

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Villanova Insurance Company, : No. 1 VIL 2002
(In Liquidation) :

**LIQUIDATOR’S APPLICATION
FOR APPROVAL OF ADMINISTRATIVE EXPENSES PAID
FOR THE PERIOD JANUARY 1, 2015 THROUGH JUNE 30, 2015**

Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania (“Commissioner”), in her official capacity as Statutory Liquidator for Villanova Insurance Company (“Villanova”), by and through her counsel, respectfully submits her Application for Approval of Administrative Expenses Paid for the Period January 1, 2015 through June 30, 2015.

APPLICATION FOR APPROVAL OF ADMINISTRATIVE EXPENSES PAID

1. Prior to receivership, Villanova, Legion Insurance Company (“Legion”) and Legion Indemnity Company (“Indemnity”) operated with an expense sharing agreement, pursuant to which Legion paid the common expenses for all three companies through July 2003. Under the expense sharing agreement, common expenses were allocated 80% to Legion, 10% to Villanova and 10% to Indemnity. Following entry of the Court’s Orders placing Legion and

Villanova into liquidation in July 2003, the expenses were allocated 90% to Legion and 10% to Villanova. The several schedules attached to this Petition represent the expenses paid by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation.

2. Pursuant to the Court's Order of January 8, 2004, the Liquidator previously filed petitions for approval of administrative expenses paid beginning on July 29, 2003, which administrative expenses paid have been approved by the Court. Most recently, the petition for approval of administrative expenses paid for the period July 1, 2014 through December 31, 2014, was approved by the Court on March 31, 2015.

3. With the current Petition, the Liquidator respectfully petitions the Court for approval of her administrative expenses paid for the period January 1, 2015 through June 30, 2015, as set forth on the attached Exhibit A, Combined Cash Basis Analysis, which were reasonable and necessary expenses for the administration of the Villanova liquidation. An illustration of the expenditures as a percentage of the total expenditures paid is attached as Exhibit B, including Combined Cash Basis Analysis, Professional Fees & Expenses for the period January 1, 2015 through June 30, 2015.

4. The Affidavits of the Chief Liquidation Officer and the Vice President and Chief Financial Officer in support of the Liquidator's submission of the Petition for Approval of Administrative Expenses Paid, and the Certification of Department Counsel related to legal expenses paid are attached to this Petition.

WHEREFORE, the Liquidator requests that the Court enter the Order attached hereto approving the administrative expenses paid.

Respectfully submitted,



AMY L. WEBER (I.D. #45447)
Insurance Department Counsel
Office of Liquidations, Rehabilitations and
Special Funds
Capitol Associates Building
901 North 7th Street, Suite 201
Harrisburg, PA 17102
(717) 787-6009

Counsel for Teresa D. Miller, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her official capacity as Statutory
Liquidator of Villanova Insurance Company (In
Liquidation)

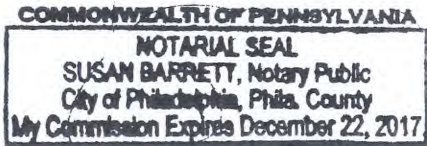
DATED: 9/1/15

5. I verify that the matters stated therein are true and correct to the best of my knowledge, information and belief, and make these statements subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.


ROBERT E. HABERLE

Sworn to and subscribed before me
this 28 th day of August, 2015.


NOTARY PUBLIC



IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Villanova Insurance Company :
(In Liquidation) : No. 1 VIL 2002

**AFFIDAVIT OF GERALD V. BEHR IN SUPPORT OF THE
LIQUIDATOR'S APPLICATION FOR APPROVAL OF ADMINISTRATIVE
EXPENSES PAID FOR THE PERIOD JANUARY 1, 2015 THROUGH
JUNE 30, 2015**

I, **GERALD V. BEHR**, hereby depose and state as follows:

1. I am Vice President and Chief Financial Officer for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) (“the Estates”), am currently licensed as Certified Public Accountant, and am responsible for overseeing all aspects of the Estates’ financial operations.

