



COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT

Office of Chief Counsel

Capitol Associates Building
901 North 7th Street
Harrisburg, PA 17102

Governor's Office
of General Counsel

Phone (717) 787-6009
Fax (717) 772-4543

February 15, 2007

Daniel Schuckers
Prothonotary
Commonwealth Court
628 South Office Building
Harrisburg, PA 17120-0001

RE: **M. Diane Koken, Insurance Commissioner of the Commonwealth of**
Pennsylvania v. Villanova Insurance Company,
No. 182 M.D. 2002

Dear Mr. Schuckers:

Enclosed for filing please find the original and two hard copies of the Fourth Quarter 2006 Financial Report of the Liquidator Pursuant to Order Dated July 1, 2004.

As directed by the Court's Order we are also enclosing copies of the documents on a computer disk.

Thank you for your courtesies in filing the documents.

Very truly yours,

Amy L. Weber
Special Funds Counsel

ALW:mm
Enclosure

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

M. Diane Koken, Insurance Commissioner,
Commonwealth of Pennsylvania,

Plaintiff,

v.

Villanova Insurance Company,
Defendant.

No. 182 M.D. 2002

**FOURTH QUARTER 2006 FINANCIAL REPORT OF THE
LIQUIDATOR PURSUANT TO ORDER DATED JULY 1, 2004**

M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator (the "Liquidator") of Villanova Insurance Company ("Villanova"), through her undersigned counsel, hereby submits this Fourth Quarter 2006 Financial Report ("Report") pursuant to this Court's Order of July 1, 2004.

REPORT

A. Special Purpose Statements of Assets and Liabilities

Attached hereto as Exhibits "A" and "B" are Special Purpose Statements of Assets and Liabilities for Legion Insurance Company ("Legion") and Villanova, respectively, as of December 31, 2006. As reflected in the Note accompanying these Statements, they have been prepared on a unique financial reporting basis, subject to the several assumptions and qualifications stated therein. The Statements reflect that, as of December 31, 2006, the Assets, Liabilities and Net Surplus (Deficit) of Legion and Villanova are as follows:

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	<u>Assets</u>	<u>Liabilities</u>	<u>Net Surplus (Deficit)</u>
LEGION	\$2,818,700,000	\$3,432,470,000	(\$614,000,000)
VILLANOVA	\$228,700,000	\$467,300,000	(\$238,600,000)

B. Statements Reflecting Statutory Capital and Surplus Accounts

Attached hereto as Exhibits "C" and "D" are Statements reflecting the Statutory Capital and Surplus Accounts for Legion and Villanova, respectively, for the period December 31, 2001 through December 31, 2006. As reflected in these Statements, as of December 31, 2006, Legion has a Net Deficit of \$614,000,000 and Villanova has a Net Deficit of \$238,600,000. All cash receipts and disbursements including investment transactions are reflected in the monthly cash flow summaries (see Item C, Monthly Cash Flow Summaries, below). Also, the Liquidator has provided an expense analysis comparing, by category of expense, budget with actual accrued expenses (see Item D below).

C. Monthly Cash Flow Summaries

Attached hereto as Exhibits "E" and "F" are cash flow summaries on a monthly basis for Legion and Villanova including investment transactions, respectively, for the period January 1, 2006 through December 31, 2006. The summaries also reflect an adjustment for marking the investments to market and other adjustments as of December 31, 2006. As reflected in these statements, the ending available cash and investments (net of payments) at market value as of December 31, 2006 for Legion and Villanova is \$567,600,000 and \$64,100,000, respectively.

D. Combined Expense Analysis

Prior to receivership, Legion, Villanova 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 Report relating to expenses (Exhibits G and H) represent the expenses paid or incurred by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation.

Exhibit "G" is a schedule reflecting the combined incurred expenses of Legion and Villanova from January 1, 2006 through December 31, 2006 together with a comparison, by category of expense, between 2006 actual and 2006 budget and between 2005 and 2006 actuals. As reflected in the Statement, the total combined expenses through December 31, 2006 are \$52,156,000, which is 11.65% less than the 2006 budget and 9.14% more than 2005 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses. In addition, the schedule reflects \$611,000 of revenue, which is 52.38% less than budget, related to collection of large deductible recoveries as provided for by Pennsylvania statute Act 46.

