

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

**APPLICATION FOR APPROVAL OF REPORT AND RECOMMENDATIONS
ON LEGION INSURANCE COMPANY CLAIMS UNDISPUTED AND RESOLVED
FROM JANUARY 1, 2017 TO JUNE 30, 2017**

Applicant, Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as the Statutory Liquidator (“Liquidator”) of Legion Insurance Company (“Legion”), in compliance with and pursuant to Pa. R.A.P. 3784(a) and 40 P.S. § 221.45, respectfully applies to this Court for an order approving her Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from January 1, 2017 to June 30, 2017 (the “Report” as more fully described below). In support of the Application, the Liquidator avers the following:

BACKGROUND

1. The Applicant Insurance Commissioner of the Commonwealth of Pennsylvania was appointed Liquidator of Legion pursuant to this Court’s Order dated July 25, 2003 (“Liquidation Order”), under the relevant provisions of the Insurance Department Act of 1921, 40 P.S. §§ 221.1 - 221.63 (the “Act”).

2. The Liquidation Order provided that “in addition to the notice requirements of Section 524 of Article V, 40 P.S. § 221.24, the Liquidator shall publish notice in newspapers of general circulation, where Legion has its principal place of business, and in the national edition of the *Wall Street Journal*, that: (a) specifies the last day for the filing of claims; (b) explains the procedure by which claims may be submitted to the Liquidator; (c) provides the address of the Liquidator’s office for the submission of claims; and (d) notifies the public of the right to present a claim, or claims, to the Liquidator.” See Liquidation Order, ¶18. By the end of the third quarter of 2003, the Liquidator provided Proof of Claim (“POC”) forms and instructions to policyholders and creditors of Legion as identified by the books and records of Legion. Additionally, since the fourth quarter of 2004, the POC forms and instructions have been available on the Legion Documents website at www.legioninsurance.com.

3. On July 30, 2012, the Court implemented new rules to govern insurance rehabilitations and liquidations and all other matters under Article V of the Act. See Pa. R.A.P. 3771 - 3784 (the “New Rules”). The New Rules require that the Liquidator present to the Court a report of the Liquidator’s recommendations with respect to each Proof of Claim. The Report shall include the following: the claimant’s name, address, class, and the particulars of the claim, including whether the value of the claim was determined without objection (hereinafter referred to as “Undisputed Claims”) or after settlement or Court resolution of an objection (hereinafter referred to as “Resolved Claims”).¹ Additionally, the Report shall include the amount of the claim finally recommended. See Pa. R.A.P. 3784(a), See also 40 P.S. § 221.45(a).

¹Pursuant to an earlier Claims Order, earlier reports did not include NOD objections resolved through the referee process since they were approved by the Court through individual orders. Effective July 1, 2012, such NOD objections are included in the Report in accordance with the new Commonwealth Court Rule 3784(a).

4. The New Rules further provide that “[n]o claim shall be paid, in part or in whole, until the Report is approved by the Court.” Pa. R.A.P. 3784(a).

**REPORT AND RECOMMENDATIONS ON CLAIMS
UNDISPUTED AND RESOLVED AS OF JUNE 30, 2017**

5. The Liquidator’s Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved from January 1, 2017 to June 30, 2017², is comprised of two parts and attached hereto as Exhibits A and B (collectively referred to as “Report”). The claims are sorted alphabetically, within each class, by the claimant’s last name or company name. The amount claimed by the claimant, inter alia, is also included in the Report.³

6. The first part of the Report, which addresses claims that were “determined without objection”, reflects NODs issued by the Liquidator for which the objection period expired on or before June 30, 2017. The total number of Undisputed Claims is 7 with an allowed amount of \$765,381.61. The list of Undisputed Claims filed against the assets of the Legion estate is attached hereto as Exhibit A.

7. The second part of the Report, which addresses claims that were “determined after settlement of an objection” or through the Court/Referee process, is a list of the disputed claims to which objections were filed and resolved on or before June 30, 2017. The total number of Resolved Claims is 1, with an allowed amount of \$49,000.00. The list of Resolved Claims is attached hereto as Exhibit B.

