

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: R&Q Reinsurance Company :
In Liquidation : No. 1 RQR 2023

ORDER OF LIQUIDATION

NOW, March 23, 2023, upon consideration of the Petition for Liquidation of R&Q Reinsurance Company (R&Q) filed by Michael Humphreys, Acting Insurance Commissioner of the Commonwealth of Pennsylvania, and upon the unanimous consent of the Board of Directors of R&Q and the sole shareholder of R&Q, it is hereby ORDERED that:

1. The Petition for Liquidation is GRANTED, and R&Q is ordered to be liquidated pursuant to Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, added by the Act of December 14, 1977, P.L. 280, *as amended*, 40 P.S. §§ 221.1 – 221.63 (Article V).

2. Acting Insurance Commissioner Michael Humphreys and his successors in office, if any, are hereby appointed Statutory Liquidator of R&Q and directed to take possession of R&Q's property, business and affairs in accordance with Article V.

3. The Liquidator is hereby vested with all the powers, rights and duties authorized under Article V and other applicable statutes and regulations.

ASSETS OF THE ESTATE

4. The Liquidator is vested with title to all property, assets, contracts and rights of action (collectively, assets) of R&Q of whatever nature and wherever located, whether held directly or indirectly, as of the date of filing of the Petition for Liquidation. All assets of R&Q are hereby found to be *in custodia legis* of this Court and this Court asserts jurisdiction as follows: (a) *in rem* jurisdiction over all assets wherever they may be located and regardless of whether they are held in the name of R&Q or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to R&Q or to another party; (c) exclusive jurisdiction over all determinations of the validity and amounts of claims against R&Q; and (d) exclusive jurisdiction over the determination of the priority of all claims against R&Q.

5. The Liquidator is directed to take possession of all assets that are the property of R&Q. Specifically, the Liquidator is directed to:

- a) Inform all banks, investment bankers, companies, other entities or other persons having in their possession assets which are, or may be, the property of R&Q, unless otherwise instructed by the Liquidator, to deliver the possession of the same immediately to the Liquidator, and not disburse, convey, transfer, pledge, assign, hypothecate,

encumber or in any manner dispose of the same without the prior written consent of, or unless directed in writing by, the Liquidator.

- b) Inform all reinsurance intermediaries and other persons having sold policies or contracts of reinsurance issued by R&Q to account for and pay all unearned commissions and all premiums, collected or uncollected, for the benefit of R&Q directly to the Liquidator within 30 days of notice of this Order and that no reinsurance intermediary or any other person shall disburse or use monies that come into their possession and are owed to, or claimed by, R&Q for any purpose other than payment to the Liquidator.
- c) Inform all attorneys employed by or retained by R&Q or performing legal services for R&Q as of the date of this Order that, within 30 days of notification, they must report to the Liquidator the name, company, claim number (if applicable) and status of each matter they are handling on behalf of R&Q; the full caption, docket number and name and address of opposing counsel in each case; an accounting of any funds received from or on behalf of R&Q for any purpose in any capacity; and further, that the Liquidator need not make payment for this report or any unsolicited report.

d) Inform any entity that has custody or control of any data processing equipment and records (including but not limited to source documents, all types of electronically stored information, or other recorded information) relating to R&Q to immediately provide the Liquidator with full user access to all such electronically stored data, documents and information in whatever systems contain such data, documents and information, and to transfer custody and control of all such data, documents and information, in a form readable by the Liquidator, to the Liquidator as of the date of this Order, upon request.

e) Inform any entity furnishing claims processing or data processing services to R&Q to maintain such services and transfer any such accounts to the Liquidator as of the date of this Order, upon request.

6. R&Q's directors, officers and employees shall: (a) deliver and surrender peaceably to the Liquidator all the assets, books, records, files, credit cards, and other property of R&Q in their possession or control, wherever located, and otherwise advise and cooperate with the Liquidator in identifying and locating any of the foregoing; and (b) provide the Liquidator with access to the premises and data systems necessary to assess any R&Q business.

7. R&Q's directors, officers and employees are enjoined from taking any action, without the prior approval of the Liquidator, to transact further business on behalf of R&Q. They are further enjoined from taking any action that would waste the assets of R&Q or would interfere with the Liquidator's efforts to wind up the affairs of R&Q.

NOTICE AND PROCEDURE FOR FILING CLAIMS

8. No judgment or order against R&Q or its reinsureds entered after the date of filing of the Petition for Liquidation, and no judgment or order against R&Q or its reinsureds entered at any time by default or by collusion, will be considered as evidence of liability or of quantum of damages by the Liquidator in evaluating a claim against the Estate of R&Q.

9. In addition to the notice requirements of Section 524 of Article V, 40 P.S. § 221.24, the Liquidator shall publish notice in *Business Insurance* magazine and one newspaper of general circulation where R&Q has its principal places of business that: (a) specifies the last day for the filing of claims; (b) explains the procedure by which claims may be submitted to the Liquidator; (c) provides the address of the Liquidator's office for the submission of claims; and (d) notifies the public of the right to present a claim, or claims, to the Liquidator.

10. Within thirty (30) days of giving notice of the Order of Liquidation, as set forth in Section 524 of Article V, 40 P.S. § 221.24, and of the

procedures for filing claims against the estate of R&Q, the Liquidator shall file a compliance report with the Court noting, in reasonable detail, the date on which and manner by which these notices were given.

ADMINISTRATIVE EXPENSES

11. The Liquidator shall pay, as costs and expenses of administration pursuant to Section 544 of Article V, 40 P.S. § 221.44, the actual, reasonable and necessary costs of preserving or recovering the assets of R&Q.


12. Distribution of the assets of R&Q in payment of the costs and expenses of estate administration including, but not limited to, compensation for the services of employees and professional consultants, such as attorneys, actuaries and accountants, shall be made under the direction and approval of the Court.

STAY OF LITIGATION

13. Unless the Liquidator consents thereto in writing, no action at law or in equity, including, but not limited to, an arbitration or mediation, the filing of any judgment, attachment, garnishment, lien or levy of execution process against R&Q or its assets, shall be brought against R&Q or the Liquidator or against any of their employees, officers or liquidation officers for acts or omissions in their capacity as employees, officers or liquidation officers of R&Q or the Liquidator, whether in this Commonwealth or elsewhere, nor shall any such existing action be maintained or further prosecuted after the effective date of this Order. All above-enumerated

actions currently pending against R&Q in the courts of the Commonwealth of Pennsylvania or elsewhere are hereby stayed; relief sought in these actions shall be pursued by filing a proof of claim against the estate of R&Q pursuant to Section 538 of Article V, 40 P.S. § 221.38.

14. All secured creditors or parties, pledges, lienholders, collateral holders or other persons, claiming secured, priority or preferred interests in any property or assets of R&Q, are hereby enjoined from taking any steps whatsoever to transfer, sell, assign, encumber, attach, dispose of, or exercise, purported rights in or against any property or assets of R&Q except as provided in Section 543 of Article V, 40 P.S. § 221.43.



Stacy Wallace, Judge