E. Professional Services Paid and Incurred

Attached hereto as Exhibit "H" is a schedule reflecting the amounts which the Liquidator paid to or amounts which the Liquidator has incurred as a result of the performance of services by various professional vendors, including law firms, accounting and actuarial firms, consultants on reinsurance and other matters, premium audit and collection services, and other litigation and support service providers, during the period January 1, 2006 through December 31, 2006. The schedule is broken down by month, with a year-to-date total through December 31, 2006 (before adjustments for changes in accrual and other non-cash transactions) of \$12,459,275.

F. Administrative Expenses

Exhibit "G" Combined Expense Analysis, provides the accrued administrative expenses of the estate including salaries and employee benefits for the period January 1, 2006 through December 31, 2006 except for certain guaranty association expenses that may qualify as administrative expenses of the estate. Exhibit "H," Professional Services Paid and Incurred provides additional detail.

G. Reinsurance Recoverables Due or Billable Net

Detailed information relating to reinsurance recoverables of the estates due or billable net as of December 31, 2006 is submitted as Exhibits "I" and "J" respectively.

Respectfully submitted,



Amy L. Weber (I.D. #45447)
Special Funds Counsel
Office of Liquidations, Rehabilitations and
Special Funds
901 North 7th Street
Harrisburg, Pennsylvania 17102
(717) 787-6009

Attorney for Diane Koken, Insurance
Commissioner of the Commonwealth of
Pennsylvania in her official capacity as
Statutory Liquidator of Villanova Insurance
Company

Dated: February 15, 2007

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

**M. Diane Koken
Insurance Commissioner of the
Commonwealth of Pennsylvania**

Plaintiff,

v.

**Villanova Insurance Company
One Logan Square, Suite 1400
Philadelphia, PA 19103**

Defendant.

Docket No. 182 M.D. 2002

**AFFIDAVIT OF JOSEPH ZARANDONA
IN SUPPORT OF THE FOURTH QUARTER 2006
FINANCIAL REPORT OF THE LIQUIDATOR**


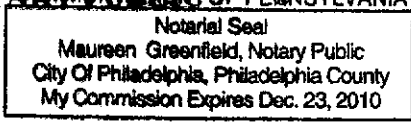
I, JOSEPH ZARANDONA, hereby depose and state as follows:

1. I am Chief Liquidation Officer of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) ("the Estates"), and am responsible for overseeing their daily business operations.
2. I directed the preparation of and have reviewed the Fourth Quarter 2006 Financial Report of the Liquidator ("the Report").
3. Based on my knowledge, the financial information included in the Report fairly presents in all material respects the financial condition, results of operations and cash flows for the Fourth Quarter of 2006.
4. My certification is made in reasonable reliance on the work of qualified staff and the Estates' internal procedures for financial operations.
6. 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.


JOSEPH ZARANDONA

Sworn to and subscribed before me
this 12 th day of Feb., 2007.


NOTARY PUBLIC OF PENNSYLVANIA

Notarial Seal
Maureen Greenfield, Notary Public
City Of Philadelphia, Philadelphia County
My Commission Expires Dec. 23, 2010
Member, Pennsylvania Association of Notaries

M. Diane Koken
Insurance Commissioner of the
Commonwealth of Pennsylvania

V.

Villanova Insurance Company
One Logan Square, Suite 1400
Philadelphia, PA 19103

Docket No. 182 M.D. 2002

I, MICHAEL I. QUIST, hereby depose and state as follows:

2. I assisted in the direction of the preparation of the Fourth Quarter 2006 Financial Report of the Liquidator ("the Report"), and make this certification in reliance on the assistance and support of qualified staff and the Estates' internal procedures for financial operations.

A. Special Purpose Statements of Assets and Liabilities: Exhibits “A”

and "B" to the Report are Special Purpose Statements of Assets and Liabilities for the Estates as of December 31, 2006. As reflected in the Note accompanying these Statements, they have been prepared on a unique financial reporting basis, subject to the several assumptions and qualifications stated therein.

B. Statements Reflecting Statutory Capital and Surplus Accounts:

Exhibits "C" and "D" to the Report are Statements reflecting the Statutory Capital and Surplus Accounts for the Estates for the period October 1, 2006 through December 31, 2006.

C. Monthly Cash Flow Summaries: Exhibits "E" and "F" are cash flow summaries on a monthly basis for the Estates including investment transactions, respectively, for the period October 1, 2006 through December 31, 2006.