8. In accordance with the New Rules, the Liquidator has included NOD objections that have been resolved through the Court/Referee process, if any, as well as those resolved through settlement by the Liquidator and the claimants. See Pa.R.A.P. 3784(a). Exhibit B now

²The Liquidator has filed twenty-one previous Reports and Recommendations on Legion Insurance Company Claims Undisputed and Resolved with the latest one being approved by Court order dated March 13, 2017.

³If the claimant did not indicate a specific claim amount on the Proof of Claim, the claimed amount is noted as \$0.

includes an additional column entitled "Final Resolution". The Final Resolution column will be populated with a numeric code to identify the method of resolution. As applicable, the codes utilized are described as:

- 1 – Withdrawn (original NOD maintained)
- 2 – Settlement
- 3 – Referee's Recommended Decision with no exceptions filed - sustained by final Court Order
- 4 – Referee's Recommended Decision with no exceptions filed - altered by final Court Order
- 5 – Referee's Recommended Decision with exceptions filed - sustained by final Court Order
- 6 – Referee's Recommended Decision with exceptions filed - altered by final Court Order
- 7 – Supreme Court Order
- 8 – Court Dismissed. No Referee Assigned.

9. As set forth in Exhibits A and B, the Liquidator respectfully submits her recommendations for a total of 8 claims with a total allowed amount of \$814,381.61 in accordance with and pursuant to Pa. R.A.P. 3784(a) and 40 P.S. § 221.45 for this Court's approval.

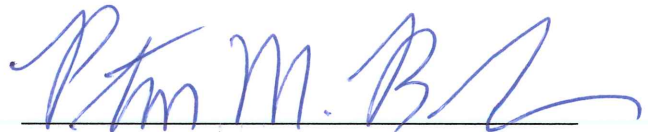
10. In fulfilling her statutory requirements, the Liquidator carefully reviewed all documentation submitted by the claimants in support of the claims and independently determined the merit, classification and value of each claim, as required by the Act. See 40 P.S. §§ 221.37, 221.38, 221.44, 221.45.

11. Given the discretion afforded the Liquidator pursuant to 40 P.S. § 221.45(a) to "comport, compromise, or in any other manner negotiate the amount for which claims will be recommended to the court", the Liquidator believes that the classification and amounts she has determined for the reported claims are appropriate, fair and equitable and consistent with the relevant provisions of the Act and the New Rules. The Liquidator further believes that the approval of the claims listed in the attached Report is in the best interests of the Legion estate, policyholders, claimants and other creditors.

12. Pursuant to Pa. R.A.P. 3784(a) and 40 P.S. § 221.45(b), the Liquidator respectfully requests that this Court approve the classification and allowed amount of the claims listed in the Report. In accordance with Rule 3784(a), upon approval of the claims listed in the Report the claimants or their lawful assignees will become eligible to receive a *pro rata* distribution of assets from the estate of Legion in the event that a distribution is made to the claimant's class of creditors.

WHEREFORE, the Liquidator respectfully requests that this Court grant her Application and approve and allow the claims as listed in the Report attached as Exhibits A and B, enter an Order in the form attached hereto, and grant such other relief as the Court shall determine appropriate and just.

Respectfully submitted,



Preston M. Buckman (I.D. No. 57570)
Insurance Department Counsel
Governor's Office of General Counsel
Office of Liquidations, Rehabilitations
and Special Funds
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Counsel for Teresa D. Miller, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her official capacity as
Statutory Liquidator of Legion Insurance
Company (In Liquidation)

Dated: _____

7/24/17

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

**In Re Legion Insurance Company
(In Liquidation)**

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Docket No. 1 LEG 2002

**VERIFICATION OF ROBERT HABERLE IN SUPPORT OF THE
APPLICATION FOR APPROVAL OF REPORT AND RECOMMENDATIONS
ON LEGION INSURANCE COMPANY CLAIMS UNDISPUTED AND
RESOLVED AS OF JUNE 30, 2017**

I, **ROBERT HABERLE**, hereby depose and state as follows:

1. I am Chief Liquidation Officer of Legion Insurance Company (In Liquidation) (“the Estate”), and am responsible for overseeing its daily business operations.
2. I have reviewed the Report and Recommendations on Legion Insurance Company Claims Undisputed and Resolved as of June 30, 2017 (“the Report”).
3. Based on my knowledge, the claims information included in the Report fairly presents in all material respects the status of Legion Insurance Company Claims Undisputed and Resolved as of June 30, 2017.
4. My certification is made in reasonable reliance on the work of qualified staff and the Estate’s internal procedures for claims operations.
5. I verify that the matters stated therein are true and correct to the best of my

knowledge, information and belief, and make these statements subject to the penalties of
18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.


