IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: **Reliance Insurance Company** **In Liquidation**	: : : : : : : : :	**NO. 1 REL 2001**

REPORT OF THE LIQUIDATOR
ON THE STATUS OF THE LIQUIDATION OF
RELIANCE INSURANCE COMPANY AS OF JUNE 30, 2017

I. INTRODUCTION

Jessica K. Altman, Acting Insurance Commissioner for the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator ("Liquidator") of Reliance Insurance Company ("Reliance or Estate"), through her undersigned counsel, hereby submits this report on the status of the liquidation of Reliance,

pursuant to Pa. R.A.P. No. 3784(b), incorporating financial results and claims information through June 30, 2017 ("Report").

II. REPORT

A. Financial Statements

1. Special Purpose Statement of Assets and Liabilities

Reliance has prepared and attached as Exhibit A, a Special Purpose Statement of Assets and Liabilities showing the financial position of Reliance at June 30, 2017 and December 31, 2016 ("Statement"). The loss and loss expense reserves for class (b) claims shown on the Statement are presented on an estimated settlement value basis for reported claims with a timely filed Proof of Claim ("POC"). Pursuant to this Court's Order issued on June 10, 2016, Reliance has established loss and loss expense reserves at estimated settlement value by discounting the medical and indemnity portion of workers compensation claims reserves to present value. Due to the inherent complexity of both the loss reserving process and the estimation of settlement value, the actual emergence of losses and the amounts ultimately included in any negotiated settlement with claimants, both insureds and Guaranty Associations ("GAs"), and the Notices of Determination ("NODs") issued for those settlements may be significantly different than the estimates included in the Statement. Therefore the final liabilities of the Estate will differ from the amounts presented in the Statement.

The Statement does not fully reflect the effects of the liquidation upon certain assets and liabilities and does not include an estimate of future liquidation expenses that will be incurred by Reliance, in administering the Estate, and by the GAs. Reliance liquidation expenses are class (a) first priority payments under the Insurance Department Act of 1921, 40 P.S. §221.1 et seq. ("Act"), as are certain GA expenses to the extent permitted by the Act. Both Liquidator and GA expenses will be significant and will be paid before distributions for claims under policies for losses, class (b) priority.

The Statement also does not reflect claims by the federal government, including any estimate for potential federal income tax liabilities. Reliance has significant net operating loss carryforwards for tax purposes, which begin to expire in 2020, and may be used to partially offset future net income, thereby reducing tax liabilities. The establishment of the Claims Bar Date of March 31, 2016 (see paragraph D.1), eliminated the need to maintain a provision for future claims filed on or after the Claims Bar Date. Accordingly, Reliance eliminated reserves for incurred but not reported claims ("IBNR") from the December 31, 2015 Statement. During 2016, Reliance also eliminated case reserves for claims for which a valid POC was not filed before the Claims Bar Date. Reliance has taken the position that the reduction of IBNR reserves and certain case reserves due to the Claims Bar Date qualifies under Internal Revenue Code provisions regarding exclusions from

gross income, and therefore is not subject to federal income tax. However, this is subject to IRS review and Reliance has taken other tax positions that may also be subject to IRS review. Thus, actual tax liabilities inclusive of alternative minimum tax and related payments, which are not included in the Statement, may be material.

The federal government takes the position that the Claims Bar Date does not apply to its claims. In addition to federal tax claims, there will likely be policy claims by the Department of Labor, the Environmental Protection Agency, the Center for Medicare and Medicaid Services, and other federal agencies.[1] There has been no provision for federal claims included in the class (b) liabilities in the Statement.

Due to the uncertainties noted above, the ultimate distribution to creditors is unknown at this time. For this reason, third parties should not rely on the financial information contained herein as providing certainty as to the ultimate distribution that will be made from Reliance. The Notes to the Special Purpose Statements, attached as Exhibit D, describe the limitations of the Statement and should be included in any review of Reliance's financial information.

As of June 30, 2017, the Statement shows estimated total assets of $4.4 billion, with the most significant balance, $2.5 billion, relating to early access

[1] The Department of Labor has already submitted several claims.

advances to GAs. Invested assets total $1.8 billion (see paragraph C.2). Reinsurance receivables and future reinsurance recoverables total $29 million.

Total estimated liabilities at June 30, 2017 were $5.6 billion. The largest class of liabilities is class (b) claims which total $5.4 billion on a gross basis and $4.6 billion net, due to $823 million in asset distributions. The $5.4 billion is comprised of GA paid losses of $3.1 billion; reserves for GA losses of $0.8 billion net of deductible and discount; NODs issued by the Estate of $1.3 billion; and $0.2 billion for all other reserves. The $0.2 billion for all other reserves is comprised of estimated reserves for non-GA claims where a NOD has not yet been issued. Of the $823 million in distribution payments, $732 million was distributed to non-GA class (b) claimants and $91 million to GA class (b) claimants, which was converted from early access advances. The second largest class of liabilities is class (e) general creditor claims (including assumed reinsurance claims) which total $0.9 billion, subject to valid offsets. However, the Liquidator has issued thousands of class only NODs at the class (e) level, deferring any determination of amount as it is unlikely that distributions will reach the class (e) level. Therefore, actual class (e) liabilities are undoubtedly higher than the figures reported in the Statement.

Attached to this report as Exhibit B is a Special Purpose Statement of Changes in Policyholders' Surplus for the six months ended June 30, 2017, and for the period from October 3, 2001 to June 30, 2017. The estimated net deficit at

June 30, 2017, was $1.2 billion, down from $2.7 billion at the date of liquidation, but is subject to change as noted above.

2. Statement of Cash Receipts and Disbursements and Changes in Short Duration Investments

Attached to this report as Exhibit C is a Statement of Cash Receipts and Disbursements and Changes in Short Duration Investments ("Cash Flow Statement") for the period from January 1, 2017, through June 30, 2017. Short duration investments were approximately $1.8 billion at the beginning and end of the period.

Receipts of $29.7 million were primarily comprised of investment income of $23.6 million and reinsurance collections of $4.7 million. For further explanation of reinsurance collections, see paragraph A.7.

Cash disbursements for the six months ended June 30, 2017 were $29.1 million including: distributions to class (b) claimants of $4.8 million (see paragraph D.3); operating expenses of $17.5 million; early access advances to GAs of $6.6 million; and allocated loss adjustment expenses ("ALAE"), related to the POC process, of $0.2 million. Additional detail is provided for operating expenses in paragraph B.2.

The change in value of investments managed by investment managers was a decrease of $7.4 million for the six months ended June 30, 2017, primarily due to

amortization. Overall, short duration investments for the six months ended June 30, 2017 decreased by $6.9 million.

3. Short Duration Investments

The investment portfolio is $1.8 billion as of June 30, 2017 and is invested in short duration bond and immunized bond portfolios. The immunized portfolios are designed to minimize exposure to capital losses. An Investment Committee oversees the investment operations at Reliance under approved investment guidelines. The Committee utilizes investment advisors, money managers, valuation consultants and other professionals in its oversight duties. Securities held in the portfolio are regularly monitored as the portfolio is managed in accordance with the guidelines.

4. Investments Held in Segregated Accounts

At June 30, 2017, Reliance held $1.9 million in trust for specific obligations to secured creditors relating primarily to losses on assumed reinsurance business. In addition, Reliance held $0.4 million, representing collections under large deductible policies, which are not Estate assets and will be administered and paid to GAs and other claimants in accordance with 40 P.S. §221.23a.

At June 30, 2017, Reliance held $16.9 million solely for the benefit of claimants whose class (b) losses are not covered by GAs. This balance consists of

funds received from the settlement of the large deductible reimbursement dispute with the GAs, plus accrued interest.

5. Affiliates and Subsidiaries / Non-Liquid Investments

Reliance continues to monitor the few remaining assets in this category to determine the best strategy and timing for maximizing value. The primary asset is the Reliance Canadian branch which is currently in a separate liquidation proceeding in Canada and the realization of any value from this asset will likely only be in an extended timeframe. Also included in this category are amounts held in escrow from the 2013 sale of RCGGS, the information technology former indirect subsidiary of Reliance.

6. Premium Balances

As of June 30, 2017, Reliance estimates current and future premium and deductible receivables of $5.7 million which include billed amounts and an estimate of $3.7 million for future billings under retrospectively rated policies, where future premium billings will be based on paid losses.

7. Reinsurance

a. Reinsurance Billings and Collections

As of June 30, 2017, reinsurance receivables and future reinsurance recoverables were $29 million after deductions for estimated uncollectible amounts and offsets due to assumed reinsurance business written Reliance. Reinsurance

collections for the six months ended June 30, 2017, totaled $4.7 million with total collections of approximately $4 billion since the date of liquidation. These totals are inclusive of receipts on ordinary ceded loss billings, dispute settlements and commutations.

There are currently no pending legal actions against any reinsurer. However, Reliance will commence legal actions against any reinsurers in the future, as necessary, to enforce its rights and will continue its aggressive collection efforts. Similar to many ongoing insurance entities, Reliance has exposure to significant write-offs for uncollectible reinsurance and disputes. Thus, an appropriate bad debt reserve has been established.

b. Reinsurance Cut-Throughs

A committee was established to review and recommend action for reinsurance cut-through requests submitted to the Liquidator. Since the implementation of the guidelines and through June 30, 2017, 52 cut-through requests have been submitted to the Liquidator. The Liquidator has approved 40 of these requests. Of the 40 requests approved by the Liquidator, 37 have been approved by the Court, 1 request is pending with the Court for approval, 1 request is being prepared for submission to the Court, and 1 request was deemed withdrawn. Of the remaining 12 requests not approved by the Liquidator, 9 were disapproved by the Liquidator and 3 were withdrawn. Four of the 9 disapproved

requests were never contested, 1 was also disapproved by the Court, and 4 disapprovals were disputed. As of June 30, 2017, 2 of the 4 disputed matters which had been pending before the Court have been settled and dismissed with prejudice upon stipulation of the parties and approval of the Court, and 2 were approved by the Court.