2. I certify that the Application for Approval of Administrative Expenses paid for the period January 1, 2015 through June 30, 2015 fairly presents in all material respects the Estates’ paid administrative expenses for the period January 1, 2015 through June 30, 2015 for the following areas of expenditure:

A. Salaries: “Salaries” includes expenses for salary and overtime compensation for all the Estates’ employees, the cost of temporary help and contractor services, the performance compensation program, and a compensation program for displaced employees of the Estates.

B. Benefits: “Benefits” includes expenses for employee group health, life and disability programs, 401(k) contributions, employee training, workers’

compensation insurance, FICA and federal and state unemployment taxes.

C. Occupancy: “Occupancy” includes expenditures for lease expenses in Philadelphia and Milwaukee, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.

D. Equipment: “Equipment” includes depreciation expenses for EDP equipment, operating and applications systems software, office furniture and fixtures and leasehold improvements, and expenditures for purchases and repairs of all other equipment used by the Estates.

E. Legal Fees and Expenses: “Legal Fees and Expenses” includes expenditures to outside law firms for matters related to reinsurance litigation, policyholder collections, managing general agent and third party administrators, the Estates’ defendant issues and liquidation issues.

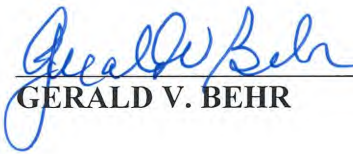
F. Professional Services: “Professional Services” includes expenditures for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside firms for technology support and outsourcing.

G. Other: “Other” includes expenditures for telephone, postage, express mail, printing and freight expenses, letterhead, envelopes and other office supplies; transportation, meals, lodging and other costs of employees while traveling; costs of the Pennsylvania Insurance Department for the oversight of the Estates; and insurance for fidelity and surety bonds on employees, general

liability insurance, Directors and Officers and omissions coverage for directors and personal property coverage.

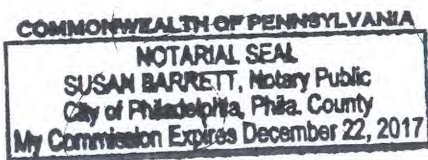
4. Based on my knowledge, the Application for Approval of Administrative Expenses paid for the period January 1, 2015 through June 30, 2015 fairly presents in all material respects the administrative expenses paid by the Estates for the period January 1, 2015 through June 30, 2015.

5. I verify that the matters stated therein are true and correct to the best of my knowledge, information and belief, and make these statements subject to the penalties of 18 Pa.C.S. § 4904 relating to unsworn falsification to authorities.


GERALD V. BEHR

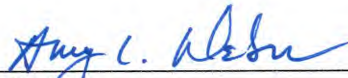
Sworn to and subscribed before me
this 28 th day of August, 2015.


NOTARY PUBLIC



CERTIFICATION

I, Amy L. Weber, Office of General Counsel assigned to the Office of Liquidations, Rehabilitations and Special Funds of the Pennsylvania Insurance Department, am duly authorized to make this Certification for and on behalf of Teresa D. Miller, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator (“Liquidator”) of Villanova Insurance Company. I have read the Combined Cash Basis Analysis for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) and certify that the Legal Fees and Expenses stated therein for the period January 1, 2015 through June 30, 2015, are reasonable and necessary expenses to the best of my knowledge, information and belief. I understand that this Certification is made subject to the penalties of 18 Pa.C.S. §4904 relating to unsworn falsification to authorities.



Amy L. Weber
Insurance Department Counsel

Dated: 9/1/15

EXHIBIT A

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
COMBINED CASH BASIS ANALYSIS
January 1, 2015 to June 30, 2015

<u>Staffing - End of Period</u>		
Full Time		52.5
Contractor Help		2
Total Staffing - Ending		54.5