D. Combined Expense Analysis: Prior to receivership, Legion, Villanova 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 the Report relating to expenses represent the expenses paid or incurred by the Estates on a consolidated basis, including

all common expenses, before any allocation. Exhibit "G" is a schedule reflecting the combined incurred expenses of the Estates from October 1, 2006 through December 31, 2006 together with a comparison, by category of expense, between 2006 actual and 2006 budget and between 2005 and 2006 actuals. There have been no significant unfavorable variances between the budgeted and actual accrued expenses.

F. Professional Services Paid and Incurred: Exhibit "H" is a schedule reflecting the amounts which the Liquidator paid to or amounts which the Liquidator has incurred as a result of the performance of services by various professional vendors, including accounting and actuarial firms, consultants on reinsurance and other matters, premium audit and collection services, and other support service providers, during the period October 1, 2006 through December 31, 2006. Legal vendors, including law firms and other litigation and support service providers, are broken out separately on Exhibit "H."

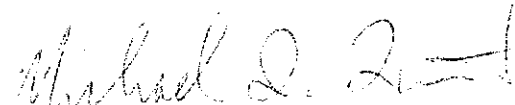
G. Administrative Expenses: Exhibit "G," Combined Expense Analysis, provides the accrued administrative expenses of the Estates including salaries and employee benefits for the period October 1, 2006 through December 31, 2006 except for certain guaranty association expenses that may qualify as administrative expenses of the estate. Exhibit "H" Professional Services Paid and Incurred provides additional detail.

H. Reinsurance Recoverables Due or Billable Net: Exhibits "I" and

"J" provide detailed information relating to reinsurance recoverables of the Estates due or billable net as of December 31, 2006 is submitted as Exhibits "I" and "J" respectively.

4. Based on my knowledge, the financial information included in the Report fairly presents in all material respects the financial condition, results of operations and cash flows for the Fourth Quarter of 2006.

5. I verify that the matters stated herein 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.


MICHAEL I. QUIST

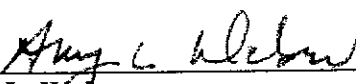
Sworn to and subscribed before me
this 18 th day of Feb, 2007.


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CERTIFICATION

I, Amy L. Weber, Special Funds Counsel, of the 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 M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator ("Liquidator") of Villanova Insurance Company. I am responsible for reviewing the invoices and documents received from outside counsel supporting the legal fees and expenses for the Exhibit H to the Fourth Quarter 2006 Financial Report of the Liquidator and I certify that these legal fees and expenses are reasonable and necessary. I also have reviewed Exhibit G, the Combined Expense Analysis for Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) and certify that the legal fees and expenses stated therein have been reflected accurately. 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
Special Funds Counsel

Dated: 2/15/07

EXHIBIT
A

Legion Insurance Company (In Liquidation)
Special Purpose Statement of Assets and Liabilities*
December 31, 2006 and December 31, 2005
(In Millions of Dollars)

	<u>12/31/2006</u>	<u>12/31/2005</u>
ASSETS		
Cash and short duration investments:		
Liquid securities	\$ 281.3	\$ 300.6
Illiquid securities	-	-
Money market deposits	286.4	97.5
Restricted deposits	<u>0.6</u>	<u>0.6</u>
Total invested assets	568.3	398.7
Premium balances	0.5	4.8
Estimated losses and loss adjustment expense reserves - ceded	1,437.4	2,059.9
Reinsurance recoverables due or billable, net	575.1	678.0
Early access advances	134.4	-
State deposits and unapplied state deposits available for early access	29.0	195.3
Post liquidation claims paid on behalf of guaranty associations	1.8	5.5
Amounts to be distributed per Act 46	11.2	-
Other assets	<u>61.0</u>	<u>7.3</u>
Total Assets	<u>\$ 2,818.7</u>	<u>\$ 3,349.5</u>
LIABILITIES		
Estimated losses and loss adjustment expense reserves - direct	\$ 1,737.5	\$ 2,245.4
Estimated losses and loss adjustment expense reserves - assumed	308.7	193.7
Post liquidation claims paid by guaranty associations, gross	981.9	732.9
Due from insured - guaranty associations	<u>15.7</u>	<u>20.9</u>
Post liquidation claims paid by guaranty associations, net	997.6	753.8
Post liquidation claims paid by Ancillary Receivership, gross	28.3	-
Estimated losses and loss adjustment expense reserves of Ancillary- direct	42.5	-
Offset of unapplied liquidated statutory deposit controlled by Ancillary	<u>(58.9)</u>	<u>-</u>
Post liquidation claims of Ancillary Receivership, net	11.9	-
Funds held	17.0	19.6
Other liabilities	<u>360.0</u>	<u>362.3</u>
Total liabilities	3,432.7	3,574.8
Net surplus (deficit)	<u>(614.0)</u>	<u>(225.3)</u>
Total Liabilities and Surplus (Deficit)	<u>\$ 2,818.7</u>	<u>\$ 3,349.5</u>

