

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE:

Reliance Insurance Company
In Liquidation

NO. 1 REL 2001

QUARTERLY REPORT OF THE LIQUIDATOR
ON THE STATUS OF THE LIQUIDATION OF
RELIANCE INSURANCE COMPANY AS OF SEPTEMBER 30, 2015

I. INTRODUCTION

Teresa D. Miller, 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 September 30, 2015 (“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 September 30, 2015 and December 31, 2014 ("Statement"). The amounts set forth on this Statement for all other estimated reserves, for class (b) liabilities on direct business, reinsurance recoverables, and several other categories at September 30, 2015 are based upon independent actuarial estimates (see paragraph A.8), utilizing data as of September 30, 2008. These estimates utilized Guaranty Association ("GA") claim data, Proof of Claim ("POC") and Notice of Determination ("NOD") data, pre-liquidation historical data and industry data. Actual liabilities have not yet been determined because, among other things, many of the claims will not develop for some time and some claims are dependent on resolution of underlying litigation which may not be resolved for several years. Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used, and the variability resulting from the effect of the liquidation process, the actual emergence of losses may be significantly different than the estimates included in the Statement.

The reinsurance receivables and reinsurance recoverables shown on the Statement may change significantly over time because, among other things: a) the amount of reinsurance recoverable will not be known until all valid POCs have been evaluated and allowed amounts determined, including amounts paid by GAs; and b) reinsurance collection will be affected by valid offsets, disputes, and uncollectible amounts due to the financial condition of reinsurers.

Thus, 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, and other lower classes of creditors. The Statement also does not include any estimate for potential federal income tax liabilities. Reliance has significant net operating loss carryforwards for tax purposes, which begin to expire in 2019, and may be used to partially offset future net income, thereby reducing tax liabilities. However, actual tax liabilities and related payments may be material. Consequently, 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 Statements and should be included in any review of Reliance's financial information.

As of September 30, 2015, the Statement shows estimated total assets of \$4.9 billion, with the most significant balance, \$2.6 billion, relating to total invested assets. Early access advances to GAs total \$2.2 billion (see paragraph C.2). Reinsurance receivables and future reinsurance recoverables total \$134 million.

Total estimated liabilities at September 30, 2015 were \$8.6 billion. The largest class of liabilities is class (b) claims which total \$7.3 billion. The \$7.3 billion is comprised of GA paid losses of \$3.2 billion; GA reported reserves of \$0.9 billion; NODs issued by the Estate of \$1.1 billion; and \$2.5 billion for all other reserves. A reduction is shown for \$384 million in distribution payments already issued to class (b) claimants through September 30, 2015. The

\$2.5 billion for all other reserves is comprised of estimated reserves for open reported claims, including POCs where a NOD has not yet been issued; estimated amounts for future claims to be reported to the Estate; and reserves for GA claims in excess of GA reported reserves. The second largest class of liabilities is class (e) general creditor claims (including assumed reinsurance claims) which total \$1.3 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 nine months ended September 30, 2015, and for the period from October 3, 2001 to September 30, 2015. The estimated net deficit at September 30, 2015, was \$3.7 billion, up 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 and Intermediate Duration Investments

Attached to this report as Exhibit C is a Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments ("Cash Flow Statement") for the period from January 1, 2015, through September 30, 2015. Short and intermediate duration investments available at the beginning of the period were \$2.414 billion, increasing to \$2.49 billion at the end of the period.

Receipts of \$148.2 million were primarily comprised of a federal income tax settlement of \$51.5 million, reinsurance collections of \$49.4 million and investment income of \$40.9 million. For further explanation of reinsurance collections, see paragraph A.7.

Cash disbursements for the nine months ended September 30, 2015 were \$54.3 million, including operating expenses of \$41.8 million, distributions to class (b) claimants of \$11.4 million (see paragraph D.2), and allocated loss adjustment expenses (“ALAE”), related to the POC process, of \$1.1 million. Additional detail is provided for operating expenses in paragraph B.2.

The change in value of investments managed by investment managers decreased by \$17.6 million for the nine months ended September 30, 2015. The amount consists of two non-cash items; a decrease in market value of \$1.4 million and decrease of \$16.2 million due to amortization. Overall, short and intermediate duration investments for the nine months ended September 30, 2015 increased by \$76.3 million.

3. Short and Intermediate Duration Investments

Due to strong positive cash flows since the beginning of the liquidation, primarily reinsurance collections and asset sales, the investment portfolio is \$2.5 billion as of September 30, 2015. Excess cash flows over and above the immediate operating needs of the Estate are transferred to investment managers and invested in short and intermediate 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 September 30, 2015, Reliance held \$2.2 million in trust for specific obligations to secured creditors relating primarily to losses on assumed reinsurance business. In addition,

Reliance held \$0.5 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 September 30, 2015, Reliance held \$16.5 million solely for the benefit of uncovered claimants (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 (currently in a separate liquidation proceeding in Canada). Also included in this category are amounts held in escrow from the sale of RCGGS in 2013; the information technology former indirect subsidiary of Reliance; and various other illiquid securities, including the investment in Reliance Development Figueroa (a private real estate company) whose underlying properties may provide some value in the future.

6. Premium Balances

As of September 30, 2015, Reliance estimates current and future premium receivables of \$13.3 million which include billed receivables and an estimate of \$10 million for future billings under retrospectively rated policies, where future premium billings will be based on paid losses. Premiums on retrospective policies will be billed and collected on an ongoing basis.

7. **Reinsurance**

a. **Reinsurance Billings and Collections**

As of September 30, 2015, reinsurance receivables and future reinsurance recoverables were \$134 million after deductions for estimated future uncollectible amounts and offsets. At September 30, 2015, Reliance held approximately \$84 million in collateral from certain reinsurers as security for parts of this exposure. Reinsurance collections for the nine months ended September 30, 2015, totaled \$49.4 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, commutations, releases of funds from reinsurance trusts, and distributions from insolvent reinsurers.

The inventory of net reinsurance receivables was \$18.5 million as of September 30, 2015, with a minor portion claimed by reinsurers as offsets or due from insolvent or financially distressed companies. The largest receivable is from Swiss Re (77%) with only one other reinsurer over \$1 million.

On a monthly basis, Reliance receives GA data feeds reflecting paid and outstanding claim information. This GA data plus the NODs issued by the Liquidator have generated approximately \$2.3 billion of post-liquidation reinsurance billings.

Reliance deals with many reinsurers who have significant offset balances due to assumed reinsurance business written by Reliance. The research and reconciliation analysis required for the offset process will continue as claims from the assumed business mature and are reported to the Estate.

b. Reinsurance Collection Issues

Reinsurance is one of the largest assets of Reliance and the structure, procedures and controls within the Reinsurance Department and throughout the Estate operations have been designed to maximize collections in a liquidation environment. Reliance has dedicated staff, many of whom have extensive reinsurance experience, coordinating with reinsurers to provide appropriate claims documentation, respond to inquiries, resolve disputes, and verify proper offsets. Reliance also continues to seek additional cooperation and support from insureds, claimants, and the GAs in providing timely, complete, and accurate claims documentation and data to support reinsurance billings. Reliance completed 22 reinsurance reviews of GAs during the first nine months of 2015.

At September 30, 2015, Reliance had one formal legal action pending against Swiss Re America. In addition, the Reinsurance Department is working with several reinsurers to resolve issues related to overdue balances. Reliance will commence legal actions against these or any other recalcitrant reinsurers in the future, if 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.