B. Expenses

1. Allocated Loss Adjustment Expenses

ALAE shown on the Cash Flow Statement, Exhibit C, represent amounts paid by the Estate for processing certain POCs, NODs, and the related objection process.

2. Operating Expenses

The operating expenses of Reliance relate to efforts by the Liquidator to marshal and maximize the assets of the Estate for the benefit of all Reliance policyholders and claimants, as well as to review and determine the ultimate liabilities of the Estate, to fulfill the public policies and purposes of the Act and the liquidation process, and to investigate and hold accountable those third parties responsible for the insolvency of Reliance.

Attached as Exhibit E is an Operating Expense Analysis which indicates the total dollars paid for each expense category for the six months ended June 30, 2017, and compares actual performance to budgeted amounts and prior year's

actual expenses. As detailed in the Operating Expense Analysis and supporting schedules, the administrative expenses of Reliance for the six months ended June 30, 2017, totaled $13.9 million, compared to a budget of $14.3 million and actual expenses in 2016 of $17.8 million. Through June 30, 2017, this Court has approved a total of approximately $1.3 billion in Estate administrative expenses incurred and paid by the Liquidator.[2] With the approval of this Court, Reliance reimbursed administrative expenses to the GAs of $3.7 million in the six months ended June 30, 2017, compared to a budget of $3.7 million and prior year reimbursements totaling $1.4 million. Brief explanations regarding certain aspects of the Reliance administrative expenses are provided below, by category.

a. <u>Salaries, Employee Benefits and Taxes</u>

At June 30, 2017, Reliance had a total of 58 employees in both the Philadelphia and New York City offices. Since January of 2017, staff count has declined by 4 employees. Reliance also uses consultants to support its operations in the Information Technology ("IT") area. At June 30, 2017, there were 12 consultants supporting the IT business application systems and production environment.

[2] On September 15, 2017, the Court approved an additional $30 million of administrative expenses incurred by the Liquidator in 2016.

b. IT Services

The IT services, consisting of several outsourcing arrangements coordinated by the IT staff, are designed to provide cost effective, flexible and efficient services. RCGGS, which was a wholly owned indirect subsidiary of Reliance until 2013, continues to provide consultants for production support, maintenance, security, and development services for Reliance's business application systems.

c. Legal Fees and Expenses

Attached as Exhibit F is a schedule containing the legal expense detail by firm (excluding ALAE) for the six months ended June 30, 2017. In addition to law firms, the schedule may include referees for certain disputed NOD matters, reinsurance arbitrators, and other litigation and legal support service providers. The legal expenses of the Estate can be divided into three general categories of legal matters: (1) Estate administration; (2) general asset recovery; and (3) disputes regarding certain NODs, priority classification, and other liquidation issues, including disputes with GAs.

Reliance has also undertaken numerous plaintiff actions to recover assets owed to the Estate, including recovery of reinsurance owed to the Estate. Since January 2003 through the first half of 2017, Reliance has recovered approximately $378.1 million through legal actions, a portion of which directly benefits the GAs.

In addition, over $144 million has been recovered from third parties, such as officers and directors.

Many legal matters, as described above, are handled entirely by in-house counsel which minimizes the administrative expenses of the Estate.

d. Professional Services Expenses

Attached as Exhibit G is a schedule containing the professional service expense detail by vendor name for the six months ended June 30, 2017. The individual professionals and firms listed in the schedule include, among other things, investment managers, London market broker services, imaging services, actuarial services, IT services, tax and auditing services, as needed. The majority of the professional service expenses are investment manager fees which are directly related to the size of the overall investment portfolio. The professional service expense schedule also contains entries for professional services provided to Reliance by the Pennsylvania Insurance Department, either directly by the professional staff of the Office of Liquidations, Rehabilitations and Special Funds, or through specialized consultants hired to assist the Liquidator in administering the liquidation of Reliance.

e. Rent

Rent is primarily attributable to office space in Philadelphia and New York.

f. Guaranty Association Expenses

The Operating Expense Analysis, Exhibit E, lists as expenses of the Estate certain administrative expenses of the GAs which are incurred in handling claims of Reliance policyholders and claimants, pursuant to 40 P.S. §221.44(a). Reliance receives regular quarterly reports from most GAs, and administrative expense payments made by Reliance to the GAs through June 30, 2017, total $364.5 million.[3] Under the current reimbursement policy, administrative expenses will be paid to the GAs only after approval by this Court. Reliance conducts periodic desk reviews of GA administrative expenses and makes appropriate adjustments. With respect to inaccurate administrative expense data, overpayments, reductions, reclassifications or adjustments, both the Liquidator and the GAs have reserved their respective rights to seek appropriate relief through the NOD dispute process. As Reliance ultimately evaluates these expenses, the vast majority will be allowable as class (a) claims. However, there may be certain disagreements between the Liquidator and the GAs that will be addressed and resolved by the Court.

[3] On July 17, 2017, this Court approved the Liquidator's Application for Approval of Report and Recommendation on Undisputed Guaranty Association Administrative Expenses Submitted through September 30, 2016 and the Liquidator has paid those approved expenses of approximately $8 million.

C. National Conference of Insurance Guaranty Funds ("NCIGF")

The GAs are an essential part of the liquidation safety net, providing significant coverage to certain policyholders and paying covered claims as defined and required by their respective statutes. The liquidation of Reliance, as the largest U.S. property and casualty liquidation, has been challenging for all involved, including GAs. From the start of the liquidation, Reliance met regularly with a task force and various working groups organized through the NCIGF, whose members include almost all of the state property and casualty insurance GAs in the United States. The meetings have focused on continuing operational issues such as large deductible reimbursements; claims handling; claims imaging and closed claim procedures; communication protocols; GA data and reinsurance reporting and UDS protocol; reconciliation issues; the priority classification and reporting of administrative expenses including related reviews; and Reliance product and policy information. The NCIGF, most GAs, and Reliance have established a close working relationship and will continue to address the extensive and complex issues involved in the Reliance Estate in a professional, mutually cooperative, and beneficial manner.

1. Status of Uniform Data Standards ("UDS")

A dedicated department within Reliance was established early in the liquidation to coordinate with the various GAs and their vendors in managing the

data reporting process and reviewing exception items. There are 58 GAs reporting monthly paid and outstanding loss information through a UDS automated interface, both of which are subsequently processed in Reliance operating systems to update claim records and generate the related reinsurance billings and notices. Two small GAs are reporting on a manual basis to the Estate. One hundred percent of GA payments and reserves have been matched to Reliance systems.

2. Early Access

At June 30, 2017, early access advances to GAs totaled approximately $2.5 billion and are comprised of early access post-liquidation cash advances ($2.07 billion); pre-liquidation statutory deposits (approximately $416 million); and payments made on behalf of certain life and health, as well as property and casualty, GAs shortly after October 3, 2001 ($23 million). During the six months ended June 30, 2017, $91 million of early access advances was converted to asset distribution payments.

3. Large Deductible Policies

Pursuant to large deductible agreements with certain insureds executed prior to liquidation, those insureds either made arrangements for Reliance to process their claims within the deductible while the insured funded the claims payments, or in some cases, Reliance paid all claims and subsequently billed and collected the deductible amounts from the insureds. In either event, most insureds with large

deductible policies were required to provide collateral to Reliance to secure their obligations to pay or to reimburse Reliance for claims paid by Reliance within the deductible.

The provisions of 40 P.S. §221.23a, adopted in 2004 by the Pennsylvania legislature, conferred the benefit of the large deductible reimbursements solely on the GAs and created numerous additional duties and responsibilities for a liquidator in the handling of insured collateral and collection of deductibles. The GAs are coordinating with Reliance to ensure a cooperative implementation of 40 P.S. §221.23a. On a gross basis, approximately $161 million of deductible collections have been distributed to the GAs.

D. Claims Process

The deadline for filing POCs was December 31, 2003. As of June 30, 2017, Reliance had received a total of 161,120 POCs (excluding inactivated POCs).[4]

1. Claims Bar Date

On December 22, 2015, this Court issued its Order establishing March 31 as the Claims Bar Date ("Claims Bar Date Order"). All claims must have been submitted to Reliance on a POC form, available on the website, **PRIOR TO** March 31, 2016. All POCs received **ON OR AFTER** March 31, 2016 are barred

[4] There was a reduction in the number of POCs received because GA POCs at various priorities were inactivated from the automated processing system. The GA POCs will be processed manually as final omnibus NODs are issued to the GAs.

and will not be eligible for any distribution. As of June 30, 2017, 33 POCs had been filed on or after the Claims Bar Date and are, therefore, barred.

2. Status of POCs

As of June 30, 2017, Reliance had issued NODs for 160,109 of the 161,120 POCs for a total allowed amount of approximately $1.4 billion. Reliance has now issued NODs for over 99% of the POCs filed with the Estate. This Court has approved 159,502 of those NODs, as of June 30, 2017, for a total allowed amount of approximately $1.3 billion.[5] Exhibit H breaks down this information by priority class.

Exhibit H also indicates the status of all 161,120 POCs received as of June 30, 2017. Of the 978 POCs remaining to be evaluated, 185 relate to claims currently being handled by the GAs. These POCs will be addressed by Reliance once the GAs close the claim files and return them to Reliance. In total, GAs are currently handling approximately 4,565 open Reliance claims. Approximately 248 of the 978 remaining POCs are POCs where the claimant identified a specific claim prior to the Claims Bar Date, but the underlying claim has not yet been

[5] On July 19, this Court approved the Liquidator's Application for Approval of Report and Recommendation on Resolved Claims as of December 31, 2016 which included 353 NODs for approximately $15 million.

resolved or proper documentation has not been provided to Reliance.[6] Approximately 535 POCs are in various stages of review and therefore, in one or more aspects, the Estate is awaiting information. As part of that process, Reliance requests additional information from the claimant, or other sources, as necessary. When complete information is provided quickly, the POC will move to the next category of ready to evaluate. As of June 30, 2017, there were 10 POCs ready to evaluate and for which NODs will be issued within 180 days. The movement of POCs through the various categories is a continuous process when adequate information is provided by claimants. In 2007, this Court issued Orders on May 1, and November 27, requiring claimants to submit complete information about their claims in a timely fashion. Those Orders continue to assist the Liquidator in obtaining current and timely information from claimants.