* See Note to Special Purpose Statement of Assets and Liabilities

**Legion Insurance Company (In Liquidation) and
Villanova Insurance Company (In Liquidation)
Note to Special Purpose Statement of Assets and Liabilities**

The special-purpose statements of assets and liabilities of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) are prepared on a unique financial reporting basis in that the statements do not reflect the effect of the companies' 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 that may be substantially different than those reflected in the accompanying statements of assets and liabilities. The statements do not include any adjustments that might result from outcomes of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits. Specifically, the following facts should be noted in reviewing the accompanying special-purpose statements of assets and liabilities:

- The amounts to be distributed per Act 46 represent funds collected under large deductible policies. These funds will be paid, as outlined in Act 46, to those entities that funded the claim payments.
- The recorded estimated direct and assumed losses and loss adjustment expense reserves and the related estimated ceded losses and loss adjustment expense reserves reflected on the special-purpose statements of assets and liabilities are based primarily on actuarial estimates of expected losses calculated prior to the companies entering rehabilitation. Sufficient credible data is not yet available to update the aggregate actuarial estimates of reserves after the rehabilitation effective date due to the significant changes in claim settlement and reserving processes triggered by the rehabilitation and liquidation actions;
- The statements do not reflect any general provision for estimated unrealizable reinsurance recoverable assets. The statements do reflect provisions for specific reinsurance insolvencies or other industry known facts which will likely result in compromised collections;
- There is an estimated provision for current guaranty association costs that have been incurred by the estates;
- There is no provision for future internal operating costs to execute the activities and responsibilities of the estates in the liquidation process through the date of the final liquidation of the estates.

The special purpose statements of assets and liabilities is not intended to be in conformity with and may 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. Certain presentation reclassifications have been made to reflect the offset of statutory deposits and unapplied liquidated statutory deposits, additional effects of early access, offset of recoverables related to Act 46 and other items.

EXHIBIT
B

Villanova Insurance Company (In Liquidation)
Special Purpose Statement of Assets and Liabilities*
December 31, 2006 and December 31, 2005
(In Millions of Dollars)

	<u>12/31/2006</u>	<u>12/31/2005</u>
ASSETS		
Cash and short duration investments:		
Liquid securities	\$ 24.8	\$ 31.0
Illiquid securities	-	-
Money market deposits	39.3	5.7
Restricted deposits	-	-
Total invested assets	<u>64.1</u>	<u>36.7</u>
Premium balances	0.8	0.7
Estimated losses and loss adjustment expense reserves - ceded	55.4	141.1
Reinsurance recoverables due or billable, net	85.6	84.8
Early access advances	15.5	-
State deposits and unapplied state deposits available for early access	0.3	38.1
Post liquidation claims paid on behalf of guaranty associations	0.1	0.5
Amounts to be distributed per Act 46	2.3	-
Other assets	4.6	4.0
Total Assets	<u>\$ 228.7</u>	<u>\$ 305.9</u>
LIABILITIES		
Estimated losses and loss adjustment expense reserves - direct	\$ 248.6	\$ 221.8
Estimated losses and loss adjustment expense reserves - assumed	24.0	21.6
Post liquidation claims paid by guaranty associations, gross	157.9	126.6
Due from insured - guaranty associations	<u>3.4</u>	<u>7.4</u>
Post liquidation claims paid by guaranty associations, net	161.3	134.0
Post liquidation claims paid by Ancillary Receivership, gross	1.0	-
Estimated losses and loss adjustment expense reserves of Ancillary- direct	1.8	-
Offset of unapplied liquidated statutory deposit controlled by Ancillary	<u>(1.2)</u>	<u>-</u>
Post liquidation claims of Ancillary Receivership, net	1.6	-
Funds held	3.7	4.0
Other liabilities	<u>28.1</u>	<u>33.5</u>
Total liabilities	467.3	414.9
Net surplus (deficit)	<u>(238.6)</u>	<u>(109.0)</u>
Total Liabilities and Surplus (Deficit)	<u>\$ 228.7</u>	<u>\$ 305.9</u>