ROBERT HABERLE

Sworn to and subscribed before me
this 18 th day of July, 2017.


NOTARY PUBLIC
COMMONWEALTH OF PENNSYLVANIA

NOTARIAL SEAL
ROBERT J. LENAHAN, Notary Public
City of Philadelphia, Phila. County
My Commission Expires December 14, 2019

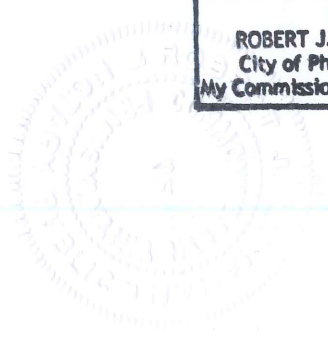


EXHIBIT A

Legion Company (in Liquidation) Undisputed Claims Report for 1/1/2017 to 7/1/2017
As of 7/12/2017 at 9:31 AM

Total Number of Undisputed Claims	Total Amount Claimed	Total Amount Allowed	Total Change/Difference
7	\$2,341.28	\$765,381.61	-\$763,040.33

Reference Number: 576be4b1-6b0e-46d0-96c7-dd6a7cbfbad9

**Legion Company (in Liquidation) Undisputed Claims Report for 1/1/2017 to 7/1/2017
As of 7/12/2017 at 9:31 AM**

Claimant Name	Address	POC Number	Date POC Filed	Claim Number	Class	NOD Number	Amount Claimed	Amount Allowed	Claim Particulars
Atlas Van Lines, Inc.	Stacie Banks Atlas Van Lines, Inc. 1212 St. George Road Evansville, IN 47711	1371209	6/23/2005	001123003774WCO	B	1371209-2	\$0.00	\$13,040.33	Your claim has been accepted for (1) the post-liquidation loss payments you funded through your TPA and (2) the additional amount you paid as reimbursement to the Wisconsin Insurance Security Fund for the Joseph Brunner claim, date of loss 8/1/2001. This is in addition to the amount previously allowed on NOD 1371209-1.
DAVIS, ROBERT B	ROBERT B DAVIS c/o Cle' Simon SIMON LAW OFFICES 1408 W. Pinhook Road, Suite A Lafayette, LA 70505	776033	11/25/2003	005130000927300	B	776033-3	\$0.00	\$750,000.00	As per communications between the recipient's attorney Cle' Simon and Legion's Michael Madonna on 6/16/17, the amount allowed represents the negotiated full and final settlement NOD value for the underinsured motorist bodily injury claim of Robert B. Davis in relation to a motor vehicle accident that occurred on 10/3/01. The amount allowed represents the negotiated final value between the Liquidator and the claimant.

Legion Company (in Liquidation) Undisputed Claims Report for 1/1/2017 to 7/1/2017
 As of 7/12/2017 at 9:31 AM

Claimant Name	Address	POC Number	Date POC Filed	Claim Number	Class	NOD Number	Amount Claimed	Amount Allowed	Claim Particulars
Hospice of the Bluegrass, Inc.	Holly Hodge Hospice of the Bluegrass, Inc. 2312 Alexandria Drive Lexington, KY 40504-3277	1367225	6/16/2005	NHO070A01622	B	1367225-2	\$2,341.28	\$2,341.28	The Proof of Claim has been accepted for the amount of your expense reimbursement to the Kentucky Insurance Guaranty Association. The loss portion of the claim was previously allowed in Notice of Determination 1367225-1.

