

predecessors in office, are discharged as Statutory Liquidator of Reliance Insurance Company and are released from any liability to make payment of any further claims, effective January 31, 2022.

2. Pursuant to 40 P.S. §221.22, upon discharge of the Liquidator, Reliance shall be dissolved by operation of law.

3. Pursuant to 40 P.S. §221.50, effective as of the date of this Order, the Liquidator is authorized to dispose of the records of the Liquidator and Reliance Insurance Company as set forth in the Discharge Application. The records listed in Exhibit C to the Discharge Application shall be transferred to the Pennsylvania Insurance Department Office of Liquidations, Rehabilitations, and Special Funds. All other records may be destroyed and disposed of, and all data systems may be shut down, turned off, and disassembled effective as of the date of this Order. The Liquidator may destroy the records included on Exhibit C when they no longer need to be retained for any post-discharge purpose.

4. The Liquidator is authorized to dispose of any funds remaining in her possession post discharge as of December 31, 2023, and any funds received thereafter, in accordance with Section 547 of the Insurance Department Act of 1921, Act of May 17, 1921, PL. 789, as amended, added by the Act of December 14, 1977, PL. 280, 40 P.S. §221.47.

BY THE COURT:

Bonnie Brigance Leadbetter
President Judge Emerita

2. On March 15, 2021, the Liquidator filed with this Court her Application for Approval of Notice of Final Accounting and Plan for Final Distribution (“Notice Application”) seeking approval of the proposed notice attached as an exhibit to the Notice Application (“Notice”) which would advise affected Reliance claimants about the final accounting and plan for final distribution of Reliance assets.

3. By Order dated March 25, 2021, the Court approved the form and scope of notice proposed in the Notice Application, specifically authorizing the Liquidator to mail the Notice, by first class mail, to all claimants in priority classes (e) through (i) who received a Notice of Determination (“NOD”) with an allowed amount greater than \$0 and all claimants in priority classes (f) through (i) who received a class-only NOD which was not amended (“Notice Recipients”). A copy of the Order approving the Notice Application is attached to this Discharge Application as Exhibit A. The mailing to Notice Recipients was completed on April 8, 2021.

4. On September 15, 2021, the Liquidator filed her Application for Approval of Final Accounting and Plan for Final Distribution (“Approval Application”) which recommended the final distribution percentage of 4.4% of allowed amounts for a final distribution on class (e) NODs. The Approval Application also advised the Court about resolution of three objections that were

filed to the Notice Application. This Court approved the Approval Application in its Order of October 18, 2021, which is attached as Exhibit B to this Discharge Application.

5. The final distribution was completed on October 22, 2021 with \$27,726,072.58 distributed for 39,075 approved class (e) NODs. All unclaimed funds resulting from this final distribution will be handled in accordance with 40 P.S. §221.47(a) prior to the discharge date. The Liquidator seeks an Order approving this Discharge Application (“Discharge Order”).

6. In this Discharge Application, the Liquidator also seeks approval of a recommendation to dispose of Reliance’s records, effective as of the date of the Discharge Order.¹ While pre-liquidation company records are important in the early stages of a liquidation proceeding, those records lose, to a large extent, their usefulness in the final stages of a liquidation proceeding. The original pre-liquidation records inform the Liquidator about, *inter alia*, the company’s assets and financial arrangements, the identity of policyholders and creditors, the identity and status of claims, agent and reinsurance arrangements, and the identity and status of ongoing or contemplated litigation. However, these company records become less and less utilized as the liquidation progresses and the Liquidator’s

¹ As used in this Discharge Application, the term “records” includes paper records, as well as computer data systems and the data contained on them.

staff creates and maintains their own records, including data systems, regarding the company's operations, assets, and liabilities. Accordingly, now that all assets material to a distribution have been collected, all NODs have been finalized, and all available assets distributed, the Reliance liquidation proceeding has reached its conclusion and the Liquidator is recommending that almost all records be destroyed and disposed of and all data systems shut down, turned off, and disassembled.