3. Status of Distribution

In 2017, Reliance actuaries completed an update of the asset distribution model under a variety of conservative scenarios in order to determine an appropriate recommendation to the Court for an increase in the interim distribution

[6] Reliance wrote a variety of long tail lines of business, including: (1) workers compensation; (2) medical malpractice; (3) construction defect; (4) errors & omissions; (5) directors & officers liability; (6) environmental (asbestos and pollution); and (7) professional liability. For reasons unrelated to the Reliance receivership, but based rather on the nature of the insurance coverage written by Reliance and the claims under those policies, it will be many years before some of these long tail claims will be resolved.

percentage for approved class (b) NODs. The model, including a conservative estimate of losses, was reviewed by PricewaterhouseCoopers LLP ("PwC"), independent actuarial consultants. Based on the scenarios produced by the asset distribution model as confirmed by the results of the PWC model review, the Liquidator proposed increasing the cumulative 65% interim distribution percentage to 80%.[7] On September 13, 2017, this Court approved the Liquidator's recommendation and the increased distribution percentage will be reflected in the quarterly September distribution cycle.

The Liquidator continues to periodically issue distribution checks to claimants for any new NODs approved by the Court through the regular filing process. As of June 30, 2017, $732 million has been distributed to non-GA class (b) claimants for 6,501 NODs and $91 million for 13 GAs which was converted from early access advances. As reported in the last status report, the aggregate safety factor imposed pursuant to 40 P.S. §221.40(d) is no longer necessary and the aggregate safety factor percentage will not be applied to any future distributions.

[7] This distribution model update was possible because the objections regarding the priority of assumed reinsurance claims, as reported in the last status report, have been resolved and the objections have been withdrawn. All other NODs for assumed reinsurance claims have been issued without objections.

5. Objections to NODs (non-GA claimants)

As of June 30, 2017 the Liquidator has received a total of 1,848 objections to the 160,109 NODs issued to claimants (other than GAs), an objection rate of approximately 1%. Large groups of these objections related to several claimants with similar types of claims and thus have been resolved collectively through the dispute resolution process. Of the 1,848 objections received, 1,847 have been resolved and the one unresolved objection has not yet been assigned to a referee. Exhibit I indicates the status of all objections received through June 30, 2017 by priority class and also includes the allowed amounts for objections by non-GA claimants in each priority class.

6. GA Claims

In addition to the POCs filed by non-GA claimants, each of the GAs have filed omnibus POCs representing their claims against the Estate in each priority class. In addition to processing all POCs filed by policyholders and other claimants, it is also necessary to review administrative expense claims, loss claims (including ALAE), and any other claims submitted by the GAs, reconcile the GA quarterly expense reports and UDS data with Reliance books and records, and then issue final omnibus NODs for the class (a) and (b) claims submitted by each GA. The GAs, as a group, are the largest creditor of the Estate. On November 19, 2007, this Court issued its Order approving the Liquidator's Amended Petition to

Supplement the September 9, 2002 Claims Procedures Order To Address the Administration of GA Claims ("GA Claims Order"). The GA claims process presents several unique issues and the GA Claims Order approved procedures which allowed the Liquidator to address those issues.

a. <u>Administrative Expense Claims</u>

Certain GA administrative expenses are priority class (a) claims under 40 P.S. §221.44. As previously noted, most GAs report their administrative expenses on a quarterly basis. As shown on Exhibit J, the GAs have reported administrative expenses totaling approximately $379 million (net of $25 million in Court approved disallowed amounts) through June 30, 2017. Paragraph B.2.f above explains the review process for these administrative expense claims in some detail. Through June 30, 2017, this Court has approved approximately $355 million in administrative expenses for the Property Casualty GAs, primarily through the Liquidator's reports of undisputed GA administrative expenses.

The final Liquidator's Report and Recommendation on Undisputed Guaranty Association Administrative Expenses was submitted to the Court on May 25, 2017 and included administrative expenses incurred by the GAs through September 30, 2016. On July 17, the Court approved that report and the payment of an additional $8 million to the GAs for class (a) administrative expenses. All administrative expenses incurred by the GAs after September 30, 2016, as well as

an allowance for future GA administrative expenses, will be reviewed and evaluated in the process of issuing a final omnibus class (a) NOD to each GA.

b. Loss Payments Including ALAE

As of June 30, 2017, this Court has approved class (b) claims totaling $2.2 billion for all GAs.[8] As shown on Exhibit J, the GAs have paid approximately $3.1 billion for losses, including ALAE, under Reliance policies through June 30, 2017. The outstanding reserve for remaining losses for the GAs, including ALAE, totals $894.8 million gross of deductible and discount. Therefore, in total, the estimate for GA loss claims, including ALAE, is approximately $4 billion.

c. GA NODs for Individual Claims

Pursuant to the GA Claims Order, NODs are issued to the GAs only when an individual GA claim, or portion of an individual GA claim, will not be allowed by the Liquidator and which the GAs may dispute. Through June 30, 2017, the Liquidator has issued 859 NODs to GA for individual GA claims. These GA NODs for individual claims are submitted to the Court for approval in the Liquidator's Report and Recommendation on Guaranty Association Notices of Determination. Through June 30, 2017, this Court has approved 779 NODs issued to the GAs for individual claims totaling an allowed amount of approximately $48

[8] The data in this section only reflects the class (b) GA claims not included in a final omnibus GA NOD approved by the Court.

million and totaling a disallowed amount of approximately $32 million. The last Report and Recommendation on Guaranty Association Notices of Determination was filed on September 1, 2017 for GA NODs as to individual claims which were issued through May 31, 2017. That Report and Recommendation sought approval for 80 GA NODs for individual GA claims allowing approximately $14.3 million and disallowing approximately $2.7 million. The Liquidator does not anticipate submitting any additional Reports and Recommendations for GA NODs regarding individual GA claims. Rather the remaining class (a) and class (b) GA claims will be reviewed and evaluated in the process of issuing final omnibus NODs for each GA.

Through June 30, 2017, objections had been filed to 35 NODs issued for individual GA claims and all of those objections have been resolved.

d. <u>GA Final Omnibus NODs</u>

The Liquidator has issued class (b) final omnibus NODs for 25 GAs through June 30, 2017 totaling an allowed amount of approximately $350 million. On June 7, 2017 this Court approved final omnibus class (b) NODs for 13 of those GAs in the approximate amount of $140 million, as shown on Exhibit J. These final omnibus class (b) NODs included allowed amounts previously approved by the Court through regular undisputed GA claim reports, resolved GA NOD reports, and allowed amounts recommended for approval, as well as the final resolution of

open class (b) claims which would require continued GA payments after the closing of the Reliance liquidation. In calculating any distribution to the GAs based on the final omnibus class (b) NODs, early access advances made to the GA are converted to distributions. The review and evaluation process to issue final omnibus NODs continues for the remaining GAs and additional reports will be submitted to this Court for approval of final GA omnibus NODs for both class (a) and (b) claims.

e. Life and Health Guaranty Associations

The Life and Health GAs covered the contractual obligations under accident and health policies issued by Reliance. Through June 30, 2017, this Court has approved administrative expense claims for 50 Life and Health GAs totaling $6.5 million and loss claims, including ALAE, for 51 Life and Health GAs totaling $32.3 million. These amounts are included in the numbers shown on Exhibit J. The Liquidator has also been in contact with the Life and Health GAs regarding final omnibus NODs for those GAs.

E. Other Operational Updates

1. Collateral Release

Pursuant to the November 30, 2001 Order of this Court, the Liquidator has established a structured process to carefully review requests for the release of collateral held to secure obligations for direct insureds (primarily large deductible

policies), certain reinsurers (including captive reinsurers), and premium receivables. The extensive review process includes input from several Reliance departments, including Policy Finance and Administration, Actuarial, Claims, and Finance. As of June 30, 2017, Reliance held collateral of $221 million to secure current and future obligations. For the six months ended June 30, 2017, 82 accounts were reviewed, resulting in a release of $40 million for 27 accounts; no collateral was released for 9 accounts; and the remaining 46 accounts were otherwise resolved (e.g., closeouts, no remaining collateral).

2. Ancillary and Foreign Receiverships

Ancillary receivership proceedings were initiated in Arizona, Arkansas, Florida, Idaho, Maryland, Massachusetts, New Mexico, New York, North Carolina, Oregon, Puerto Rico, and South Carolina, primarily to trigger the obligations of GAs in those states or to take possession of the statutory deposits so that they could be transferred to the appropriate state GA. Arkansas, Florida, Idaho, Maryland, South Carolina, and Puerto Rico have closed their ancillary receiverships and there has been limited activity in the other ancillary estates.

The states of Arizona, Massachusetts, and Oregon have elected to retain their statutory deposits for worker compensation claims as the sole means of recovery for their worker compensation claimants. The US Virgin Islands has

elected to retain its statutory deposit as the sole means of recovery for all of its claimants.

As previously reported, the Reliance Canadian ("CN") branch (included in "Investment in affiliates" as shown on Exhibit A) was placed in liquidation in Canada and the Reliance Liquidator was appointed as an inspector in those proceedings. KPMG Inc., in its capacity as liquidator of the CN branch, oversees daily operations. The CN liquidator continues to run-off CN in an orderly manner. However, the CN liquidator may consider an expedited completion of the estate through accelerated resolution of claims.