<u>G & A Expenses</u>	For the Period	% of Total Operating
Labor	\$ 5,695,057	62.8%
<i>Salary and overtime compensation for all Legion employees and the cost of temporary help, contractor services and outsourced services utilized. Also includes the performance compensation program and compensation program for displaced Legion employees.</i>		
Benefits	1,129,990	12.5%
<i>Expenses incurred for employee group health, life and disability programs, 401(k) contributions, employee training, workers' compensation insurance and FICA and Federal and state unemployment taxes.</i>		
Occupancy	478,037	5.3%
<i>Lease expenses for facilities, utility and office maintenance expenses for leased premises, records retention, furniture repair and maintenance expenses and rental costs for postage and copier/fax equipment.</i>		
Equipment	386,673	4.3%
<i>Expenses for operating and applications systems software and purchases and repairs for all other equipment used by Legion.</i>		
Legal Fees and Expenses	101,008	1.1%
<i>Legal retainers and fees to outside law firms for matters related to reinsurance litigation, policyholders collections, managing general agent and third party administrators, Legion defendant issues and liquidation issues.</i>		
Professional Services	344,318	3.8%
<i>Fees for reinsurance services, audit and tax consulting fees of independent CPA firms, fees to outside firms for actuarial consulting services, management consulting services, fees for collection of overdue premium, fees to outside firms for technology support, and other fees.</i>		
Other	931,809	10.2%
<i>Telephone, postage, express mail, printing and freight expenses. Also includes cost of office supplies, transportation, meals, lodging and other costs of employees while traveling, costs of the PA Insurance Department for the oversight of the Legion and Villanova estates and insurance expenses for fidelity and surety bonds on employees, general liability insurance, Directors and Officers, errors and omissions and personal property coverage.</i>		
Total Expenses	9,066,892	100.0%
Reinsurance Collection Expense	999,187	
<i>Collection Commissions</i>		
Investment Expenses	181,275	
<i>Banking, management and custodial fees</i>		
Federal Income Tax	1,833,433	
<i>Estimated Alternative Minimum Tax</i>		
TPA Payments	-	
<i>Payments made to external TPA for services rendered during rehabilitation period.</i>		
Total	\$ 12,080,787	

EXHIBIT B

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Fees and Expenses and Professional Services Paid
 January 1, 2015 - June 30, 2015

Classification	VENDOR NAME	Services Provided	Total	
Legal Fees and Expenses	DUANE MORRIS LLP	General Collection Litigation	35,471	
	LEXISNEXIS	Legal Research Fees	2,242	
	PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP	General Litigation and Liquidation Advice	5,355	
	PRICEWATERHOUSE COOPERS LLP	Actuarial Arbitration Support	20,290	
	DANIEL STERN, REFEREE	Referee Fees	4,218	
	WEST PUBLISHING CORPORATION	Legal Research Fees	17,338	
	WILLIAM J. MANSFIELD, INC.	Legal Advertising Services	16,094	
	Total Legal Fees and Expenses Paid			101,008
	Change in Legal Fees and Expenses accrual and other non-cash transactions			58,801
	Total Legal Fees and Expenses Incurred			159,809