Reliance uses commutations as an alternative in dealing with reinsurers. In a commutation, Reliance receives a lump sum payment today from its reinsurer representing an estimate of all known and future unknown losses. Where applicable, commutations are submitted for approval consistent with the asset guidelines previously communicated by this Court.

8. Independent Actuarial Review

In June 2009, PricewaterhouseCoopers LLP (“PwC”) completed a post-liquidation independent actuarial review of estimated losses including ALAE exposures (excluding assumed reinsurance), both known and unknown, as well as related future reinsurance recoverables. Estimates were based on information as of September 30, 2008, including GA claim data, POC and NOD data, pre-liquidation historical data, and industry data modified for current trends as well as prevailing economic, legal, and social conditions. The PwC central estimate, which was first reflected in the June 30, 2009 Statement, represents one possible value in the range of acceptable estimates. Actual results will differ from these point estimates, and perhaps significantly. Estimates of ultimate losses, including ALAE, which are reflected in the current Statement under class (b) liabilities, have not been updated to reflect loss experience subsequent to September 30, 2008.

However, in August 2015, PwC completed an independent analysis of the asbestos, environmental and other mass tort (“AEOMT”) line of business as of December 31, 2014. Reliance actuaries completed an internal reserve analysis for all lines of business as of December 31, 2014. PwC then reviewed the updated Reliance study for all lines and concluded that the Reliance range of reserve estimates as of December 31, 2014 represents a reasonable range of actuarial estimates. The Reliance reserve study was primarily used for the purpose of updating the distribution model to provide a recommendation to the Court for a possible distribution to approved class (b) NODs in 2015. See paragraph D.2 for more information on distributions.

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 nine months ended September 30, 2015, 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 nine months ended September 30, 2015, totaled \$25.2 million, compared to a budget of \$25.7 million and actual expenses in 2014 of \$26.6 million. Through September 30, 2015, this Court has approved a total of approximately \$1.2 billion in administrative expenses incurred and paid by the Liquidator. Based on this Court's approval, Reliance reimbursed administrative expenses to the GAs of \$16.6 million in the nine months ended September 30, 2015, compared to a budget of \$16.8 million and negligible reimbursements in the prior year. Brief explanations regarding certain aspects of the Reliance administrative expenses are provided below, by category.

a. **Salaries, Employee Benefits and Taxes**

At September 30, 2015, Reliance had a total of 77 employees in both the Philadelphia and New York City offices. Since January of 2015, staff count has declined by 21 employees. Reliance also uses consultants to support the operations, especially in the Information Technology (“IT”) area. At September 30, 2015, there were 15 consultants related to the IT business application systems and production environment.

b. **IT Services**

The IT services, consisting of several outsourcing arrangements, coordinated by Reliance’s IT staff, are designed to provide cost effective, flexible and efficient services. RCGGS, which was a wholly owned indirect subsidiary of Reliance, 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 nine months ended September 30, 2015. In addition to law firms, the schedule includes referees for certain disputed NOD matters, reinsurance arbitrators, and other litigation and legal support service providers. The legal expenses of the Reliance 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. Issues arising from the administration of the Estate, which include ordinary operations and the complex Reliance products and business structures, implicate the laws of many jurisdictions, including state, federal, and foreign.

Reliance has also undertaken numerous plaintiff actions to recover assets owed to the Estate, including recovery of reinsurance owed to the Estate. Some of these actions seek recovery of deductible amounts that benefit the GAs. As of September 30, 2015, the most significant action pending is an arbitration for approximately \$21 million sought in reinsurance recoveries. In the third quarter of 2015, Reliance recovered approximately \$15,000 through legal actions. Since January 2003 through the third quarter of 2015, Reliance has recovered approximately \$364.1 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 nine months ended September 30, 2015. The individual professionals and firms listed in the schedule include, among other things, investment managers, London market broker services, imaging services, auditing 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 September 30, 2015, total \$337.1 million. 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, if and as needed. As Reliance ultimately evaluates these expenses, the vast majority will be allowable as class (a) claims. However, there are certain disagreements between the Liquidator and the GAs that will be addressed and resolved by the Court.

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 reporting and UDS protocol; reconciliation issues; the priority classification and reporting of administrative expenses including related reviews; and Reliance product and policy information. Another area of continuous discussion is the necessity for coordination of reinsurance reviews and loss reporting to maximize reinsurance collections. 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 now 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. 100% of GA payments and reserves have been matched to Reliance systems.

2. Early Access

At September 30, 2015, early access advances to GAs totaled over \$2.2 billion and are comprised of early access post-liquidation cash payments (\$1.76 billion); pre-liquidation statutory deposits (approximately \$422 million); and payments made on behalf of certain life and health, as well as property and casualty, GAs shortly after October 3, 2001 (\$24 million). On November 24, 2015, this Court approved the Liquidator’s Seventh Proposal to Advance Assets

to Guaranty Associations Pursuant to 40 P.S. §221.36. This proposal increases the early access percentage to 65% of incurred losses (as of August 31, 2015), subject to a cap of paid losses. Under this proposal, approximately \$390 million will be advanced to the GAs and approximately \$162,000 will be owed to Reliance from certain GAs pursuant to the Refunding Agreements executed by those GAs.

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 \$158 million of deductible collections have been distributed to the GAs.

D. Claims Process

The deadline for filing POCs was December 31, 2003. As of September 30, 2015, Reliance had received a total of 160,799 POCs. Of these 160,799 POCs, 12,099 were received after the claim filing deadline, including 19 new POCs received in the third quarter of 2015.

Notwithstanding the claim filing deadline, Reliance continues to receive new POCs and many of these POCs may be considered timely filed under the Act if the claimant can show good cause for the late filing.

1. Status of POCs

As of September 30, 2015, Reliance had issued NODs for 159,163 of the 160,799 POCs for a total allowed amount of approximately \$1.26 billion. Reliance has now issued NODs for more than 98% of the POCs filed with the Estate. This Court has approved 158,872 of those NODs, as of September 30, 2015, for a total allowed amount of approximately \$1.187 billion. Exhibit H breaks down this information by priority class and Exhibit I provides the same information for only the third quarter of 2015. Although Reliance has addressed the vast majority of the pending POCs, new POCs will continue to be filed as claims, previously unknown or in litigation, continue to develop.

Exhibit J indicates the status of all 160,799 POCs received as of September 30, 2015. Of the 1,636 POCs remaining to be evaluated, 303 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 5,368 open Reliance claims. Approximately 428 of the 1,636 remaining POCs are either 1) POCs where the claimant has identified a specific claim but the underlying claim has not yet been resolved or proper documentation has not been provided to Reliance or 2) POCs where the claimant has notified Reliance that there may be a claim in the future, but has not yet identified any particular claim.¹

¹ 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.

Additional claims may develop under the POCs filed without identification of any particular claim.

Approximately 894 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 September 30, 2015, there were 11 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.

2. Status of Distribution

This Court has approved the Liquidator's recommendations regarding interim distributions to all class (b) Eligible Claimants whose NOD has been approved by this Court as follows:

January 17, 2008	initial 20% interim distribution
March 29, 2010	increase to 30% interim distribution
December 1, 2011	increase to 40% interim distribution

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 September 30, 2015, \$383.6 million has been distributed to class (b) claimants for 6,318 NODs.