* See Note to Special Purpose Statement of Assets and Liabilities

**Legion Insurance Company (In Liquidation) and
Villanova Insurance Company (In Liquidation)
Note to Special Purpose Statement of Assets and Liabilities**

The special-purpose statements of assets and liabilities of Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) are prepared on a unique financial reporting basis in that the statements do not reflect the effect of the companies' 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 that may be substantially different than those reflected in the accompanying statements of assets and liabilities. The statements do not include any adjustments that might result from outcomes of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits. Specifically, the following facts should be noted in reviewing the accompanying special-purpose statements of assets and liabilities:

- The amounts to be distributed per Act 46 represent funds collected under large deductible policies. These funds will be paid, as outlined in Act 46, to those entities that funded the claim payments.
- The recorded estimated direct and assumed losses and loss adjustment expense reserves and the related estimated ceded losses and loss adjustment expense reserves reflected on the special-purpose statements of assets and liabilities are based primarily on actuarial estimates of expected losses calculated prior to the companies entering rehabilitation. Sufficient credible data is not yet available to update the aggregate actuarial estimates of reserves after the rehabilitation effective date due to the significant changes in claim settlement and reserving processes triggered by the rehabilitation and liquidation actions;
- The statements do not reflect any general provision for estimated unrealizable reinsurance recoverable assets. The statements do reflect provisions for specific reinsurance insolvencies or other industry known facts which will likely result in compromised collections;
- There is an estimated provision for current guaranty association costs that have been incurred by the estates;
- There is no provision for future internal operating costs to execute the activities and responsibilities of the estates in the liquidation process through the date of the final liquidation of the estates.

The special purpose statements of assets and liabilities is not intended to be in conformity with and may 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. Certain presentation reclassifications have been made to reflect the offset of statutory deposits and unapplied liquidated statutory deposits, additional effects of early access, offset of recoverables related to Act 46 and other items.

EXHIBIT
C

Legion Insurance Company (In Liquidation)
Statutory Capital and Surplus Account
For the Period December 31, 2001 Thru December 31, 2006
(In Millions of Dollars)

Surplus as Regards Policyholders, Beginning Balance	\$ 298.3
Net Loss:	
Underwriting Loss, Net	(1,017.2)
Investment Income, Net	56.5
Other Expense, Net	(17.4)
Loss Before Income Taxes *	(978.1)
Federal & Foreign Income Taxes	(22.4)
Net Loss	(955.7)
Net Unrealized Capital Losses	(21.0)
Change in Net Deferred Income Tax	(42.3)
Change in Non Admitted Assets	84.0
Change in Provision for Reinsurance	22.7
Change in Surplus as Regards Policyholders for the Period	(912.3)
Surplus as Regards Policyholders, Ending Balance	\$ (614.0)

Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) combined have booked an estimated net adjustment of \$275M in the 4th quarter 2006 related to additional losses in excess of reinsurance coverage prior to pooling.

EXHIBIT
D

Villanova Insurance Company (In Liquidation)
Statutory Capital and Surplus Account
For the Period December 31, 2001 Thru December 31, 2006
(In Millions of Dollars)

Surplus as Regards Policyholders, Beginning Balance	\$ 27.6
Net Loss:	
Underwriting Loss, Net	(57.9)
Investment Income, Net	9.1
Other Expense, Net	(5.3)
Loss Before Income Taxes	(54.1)
Federal & Foreign Income Taxes	7.5
Net Loss	(61.6)
Net Unrealized Capital Gains	(0.1)
Change in Net Deferred Income Tax	(8.6)
Change in Non Admitted Assets	(197.6)
Change in Provision for Reinsurance	1.7
Change in Surplus as Regards Policyholders for the Period	(266.2)
Surplus as Regards Policyholders, Ending Balance	\$ (238.6)

Legion Insurance Company (In Liquidation) and Villanova Insurance Company (In Liquidation) combined have booked an estimated net adjustment of \$275M in the 4th quarter 2006 related to additional losses in excess of reinsurance coverage prior to pooling.