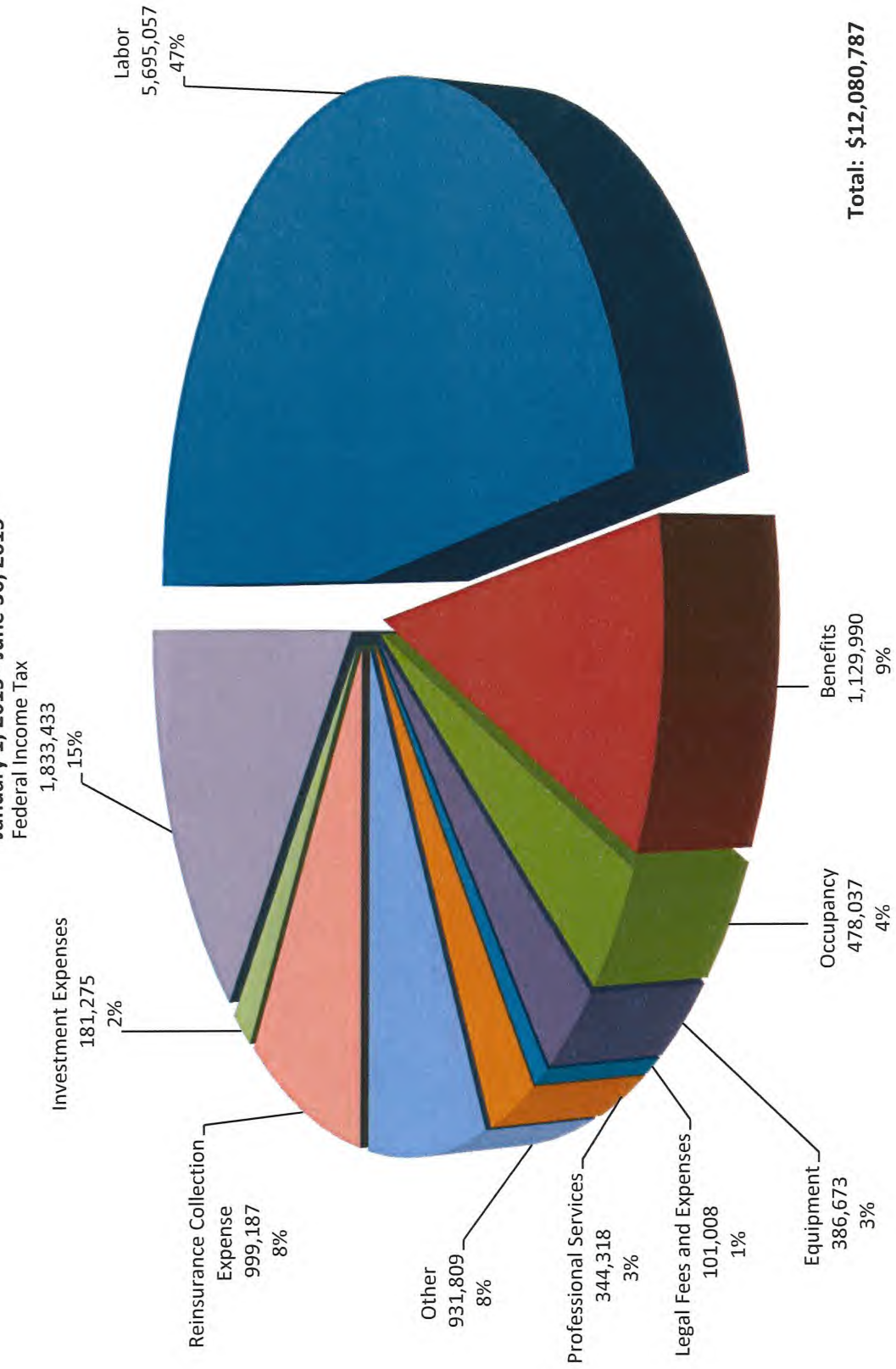
Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Fees and Expenses and Professional Services Paid
 January 1, 2015 - June 30, 2015

Classification	VENDOR NAME	Services Provided	Total
Professional Services	ASHDAR PARTNERS, INC.	IT Consulting	122,250
	CITADEL RISK SERVICES UK LIMITED	London Reinsurance Collection Intermediary	4,321
	COMPUTER SCIENCES CORPORATION	Data Processing	179,011
	ERNST & YOUNG LLP	Tax Consulting	29,894
	HODGES ACTUARIAL CONSULTING LLC	Actuarial Services	8,835
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Professional Fees	7
Total Professional Services Paid			344,318
Change in Professional Services accrual and other non-cash transactions			64,990
Total Professional Services Incurred			409,308
Total Legal Fees and Expenses and Professional Services Incurred			569,117

* All expenses above are gross before any allocation among Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation).