On November, 19, 2007, this Court first approved the Liquidator's recommendation for application of an aggregate safety factor that is designed to hold back a portion of the aggregate limits for any future adverse claims development in order to comply with 40 P.S. §221.40(d). That Oder also required the Liquidator to "consider, for future distributions, whether the Safety Factor Percentage should be adjusted". The Court issued Orders approving the aggregate safety factor percentage applicable to any distribution on NODs approved by the Court for claims under aggregate policies as follows:

November 19, 2007 initial 60% aggregate safety factor

February 23, 2010 decrease to 40% aggregate safety factor

December 9, 2011 decrease to 30% aggregate safety factor

At September 30, 2015, the total aggregate safety factor hold back as applied to the distribution calculation was \$33.5 million.

On October 8, 2015, the Liquidator filed her Application for Approval of Fourth Interim Distribution Percentage and Continuation of Aggregate Safety Factor Percentage. In it, the Liquidator recommended a 25% increase to a total 65% interim distribution to all class (b) Eligible Claimants whose NOD has been approved by the Court. The Application also recommended that the aggregate safety factor percentage remain at 30%. On November 9, 2015, an objection to the continuation of the aggregate safety factor percentage was filed by JDN Realty Corporation. The Liquidator responded to that objection on November 17, 2015. All of these filings can be found on the Reliance website, www.reliancedocuments.com. To date, no Order has been issued regarding the Liquidator's Application for Approval of Fourth Interim Distribution Percentage and Continuation of Aggregate Safety Factor Percentage.

3. Bar Date Application

On July 15, 2014, the Liquidator filed his Application to Establish a Claims Bar Date and for Approval of Notice (“Bar Date Application”) which asked this Court to establish a date by which all claims against Reliance must be submitted or be forever barred, even if good cause exists for late filing. Establishing a claims bar date will allow the Liquidator to determine the liabilities of the Estate and work towards a final distribution. The Bar Date Application was mailed to approximately 41,000 claimants. Additionally, notice was published in various newspapers and one industry trade publication. The deadline for any response to the Bar Date Application was September 19, 2014.

Four insureds filed two substantive responses to the Bar Date Application. Another insured filed an untimely response. Briefing by the Liquidator and the 4 objectors concluded in June, 2015. Oral argument was held before the Court on September 30, 2015. The Bar Date Application, the objections, and all briefs can be found on the Reliance website at www.reliancedocuments.com. On December 3, 2015, the Liquidator filed a praecipe to strike, as untimely, the response filed by Carlson Holdings Inc. and NAFCO Insurance Co., Ltd.

In addition, a motion for limited intervention was filed on August 27, 2014, for the purpose of filing an application for distribution and projection to require the Liquidator to make a final distribution within 18 months of court approval of the application. The motion to intervene was granted by this Court; however, the insured did not submit any briefs or further filings regarding their application.

4. Objections to NODs (non-GA claimants)

As of September 30, 2015, the Liquidator has received a total of 1,784 objections to the 159,163 NODs issued to claimants (other than GAs), an objection rate of approximately 1%.

Large groups of these objections relate to several claimants with similar types of claims and thus are resolved collectively through the dispute resolution process. Of the 1,784 objections received, 1,777 have been resolved and 4 of the 7 unresolved objections have been assigned to referees. Exhibit K indicates the status of all objections received through September 30, 2015, and Exhibit L breaks down this information by priority class and also includes the allowed amounts for objections by non-GA claimants in each priority class.

5. **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 addition to processing all POCs filed by policyholders and other claimants, it is also necessary to review administrative expense claims, loss claims (including ALAE), unearned premium claims, and any other claims submitted by the GAs, and then reconcile the GA quarterly expense reports and UDS data with Reliance books and records. 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. **Administrative Expense Claims**

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 M, the GAs have reported administrative expenses totaling approximately \$362.9 million (net of \$21.6 million in Court approved disallowed amounts) through September 30, 2015. Paragraph B.2.f above explains the review process for these

administrative expense claims in some detail. Through September 30, 2015, this Court has approved approximately \$328.5 million in GA administrative expenses.²

b. Loss Payments Including ALAE

Most GAs report their loss payments, including ALAE, through the UDS interface (see paragraph C.1 above). As of September 30, 2015, the GAs have paid approximately \$3.1 billion for losses, including ALAE, under Reliance policies and \$1.76 billion of cash advances have been made to them through early access, in addition to \$422 million held in special deposits. The GAs' outstanding reserve for remaining losses, including ALAE, totals just under \$1 billion. Therefore, in total through the end of the liquidation, the GAs have estimated approximately \$4 billion in loss claims, including ALAE. Exhibit M shows the total losses paid (including ALAE) as well as loss reserves (including ALAE) reported by each GA at September 30, 2015.

Both the paid amounts and outstanding reserves reported by GAs over time are graphically shown in Exhibit N attached hereto. As indicated by the graph, the GAs have paid approximately 76% of the total dollar amount that they ultimately expect to incur for all claims. These totals do not include past or future GA administrative expenses.

As of September 30, 2015, this Court has approved class (b) claims totaling \$1.77 billion for GAs, some of which may be subject to 40 P.S. §221.40(d) regarding aggregate limits.

c. Life and Health Guaranty Associations

The Life and Health GAs covered the contractual obligations under accident and health policies issued by Reliance. Through September 30, 2015, 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.

² On November 24, 2015 this Court approved the Liquidator's Application for Approval of Report and Recommendation on Undisputed GA Administrative Expenses through December 31, 2014 seeking approval of an additional \$10 million in GA administrative expenses.

d. Guaranty Association Notices of Determination

Pursuant to the GA Claims Order, NODs are issued to the GAs only when a GA claim, or portion of a GA claim, will not be allowed by the Liquidator. Through September 30, 2015, the Liquidator has issued 680 NODs to GAs.

Only undisputed GA NODs or those GA NODs which are resolved by the Liquidator after an objection is filed will be submitted to this Court for approval in the Report and Recommendation on GA NODs. Undisputed GA claims not associated with a NOD will be included on either the Report and Recommendation on Undisputed GA Claims or the Report and Recommendation on GA Undisputed Administrative Expenses. Through September 30, 2015, this Court has approved 565 NODs issued to the GAs, to which the GAs did not object, for a total allowed amount of approximately \$35.3 million and a total disallowed amount of approximately \$24.7 million.

Some of the NODs issued to the GAs are being disputed by the GAs and those will be resolved through the objection process set forth in Pa. R.A.P. No. 3781 and the applicable provisions of the Act. Through September 30, 2015, objections have been filed to the NODs issued for 36 GA claims, 30 of which have been resolved. Of the 6 unresolved objections, none have been assigned to a referee.³ Most of the disputes arising from these NODs involve either a dispute as to whether certain ALAE expenses should be assigned class (a) priority rather than the class (b) priority assigned by the Liquidator, or a dispute as to whether certain GA expenses should be allowed at class (a) priority or be excluded from reimbursement at all by the Estate.

³ On October 23, 2015, the Court approved a settlement with 20 GAs regarding certain loss payments and legal fees, including the NOD at issue in 4 REL 2014. On November 10, 2015, the Liquidator submitted an application to the Court to settle the NODs in dispute in 3 REL 2014. These two settlements will resolve an additional two disputed GA NODs.

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 September 30, 2015, Reliance held collateral of \$321 million to secure current and future obligations. For the nine months ended September 30, 2015, 97 accounts were reviewed, resulting in a release of \$14 million for 52 accounts; no collateral was released for 26 accounts; and the remaining 19 accounts were otherwise resolved (e.g., closeouts, no remaining collateral).

