

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

v. No. 269 M.D. 2001

Reliance Insurance Company,
Defendant

In RE: Liquidator's Petition for Second Interim Distribution

ORDER

AND NOW, this 29th day of March, 2010, upon consideration of the objection asserted by the Massachusetts Insurers Insolvency Fund (MA Fund) to the Liquidator's Petition for Second Interim Distribution, and the Liquidator's Response thereto; AND FURTHER based on agreement between the Liquidator and the MA Fund, IT IS HEREBY ORDERED that:

1. The cumulative Second Interim Distribution Percentage for 30% of NOD allowed amounts is APPROVED for all class (b) Eligible Claimants as defined in the Petition for Second Interim Distribution (hereinafter "Petition").

2. The Ineligible Claimants listed on Exhibit A to the Petition, and any future Ineligible Claimants as defined in the Petition, may not receive any distribution from the Reliance Estate and must look to the Guaranty Association in their state or the special deposits held in their state for any payment of their worker compensation claims. FURTHER, the

Ineligible Claimants with non-worker compensation claims that are listed on Exhibit A to the Petition as residents of the U.S. Virgin Islands may not receive any distribution from the Reliance Estate and must look to the Guaranty Association in the U.S. Virgin Islands or the special deposits held in the U.S. Virgin Islands for any payment of their non-workers' compensation claims.

3. The MA Fund is an Ineligible Claimant and may not receive distributions from the Reliance Estate with respect to workers' compensation claims paid by the MA Fund. Notwithstanding the foregoing, the MA Fund is an Eligible Claimant with respect to non-workers' compensation claims paid by the MA Fund and approved pursuant to the November 19, 2007 Order of this Court and may receive distributions from the Reliance Estate for these claims.

4. The calculation methodology and Safety Factor Percentage approved by this Court's Order of November 19, 2007, and as modified by the February 23, 2010 Order of this Court, will continue to be applied to all claims under policies with aggregate limits and any distributions made on those claims.

5. The Liquidator shall issue checks based on the cumulative Second Interim Distribution Percentage to class (b) Eligible Claimants; those Eligible Claimants who have already received a 20% distribution will receive an additional distribution based on the increase in the distribution percentage to 30%.

6. For this cumulative Second Interim Distribution and all future distributions except final distribution, the Liquidator need not issue a distribution check for less than \$25 per Eligible Claimant. The Liquidator shall issue a check if an Eligible Claimant's distribution amount is increased beyond the *de minimis* distribution threshold in the future. This *de minimis* distribution threshold will not apply to the final distribution of Reliance assets and all Eligible Claimants will receive the ultimate distribution percentage in the final distribution, regardless of the amount.

FURTHER, Counsel for the Liquidator is directed to serve a copy of this Order upon those listed on the Master Service List and file with the Court an affidavit that service has been effectuated.



BONNIE BRIGANCE LEADBETTER,
President Judge

Certified from the Record

MAR 30 2010

and Order Exit