3. Restructuring Transaction

Since 2003, Reliance was a member of a consolidated tax group for federal income tax purposes with Reliance Financial Services Corp. ("RFS")[9] as the common parent. Reliance and its advisors developed a restructuring plan for strategic tax planning purposes, which was approved by this Court and executed as of December 31, 2016. Pursuant to that plan, all of the issued Reliance common shares are now owned by 4 GAs who received Reliance stock in exchange for the partial cancellation of indebtedness. The plan (which received a favorable letter ruling from the IRS) preserved the substantial net operating losses for the benefit

[9] RFS filed for bankruptcy in 2001 and the RFS reorganization plan was approved in 2005 with RFS converting into Reorganized RFS Corporation.

of the Reliance estate and also allows Reliance to control its own future regarding tax positions and negotiations with the Internal Revenue Service. As a result of the restructuring, Reliance will become its own tax filer for 2017 and will no longer be part of a consolidated tax group.[10]

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[10] For additional details, see the Liquidator's Application for Approval of Restructuring Proposal filed with the Court on October 7, 2016, which is document # 3745 on the www.reliancedocuments website.

Respectfully submitted:

By: _____

PRESTON BUCKMAN (I.D. #57570)
Special Funds Counsel
Pennsylvania Insurance Department
Capitol Associates Building
Office of Chief Counsel
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Attorney for Jessica K. Altman, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator of RELIANCE INSURANCE COMPANY

Dated: 9/21/17

CERTIFICATE OF SERVICE

I, Marilyn K. Kincaid, hereby certify that I am this day serving the foregoing document upon the persons indicated below and in the manner indicated below in accordance with Pa. R.A.P. Nos. 121, 3780, and 3784:

Upon the attached Master Service Parties List by first class U.S. Mail or e-mail.

Upon the attached Master Service Non-Parties List by a Notice of Filing.

Dated: 9-21-17

Marilyn K Kincaid

MARILYN K. KINCAID

Master Service List
Non-Parties

IN RE: Reliance Insurance Company In Liquidation
No. 1 REL 2001 (Commonwealth Court of Pennsylvania)

David L. Harbaugh, Esquire, (215) 963-5751
Morgan, Lewis & Bockius LLP
1701 Market Street
Philadelphia, PA 19103-2921
Phone: (215) 963-5751
Fax: (215) 963-5001
E-mail: dharbaugh@morganlewis.com
(Attorney for Fuji Bank)

Richard F. McMenamin, Esquire, (215) 979-3860
McCarter & English, LLP
1600 Market Street
Suite 3900
Philadelphia, PA 19103
Phone: (215) 979-3860
Fax: (215) 988-4326
E-mail: rmcmenamin@mccarter.com
(Attorney for Milliken & Company)

Richard F. McMenamin, Esquire, (215) 979-3860
McCarter & English, LLP
1600 Market Street
Suite 3900
Philadelphia, PA 19103
Philadelphia, PA 19103
Phone: (215) 979-3860
Fax: (215) 988-4326
E-mail: rmcmenamin@mccarter.com
(Attorneys for The Bank of New York Mellon
(Formerly Mellon Bank, N.A.)

Stanley E. Maron, (310) 570-4908
Maron & Sandler
1250 Fourth Street, Suite 550
Santa Monica, California 90401
Phone: (310) 570-4908
Fax: (310) 570-4901
E-mail: smaron@maronsandler.com

Joel Hopkins, (717) 257- 7525
Saul Ewing LLP
Penn National Insurance Plaza
2 North Second Street
7th Floor
Harrisburg, PA 17101-1619
Phone : (717) 257- 7525
Fax: (717) 257-7590
Email: jhopkins@saul.com
(Attorney for Milken Institute)

James S. Gkonos
Saul Ewing LLP
Centre Square West, 38th Floor
1500 Market Street
Philadelphia, PA 19102-2186
Phone: (215) 972-8667
Fax: (215) 972-1833
E-mail: jgkonos@saul.com
(Attorney for Milken Institute)

Jayson R. Wolfgang, Esquire, (717) 237-4852
Buchanan Ingersoll
One South Market Square
213 Market Street, 3rd Floor
Harrisburg, PA 17101
Phone: (717) 237-4852
Fax: (717) 233-0852
E-mail: jayson.wolfgang@bipc.com
(Attorneys for Federal Insurance Company)

Rowe W. Snider, Esquire, (312) 443-0700
Steven T. Whitmer, Esquire
Julie L. Young, Esquire
Locke Lord Bissell & Liddell LLP
111 S. Wacker Drive
Chicago, Illinois 60606
Phone: (312) 443-0700
Fax: (312) 443-0336
E-mail: rsnider@lockelord.com
swhitmer@lockelord.com
jyoung@lockelord.com
(Attorneys for Illinois Insurance Guaranty Fund)

Daryn E. Rush, Esquire, (215) 864-6360
White and Williams LLP
1650 Market Street
One Liberty Place, Suite 1800
Philadelphia, PA 19103
Phone: 215-864-6360
Fax: 215-789-7683
E-mail: rushd@whiteandwilliams.com
(Attorney for Baptist Health South Florida, Inc., Palm Springs General Hospital, and Travelers Casualty and Surety Co.)

Henry M. Sneath, (412) 288-4013
Amber L. Reiner, (412) 288-4000
Picadio Sneath Miller & Norton, P.C.
Four Gateway Center
444 Liberty Avenue, Suite 1105
Pittsburgh, PA 15222
Phone: (412) 288-4013
(412) 288-4000
Fax: (412) 288-2405
E-mail: hsneath@psmn.com
areiner@psmn.com
(Counsel for Washington Mutual Bank ("WAMU"), as successor to Hawthorne Financial Corp. and Hawthorne Saving, F.S.B.)

Gregory P. Deschenes, (617) 345-1324
NIXON PEABODY LLP
100 Summer Street
Boston, MA 02110-2131
Phone: (617) 345-1324
E-Mail: gdeschenes@nixonpeabody.com
(Counsel for Massachusetts Insurers Insolvency Fund)

Anthony A. Geyelin, Esquire, (610) 642-8500
Chimicles & Tikellis LLP
361 W. Lancaster Avenue
Haverford, PA 19041
Phone: (610) 642-8500
Fax: (610) 649-3633
Email: TonyGeyelin@Chimicles.com
(Counsel for Petitioner, the Certified Class in the In re Phoenix Leasing Limited Partnership Litigation)

Jayne A. Risk, (215)656-3328
DLA Piper (US) LLP
One Liberty Place
1650 Market Street
Philadelphia PA 19103
Phone: (215)656-3328
fax: (215) 606-3328
Email: jayne.risk@dlapiper.com

Stephen A. Loney, Jr., (267) 675-4600
Hogan & Hartson LLP
1835 Market Street
29th Floor
Philadelphia, PA 19103
Phone: (267) 675-4600
Fax: 267-675-4601
e-mail: saloney@hhlaw.com
(Counsel for Genworth Life Insurance Company and Genworth Life and Annuity Insurance Company (formerly General Electric Capital Assurance Company, First Colony Life Insurance Life Insurance Company, Federal Home Life Insurance Company, and GE Life and Annuity Assurance Company) and National Structured Settlements Trade Association)

Timothy A. Diemer, (313)965-1900
Jacobs and Diemer, P.C.
The Guardian Building
500 Griswold St., Suite 2825
Detroit, MI 48226
Phone: (313)965-1900
Fax: (313)965-1919
E-mail: TimDiemer@jacobsdiemer.com
(Counsel for DTE Energy Company)

Timothy P. Law, (215) 851-8100
Matthew D. Rosso
Reed Smith LLP
Three Logan Square
1717 Arch Street, Suite 3100
Philadelphia, PA 19103
Phone: (215) 851-8100
Fax: (215) 851-1420
E-mail: tlaw@reedsmith.com
mrosso@reedsmith.com
(Counsel for Unisys Corporation and Tribune Company, Lincoln National Corporation, Warrantech et. al)

Master Service List
Parties

IN RE: Reliance Insurance Company In Liquidation
No. 1 REL 2001 (Commonwealth Court of Pennsylvania)

Preston M. Buckman, Esquire, (717) 787-6009
Department Counsel for Insurance
Governor's Office of General Counsel
Commonwealth of Pennsylvania
Insurance Department
Office of the Chief Counsel
Capitol Associates Building
901 North 7th Street
Harrisburg, PA 17102
Phone: (717) 787-6009
Fax: (717) 772 4543
E-mail: pbuckman@pa.gov
(Attorneys for the Pennsylvania
Insurance Department)

Marilyn K. Kincaid, Esquire, (215) 864-4205
Reliance Insurance Company
(in Liquidation)
Three Parkway
5th Floor
Philadelphia, PA 19102
Phone: (215) 864-4205
Fax: (215) 864-4105
E-mail: marilyn.kincaid@relianceinsurance.com
(Attorney for Reliance Insurance
Company (in Liquidation))

Nicholas M. Insua
McCarter & English LLP
1600 Market Street
Suite 3900
Philadelphia, PA 19103
Phone: (215) 979-3800
Fax: (215)979-3899
E-mail: ninsua@mccarter.com
(Attorney for Water Applications Distribution Group, Inc. formerly known as U.S. Filter Distribution Group, Inc. as successor-by-merger to Pacific Water Works Supply Co., Inc.)