2. 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, 45 cut-through requests have been submitted to the Liquidator. The Liquidator has approved 33 of these requests. Of the 33 approved by the Liquidator, 31 have been approved by the Court, 1 request is being prepared for filing with the Court, and 1 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 September 30, 2015, 1 of the 4 disputed matters was pending before the Court, 1 was dismissed with prejudice upon stipulation of the parties and approval of the Court, and 2 were approved by the Court.

3. Ancillary and Foreign Receiverships

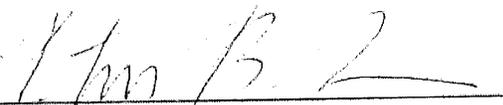
Ancillary receivership proceedings were initiated in Arizona, Arkansas, Florida, Idaho, Maryland, Massachusetts, New Mexico, New York, North Carolina, Oregon, Puerto Rico, and South Carolina, primarily to trigger the obligations of GAs in those states or to take possession of the statutory deposits so that they could be transferred to the appropriate state GA. Florida, Idaho, and Arkansas 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 will consider commercially reasonable ways to expedite the completion of the estate, including resolution of claims and potentially a claims determination and valuation process.

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Respectfully submitted:

By: 

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Attorney for Teresa D. Miller, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her official capacity as Statutory
Liquidator of RELIANCE INSURANCE
COMPANY

Dated: December 11, 2015

Exhibit A

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

ASSETS	<u>September 30, 2015</u>	<u>December 31, 2014</u>
Short and intermediate duration investments	\$ 2,490.5	\$ 2,414.2
Investments held for secured creditors	2.7	4.1
Investments held for uncovered claimants	16.5	16.3
Invested assets excluding affiliates	<u>2,509.7</u>	<u>2,434.6</u>
Investments in affiliates	53.1	69.7
Total invested assets	2,562.8	2,504.3
Premium balances	13.3	14.4
Reinsurance receivable	18.5	13.2
Reinsurance recoverables	115.5	284.8
Early access advances to guaranty associations	2,203.6	2,204.3
Other assets	18.7	22.2
Total Assets	<u>4,932.4</u>	<u>5,043.2</u>
 LIABILITIES		
Secured Creditors - Funds held	40.8	42.2
Class (a) liabilities		
Liquidator expenses incurred since liquidation	1,243.8	1,217.5
Liquidator expenses paid since liquidation	<u>(1,243.8)</u>	<u>(1,217.5)</u>
Liquidator expenses - unpaid	-	-
Guaranty association expenses - submitted	362.9	345.2
Guaranty association expenses - paid	<u>337.1</u>	<u>320.6</u>
Guaranty association expenses - unpaid	25.8	24.6
Other class (a) liabilities	<u>3.7</u>	<u>3.7</u>
Total class (a) liabilities	29.5	28.3
Class (b) liabilities		
Guaranty association paid losses	3,151.8	3,111.5
Guaranty association reported reserves	949.5	938.0
Notices of determination issued	1,081.4	1,043.5
Gross distribution calculation	(417.1)	(404.7)
Reduction for aggregate policies	<u>33.5</u>	<u>33.0</u>
Asset distribution payments	<u>(383.6)</u>	<u>(371.7)</u>
All other estimated reserves (including IBNR)	<u>2,464.9</u>	<u>2,563.3</u>
Total class (b) liabilities	7,264.0	7,284.6
Class (c) liabilities	-	-
Class (d) liabilities	-	-
Class (e) liabilities		
Notices of determination issued	145.8	122.0
Losses and reserves on assumed business	1,126.4	1,158.3
Other class (e) liabilities	<u>5.4</u>	<u>5.4</u>
Total class (e) liabilities	1,277.6	1,285.7
Class (f) liabilities	-	-
Class (g) liabilities - Notices of determination issued	32.8	28.6
Class (h) liabilities	-	-
Class (i) liabilities	-	-
Total liabilities	<u>8,644.7</u>	<u>8,669.4</u>
Net deficit	<u>(\$3,712.3)</u>	<u>(\$3,626.2)</u>

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)

	Nine Months Ended September 30, 2015	Period From Oct. 3, 2001 To September 30, 2015
Policyholders' surplus - beginning of period	(\$3,626.2)	(\$2,683.5)
Underwriting loss	(148.9)	(2,894.7)
Net investment income	24.7	652.4
Other income/(expense) (1)	53.6	899.9
Net realized and unrealized capital gains/(losses)	<u>(15.5)</u>	<u>313.6</u>
Change in policyholders' surplus	<u>(86.1)</u>	<u>(1,028.8)</u>
Policyholders' surplus - end of period	<u><u>(\$3,712.3)</u></u>	<u><u>(\$3,712.3)</u></u>

(1) The significant item in the other income/(expense) for 2015 include a \$51.5 million federal income tax refund. Significant items prior to 2015 includes settlements with directors / officers and the parent company, changes in the estimate for uncollectible reinsurance and the elimination of various liabilities relating primarily to pre-rehabilitation expenses which are class (e) creditor claims that were not assigned a dollar value in the POC process and are unlikely to be paid or offset against any other asset in the Estate.

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 AND
INTERMEDIATE DURATION INVESTMENTS
FOR THE PERIOD JANUARY 1, 2015 TO SEPTEMBER 30, 2015 - UNAUDITED**

(In Millions)

<u>Cash Receipts:</u>	
Reinsurance collections	\$49.4
Premium Collections	0.2
Claim recoveries	0.6
Proceeds from sale of affiliates	1.1
Investment income received	40.9
Federal income tax settlement	51.5
Other including net realized gains of \$2.3 million	4.5
Total Cash Receipts	<u>148.2</u>
<u>Cash Disbursements:</u>	
Operating expenses	(41.8)
Asset distribution on class (b) NODs	(11.4)
Allocated loss adjustment expenses	(1.1)
Total Cash Disbursements	<u>(54.3)</u>
Net change in short and intermediate duration investments from cash activity	<u>93.9</u>
<u>Non-cash items affecting short and intermediate term investments:</u>	
Change in value of investments managed by investment managers	<u>(17.6)</u>
Total Non-cash activity	<u>(17.6)</u>
Net change in short and intermediate duration investments	76.3
Beginning Balance - Short and intermediate duration investments	<u>2,414.2</u>
Ending Balance - Short and intermediate duration investments	<u><u>\$2,490.5</u></u>

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 2019, 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 and intermediate duration investments

Short and intermediate 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 \$0.5 million and \$1.8 million at September 30, 2015 and December 31, 2014, 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 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 \$10 million and \$10.2 million at September 30, 2015 and December 31, 2014, respectively. Accrued retrospective premiums are based upon actuarial loss estimates and will be adjusted based on changes in loss estimates. Premiums on retrospective rated policies will be billed and collected on an ongoing basis. Premium balances also include billings related to large deductible policies of \$2.0 million and \$2.3 million at September 30, 2015 and December 31, 2014, respectively. Other premium balances include estimates and may not reflect all transactions processed by agents, insureds and program managers. Certain balances may only be collectible through legal proceedings. Due to these uncertainties, balances ultimately collectible may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

Note 7 – Reinsurance recoverable, Class (b) liabilities and Class (e) losses and reserves on assumed business

Class (b) liabilities is comprised of GA paid losses, GA reported reserves, NODs issued by the Estate and all other estimated reserves. The NOD issued amount is adjusted by \$383.6 million in distribution payments to creditors. All other estimated reserves is comprised of estimated reserves for future claims, including POCs where a NOD has not yet been issued, estimated amounts for future claims to be reported to the Estate (IBNR) or estimated reserves for GA claims in excess of reported reserves. All other estimated reserves do not include an estimate for the administrative costs of adjusting claims and have not been discounted to present value. All other estimated reserves are net of anticipated salvage and subrogation and second injury fund recoveries.

