

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Jessica K. Altman, :
Insurance Commissioner :
of the Commonwealth of :
Pennsylvania, :
Plaintiff :
v. :
Senior American Insurance Company, :
Defendant : No. 1 SAI 2018

MEMORANDUM AND LIQUIDATION ORDER

AND NOW, this 15th day of August, 2019, upon consideration of the “First Amended Petition for Review in the Nature of a Complaint for Order of Liquidation of Senior American Insurance Company” (Petition for Liquidation) filed by Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, for the liquidation of Senior American Insurance Company (SAIC) pursuant to Article V of The Insurance Department Act of 1921 (Act),¹ on the grounds of SAIC’s consent to liquidation and its insolvency, it is hereby ORDERED that:

1. The Petition for Liquidation is GRANTED, and SAIC is ordered to be liquidated pursuant to Article V of the Act (Article V).
2. Insurance Commissioner, Jessica K. Altman and her successors in office, if any, are hereby appointed Statutory Liquidator of SAIC and directed to take possession of SAIC’s property, business and affairs in accordance with

¹ Act of May 17, 1921, P.L. 789, *as amended*. Article V was added by the Act of December 14, 1977, P.L. 280, *as amended*, 40 P.S. §§ 221.1-63.

Article V and to administer them pursuant to the orders of this Court, with the full cooperation and assistance of SAIC's affiliated company, AF&L Insurance Company (AF&L).²

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 (assets) of SAIC of whatever nature and wherever located, as of the date of filing the Petition for Liquidation. All assets of SAIC 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 SAIC or in any other name; (b) exclusive jurisdiction over all determinations as to whether assets belong to SAIC or to another party; (c) exclusive jurisdiction over all determinations of the validity and amounts of claims against SAIC; and (d) exclusive jurisdiction over the determination of the priority of all claims against SAIC.

5. To protect the assets of the SAIC Estate and facilitate this liquidation, the Liquidator is directed to:

- a) Inform all banks, investment bankers, companies, other entities or other persons having in their possession the property of SAIC, that they must deliver these assets immediately to the Liquidator, and not disburse, convey, transfer, pledge, assign, hypothecate, encumber or in

² SAIC and AF&L share administrative offices. SAIC has no employees and owns no physical assets, though it does maintain a separate bank account and a separate custodial account for its invested assets.

any manner dispose of the same without the prior written consent of the Liquidator.

b) Inform all attorneys employed by or retained by SAIC or performing legal services for SAIC 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 SAIC; 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 SAIC for any purpose and in any capacity; and, further, that the Liquidator need not make payment for any unsolicited report.

c) Inform any entity that has custody or control of any data processing equipment and records, including all types of electronically stored information, belonging to SAIC, to transfer custody and control of this equipment and information to the Liquidator, upon her request.

d) Inform any entity furnishing claims processing or data processing services to SAIC to maintain such services and transfer any such accounts to the Liquidator, upon her request.

6. SAIC's directors, officers and employees shall: (a) surrender peaceably to the Liquidator the access to the premises where SAIC conducts its business; (b) deliver all keys or access codes thereto and to any safe deposit boxes; (c) advise the Liquidator of the combinations and access codes of any safe or safekeeping devices of SAIC or any password or authorization code or access code required for access to data processing equipment and to access the files and data

stored or saved thereon; (d) identify and deliver to the Liquidator all the assets, books, records, files, credit cards, and other property of SAIC in their possession or control, wherever located; (e) cease transacting business on behalf of SAIC; and (f) advise and cooperate with the Liquidator in winding up the affairs of SAIC.

NOTICE OF LIQUIDATION

7. In addition to the notice requirements of Section 524 of Article V, 40 P.S. § 221.24, regarding the expediency and manner of the Liquidator's notice, as well as the requirement that claimants be notified that they are required to file their claims with the Liquidator along with proper proofs thereof as mandated by Section 538 of Article V, 40 P.S. § 221.38, and keep the Liquidator informed of any change in address, the Liquidator shall publish notice in newspapers of general circulation where SAIC has its principal places of business that: (a) explains the procedure by which claims against the estate of SAIC may be submitted to the Liquidator; (b) provides the address of the Liquidator's office for the submission of claims; and (c) notifies the public of the right to present a claim, or claims, to the Liquidator. The Liquidator's notice shall not establish a deadline for the filing of proofs of claim.

8. 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 SAIC, the Liquidator shall file a report with the Court demonstrating, in reasonable detail, the date and manner notice was given.

DISTRIBUTION OF ESTATE ASSETS

9. Any and all distribution of assets pursuant to Sections 544 and 546 of Article V, 40 P.S. §§ 221.44, 221.46, including those in payment for costs and expenses of Estate administration, shall be made under the direction and approval of the Court.

EFFECTIVE DATE

10. The effective date of this Order shall be September 3, 2019. SAIC shall continue to pay claims in the ordinary course of business until this Order becomes effective.

DECLARATION OF INSOLVENCY

11. SAIC is hereby declared to be insolvent, as defined in Section 503 of Article V of the Act, 40 P.S. § 221.3, as of September 3, 2019, the date of liquidation.



P. Kevin Brobson, Judge

Certified from the Record

AUG 16 2019

And Order Exit