7. The Liquidator proposes to retain for an extended period of time certain records, mostly created during the liquidation proceedings, and generally identified in Exhibit C to this Discharge Application. These records would allow her to answer post-discharge inquiries about the liquidation, file tax returns and complete any other post-discharge activities. All other Reliance records, both pre-liquidation and those created during the liquidation, will be destroyed because the cost of retaining the large volume of records currently in storage is significant and the information is no longer required. Ultimately, even the records listed on Exhibit C will be destroyed when they no longer need to be retained for any post-discharge purpose.

8. After the Discharge Order is issued, the Liquidator will continue to employ a small number of Reliance staff to handle winding-down of the Philadelphia office, which will include, *inter alia*, disposal of over 96,000 cubic

feet of stored records and computer data systems containing over 210 terabytes of data in a service network of over 900 hard drives, as well as over 13,000 back-up tapes and discs. Additionally, staff will complete final operational and accounting transactions, close the books and financial records, complete required regulatory filings and transfer necessary data to the Pennsylvania Insurance Department Office of Liquidations, Rehabilitations, and Special Funds.

9. The final wind-up of the affairs of Reliance is expected to take approximately 60 days from the date the Discharge Order is issued. Consequently, the Liquidator asks that the effective date of discharge from her duties as Liquidator be January 31, 2022. While the destruction of records will begin after the Discharge Order is issued, it is expected that the destruction of all paper records currently in storage will take approximately 12 months under the contract arrangements with the storage vendor. Destruction of computer systems and computer system data is expected to be completed within about 3 months of the discharge date. The Pennsylvania Insurance Department Office of Liquidations, Rehabilitations, and Special Funds will supervise the post-discharge destruction of records.

10. In accordance with the Court's Order of October 18, 2021 referenced in paragraph 4 above, the Liquidator seeks approval to dispose of any funds remaining in her possession post-discharge as of December 31, 2023, as well as

any funds received thereafter, by disposing of said funds in accordance with Section 547 of the Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, as amended, added by the Act of December 14, 1977, P.L. 280, 40 P.S. §221.47.

WHEREFORE, in accordance with paragraph 4 of this Court's Order of October 18, 2021, the Liquidator files this Discharge Application and prays that this Honorable Court issue an Order as follows:

a. Discharging Jessica K. Altman, in her official capacity as Insurance Commissioner of the Commonwealth of Pennsylvania, and her predecessors in office, as Statutory Liquidator of Reliance Insurance Company, effective as of January 31, 2022, pursuant to 40 P.S. §221.48, and releasing them from any liability to make payment of any further claims.

b. Dissolving Reliance Insurance Company by operation of law pursuant to 40 P.S. §221.22.

c. Authorizing the Liquidator, pursuant to 40 P.S. §221.50, to dispose of the records of the Liquidator and Reliance Insurance Company as set forth in this Discharge Application. The records listed in Exhibit C to this Discharge Application shall be transferred to the Pennsylvania Insurance Department Office of Liquidations, Rehabilitations, and Special Funds. All other records may be destroyed and disposed of and all data systems shut down, turned off and

disassembled effective upon the date of the Discharge Order. The Liquidator may destroy records included on Exhibit C when they no longer need to be retained for any post-discharge purpose.

d. Authorizing the Liquidator to dispose of any funds remaining in her possession post discharge as of December 31, 2023, as well as any funds received thereafter, in accordance with Section 547 of the Insurance Department Act of 1921, Act of May 17, 1921, PL. 789, as amended, added by the Act of December 14, 1977, PL. 280, 40 P.S. §221.47.

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Respectfully submitted:

By: /s/ Preston Buckman

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

Dated: October 28, 2021

EXHIBT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Reliance Insurance Company :
(In Liquidation) : No. 1 REL 2001

ORDER

NOW, March 25, 2021, upon consideration of the Liquidator's Application for Approval of Notice of the Final Accounting and Plan for Final Distribution ("Application"), it is ORDERED AND DECREED as follows:

1. The Application is APPROVED.
2. The form of notice attached as Exhibit H to the Application is approved.
3. The scope of notice is also approved. The Liquidator shall mail a copy of the notice, by first class mail, to all claimants in priority classes (e) through (i) who received a Notice of Determination (NOD) with an allowed amount greater than \$0 and all claimants in priority classes (f) through (i) who received a class only NOD which was not amended.
4. Any responses to the Final Accounting or Plan for Final Distribution shall be filed with the Court no later than May 10, 2021.