The estimate of class (b) liabilities at September 30, 2015 was calculated using data as of September 30, 2008. Reliance engaged PriceWaterhouseCoopers LLP to perform an analysis of loss and allocated loss expense reserves on direct business. The selected best estimate, reflected in the Special Purpose Statements of Assets and Liabilities, represents one possible value in a range of acceptable estimates. Estimates of ultimate loss and allocated loss adjustment expenses have not been updated to reflect any loss experience subsequent to September 30, 2008.

There are numerous factors that contribute to the inherent uncertainty in the process of establishing loss reserves. Among these factors are changes in the inflation rate related to covered damages such as medical care; changes in judicial interpretation of policy provisions; changes in the general attitude of juries in the determination of liability and damages; legislative changes; changes in the medical condition of claimants; and changes in the estimates of the number and/or severity of claims that have been incurred but not reported. In addition, Reliance's regulatory status increases the variability of loss reserves due to its effect on data quality and credibility. 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 the loss reserving process, the potential variability of the assumptions used and the variability resulting from Reliance's regulatory status, the actual emergence of losses may be significantly different than the amounts reflected in the September 30, 2015 and December 31, 2014 Special Purpose Statements of Assets and Liabilities.

Reinsurance recoverables represents an estimate of the portion of gross loss reserves that will be recovered from reinsurers. 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 – Early access advances to GAs

During 2003, 2004, 2005, 2007, 2010 and 2013, the Commonwealth 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 Commonwealth Court of Pennsylvania approves the distributions to the GAs.

At September 30, 2015 total early access amounts include early access cash payments to the GAs of \$1.76 billion, statutory deposits of \$422 million, and payments made by Reliance on behalf of certain GAs shortly after October 3, 2001.

Note 9 – 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 10 - 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 and on-site 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 11 – Class (a) other liabilities

Class (a) other liabilities are principally outstanding checks.

Note 12 – Guaranty Association paid losses

Guaranty Association paid losses include payments reported by GAs and processed in the Estate’s operating systems.

Note 13 – Guaranty Association reported reserves

Guaranty Association reported reserves include case reserves reported by GAs and processed in the Estate’s operating systems.

Note 14 – Notices of Determination issued

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. NODs are included in the Special Purpose Statements of Assets and Liabilities when issued.

Note 15 – Asset distributions to class (b) creditors

On December 1, 2011, the Court approved the Liquidator’s Petition for a Second Interim Distribution, allowing a 40% distribution to all class (b) claimants whose NODs has been approved by the Court. Distribution amounts for claims under Aggregate Policies were subject to an adjustment calculated pursuant to the Orders issued by the Court on November 19, 2007, February 23, 2010 and December 9, 2011 approving the Liquidator’s Petitions to Address Claims Under Aggregate Policies. Asset distributions through September 30, 2015 and December 31, 2014 totaled \$383,6 and \$371.7

million, respectively. Distribution payments will continue to be issued on a quarterly basis to claimants whose NODs are subsequently approved by the Court.

On October 8, 2015 the Liquidator to submitted her recommendation to the Court to increase the distribution percentage on class (b) claims to 65%..

Note 16 – Reduction for aggregate policies

The reduction for aggregate policies represents an adjustment to the distribution calculation to interim distributions on NODs under aggregate policies to ensure pro-rata distribution amongst all claimants on the policies. An aggregate limit is a provision in the policy that limits the maximum liability of an insurer under that policy. In accordance with the Act Section §221.40(d), claims under an aggregate limit policy that exceeds the aggregate limit in total should be reduced by a proportional amount such that the total equals the policy limit. As the ultimate losses under these polices have not yet been determined, the ultimate proportional share each claim should receive cannot be determined. Reliance has therefore adjusted the distribution amount by a safety factor approved by the Court for claims under policies with an aggregate limit to allow for potential adverse development that may cause the proportional share of individual claims to change.

Note 17 – Commitments

As of September 30, 2015, Reliance leases office space under operating leases expiring in 2016 and 2017. The minimum future rental payments under noncancelable operating leases as of September 30, 2015 are as follows (in millions of dollars):

2015	\$	0.2
2016		0.9
2017		<u>0.2</u>
Total	\$	<u>1.3</u>

The cancelable commitments total \$0.9 million for 2017 and 2018.

Note 18 – 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 19 – 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.

Exhibit E

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

	Year to Date September 2015		Actual to Budget Variance	%	%	Year to Date September 2014		Variance to Prior Year	%
	Actual	Budget				Actual			
Salaries									
Regular Salaries	\$ 9,623,336	\$ 9,640,288	\$ (16,952)	-0.18%	\$ 10,389,647	\$ (766,311)	-7.38%		
Performance Incentives	3,651,931	3,651,931	-	0.00%	3,789,328	(137,397)	-3.63%		
Severance	669,427	676,741	(7,314)	-1.08%	682,191	(12,764)	-1.87%		
Total Salaries	13,944,694	13,968,960	(24,266)	-0.17%	14,861,166	(916,472)	-6.17%		
Employee Benefits									
Health and Disability Benefits	1,052,704	1,098,267	(45,563)	-4.15%	1,080,649	(27,945)	-2.59%		
SIP-Contributions and Fees	915,174	934,000	(18,826)	-2.02%	977,071	(61,897)	-6.33%		
Other Benefits	(4,359)	8,275	(12,634)	-152.68%	7,413	(11,772)	-158.80%		
Total Employee Benefits	1,963,519	2,040,542	(77,023)	-3.77%	2,065,133	(101,614)	-4.92%		
Payroll Taxes	867,231	890,958	(23,727)	-2.66%	937,958	(70,727)	-7.54%		
Total Salaries, Benefits and Taxes	16,775,444	16,900,460	(125,016)	-0.74%	17,864,257	(1,088,813)	-6.09%		
IT Services	3,450,234	3,493,798	(43,564)	-1.25%	3,727,501	(277,267)	-7.44%		
Legal Fees	789,859	936,250	(146,391)	-15.64%	591,328	198,531	33.57%		
Professional and Other Services	2,395,021	2,416,300	(21,279)	-0.88%	2,647,524	(252,503)	-9.54%		
Rent									
Corporate Home Office	913,443	1,000,221	(86,778)	-8.68%	862,293	51,150	5.93%		
Record Archiving Services	365,179	379,641	(14,462)	-3.81%	361,148	4,031	1.12%		
Other Rent Items	38,487	31,300	7,187	22.96%	17,251	21,236	123.10%		
Total Rent	1,317,109	1,411,162	(94,053)	-6.66%	1,240,692	76,417	6.16%		
Other Operating									
Travel	14,881	30,818	(15,937)	-51.71%	21,505	(6,624)	-30.80%		
Professional Dues & Conferences	12,499	16,782	(4,283)	-25.52%	14,638	(2,139)	-14.61%		
Insurance	121,401	128,564	(7,163)	-5.57%	126,582	(5,181)	-4.09%		
Voice and Data Communication	183,463	191,250	(7,787)	-4.07%	182,963	500	0.27%		
Supplies and Subscriptions	40,542	60,675	(20,133)	-33.18%	48,378	(7,836)	-16.20%		
Postage, Freight & Express	12,111	27,425	(15,314)	-55.84%	47,104	(34,993)	-74.29%		
Office Machine Rent & Repair	3,556	5,245	(1,689)	-32.20%	4,298	(742)	-17.26%		
Bank Charges	55,218	61,950	(6,732)	-10.87%	63,713	(8,495)	-13.33%		
Taxes, BBA and Other	24,931	9,332	15,599	167.16%	6,677	18,254	273.39%		
Total Other Operating	468,602	532,041	(63,439)	-11.92%	515,858	(47,256)	-9.16%		
Subtotal	\$ 25,196,269	\$ 25,690,011	\$ (493,742)	-1.92%	\$ 26,587,160	\$ (1,390,891)	-5.23%		
Guaranty Association Expenses	16,568,281	16,845,303	(277,022)	-1.64%	500	16,567,781	N/A		
Total Operating Expenses	\$ 41,764,550	\$ 42,535,314	\$ (770,764)	-1.81%	\$ 26,587,660	\$ 15,176,890	57.08%		
LAE	1,089,923	873,937	215,986	24.71%	626,098	463,825	74.08%		

