Litigation Support Services	-	-	-	-
	PRICEWATERHOUSE COOPERS LLP	Data Management Consultant	-	-	-	-
	REINSURANCE SOLUTIONS LLC	Actuarial Services	14,040	44,600	120,796	179,396
	RELIANCE INS CO (IN LIQUIDATION)	Reinsurance Technical Support	18,900	14,700	33,920	151,614
	RESOURCE BRIDGE	Shared Resource for Monitoring Reinsurers Solvency	19,231	-	-	69,771
	RESPONSE COMPANIES	eLearning Technology Development	-	-	42,000	42,000
	RIGHT MANAGEMENT CONSULTANTS	Investment Consulting	-	-	-	9,750
	SMART BUSINESS ADVISORY & CONSULTING,LLC	Human Resources Consulting	1,500	-	16,900	21,400
	TRANSNET CORPORATION	Reinsurance Technical Support & Contract Reinsurance Services	-	132,224	116,856	652,981
	VIVISIMO, INC.	Data Management Consultant	-	-	-	-
	PREMIUM RECEIVED NET OF COLLECTION FEES	Data Management Consultant	4,033	12,782	1,443	148,410
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Professional Fees	0	289	2,259	35,878
	Total Professional Services Paid		146,230	445,149	762,777	2,525,208
	Change in Professional Services Incurred		183,737	(14,352)	257,585	11,482
	Total Professional Services Incurred		295,130	430,797	1,020,362	2,536,690
	Total Legal Expenses and Fees and Professional Services Incurred		295,130	619,131	1,521,581	4,107,223

* 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.

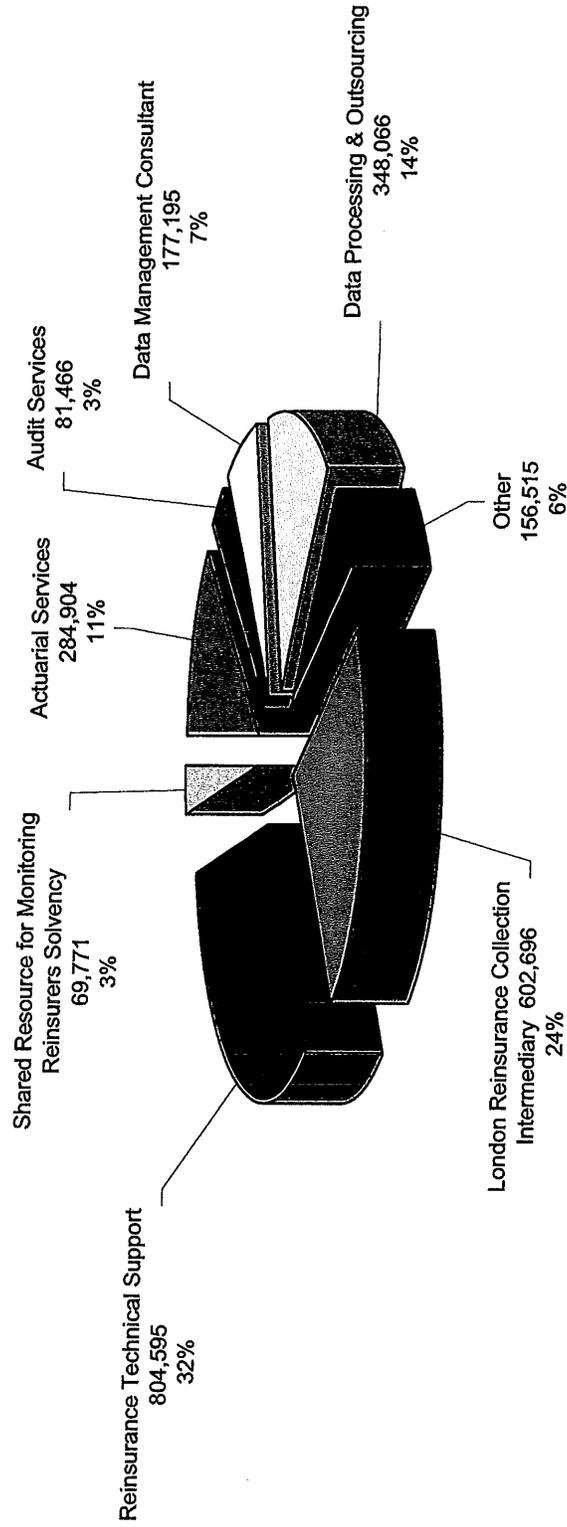
**EXHIBIT
C**

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
Combined Cash Basis Analysis
July 1, 2008 To December 31, 2008



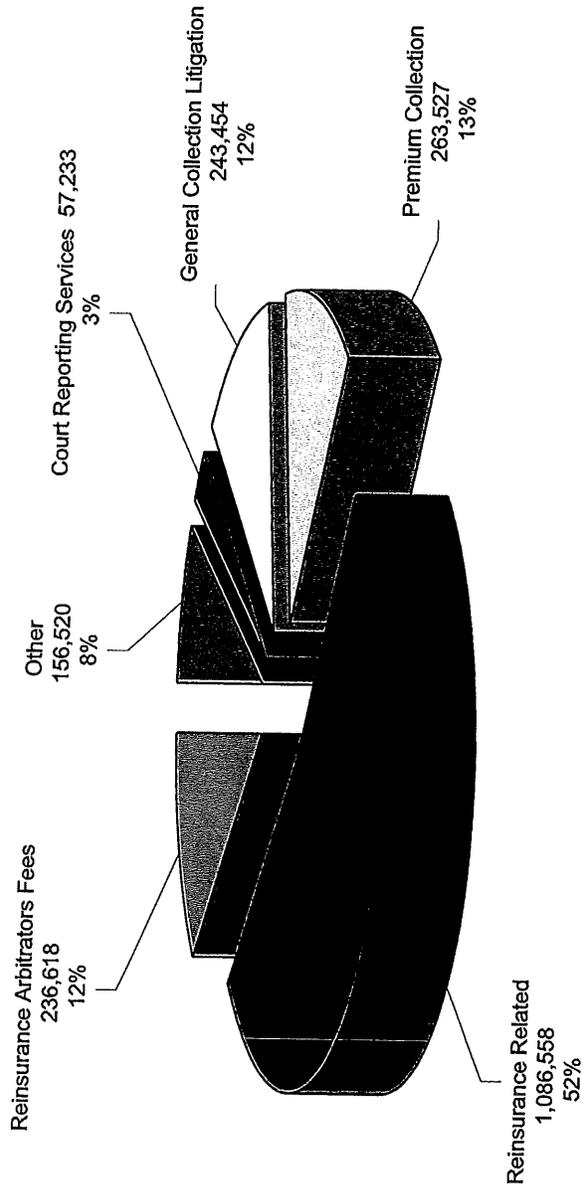
Total: \$21,452,212

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
Professional Fees & Expenses July 2008 - December 2008



Total: \$2,525,208

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Legal Fees & Expenses July 2008 - December 2008



Total: \$2,043,910