s/Bonnie Brigance Leadbetter
BONNIE BRIGANCE LEADBETTER
President Judge Emerita

Certified from the Record

MAR 25 2021

And Order Exit

EXHIBT B

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Reliance Insurance Company : No. 1 REL 2001
(In Liquidation) :

ORDER

AND NOW, October 18, 2021, upon consideration of the Statutory Liquidator's (Liquidator) Application for Approval of Final Accounting and Plan for Final Distribution (Approval Application), it is hereby ORDERED as follows:

1. The final accounting and the plan for final distribution contained in the Liquidator's Application for Approval of Notice of Final Accounting and Plan for Final Distribution filed March 15, 2021 (Notice Application), as updated in the Approval Application, are APPROVED in all respects.
2. The Court approves the plan for final distribution as follows:
 - a. Class (a) administrative expenses have been or will be paid at 100%.
 - b. All class (b) and class (c) claims have been or will be paid 100% of their Court-approved allowed amounts.
 - c. As represented by the Liquidator in the Notice Application, no class (d) proofs of claim were filed with Reliance.
 - d. The Liquidator is authorized to make a final distribution of 4.4% to class (e) claimants based on the Court-approved allowed amount stated in the notice of determination issued to them. This shall be the final distribution from Reliance.
 - e. Claimants with notices of determination in classes (f) through (i) will not receive a distribution.

4. In accordance with Section 548(a) of Article V of The Insurance Department Act of 1921 (Article V), 40 P.S. § 221.48(a),¹ following the completion of the final distribution of assets, the Liquidator shall file an application seeking discharge of the Liquidator, which shall also seek approval of the final disposition of any assets remaining in the Liquidator's possession at the time of discharge, or that may be unexpectedly received by the Liquidator post-discharge.

The application shall also include a recommendation for the disposition of records in accordance with Section 550 of Article V, 40 P.S. § 221.50.



Bonnie Brigance Leadbetter
President Judge Emerita

¹ Act of May 17, 1921, P.L. 789, added by the Act of December 14, 1977, P.L. 280.

EXHIBT C

DOCUMENTS TO BE TRANSFERRED AT CLOSING TO PENNSYLVANIA INSURANCE
DEPARTMENT OFFICE OF LIQUIDATIONS, REHABILITATIONS, AND SPECIAL FUNDS

INFORMATION	
1	<u>POC/NOD data:</u> a) Claimant name & address b) POC/NOD #, priority class, & allowed amount c) Distribution amounts/dates d) Early Access Conversion for GAs
2	<u>Subsidiary Spreadsheet</u> Information regarding subsidiaries dissolved/sold during rehabilitation & liquidation, including 2001 merger documents for companies merged into Reliance just prior to rehabilitation
3	<u>Collateral records</u> Information regarding collateral released during liquidation from 2014 forward
4	<u>Tax & Bank Records</u> a) Necessary information regarding completed tax returns & information to complete final tax-returns b) Documents regarding recently closed bank accounts, outstanding checks, and pending payments c) Information necessary for tax related filings such as 1099 and W-2 reporting d) Necessary payroll data
5	<u>HR / Employee Information</u> a) Contact info for pension plan inquiries and disposition of 401k accounts b) Employee data regarding date of hire, date of termination, & executed severance agreements from 2016 forward c) Benefit termination information

INFORMATION	
	d) post-discharge liability insurance
6	<u>Legal Matters</u> Final website (www.reliancedocuments.com) document list & all documents on website Internal summary reports and documents related to certain litigation, potential recoveries and other legal matters
7	<u>Structured Settlements</u> Information on structured settlement transfers; contact info for each entity to whom SS or annuities were transferred
8	<u>Medicare Set-Aside Supporting Documents</u> Information regarding disposition of CMS Medicare claims involving a Medicare Set-Aside
9	<u>Contracts</u> a) Contracts executed in 2020 and/ or still in effect at Closing b) Contracts terminated during 2020 c) Summary contract information, including termination information

CERTIFICATE OF COMPLIANCE: PUBLIC ACCESS POLICY

I certify that this filing complies with the provisions of the *Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts* that require filing confidential information and documents differently than non-confidential information and documents.

/s/ Gail M. Burgess

GAIL M. BURGESS

Dated: October 28, 2021