EXHIBIT
E

Legion Insurance Company (In Liquidation)
Cash Flow Summary
Liquidation Basis
YTD December 31, 2006
(In millions)

	2006											
	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Available Cash and Investments*	\$ 402.2	\$ 414.4	\$ 439.6	\$ 477.3	\$ 517.0	\$ 530.7	\$ 429.3	\$ 446.4	\$ 466.4	\$ 470.7	\$ 520.3	\$ 540.0
Premium collections (net of expenses)	0.2	0.1	0.3	0.3	1.5	0.2	0.2	1.0	0.1	0.3	1.0	0.4
Reinsurance collections:												
Reinsurance recoverables:												
Mutual Companies	1.0	1.6	-	-	-	-	-	2.6	-	-	-	-
All Other Reinsurers	12.9	33.9	58.8	38.1	23.8	21.2	20.6	12.3	10.2	58.7	15.4	23.8
Reinsurance commutations/settlements:												
Mutual Companies	-	-	-	-	-	-	-	-	-	-	-	-
All Other Reinsurers	-	-	-	-	-	-	-	-	-	-	-	-
Deductible Recoveries:												
Mutual Companies	-	1.2	4.0	2.4	2.1	-	2.1	0.9	-	-	1.0	-
All Other Reinsurers	-	0.1	-	-	-	-	-	-	-	-	-	1.8
Portfolio sales/maturities	-	-	-	-	-	-	-	-	-	-	-	-
Investment income (net of expenses)	1.3	1.4	1.9	2.2	1.4	1.3	0.7	3.0	1.8	1.4	6.0	1.9
Total Sources of Cash	16.4	36.3	65.0	43.0	28.3	22.7	23.6	19.8	12.1	60.4	23.4	27.9
Loss & loss adjustment expense payments	-	-	(0.1)	-	-	0.0	(0.1)	(0.1)	0.0	(0.1)	-	(0.1)
Paid expenses	(2.2)	(2.3)	(3.2)	(2.5)	(2.3)	(2.5)	(2.1)	(2.8)	(2.5)	(2.4)	(2.6)	(2.9)
Payroll	(1.4)	(1.3)	(2.0)	(1.3)	(1.3)	(4.7)	(1.3)	(1.9)	(1.3)	(1.2)	(1.4)	(1.3)
Intercompany transfers	-	(9.8)	(6.0)	-	(7.8)	(2.0)	(1.7)	-	1.9	(7.7)	-	0.5
Guaranty Association transactions	-	-	-	-	-	(114.5)	-	(2.2)	-	-	-	-
Other cash inflows (outflows)	0.4	0.4	(16.0)	0.5	(3.7)	(0.4)	(1.3)	7.2	(5.9)	0.6	0.3	5.4
Total Uses of Cash	(3.2)	(13.1)	(17.3)	(3.3)	(15.1)	(124.1)	(6.5)	0.2	(7.8)	(10.8)	(3.7)	1.6
Ending Available Cash and Investments	\$ 414.4	\$ 439.6	\$ 477.3	\$ 517.0	\$ 530.7	\$ 429.3	\$ 446.4	\$ 466.4	\$ 470.7	\$ 520.3	\$ 540.0	\$ 569.5
Mark to Market and other adjustments			(3.2)			(3.3)			(4.4)			(1.9)
Adjusted Balance	\$ 414.4	\$ 439.6	\$ 474.1			\$ 426.0			\$ 466.3			\$ 567.6

EXHIBIT
F

Villanova Insurance Company (in Liquidation)
Cash Flow Summary
Liquidation Basis
YTD December 31, 2006
(in millions)