Legion Company (in Liquidation) Undisputed Claims Report for 1/1/2017 to 7/1/2017
As of 7/12/2017 at 9:31 AM

Claimant	Address	POC Number	Date POC Filed	Claim Number	Class	NOD Number	Amount Claimed	Amount Allowed	Claim Particulars
Letica Corporation	Albert Gustafson Letica Corporation 52585 Dequindre Rd Rochester, MI 48308-5005	1373275	6/28/2005	0026990484	B	1373275-1	\$0.00	\$0.00	This Notice of Determination pertains to a workers compensation claim filed by Jean Miller (the "Miller" claim) under Legion policy WC1-0769981 (the "Policy"), issued to Letica Corporation ("Letica"). The Miller claim is being handled by the Delaware Insurance Guaranty Association ("DIGA") under DIGA claim number LE0007. The DIGA and Legion Insurance Company (in Liquidation) ("Legion") have executed a Statement of Understanding (the "Agreement"), in which, DIGA agrees that its right to recovery for the Miller claim will be made exclusively through the Legion estate and DIGA shall not bring any further claim, action or cause of action against Letica based on Delaware's net worth statute. The Agreement does not absolve Letica from its deductible obligation under the Policy and any prior reimbursements made by Letica to DIGA will be credited against Letica's deductible obligation. Legion has valued Letica's full and final claim as zero given the Agreement.

Legion Company (in Liquidation) Undisputed Claims Report for 1/1/2017 to 7/1/2017
As of 7/12/2017 at 9:31 AM

Claimant	Address	POC Number	Date POC Filed	Claim Number	Class	NOD Number	Amount Claimed	Amount Allowed	Claim Particulars
Letica Corporation	Albert Gustafson Letica Corporation 52585 Dequindre Rd Rochester, MI 48308-5005	1373279	6/28/2005	0026988534	B	1373279-1	\$0.00	\$0.00	This Notice of Determination pertains to a workers compensation claim filed by Christopher Hall (the "Hall" claim) under Legion policy WC1-1223584 (the "Policy"), issued to Letica Corporation ("Letica"). The Hall claim is being handled by the Alabama Insurance Guaranty Association ("AIGA") under AIGA claim number A820000212. The AIGA and Legion Insurance Company (in Liquidation) ("Legion") have executed a Statement of Understanding (the "Agreement"), in which, AIGA agrees that its right to recovery for the Hall claim will be made exclusively through the Legion estate and AIGA shall not bring any further claim, action or cause of action against Letica based on Alabama's net worth statute. The Agreement does not absolve Letica from its deductible obligation under the Policy and any prior reimbursements made by Letica to AIGA will be credited against Letica's deductible obligation. Legion has valued Letica's full and final claim as zero given the Agreement.

Legion Company (in Liquidation) Undisputed Claims Report for 1/1/2017 to 7/1/2017 As of 7/12/2017 at 9:31 AM

<p>Claimant Leticia Corporation</p> <p>Address Albert Gustafson Leticia Corporation 52585 Dequindre Rd Rochester, MI 48308-5005</p>	<p>POC Number 1389183</p> <p>Date POC Filed 7/27/2015</p> <p>Claim Number 0026987380</p> <p>Class B</p> <p>NOD Number 1389183-1</p>	<p>Amount Claimed \$0.00</p> <p>Amount Allowed \$0.00</p>	<p>Claim Particulars This Notice of Determination pertains to a workers compensation claim filed by David Ward, Sr. (the "Ward" claim) under Legion policy WC1-0131811 (the "Policy"), issued to Leticia Corporation ("Leticia"). The Ward claim is being handled by the Delaware Insurance Guaranty Association ("DIGA") under DIGA claim number LE0122. The DIGA and Legion Insurance Company (in Liquidation) ("Legion") have executed a Statement of Understanding (the "Agreement"), in which, DIGA agrees that its right to recovery for the Ward claim will be made exclusively through the Legion estate and DIGA shall not bring any further claim, action or cause of action against Leticia based on Delaware's net worth statute. The Agreement does not absolve Leticia from its deductible obligation under the Policy and any prior reimbursements made by Leticia to DIGA will be credited against Leticia's deductible obligation. Legion has valued Leticia's full and final claim as zero given the Agreement.</p>
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Legion Company (in Liquidation) Undisputed Claims Report for 1/1/2017 to 7/1/2017 As of 7/12/2017 at 9:31 AM