Timothy P. Law, (215) 851-8100
Reed Smith LLP
Three Logan Square
1717 Arch Street, Suite 3100
Philadelphia, PA 19103
Phone: (215) 851-8100
Fax: (215) 851-1420
E-mail: tlaw@reedsmith.com
(Counsel for Henry Company)

Timothy J. O'Driscoll, (215) 988-2700
Drinker Biddle & Reath LLP
One Logan Square
Suite 2000
Philadelphia, PA 19103
Phone: (215) 988-2700
Fax: (215) 988-2757
Timothy.ODriscoll@dbr.com
(Counsel for Aurora National Life Assurance Company)

Emily Grim, (202) 772-3925
Richard Shore
Daniel I. Wolf
Gilbert LLP
1100 New York Avenue, NW
Suite 700
Washington, DC 20005
Phone: (202) 772-3925
Fax: (202) 772-3333
E-mail: grime@gotofirm.com
shorer@gotofirm.com
wolfd@gotofirm.com
(Counsel for Armstrong World Industries, Inc. and The Shook & Fletcher Asbestos Settlement Trust)

Charles J. Jesuit, Jr., (215) 665-2000
Cozen O'Connor
1900 Market Street
Philadelphia, PA 19103
Phone: (215) 665-2000
Fax: (215) 665-2013
E-mail: cjesuit@cozen.com
(Attorney for Aramark Corporation)

Patricia Rothbardt, (212) 858-3688
Reliance Insurance Company (in Liquidation)
Legal Department- 10th Floor
75 Broad Street
New York, NY 10004
Phone: (212) 858-3688
Fax: (212) 858-9098
Email: patricia.rothbardt@relianceinsurance.com
(Attorney for Reliance Insurance
Company (in Liquidation))

Anthony J. Piazza, Jr., (570) 382-3143
Piazza Law Group
194 Cypress Street, Suite 200
Throop, PA 18512
Phone: (570) 382-3143
Fax: (570) 483-4684
E-mail: Anthony@piazzalawgroup.com
And
Alpheus Raymond Hamrick, III, (818) 763-5292
Hamrick & Evans LLP
111 Universal Hollywood Drive
Suite 2200
Universal City, CA 91608
Phone: (818) 763-5292
Fax: (818) 763-2308
E-mail: aray@hamricklaw.com
(Counsel for Woodbridge Films, Inc.)

Douglas Y. Christian, (215) 864-8404/8136
Ballard Spahr LLP
1735 Market Street, 51st Floor
Philadelphia, PA 19103
Phone: (215) 864-8404/8136
Fax: (215) 864-9206/8999
E-mail: Christiand@ballardspahr.com
(Counsel for Carlson Holdings, Inc. and NAFCO Insurance Company Ltd)

Steven B. Davis, (215) 564-8000
Karl S. Myers
Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103
Phone: (215) 564-8000
Fax: (215) 564-8120
E-mail: SDavis@STRADLEY.COM
KMyers@STRADLEY.COM
(Counsel for Reliance Insurance Company (in Liquidation))

Steven J. Englemyer, 215-568-2000
Lorena E. Ahumada
Kleinbard LLC
1650 Market Street
46th Floor
Philadelphia, PA 19103
Phone: 215-568-2000
Email: SEngelmyer@kleinbard.com
LAhumada@kleinbard.com
(Counsel for Reliance Insurance Company (in Liquidation))

Ryan T. Becker, Esquire, (215) 299-2033
Fox Rothschild LLP
2000 Market St.
20th Floor
Philadelphia, PA, 19103-3222
Phone: (215) 299-2033
Fax: (215) 299-2150
Email: rbecker@foxrothschild.com
(Counsel for Respondent, TriStar Pictures, Inc.)

Exhibit A

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES - UNAUDITED
(In Millions)

ASSETS	**June 30, 2017**		**December 31, 2016**	
Short duration investments		$ 1,758.0		$ 1,764.8
Investments held for secured creditors		2.3		2.5
Investments held for uncovered claimants		16.9		16.8
Invested assets excluding affiliates		1,777.2		1,784.1
Investments in affiliates		31.4		31.4
Total invested assets		1,808.6		1,815.5
Premium balances		5.7		6.9
Reinsurance receivable and recoverables		29.2		34.2
Early access advances to guaranty associations		2,506.5		2,591.0
Other assets		16.3		16.4
Total Assets		4,366.3		4,464.0
LIABILITIES				
Secured Creditors - Funds held		35.1		35.3
Class (a) liabilities				
Liquidator expenses incurred since liquidation	1,295.7		1,281.7	
Liquidator expenses paid since liquidation	(1,295.7)		(1,281.7)	
Liquidator expenses - unpaid	-		-	
Guaranty association expenses - submitted	379.1		378.2	
Guaranty association expenses - paid	(364.5)		(360.9)	
Guaranty association expenses - unpaid	14.6		17.3	
Other class (a) liabilities	2.9		7.6	
Total class (a) liabilities		17.5		24.9
Class (b) liabilities (estimated settlement value)				
Unsettled claims				
Guaranty association paid losses	3,119.1		3,223.4	
Reserves for guaranty association losses	804.3		836.5	
All other estimated reserves	198.7		284.1	
Total unsettled claims	4,122.1		4,344.0	
Notices of determination				
Guaranty association	140.1		-	
All other	1,169.9		1,140.1	
Total notices of determination	1,310.0		1,140.1	
Gross class (b) liabilities	5,432.1		5,484.1	
Asset distribution payments	(823.4)		(732.3)	
Net class (b) liabilities		4,608.7		4,751.8
Class (c) liabilities		-		-
Class (d) liabilities		-		-
Class (e) liabilities				
Notices of determination issued	149.4		149.4	
Losses and reserves on assumed business	734.6		743.3	
Other class (e) liabilities	4.3		4.7	
Total class (e) liabilities		888.3		897.4
Class (f) liabilities		-		-
Class (g) liabilities - Notices of determination issued		32.8		32.8
Class (h) liabilities		-		-
Class (i) liabilities		-		-
Total liabilities		5,582.4		5,742.2
Net deficit		($1,216.1)		($1,278.2)

The special purpose statement of assets and liabilities of Reliance Insurance Company (in Liquidation) is prepared on a unique financial reporting basis, in that, the statement does not fully reflect the effect of the company's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustment that might result from the outcome of the uncertainties related to the liquidation, future administration expenses, and various potential exposures, recoveries or benefits. The special purpose statement of assets and liabilities is not intended to be in conformity with, and will vary significantly from generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the NAIC.

See accompanying notes.

Exhibit B

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SPECIAL PURPOSE STATEMENT OF CHANGES IN POLICYHOLDERS' SURPLUS - UNAUDITED

(In Millions)

	Six Months Ended June 30, 2017	Period From Oct. 3, 2001 To June 30, 2017
Policyholders' surplus - beginning of period	($1,278.2)	($2,683.5)
Underwriting gain/(loss)	36.9	(477.2)
Net investment income	16.1	717.8
Other income/(expense) (1)	9.1	941.5
Net realized and unrealized capital gains/(losses)	0.0	285.3
Change in policyholders' surplus	62.1	1,467.4
Policyholders' surplus - end of period	($1,216.1)	($1,216.1)

(1) Significant items prior to 2017 includes settlements with directors / officers and the parent company, changes in the estimate for uncollectible reinsurance, the elimination of various liabilities relating primarily to pre-rehabilitation expenses which are class (e) creditor claims that were not assgned a dollar value in the POC process and are unlikely to be paid or offset against any other asset in the Estate and. federal income tax refund.

The special purpose statement of changes in policyholders' surplus of Reliance Insurance Company (in Liquidation) is prepared on a unique financial reporting basis, in that, the statement does not fully reflect the effect of the company's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustment that might result from the outcome of the uncertainties related to the future effect of the liquidation and various potential exposures, recoveries or benefits.

The special purpose statement of changes in policyholders' surplus is not intended to be in conformity with, and will vary significantly from, generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners.

See accompanying notes.

Exhibit C

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, AND CHANGES IN SHORT DURATION INVESTMENTS
FOR THE PERIOD JANUARY 1, 2017 TO JUNE 30, 2017 - UNAUDITED

(In Millions)

Cash Receipts:	
Reinsurance collections	$4.7
Premium Collections	0.4
Investment income received	23.6
Other including net realized losses of $0.0 million	1.0
Total Cash Receipts	29.7
Cash Disbursements:	
Operating expenses	(17.5)
Asset distribution on class (b) NODs	(4.8)
Allocated loss adjustment expenses	(0.2)
Early Access Advance	(6.6)
Total Cash Disbursements	(29.1)
Net change in short duration investments from cash activity	0.6
Non-cash items affecting short term investments:	
Change in value of investments managed by investment managers	(7.4)
Total Non-cash activity	(7.4)
Net change in short duration investments	(6.9)
Beginning Balance - Short duration investments	1,764.8
Ending Balance - Short duration investments	$1,758.0

See accompanying notes.

Exhibit D

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
NOTES TO THE FOLLOWING UNAUDITED STATEMENTS:

SPECIAL PURPOSE STATEMENT OF ASSETS AND LIABILITIES,
SPECIAL PURPOSE STATEMENT OF CHANGES
IN POLICYHOLDERS' SURPLUS, AND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS

Note 1 - Nature of operations and basis of presentation

Reliance Insurance Company ("the Company") was placed into rehabilitation by order of the Commonwealth Court of Pennsylvania ("the Court") on May 29, 2001. On October 3, 2001, the Company was declared insolvent by order ("the Order") of the Court. The Order of the Court appointed the Insurance Commissioner of Pennsylvania as Liquidator of the Company ("the Liquidator"). Representatives of the Liquidator oversee the daily operations of the Company. The Order applies to all former subsidiaries of Reliance Insurance Company that were previously merged into Reliance Insurance Company, including Reliance National Indemnity Company, Reliance National Insurance Company, United Pacific Insurance Company, Reliance Direct Insurance Company, Reliance Surety Company, Reliance Universal Insurance Company, United Pacific Insurance Company of New York, and Reliance Insurance Company of Illinois. The entity is now known as Reliance Insurance Company (in Liquidation) ("Reliance") or ("the Estate").

The principal activities since the date of liquidation consist of the collection and marshalling of assets and determination of claims. All creditor claims submitted to Reliance must be evaluated through the Proof of Claim ("POC") process to determine and assign the proper class priority and dollar value. The largest class of creditors is claims for losses under policies issued prior to liquidation. Ultimately, the net assets of the Estate are expected to be distributed to creditors.

Priority of Claims and Distribution to Creditors

Reliance will distribute funds to creditors in accordance with the Insurance Department Act of 1921 (the "Act"), 40 P.S. Section §221.44, which governs asset distributions from insolvent insurance estates. The following summarizes the classes of creditors under the Act:

(a) The costs and expenses of administration, including but not limited to the actual and necessary costs of preserving or recovering the assets of the insurer, compensation for all services rendered in the liquidation, reasonable attorney's and other expenses and fees.