See accompanying notes.

Exhibit F

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
LEGAL FEES AND EXPENSES (EXCLUDING ALAE)
FOR THE PERIOD JANUARY 1, 2015 TO SEPTEMBER 30, 2015 - UNAUDITED**

VENDOR NAME

AZURE ADVISORS INC	\$ 5,000
BLANK ROME LLP	27,779
CASSELS BROCK & BLACKWELL LLP	10,118
DEBRA J HALL ESQ	59,150
DEUTSCH, KERRIGAN & STILES LLP	5,052
KLEINBARD BELL & BRECKER LLP	174,494
PEPPER HAMILTON LLP.	443,027
SCRIBNER, HALL & THOMPSON, LLP.	50,513
STRADLEY, RONON, STEVENS, & YOUNG LLP	66,257
TOTAL VENDORS UNDER \$5,000	<u>(51,531) *</u>
TOTAL LEGAL FEES AND EXPENSES (EXCLUDING ALAE)	<u><u>\$ 789,859</u></u>

* Includes reimbursements of legal fees incurred in prior years.

Exhibit G

**RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
PROFESSIONAL SERVICE EXPENSES
FOR THE PERIOD JANUARY 1, 2015 TO SEPTEMBER 30, 2015 - UNAUDITED**

VENDOR NAME

BMS INTERMEDIARIES, LTD.	\$ 40,144
CALLAN ASSOCIATES INC.	63,642
CERIDIAN CORPORATION	18,973
DORANNE BIGELOW & ASSOCIATES INC	14,488
ERNST & YOUNG	43,688
FILEX DOCUMENT IMAGING SERVICES, INC.	43,735
JP MORGAN INVESTMENT MANAGEMENT INC	432,620
PA. DEP'T. - LIQUIDATION CONSULTANTS	10,938
PA. DEP'T. - OFFICE OF LIQUIDATIONS	102,969
PRICEWATERHOUSE COOPERS LLP	120,350
PYRAMIS GLOBAL ADVISORS TRUST COMPANY	743,383
STANDISH MELLON ASSET MANAGEMENT COMPANY LLC	407,709
SUNGARD AVAILABILITY SERVICES LP	24,390
SWARTHMORE GROUP, INC.	45,830
THE BANK OF NEW YORK MELLON	241,142
WEINDENHAMMER SYSTEMS CORPORATION	7,500
WEISERMAZARS LLP	19,820
WORLDWIDE CLAIMS MANAGEMENT SERVICES, INC.	13,700
TOTAL PROFESSIONAL SERVICE EXPENSES	<u><u>\$ 2,395,021</u></u>

Exhibit H

Proof Of Claim Statistics - Inception To Date
September 30, 2015

CLASS DESCRIPTION	TOTAL POCs RECEIVED	POCS RECEIVED AFTER 12-31-03	TOTAL NODS ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	0	0	0	\$0.00	0	\$0.00
A - ADMIN COSTS AND EXPENSES	3,984	400	3,864	\$0.00	3,861	\$0.00
B - POLICY HOLDER CLAIMS	61,606	4,295	60,491	\$1,081,382,044.93	60,329	\$1,044,263,425.46
C - FEDERAL GOVT	9	0	9	\$0.00	9	\$0.00
D - EMPLOYEES	0	0	0	\$0.00	0	\$0.00
E - GEN CREDITORS/UNEARNED PREM	65,562	3,728	65,375	\$145,810,587.75	65,326	\$114,777,990.95
F - STATE/LOCAL GOVT	190	4	189	\$7,039.85	189	\$7,039.85
G - LATE FILED/SUBROGATION	29,445	3,672	29,232	\$32,849,168.02	29,155	\$28,585,233.05
H - SURPLUS, PREM REFUNDS	0	0	0	\$0.00	0	\$0.00
I - SHAREHOLDERS, OTHER OWNERS	3	0	3	\$0.00	3	\$0.00
TOTAL:	160,799	12,099	159,163	\$1,260,048,840.55	158,872	\$1,187,633,689.31

OTHER COUNTS	INCEPTION TO DATE
POCs With Claims at GAs	303
Contingent Unliquidated POCs	428
Ready to Evaluate	11
Awaiting Information	894
TOTAL:	1,636