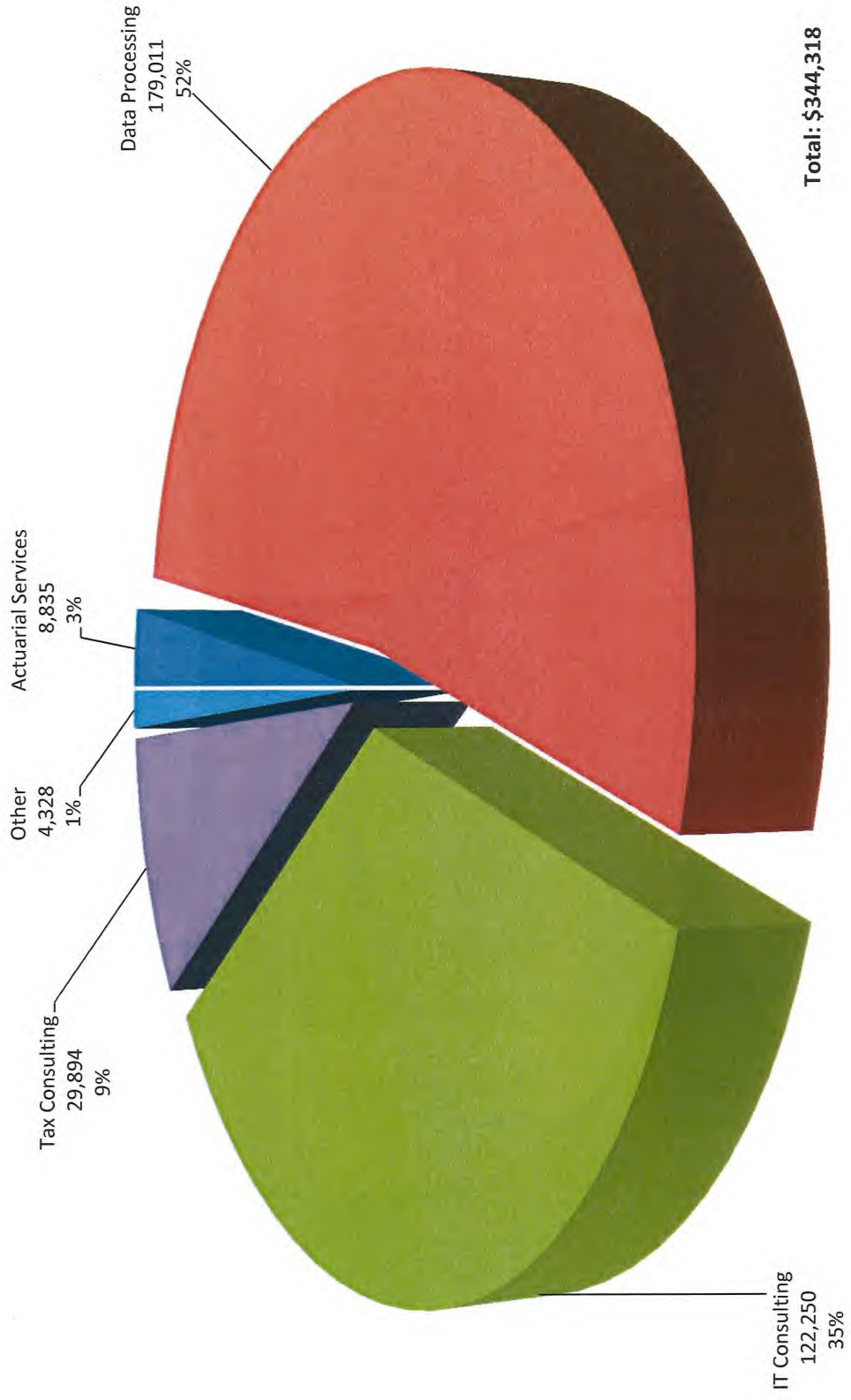
EXHIBIT C

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Combined Cash Basis Analysis
January 1, 2015 - June 30, 2015