(b) All claims under policies for losses wherever incurred, including third-party claims, and all claims against the insurer for liability for bodily injury or for injury to or

destruction of tangible property which are not under policies, shall have the next priority.

(c) Claims of the Federal government.

(d) Debts due to employees for services performed to the extent that they do not exceed $1,000 and represent payment for services performed within one year before the filing of the petition for liquidation.

(e) Claims under nonassessable policies for unearned premium or other premium refunds and claims of general creditors.

(f) Claims of any state or local government.

(g) Claims filed late and certain other special claims.

(h) Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies.

(i) The claims of shareholders or other owners.

Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment. No subclasses shall be established within any class.

Claims that are lower than class (b) priority are generally not assigned a dollar value during the POC process. These claimants are being advised that a value will be determined only if the Estate believes that sufficient funds will be available for distributions to creditors below class (b). Claims lower than class (b) are not reported as liabilities on the Special Purpose Statement of Assets and Liabilities with the exception of certain reinsurance liabilities which could have offset implications and claims in which a Notice of Determination ("NOD") has been issued.

Reliance is on a modified cash basis of accounting accepted by the Pennsylvania Department of Insurance which is a cash basis with adjustments.

The Special Purpose Statements of Assets and Liabilities and Changes in Policyholders' Surplus ("Statements") of Reliance are prepared on a unique financial reporting basis, in that, the Statements do not fully reflect the effect of the Estate's liquidation. The liquidation process will result in the realization of amounts on transfer or disposition of assets and in the satisfaction of liabilities at amounts substantially different than those reflected in the Special Purpose Statement of Assets and Liabilities. The Statements do not include an estimate of liquidation administrative expenses or any adjustments that might result from the outcome of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits.

The Statements also do not include any estimate for potential federal income tax liabilities. Reliance has significant net operating losses for tax purposes, which begin to expire in 2020, and may be used to partially offset future income. However, actual tax liabilities and related payments may be material.

The Statements and the Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments are not intended to be in conformity with, and will vary significantly from, generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the National Association of Insurance Commissioners. The statements include Reliance and its domestic property and casualty insurance operations. Loss and loss adjustment expenses are presented gross of reinsurance.

The preparation of financial statements requires the use of estimates and assumptions that affect amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates.

Note 2 – Cash disbursements

Cash disbursements for which checks have been issued, but which are outstanding at the date of the Special Purpose Statements of Assets and Liabilities are not recorded as deductions to short and intermediate duration investments. Check disbursements are recorded as deductions to short and intermediate duration investments only when presented to the bank.

Note 3 – Short duration investments

Short duration investments consist primarily of short-term investments and marketable bonds and notes. Such investments are recorded at fair value using recognized national pricing services. However, no accrued but unpaid interest income is reported in the Special Purpose Statements of Assets and Liabilities related to such investments.

Note 4 – Investments held in segregated accounts

Investments held in segregated accounts, which consist primarily of short-term fixed maturity investments, are reported at fair value. However, no accrued or unpaid interest is reported in the accompanying financial statements. These investments include amounts to secure obligations of Reliance arising from certain reinsurance contracts and funds collected on large deductible policies. Funds collected on large deductible policies, which are not assets of the Estate, are $0.4 million and $0.6 million at June 30, 2017 and December 31, 2016, respectively and will be administered and paid to the GAs and creditors in accordance with the Act , 40 P.S. §221.23a.

Investments held for uncovered claimants are held pursuant to a settlement agreement entered into as of February 10, 2006 ("Settlement Agreement") with various state GAs. Pursuant to the Settlement Agreement, Reliance reduced the large deductible reimbursements otherwise due and owed to each of the various state GAs and established a fund for the exclusive benefit of uncovered (not covered by a GA) class (b) claimants.

Note 5 – Investments in affiliates

Investments in affiliates include amounts held in escrow from the sale of RCGGS, the former information technology subsidiary and Canadian branch, which is under liquidation proceedings in Canada. The realization of any value from the Canadian branch will likely only be in an extended timeframe. The carrying value of these investments has been adjusted to reflect an estimate of net realizable value. Market values are not available for these entities, therefore proceeds from the ultimate disposition of these entities may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

Note 6 – Premium balances

Premium balances include accrued retrospective premiums of $3.7 million and $3.8 million at June 30, 2017 and December 31, 2016, respectively. Premium balances also include billings related to large deductible policies of $1.9 million and $2.3 million at June 30, 2017 and December 31, 2016, respectively. Certain balances may only be collectible through legal proceedings. Balances ultimately collectible may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

Note 7 - Reinsurance receivable and recoverables

Reinsurance receivable and recoverables is comprised of receivables from reinsurance currently due and an estimate of the portion of gross loss reserves that will be recovered from reinsurers in the future. Amounts recoverable from reinsurers are estimated in a manner consistent with the gross losses associated with the reinsured policies. A provision for estimated uncollectible reinsurance is recorded based on an evaluation of balances due from reinsurers, changes in the credit standing of the reinsurers, existing coverage disputes as well as an estimate of future disputes with reinsurers and permitted offsets of assumed reinsurance. In light of the inherent uncertainties relating to future insolvencies, settlement compromises and dispute resolutions, the actual uncollectible amounts and offsets may be significantly different than the reserve included in the Special Purpose Statement of Assets and Liabilities.

Note 8 - Class (b) Liabilities

Class (b) liabilities is comprised of unsettled GA paid losses, reserves for unsettled GA losses, NODs issued by the Estate and all other estimated reserves. The NOD issued consists of $1.17 billion for non-GA claimants and $140 million of GA claimants. The NODs issued amount is adjusted by $823.4 million in distribution payments to creditors. All other estimated reserves is comprised of estimated reserves for reported claims, including POCs where a NOD has not yet been issued. All other estimated reserves are net of anticipated salvage and subrogation and second injury fund recoveries.

The loss and loss expense reserves on the Special Purpose Statements of Assets and Liabilities for class (b) claims are presented on an estimated settlement value basis for reported claims. Pursuant to the Court order issued on June 10, 2016, Reliance has established loss and loss expense reserves at estimated settlement value by

discounting the medical and indemnity portion of workers compensation claims reserves to present value. Reserves are presented net of an estimate for deductible recoveries.

Due to the Court establishing a Bar Date of March 31, 2016 the June 30, 2017 and December 31, 2016 reserves do not contain a provision for unreported claims

The ultimate liability to class (b) claimants will be based solely on POCs filed by claimants and the Liquidator's determination of their value. Due to the inherent complexity of estimating settlement values, the actual class (b) NODs issued may be significantly different than the amounts reflected in the December 31, 2017 Special Purpose Statements of Assets and Liabilities.

Note 9 - Claims lower than Class (b)

Claims that are lower than class (b) priority are generally not assigned a dollar value during the POC process. These claimants are being advised that a value will be determined only if the Estate believes that sufficient funds will be available for distributions to creditors below class (b). Claims lower than class (b) are not reported as liabilities on the Special Purpose Statement of Assets and Liabilities with the exception of certain reinsurance liabilities which could have offset implications and claims in which a Notice of Determination ("NOD") has been issued.

Note 10 – Early access advances to GAs

During 2003, 2004, 2005, 2007, 2010, 2013 and 2015, the Court approved Early Access petitions in accordance with Section §221.36 of the Act which provides a mechanism for early distribution of assets to various state GAs to assist those associations in fulfilling their obligation to pay certain policy claims of the Estate. The related agreements executed by the GAs provide that they agree to return assets under certain circumstances to ensure pro rata distributions amongst members of the same class of creditors of Reliance.

Payments made to various state GAs under Early Access petitions are recorded as assets in the accompanying Special Purpose Statement of Assets and Liabilities as they represent payments made in advance of distributions to other claimants. GA advances will be reclassified and no longer recorded as assets when the Court of Pennsylvania approves the distributions to the GAs. At June 30, 2017, the Court has approved Omnibus NODs for 13 GAs in the amount of $140 million. Accordingly, $91 million of early access advances for these 13 GAs has been converted to distribution. The $91 million is 65% (the current Court approved distribution rate) of the $140 million approved NODs.

At June 30, 2017 total early access amounts include early access cash payments to the GAs of $2.07 billion, statutory deposits of $415 million, and payments made by Reliance on behalf of certain GAs shortly after October 3, 2001.

Note 11 – Secured Creditors – Funds held

Funds held represent liabilities arising from cash received as collateral on large deductible policies and reinsurance contracts. Funds held liabilities relating to collateral

are expected to continue to decrease as policyholders and reinsurers honor their obligations under policies and contracts and the related cash collateral is released. Cash collateral related to large deductible policies is included in “Other assets” in the Special Purpose Statements of Assets and Liabilities.

Note 12 - Guaranty Association expenses unpaid

Guaranty Association expenses unpaid represent total GA submitted expenses to Reliance less the portion disallowed by the Court and the portion reimbursed. Reliance conducts periodic desk reviews of GA administrative expenses to verify the validity of these expenses. The majority of the unpaid amounts will be valid class (a) expenses and will be reimbursed to the GAs. Reliance withholds payment of expenses it believes are not valid administrative expenses. There will likely be certain disagreements between the Liquidator and the GAs that will be addressed and resolved by the Court.

Note 13 – Class (a) other liabilities

Class (a) other liabilities are principally outstanding checks.

Note 14 – Class (b) claims Unsettled and Notices of Determination

Each GA has filed an Omnibus POC representing their claims against the estate. Eventually all the GAs will be issued Omnibus NODs as a final resolution of current and future class (b) claims against the estate. The GAs class (b) claims against the estate are reflected in the unsettled claims section of class (b) liabilities in the Special Purpose Statement of Assets and Liabilities until they are settled. After the Liquidator settles with the GA and the Court approves the GA Omnibus class (b) NODs, the GAs class (b) claims against the estate are reflected in the Notices of Determination section of class (b) liabilities. In addition, after the Court approves the GA Omnibus class (b) NOD, early access advances for those settled GAs are converted to distribution up to the Court approved distribution percentage.