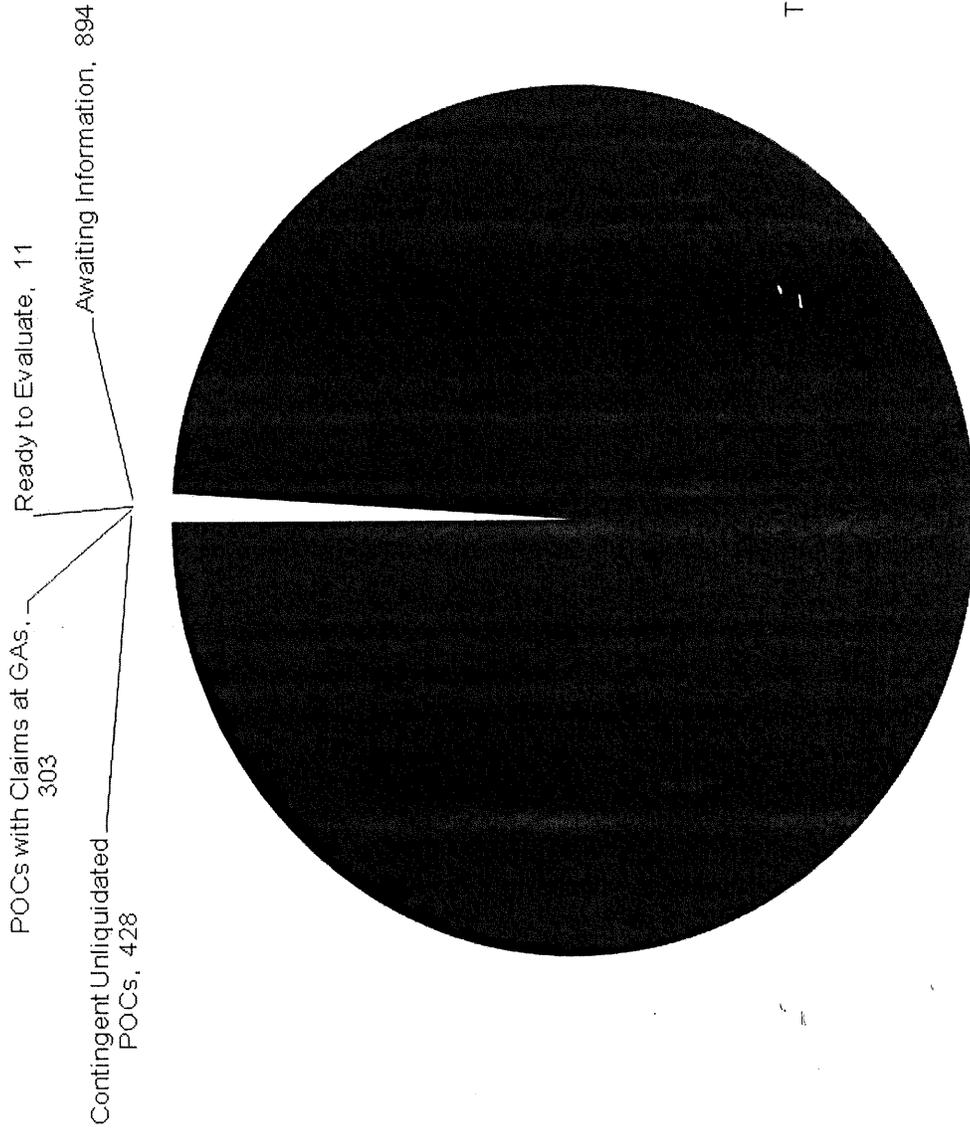
Exhibit I

Proof Of Claim Statistics - Quarter To Date
September 30, 2015

CLASS DESCRIPTION	TOTAL POCs RECEIVED	TOTAL NODs ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	0	0	\$0.00	0	\$0.00
A - ADMIN COSTS AND EXPENSES	0	0	\$0.00	0	\$0.00
B - POLICY HOLDER CLAIMS	13	41	\$15,742,503.48	0	\$0.00
C - FEDERAL GOVT	0	0	\$0.00	0	\$0.00
D - EMPLOYEES	0	0	\$0.00	0	\$0.00
E - GEN CREDITORS/UNEARNED PREM	1	29	\$2,084,113.82	0	\$0.00
F - STATE/LOCAL GOVT	0	0	\$0.00	0	\$0.00
G - LATE FILED/SUBROGATION	5	17	\$3,245,000.00	0	\$0.00
H - SURPLUS, PREM REFUNDS	0	0	\$0.00	0	\$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	0	\$0.00	0	\$0.00
TOTAL:	19	87	\$21,071,617.30	0	\$0.00

Exhibit J

Status of POCs as of 09-30-2015
Total: 160,799



Total NODs Issued,
159,163

Exhibit K

Status of NOD Objections Received Through 09-30-2015
Total 1,784

NUMBER OF OBJECTIONS
UNRESOLVED NOT ASSIGNED
TO REFEREES - 3

NUMBER OF OBJECTIONS
UNRESOLVED ASSIGNED TO
REFEREES - 4

NUMBER OF NOD OBJECTIONS
RESOLVED - 1,777

Exhibit L

**Objection Statistics - Inception To Date
September 30, 2015**

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	333	\$32,632,410.47	327	\$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	863	\$22,276,220.28	862	\$15,074,086.79
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:	1,784	\$64,017,741.75	1,777	\$56,815,608.26

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	6	\$0.00	3	\$0.00	3	\$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	1	\$7,202,133.49	1	\$7,202,133.49	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:	7	\$7,202,133.49	4	\$7,202,133.49	3	\$0.00

Exhibit M

**Guaranty Association Data as of
09-30-2015**

STATE	LOCATION	CLAIMS & ALAE PAID	CLAIMS & ALAE RESERVES	ADMIN EXPENSES	TOTAL BY STATE
ALABAMA	P&C	66,726,869.70	58,312,985.90	8,951,062.17	133,990,917.77
ALASKA	P&C	12,206,327.02	3,365,654.01	1,007,797.08	16,579,778.11
ARIZONA	P&C	6,311,320.95	3,600.00	1,215,277.29	7,530,198.24
ARIZONA	WC	10,722,393.14	8,007,224.00	0.00	18,729,617.14
ARKANSAS	P&C	6,959,269.05	1,096,824.28	475,973.93	8,532,067.26
CALIFORNIA	P&C	694,618,114.25	137,873,952.43	103,730,928.57	936,222,995.25
COLORADO	P&C	26,558,119.80	21,736,779.96	2,439,178.61	50,734,078.37
CONNECTICUT	P&C	50,522,207.62	19,054,386.42	7,197,891.31	76,774,485.35
DELAWARE	P&C	5,670,039.29	3,963,433.66	1,465,222.96	11,098,695.91
DISTRICT OF COLUMBIA	P&C	13,801,660.22	24,708,036.41	1,397,168.16	39,906,864.79
FLORIDA	P&C	84,561,568.57	0.00	4,311,406.20	88,872,974.77
FLORIDA	WC	245,119,652.48	41,171,398.43	8,169,424.53	294,460,475.44
GEORGIA	P&C	52,667,033.65	20,218,788.78	5,697,890.27	78,583,712.70
HAWAII	P&C	5,355,162.47	709,723.71	854,673.48	6,919,559.66
IDAHO	P&C	2,896,308.53	263,343.32	342,947.37	3,502,599.22
ILLINOIS	P&C	52,266,144.93	3,159,755.88	8,812,549.21	64,238,450.02
INDIANA	P&C	5,682,506.44	305,971.18	1,032,647.93	7,021,125.55
IOWA	P&C	10,051,246.70	853,328.57	912,927.02	11,817,502.29
KANSAS	P&C	17,251,019.59	5,402,686.85	1,423,929.13	24,077,635.57
KENTUCKY	L&H	109,079.00	0.00	1,708.85	110,787.85
KENTUCKY	P&C	28,269,345.25	23,468,258.25	1,923,785.00	53,661,388.50
LOUISIANA	P&C	68,440,181.02	35,192,944.95	2,027,415.84	105,660,541.81
MAINE	P&C	5,773,448.17	6,138,284.49	964,948.44	12,876,681.10
MARYLAND	P&C	35,945,302.09	6,660,279.60	8,604,025.18	51,209,606.87
MASSACHUSETTS (P&C Claims)	P&C	13,157,415.60	226,766.00	1,456,680.38	14,840,861.98
MASSACHUSETTS (WC Claims)	P&C	41,790,169.45	29,294,049.08	5,796,066.21	76,880,284.74
MICHIGAN	P&C	58,258,906.66	10,002,557.69	7,830,554.39	76,092,018.74
MINNESOTA	P&C	18,102,987.34	3,992,442.22	1,873,743.14	23,969,172.70
MISSISSIPPI	P&C	42,230,703.97	14,157,242.65	3,863,030.30	60,250,976.92
MISSOURI	P&C	36,290,636.18	5,738,416.98	2,639,210.60	44,668,263.76
MONTANA	P&C	5,096,457.71	2,416,593.59	763,254.51	8,276,305.81
NEBRASKA	P&C	8,700,653.44	4,240,270.47	862,986.66	13,803,910.57
NEVADA	P&C	9,010,335.87	5,570,371.94	1,313,366.17	15,894,073.98
NEW HAMPSHIRE	L&H	56,659.00	0.00	46,224.79	102,883.79
NEW HAMPSHIRE	P&C	14,777,077.25	11,582,119.21	2,016,659.94	28,375,856.40
NEW JERSEY	P&C	64,403,857.16	12,121,785.10	4,271,934.66	80,797,576.92
NEW JERSEY	SL	11,488,556.59	328,350.44	683,828.66	12,500,735.69
NEW JERSEY	WC	52,542,234.98	19,443,677.53	2,678,294.78	74,664,207.29
NEW MEXICO	P&C	7,534,388.67	1,785,570.93	817,577.63	10,137,537.23
NEW YORK	P&C	332,959,533.24	28,213,316.31	74,051,273.52	435,224,123.07
NEW YORK	PMV	17,918,247.18	1,234,035.64	0.00	19,152,282.82
NEW YORK	WC	197,394,382.90	155,363,360.56	0.00	352,757,743.46
NOLHGA	L&H	32,223,118.80	0.00	7,199,787.00	39,422,905.80
NORTH CAROLINA	P&C	77,194,747.99	18,464,665.83	6,096,517.41	101,755,931.23
NORTH DAKOTA	P&C	245,976.90	0.00	8,550.00	254,526.90
OHIO	P&C	9,243,315.09	171,542.82	2,009,916.58	11,424,774.49
OKLAHOMA	P&C	20,063,418.59	7,046,016.99	2,652,911.68	29,762,347.26
OREGON	P&C	24,743,620.88	5,503,038.16	1,285,348.76	31,532,007.80
PENNSYLVANIA	P&C	41,217,488.41	11,523,152.54	2,239,366.28	54,980,007.23
PENNSYLVANIA	WC	165,130,793.31	55,428,059.69	13,176,422.95	233,735,275.95
PUERTO RICO	P&C	8,722,174.04	65,000.00	1,106,826.00	9,894,000.04
RHODE ISLAND	P&C	9,890,692.36	2,783,680.29	942,341.99	13,616,714.64
SOUTH CAROLINA	P&C	26,754,903.54	4,600,916.25	3,859,491.14	35,215,310.93
SOUTH DAKOTA	P&C	1,768,183.61	0.00	153,943.59	1,922,127.20
TENNESSEE	P&C	41,158,651.77	19,495,789.87	6,132,497.81	66,786,939.45
TEXAS	P&C	147,135,082.92	61,841,780.17	20,105,458.42	229,082,321.51
UTAH	P&C	8,608,926.73	3,167,220.42	1,230,665.78	13,006,812.93
VERMONT	P&C	10,048,516.20	4,599,835.81	862,307.51	15,510,659.52
VIRGIN ISLANDS	P&C	658,225.89	1.00	0.00	658,226.89
VIRGINIA	P&C	41,502,566.94	22,093,469.45	4,601,499.13	68,197,535.52
WASHINGTON	P&C	32,140,822.11	2,975,676.94	3,035,929.28	38,152,428.33
WEST VIRGINIA	P&C	3,579,897.08	0.00	346,700.43	3,926,597.51
WISCONSIN	P&C	11,337,630.03	2,407,041.02	1,872,170.48	15,616,841.53
WYOMING	P&C	488,178.02	0.00	79,014.76	567,192.78
TOTAL:		3,154,054,454.33	949,545,454.67	362,923,131.85	4,466,523,040.85