	2006											
	January	February	March	April	May	June	July	August	September	October	November	December
Beginning Available Cash and Investments*	\$ 37.3	\$ 40.0	\$ 50.0	\$ 50.6	\$ 51.3	\$ 59.8	\$ 50.2	\$ 52.4	\$ 53.3	\$ 51.3	\$ 55.6	\$ 62.3
Premium collections (net of expenses)	-	-	0.1	-	-	-	-	-	-	-	0.1	0.1
Reinsurance collections:												
Reinsurance recoverables:												
Mutual Companies	0.3	-	-	-	-	-	-	0.6	-	-	-	-
All Other Reinsurers	2.3	-	1.6	-	1.1	1.2	0.8	0.1	0.1	0.3	2.3	2.2
Reinsurance commutations/settlements:												
Mutual Companies	-	-	-	-	-	-	-	-	-	-	-	-
All Other Reinsurers	-	-	-	-	-	-	-	-	-	-	-	-
Deductible Recoveries:												
Mutual Companies	-	-	-	-	-	-	-	-	-	-	-	-
All Other Reinsurers	-	-	-	0.5	-	-	-	-	-	-	-	0.1
Portfolio sales/maturities	-	-	-	-	-	-	-	-	-	-	-	-
Investment income (net of expenses)	0.1	0.1	0.3	0.2	0.1	0.1	0.1	0.4	0.2	0.3	0.3	0.3
Total Sources of Cash	2.7	0.1	2.0	0.7	1.2	1.3	0.9	1.1	0.3	0.6	2.7	2.7
Loss & loss adjustment expense payments	-	-	-	-	-	-	-	-	-	-	-	-
Paid expenses	-	-	-	-	-	-	-	-	-	-	-	(0.2)
Payroll	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany transfers	-	9.9	6.0	-	7.8	2.0	1.7	-	(1.9)	7.7	-	(0.5)
Guaranty Association transactions	-	-	-	-	-	(12.9)	-	-	-	-	-	-
Other cash inflows (outflows)	-	-	(7.4)	-	(0.5)	-	(0.4)	(0.2)	(0.4)	-	-	0.5
Total Uses of Cash	-	9.9	(1.4)	-	7.3	(10.9)	1.3	(0.2)	(2.3)	7.7	-	(0.2)
Ending Available Cash and Investments	\$ 40.0	\$ 50.0	\$ 50.6	\$ 51.3	\$ 59.8	\$ 60.2	\$ 52.4	\$ 53.3	\$ 51.3	\$ 59.6	\$ 62.3	\$ 64.8
Mark to Market and other adjustments	-	-	(0.5)	-	-	(1.0)	-	-	(0.9)	-	-	(0.7)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
			60.1			49.2			60.6			64.1

EXHIBIT
G

LEGION INSURANCE COMPANY (IN LIQUIDATION)
 VILLANOVA INSURANCE COMPANY (IN LIQUIDATION)
 COMBINED EXPENSE ANALYSIS BY ACCOUNT
 December 31, 2006 ACTUALS vs BUDGET
 (\$ In Thousands)

	Year to Date				2006 Actual vs 2006 Budget		2006 Actual vs 2005 Actual	
	2006 Actual	% of Total Operating	2006 Budget	2005 Actual	Dollar Variance	Percent Variance	Dollar Variance	Percent Variance
<u>Staffing - Current Month</u>								
Full Time	211		248	259	37	14.92%	48	18.53%
Part Time	1		1	1	-	0.00%	-	0.00%
Contractor Help	22		5	29	(17)	-340.00%	7	24.14%
Total Staffing - Current	234		254	289	20	7.87%	55	19.03%
<u>Staffing - Average</u>								
Full Time	235		256	255	21	8.20%	20	7.84%
Part Time	1		1	2	-	0.00%	1	50.00%
Contractor Help*	26		14	26	(12)	-82.14%	1	1.92%
Total Staffing - Average	262		271	283	10	3.51%	22	7.60%
<u>General & Administrative Expenses *</u>								
Salaries	\$ 24,547	47.1%	\$ 27,190	\$ 23,393	\$ 2,643	9.72%	\$ (1,154)	-4.93%
Benefits	4,106	7.9%	4,419	4,083	313	7.09%	(23)	-0.56%
Occupancy	3,371	6.5%	3,544	3,695	173	4.88%	325	8.78%
Equipment	3,893	7.5%	4,109	3,226	217	5.27%	(666)	-20.65%
Legal Fees and Expenses	4,839	9.3%	5,145	2,872	306	5.95%	(1,966)	-68.45%
Professional Services	8,780	16.8%	11,510	7,814	2,730	23.72%	(966)	-12.37%
Other	2,621	5.0%	3,114	2,704	493	15.85%	83	3.07%
Total Expenses	52,156	100.0%	59,032	47,788	6,875	11.65%	(4,368)	-9.14%
<u>Revenue for Collecting Large Deductible Recoveries as Provided by PA Statute Act 46</u>								
Post Act 46 Collection	0		332	-	(332)	-100.00%	-	n/a
Act 46 Collection	611		951	-	(340)	-35.75%	611	n/a
Total Revenue	611		1,283	-	(672)	-52.38%	611	n/a
Net Budget	\$ 51,545		\$ 57,749	\$ 47,788	\$ 6,203	10.74%	\$ (3,757)	-7.86%

*This exhibit does not include certain guaranty association expenses that may qualify as administrative expenses of the estate.