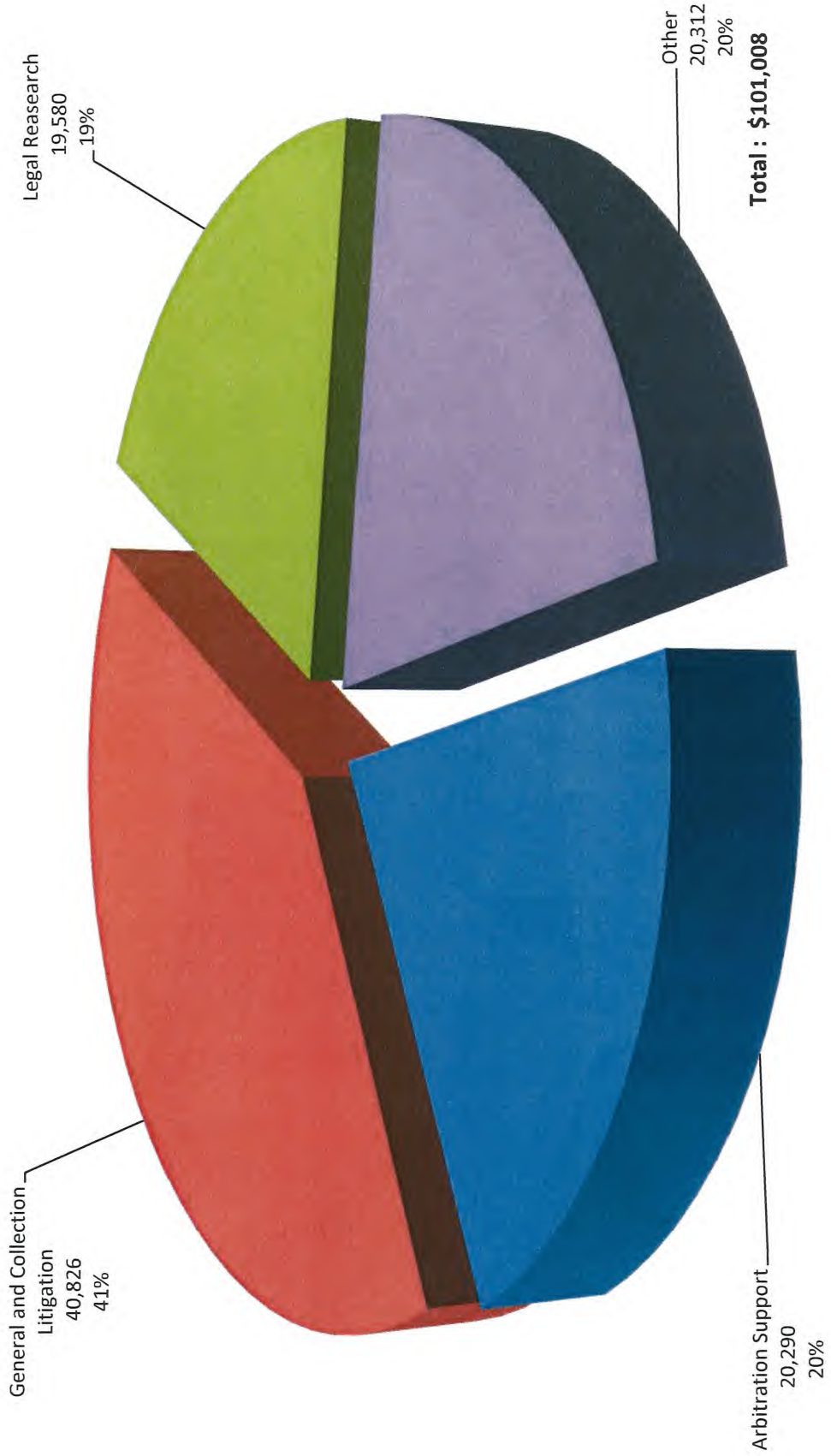


Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Professional Services

January 1, 2015 - June 30, 2015



Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Legal Fees & Expenses
January 1, 2015 - June 30, 2015



IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Villanova Insurance Company, : No. 1 VIL 2002
(In Liquidation) :

ORDER

AND NOW, this ____ day of _____, 2015, upon consideration of the Statutory Liquidator's Application for Approval of Administrative Expenses Paid for the Period January 1, 2015 through June 30, 2015, the Application is hereby GRANTED.

BY THE COURT:

MARY HANNAH LEAVITT, J.