Note 15 – Guaranty Association paid losses

Guaranty Association paid losses include payments reported by unsettled GAs and processed in the Estate’s operating systems less deductible recoveries remitted to the GAs in accordance with the Act , 40 P.S. §221.23a.

Note 16 – Reserves for Guaranty Association losses

Reserves for Guaranty Association losses include case reserves reported by unsettled GAs and processed in the Estate’s operating systems adjusted to settlement value basis and reduced for estimated future deductible recoveries.

Note 17 – Notices of Determination

NODs are issued by the Estate in response to a POC filed against the Estate. The NOD includes the classification and value, if any, of the claim as determined by the Estate. NODs issued by the Estate are subject to an objection period, during which the claimant can disagree with the value and classification assigned, and NODs are subject to Court approval. Non-GA NODs are included in the Special Purpose Statements of Assets and Liabilities when issued. GA NODs are included in the Special Purpose

Statement of Assets and Liabilities when the Court approves the GA Omnibus class (b) NODs.

Note 18 – Asset distributions to class (b) creditors

On January 13, 2016, the Court approved the Liquidator's Petition for an Interim Distribution, allowing a 65% distribution to all class (b) claimants whose NODs has been approved by the Court. Asset distributions through June 30, 2017 and December 31, 2016 totaled $823.4 and $732.3 million, respectively.

Note 19 – Commitments

As of June 30, 2017, Reliance leases office space under operating leases expiring in 2019. The minimum future rental payments under noncancelable operating leases as of June 30, 2017 total $0.6 million ($0.3 million in 2017 and $0.3 million in 2018). The cancelable commitments total $0.6 million for 2017, 2018 and 2019.

Note 20 – Litigation

The Estate is a party to litigation both as a plaintiff and as a defendant. The ultimate effect of litigation on the financial condition of the Estate is uncertain and cannot be reasonably estimated, but may be material.

Note 21 – Other collateral held

The Estate holds significant levels of other collateral from policyholders and reinsurers in the form of letters of credit and surety bonds. This collateral is not included in the Special Purpose Statement of Assets and Liabilities and will be utilized when payment and other obligations under policies and contracts are not honored by the policyholders or reinsurers.

Note 22 – Other liabilities

The Statement does not fully reflect the effects of the liquidation upon certain assets and liabilities and does not include an estimate of future liquidation expenses that will be incurred by Reliance in administering the Estate, and by the GAs.

Exhibit E

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
OPERATING EXPENSE ANALYSIS - UNAUDITED

	Year to Date June 2017		Actual to Budget	%	Year to Date June 2016	Variance to	%
	Actual	Budget	Variance	Change	Actual	Prior Year	Change
Salaries							
Regular Salaries	$4,385,244	$4,402,169	($16,925)	-0.38%	$5,234,867	($849,623)	-16.23%
Performance Incentives	2,652,233	2,652,233	0	0.00%	3,392,288	(740,055)	-21.82%
Severance	722,909	711,832	11,077	1.56%	1,370,838	(647,929)	-47.27%
Total Salaries	**7,760,386**	**7,766,234**	**(5,848)**	**-0.08%**	**9,997,993**	**(2,237,607)**	**-22.38%**
Employee Benefits							
Health and Disability Benefits	592,546	579,584	12,962	2.24%	582,644	9,902	1.70%
SIP-Contributions and Fees	570,540	583,300	(12,760)	-2.19%	697,853	(127,313)	-18.24%
Other Benefits	2,283	2,607	(324)	-12.43%	2,686	(403)	-15.00%
Total Employee Benefits	**1,165,369**	**1,165,491**	**(122)**	**-0.01%**	**1,283,183**	**(117,814)**	**-9.18%**
Payroll Taxes	**524,459**	**563,677**	**(39,218)**	**-6.96%**	**688,734**	**(164,275)**	**-23.85%**
Total Salaries, Benefits and Taxes	**9,450,214**	**9,495,402**	**(45,188)**	**-0.48%**	**11,969,910**	**(2,519,696)**	**-21.05%**
IT Services	**1,977,785**	**2,001,473**	**(23,688)**	**-1.18%**	**2,756,722**	**(778,937)**	**-28.26%**
Legal Fees	**173,943**	**393,750**	**(219,807)**	**-55.82%**	**503,203**	**(329,260)**	**-65.43%**
Professional and Other Services	**1,455,177**	**1,511,612**	**(56,435)**	**-3.73%**	**1,375,330**	**79,847**	**5.81%**
Rent							
Corporate Home Office	320,940	360,646	(39,706)	-11.01%	514,070	(193,130)	-37.57%
Record Archiving Services	216,372	239,627	(23,255)	-9.70%	234,959	(18,587)	-7.91%
Other Rent Items	6,620	18,658	(12,038)	-64.52%	71,737	(65,117)	-90.77%
Total Rent	**543,932**	**618,931**	**(74,999)**	**-12.12%**	**820,766**	**(276,834)**	**-33.73%**
Other Operating							
Travel	3,095	6,960	(3,865)	-55.53%	9,739	(6,644)	-68.22%
Professional Dues & Conferences	2,549	5,853	(3,304)	-56.45%	4,260	(1,711)	-40.16%
Insurance	91,062	96,902	(5,840)	-6.03%	98,927	(7,865)	-7.95%
Voice and Data Communication	98,299	106,372	(8,073)	-7.59%	117,884	(19,585)	-16.61%
Supplies and Subscriptions	20,543	28,521	(7,978)	-27.97%	21,074	(531)	-2.52%
Postage, Freight & Express	8,468	14,860	(6,392)	-43.01%	34,541	(26,073)	-75.48%
Office Machine Rent & Repair	2,737	5,010	(2,273)	-45.37%	3,900	(1,163)	-29.82%
Bank Charges	33,776	36,750	(2,974)	-8.09%	37,318	(3,542)	-9.49%
Taxes, BBA and Other	1,212	300	912	304.00%	668	544	81.44%
Total Other Operating	**261,741**	**301,528**	**(39,787)**	**-13.20%**	**328,311**	**(66,570)**	**-20.28%**
Subtotal	**13,862,792**	**14,322,696**	**(459,904)**	**-3.21%**	**17,754,242**	**(3,891,450)**	**-21.92%**
Guaranty Association Expenses	**3,669,456**	**3,669,456**	**0**	**0.00%**	**1,422,107**	**2,247,348**	**158.03%**
Total Operating Expenses	**$17,532,248**	**$17,992,152**	**($459,904)**	**-2.56%**	**$19,176,349**	**($1,644,101)**	**-8.57%**
LAE	**202,044**	**214,000**	**(11,956)**	**-5.59%**	**96,474**	**105,570**	**109.43%**

See accompanying notes.

Exhibit F

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
LEGAL FEES AND EXPENSES (EXCLUDING ALAE)
FOR THE PERIOD JANUARY 1, 2017 TO JUNE 30, 2017 - UNAUDITED

VENDOR NAME		
AZURE ADVISORS INC	$	12,745
BLANK ROME LLP		11,008
CASSELS BROCK & BLACKWELL LLP		19,135
JONATHAN ROSEN		25,620
KLEINBARD BELL & BRECKER LLP		40,115
SCRIBNER, HALL & THOMPSON, LLP.		6,345
STRADLEY, RONON, STEVENS, & YOUNG LLP		50,902
TOTAL OTHER VENDORS UNDER $5,000		8,073
TOTAL LEGAL FEES AND EXPENSES (EXCLUDING ALAE)	**$**	**173,943**

Exhibit G

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
PROFESSIONAL SERVICE EXPENSES
FOR THE PERIOD JANUARY 1, 2017 TO JUNE 30, 2017 - UNAUDITED

VENDOR NAME		
CALLAN ASSOCIATES INC.	$	44,142
CERIDIAN CORPORATION		10,434
ERNST & YOUNG		13,394
FILEX DOCUMENT IMAGING SERVICES, INC.		54,187
FMR LLC (FIDELITY INSTITUTIONAL ASSET MANAGEMENT TRU		328,172
JP MORGAN INVESTMENT MANAGEMENT INC		239,345
PA. DEP'T. - LIQUIDATION CONSULTANTS		5,250
PA. DEP'T. - OFFICE OF LIQUIDATIONS		66,095
RFS RESTRUCTING TRANSACTION		323,737
S GROUP INC		31,163
STANDISH MELLON ASSET MANAGEMENT COMPANY LLC		227,378
SUNGARD AVAILABILITY SERVICES LP		17,400
THE BANK OF NEW YORK MELLON		89,849
TOTAL OTHER VENDORS UNDER $5,000		4,630
TOTAL PROFESSIONAL SERVICE EXPENSES	**$**	**1,455,176**

Exhibit H

Proof Of Claim Statistics - Inception To Date
June 30, 2017

CLASS DESCRIPTION	TOTAL POCS RECEIVED	POCS RECEIVED AFTER 12-31-03	BARRED POCS RECEIVED AFTER 3-30-16	TOTAL NODS ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	33	33	33	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	3,870	399	0	3,870	$0.00	3,865	$0.00
B - POLICY HOLDER CLAIMS	61,969	4,831	0	61,155	$1,169,932,451.13	60,716	$1,127,683,411.89
C - FEDERAL GOVT	9	0	0	9	$0.00	9	$0.00
D - EMPLOYEES	0	0	0	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	65,584	3,867	0	65,551	$149,386,088.03	65,432	$149,303,926.54
F - STATE/LOCAL GOVT	189	3	0	189	$7,039.85	189	$7,039.85
G - LATE FILED/SUBROGATION	29,463	3,676	0	29,332	$32,849,168.02	29,288	$32,849,168.02
H - SURPLUS, PREM REFUNDS	0	0	0	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	3	0	0	3	$0.00	3	$0.00
TOTAL:	**161,120**	**12,809**	**33**	**160,109**	**$1,352,174,747.03**	**159,502**	**$1,309,843,546.30**