Claimant	Address	POC Number	Date POC Filed	Claim Number	Class	NOD Number	Amount Claimed	Amount Allowed	Claim Particulars
Letica Corporation	Albert Gustafson Letica Corporation 52585 Dequindre Rd Rochester, MI 48308-5005	1389185	7/27/2015	0027693288	B	1389185-1	\$0.00	\$0.00	This Notice of Determination pertains to a workers compensation claim filed by Kimberly Hopkins (the "Hopkins" claim) under Legion policy WC1-1945352 (the "Policy"), issued to Letica Corporation ("Letica"). The Hopkins claim is being handled by the Kentucky Insurance Guaranty Association ("KIGA") under KIGA claim number KY82001901. The KIGA and Legion Insurance Company (in Liquidation) ("Legion") have executed a Statement of Understanding (the "Agreement"), in which, KIGA agrees that its right to recovery for the Hopkins claim will be made exclusively through the Legion estate and KIGA shall not bring any further claim, action or cause of action against Letica based on Kentucky's net worth statute. The Agreement does not absolve Letica from its deductible obligation under the Policy and any prior reimbursements made by Letica to KIGA will be credited against Letica's deductible obligation. Legion has valued Letica's full and final claim as zero given the Agreement.

EXHIBIT B

Legion Company (in Liquidation) Resolved Claims Report for 1/1/2017 to 7/1/2017
As of 7/12/2017 at 9:31 AM

Total Number of Resolved Claims	Total Amount Claimed	Total Amount Allowed	Total Change/Difference
1	\$1,000,000.00	\$49,000.00	\$951,000.00

Reference Number: 576be4b1-6b0e-46d0-96c7-dd6a7cbfad9

Legion Company (in Liquidation) Resolved Claims Report for 1/1/2017 to 7/1/2017
 As of 7/12/2017 at 9:31 AM

Claimant	Address	POC Number	Date POC Filed	Claim Number	Class	NOD Number	Amount Claimed	Amount Allowed	Claim Particulars	Docket #	Final Resolution
United Association of Journeymen & Apprentices	c/o Nicholas R. Femia, Esquire O'Donoghue & O'Donoghue, LLP 4748 Wisconsin Avenue, NW Washington, DC 20016	1389129	7/21/2015	000000650514	B	1389129-1	\$1,000,000.00	\$49,000.00	Settled per agreement	1 Leg 2016	2

1 = Withdrawn (original NOD maintained)
 2 = Settlement
 3 = Referee's Recommended Decision with no exceptions filed - sustained by final Court Order

4 = Referee's Recommended Decision with no exceptions filed - altered by final Court Order
 5 = Referee's Recommended Decision with exceptions filed - sustained by final Court Order

6 = Referee's Recommended Decision with exceptions filed - altered by final Court Order
 7 = Supreme Court Order
 8 = Court Dismissed. No Referee Assigned.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

RE: Liquidator's Report and Recommendations on Legion Insurance Company Claims
Undisputed and Resolved from January 1, 2017 to June 30, 2017

ORDER

AND NOW, this ____ day of _____, 2017, upon consideration of the
Liquidator's Application for Approval of Report and Recommendations on Legion Insurance
Company Claims Undisputed and Resolved from January 1, 2017 to June 30, 2017
("Application"), it is hereby ORDERED and DECREED:

1. The Application is GRANTED and the claims listed in the Report and
Recommendations on Legion Insurance Company Claims Undisputed and Resolved as of January
1, 2017 to June 30, 2017 ("Report"), are APPROVED and ALLOWED both as to classification
and amount as listed;

2. The Report is incorporated herein by reference; and

3. The claimants listed in the Report or their lawful assignees shall receive a
distribution in accordance with 40.P.S. § 221.44 at the time and in the manner as approved by this
Court under the Order of February 27, 2012, and any subsequent Orders.

MARY HANNAH LEAVITT, President Judge