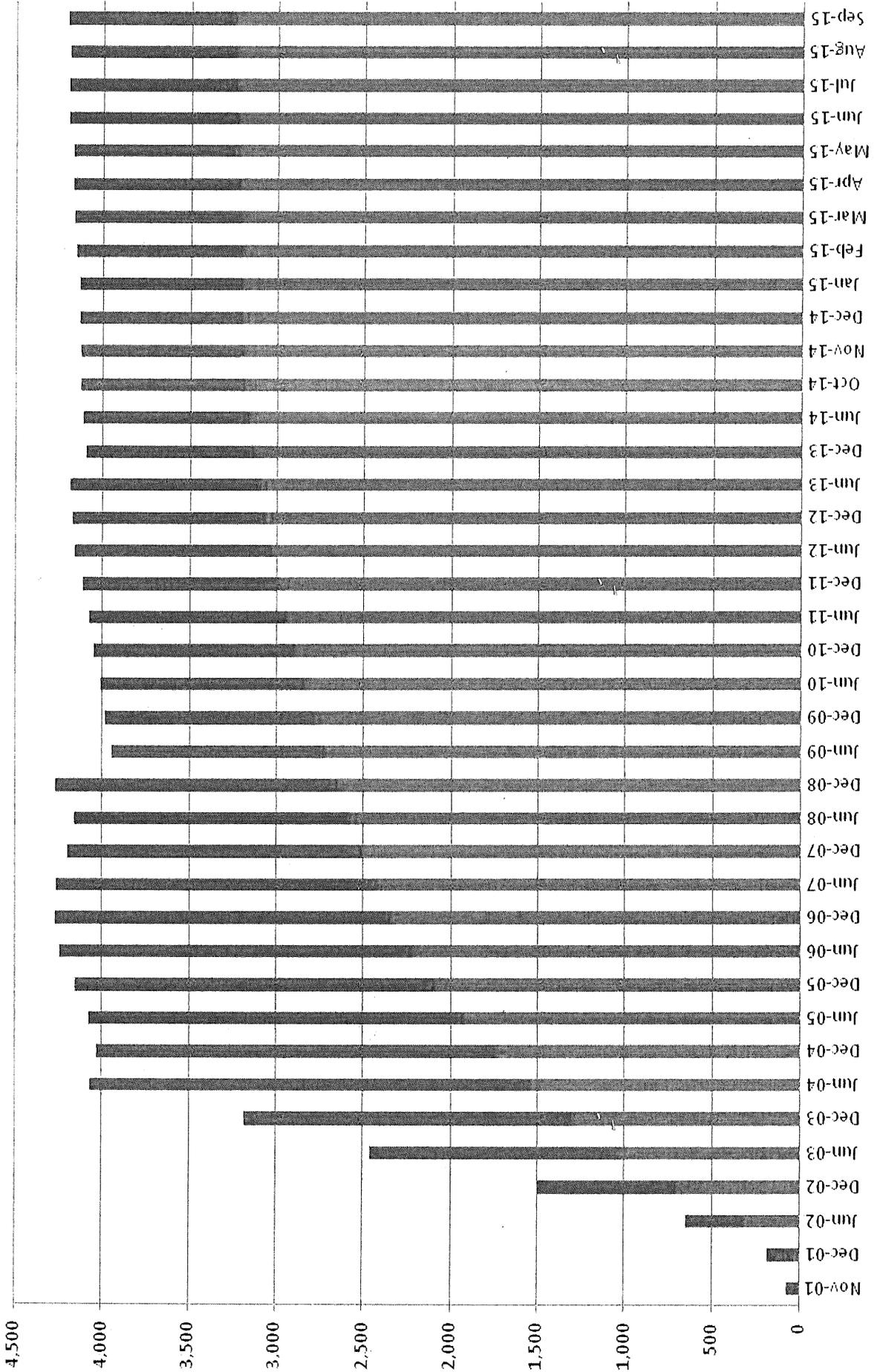
****New York WC, New York PMV and NY P&C Administrative Expenses are combined and reported under NY P&C**

Exhibit N

Cumulative GA Activity through 09/30/2015

in millions

■ GA Paid to Date ■ GA Reserves



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: December 15, 2015



MARILYN K. KINCAID

**Master Service List
Parties**

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

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Master Service List

Non-Parties

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

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(Formerly Mellon Bank, N.A.))

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