OTHER COUNTS	INCEPTION TO DATE
POCs With Claims at GAs	185
Contingent Unliquidated POCs	248
Ready to Evaluate	10
Awaiting Information	535
TOTAL:	**978**

Exhibit I

Objection Statistics - Inception To Date
June 30, 2017

CLASS DESCRIPTION	NUMBER OF NOD OBJECTIONS RECEIVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS RECEIVED	NUMBER OF NOD OBJECTIONS RESOLVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS RESOLVED
NO CLASS ASSIGNED	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	141	$518.00	141	$518.00
B - POLICY HOLDER CLAIMS	334	$32,632,410.47	333	$32,632,410.47
C - FEDERAL GOVT	0	$0.00	0	$0.00
D - EMPLOYEES	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	926	$22,276,220.28	926	$22,276,220.28
F - STATE/LOCAL GOVT	1	$0.00	1	$0.00
G - LATE FILED/SUBROGATION	446	$9,108,593.00	446	$9,108,593.00
H - SURPLUS, PREM REFUNDS	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	$0.00	0	$0.00
TOTAL:	**1,848**	**$64,017,741.75**	**1,847**	**$64,017,741.75**

CLASS DESCRIPTION	NUMBER OF OBJECTIONS UNRESOLVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED	NUMBER OF OBJECTIONS UNRESOLVED ASSIGNED TO REFEREES	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED ASSIGNED TO REFEREES	NUMBER OF OBJECTIONS UNRESOLVED NOT ASSIGNED TO REFEREES	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED NOT ASSIGNED TO REFEREES
NO CLASS ASSIGNED	0	$0.00	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	0	$0.00	0	$0.00	0	$0.00
B - POLICY HOLDER CLAIMS	1	$0.00	0	$0.00	1	$0.00
C - FEDERAL GOVT	0	$0.00	0	$0.00	0	$0.00
D - EMPLOYEES	0	$0.00	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	0	$0.00	0	$0.00	0	$0.00
F - STATE/LOCAL GOVT	0	$0.00	0	$0.00	0	$0.00
G - LATE FILED/SUBROGATION	0	$0.00	0	$0.00	0	$0.00
H - SURPLUS, PREM REFUNDS	0	$0.00	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	$0.00	0	$0.00	0	$0.00
TOTAL:	**1**	**$0.00**	**0**	**$0.00**	**1**	**$0.00**

Exhibit J

Guaranty Association Data as of 06-30-2017

STATE	LOCATION	Court Approved Class (a) Omnibus NOD	Court Approved Class (b) Omnibus NOD	CLAIMS & ALAE PAID	CLAIMS & ALAE RESERVES	ADMIN EXPENSES	TOTAL BY STATE
ALABAMA	P&C	-	-	71,718,883.46	58,198,023.76	9,545,628.89	139,462,536.11
ALASKA	P&C	-	-	12,718,644.36	2,999,516.25	1,072,512.45	16,790,673.06
ARIZONA	P&C	-	-	6,249,587.51	100.00	1,292,649.82	7,542,337.33
ARIZONA	WC	-	-	11,633,070.80	6,114,938.73	-	17,748,009.53
ARKANSAS	P&C	-	7,414,521.03	-	-	499,732.91	7,914,253.94
CALIFORNIA	P&C	-	-	713,225,723.95	109,276,949.70	107,294,284.24	929,796,957.89
COLORADO	P&C	-	-	27,395,602.72	21,358,230.16	2,540,309.45	51,294,142.33
CONNECTICUT	P&C	-	-	51,713,028.08	20,145,291.91	7,501,494.61	79,359,814.60
DELAWARE	P&C	-	7,785,513.83	-	-	1,531,634.44	9,317,148.27
DISTRICT OF COLUMBIA	P&C	-	-	14,158,169.13	22,480,001.41	1,556,681.48	38,194,852.02
FLORIDA	P&C	-	-	84,618,235.07	241,545.05	4,316,004.76	89,175,784.88
FLORIDA	WC	-	-	247,482,079.98	38,953,172.19	8,476,401.70	294,911,653.87
GEORGIA	P&C	-	-	53,795,231.06	13,741,159.00	5,890,058.81	73,426,448.87
HAWAII	P&C	-	-	5,426,554.27	1,038,891.47	876,487.45	7,341,933.19
IDAHO	P&C	-	3,054,686.90	-	-	350,390.37	3,405,077.27
ILLINOIS	P&C	-	54,943,524.69	-	-	8,702,723.08	63,646,247.77
INDIANA	P&C	-	5,793,002.06	-	-	1,037,699.78	6,830,701.84
IOWA	P&C	-	-	10,163,491.53	863,063.26	913,198.45	11,939,753.24
KANSAS	P&C	-	19,725,751.86	-	-	1,466,501.27	21,192,253.13
KENTUCKY	L&H	-	-	109,079.00	-	1,708.85	110,787.85
KENTUCKY	P&C	-	-	29,759,213.16	18,946,003.27	2,087,627.25	50,792,843.68
LOUISIANA	P&C	-	-	70,350,644.78	33,178,259.78	5,468,236.45	108,997,141.01
MAINE	P&C	-	-	6,297,279.61	5,163,388.41	985,047.58	12,445,715.60
MARYLAND	P&C	-	-	38,218,827.63	14,366,921.10	9,236,370.12	61,822,118.85
MASSACHUSETTS	P&C	-	-	13,336,280.50	87,555.10	1,476,431.92	14,900,267.52
MASSACHUSETTS	WC	-	-	45,130,544.82	25,285,077.56	6,426,929.18	76,842,551.56
MICHIGAN	P&C	-	-	59,244,563.70	15,599,829.62	8,102,912.60	82,947,305.92
MINNESOTA	P&C	-	-	18,538,168.75	4,161,085.41	1,951,134.95	24,650,389.11
MISSISSIPPI	P&C	-	-	43,987,324.33	12,541,990.10	4,126,168.12	60,655,482.55
MISSOURI	P&C	-	-	36,818,537.52	4,618,226.62	2,728,528.76	44,165,292.90
MONTANA	P&C	-	-	5,188,485.38	1,651,551.53	794,927.89	7,634,964.80
NEBRASKA	P&C	-	-	9,124,344.77	4,577,676.54	902,395.76	14,604,417.07
NEVADA	P&C	-	-	9,443,782.82	5,105,358.86	1,335,544.76	15,884,686.44
NEW HAMPSHIRE	L&H	-	-	56,659.00	-	46,166.65	102,825.65
NEW HAMPSHIRE	P&C	-	-	14,920,820.78	11,852,547.75	2,153,192.65	28,926,561.18
NEW JERSEY	P&C	-	-	65,016,828.53	12,876,002.15	4,357,167.52	82,249,998.20
NEW JERSEY	SL	-	-	11,532,049.03	178,252.62	691,410.54	12,401,712.19
NEW JERSEY	WC	-	-	55,129,367.20	18,177,466.04	2,976,259.05	76,283,092.29
NEW MEXICO	P&C	-	-	7,894,296.00	1,370,755.77	837,743.41	10,102,795.18
NEW YORK	P&C	-	-	343,113,098.50	30,802,098.26	77,160,531.52	451,075,728.28
NEW YORK	PMV	-	-	18,427,011.08	513,439.04	-	18,940,450.12
NEW YORK	WC	-	-	211,143,317.58	181,130,277.53	-	392,273,595.11
NOLHGA		-	-	32,274,770.00	-	6,445,770.46	38,720,540.46
NORTH CAROLINA	P&C	-	-	80,519,521.47	18,897,674.35	6,291,642.84	105,708,838.66
NORTH DAKOTA	P&C	-	245,976.90	-	-	8,550.00	254,526.90
OHIO	P&C	-	9,375,755.18	-	-	2,046,341.84	11,422,097.02
OKLAHOMA	P&C	-	-	20,837,176.17	5,916,962.31	2,780,608.12	29,534,746.60
OREGON	P&C	-	-	24,971,395.52	4,657,718.68	1,345,762.87	30,974,877.07
PENNSYLVANIA	P&C	-	-	41,745,765.71	4,777,590.79	2,257,502.99	48,780,859.49
PENNSYLVANIA	WC	-	-	171,085,456.37	53,085,904.04	13,350,618.47	237,521,978.88
PUERTO RICO	P&C	-	-	8,726,784.86	15,000.00	1,235,129.00	9,976,913.86
RHODE ISLAND	P&C	-	11,566,708.83	-	-	948,381.27	12,515,090.10
SOUTH CAROLINA	P&C	-	-	27,149,104.48	5,098,014.15	3,924,094.13	36,171,212.76
SOUTH DAKOTA	P&C	-	1,766,121.78	-	-	157,339.09	1,923,460.87
TENNESSEE	P&C	-	-	42,661,131.41	15,870,126.81	6,504,549.80	65,035,808.02
TEXAS	P&C	-	-	151,281,292.45	55,650,637.48	20,678,220.90	227,610,150.83
UTAH	P&C	-	-	8,893,184.58	2,869,970.09	1,235,141.75	12,998,296.42
VERMONT	P&C	-	14,394,202.65	-	-	983,895.25	15,378,097.90
VIRGIN ISLANDS	P&C	-	-	658,225.89	1.00	-	658,226.89
VIRGINIA	P&C	-	-	43,623,181.58	23,948,997.61	4,847,637.20	72,419,816.39
WASHINGTON	P&C	-	-	32,219,614.82	5,541,621.82	3,057,731.65	40,818,968.29
WEST VIRGINIA	P&C	-	3,575,743.69	-	-	345,146.62	3,920,890.31
WISCONSIN	P&C	-	-	11,402,630.77	851,950.88	1,908,719.73	14,163,301.38
WYOMING	P&C	-	487,906.98	-	-	78,945.33	566,852.31
TOTAL:		-	140,129,416.38	3,121,128,062.47	894,776,815.96	379,142,558.80	4,535,176,853.61

**New York WC, New York PMV and NY P&C Administrative Expenses are combined and reported under NY P&C