EXHIBIT H

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Expenses and Fees and Professional Services Paid
 January 2006 - December 2006

Classification	VENDOR NAME	Services Provided	January	February	March	April	May	June
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant			4,883	12,136		
	ARBITRATION & MEDIATION	Reinsurance Arbitrator		17,193				
	BAGEHOT & COMPANY	General Litigation	1,500					
	BRAVERMAN, DANIELS & KASKEY, LTD.	Reinsurance Litigation			1,827	123	291	
	BROVIN, BROWN & KLASS	Reinsurance Collection Litigation	82		1,685	3,468	45	135
	CALEB L. FOWLER, ESQ., C.P.C.U.	Reinsurance Arbitrator						
	CLINKENBEARD, RAMSEY & SPECKMAN, LLP	Premium Collection Litigation						
	CONYERS DILL & PEARMAN	Bermuda Defense Counsel		2,420				
	COZEN & O'CONNOR	Premium Collection Litigation						
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation	399		3,748	2,908	16,980	
	DAVID THIRKILL	Reinsurance Arbitrator						
	DEUTSCH, KERRIGAN, & STILES, L.L.P.	General Collection Litigation	16,051		6,678	175	17,019	
	DEVITO CONSULTING, INC.	Expert Witness						
	DIANE NERGAARD	Reinsurance Arbitrator			5,722			
	DOBY PROFESSIONAL REPORTING, INC.	Court Reporting Services		1,507				
	ESQUIRE DEPOSITION SERVICE	Court Reporting Services			11,108			7,489
	FIFTH THIRD BANK	Records Retention Fees	1,807					
	GLENN R. PARTRIDGE	Reinsurance Witness	650	6,060		4,869		2,598
	HUNTER + GEIST, INC.	Premium Collection Litigation					1,237	
	JACKSON LEWIS, LLP	Employment Advice	2,887		936			
	JAMES DECRESCENZO REPORTING, LLC	Court Reporting Services	3,489					
	JAMS, INC.	Mediation Services		300	2,750			
	JEFFREY D. MILLER, FSA	Expert Witness		300	600			
	KAPLAN, LEAMAN & WOLF COURT REPORTS	Court Reporting Services	2,398					
	KAREN RIDDER	Reinsurance Witness			169			241
	LEGAL IMAGES	Copying Services						
	LEGALINK	Video Deposition Services						8,879
	LEXISNEXIS	Legal Research Fees			9,507	3,241		295
	LIGHTFOOT, FRANKLIN & WHITE, LLC	Premium Collection Litigation			523	621	2,141	
	MARTIN D. HABER	Reinsurance Arbitrator	630	44,717				
	MAYER BROWN ROWE & MAW	London Reinsurance Counsel						
	MILLER ALFANO & RASPANTI PC	General Litigation and Liquidation Advice						
	MORGENSTEIN & JUBELIRER LLP	Premium Collection Litigation	67,063	1,049	72,279	7,776	52,149	28,954
	NAVIGANT CONSULTING, INC.	Expert Witness	5,996		1,366		17,842	
	ON-SITE SOURCING, INC.	Scanning and Copying Services		8,004				
	PAUL W. FORBES	Reinsurance Witness	280			875	1,725	30,499
	PEPPER HAMILTON LLP	Reinsurance Arbitrations and Advice	42,086		740,259	79,811	99,906	130,108
	PETER CRICKMERE	Reinsurance Witness		10,711				
	RELIABLE COPY SERVICES	Copying Services	179		538	169		44
	ROYAL COURT REPORTING	Court Reporting Services	490		1,087			449
	SCHWARTZ SEMERDJIAN HAILE BALLARD & CAULEY LLP	Premium Collection Litigation	8,042		6,352	2,819	6,747	
	STITES & HARBISON	Premium Collection Litigation	1,701		441	1,250	975	944
	STRADLEY RONON	Premium Collection Litigation	7,524	5,466	51,338	36,146	351,119	83
	SUMMIT DOCUMENT SVCS, BIRMINGHAM	Document Services	23,301					

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Legal Expenses and Fees and Professional Services Paid
January 2006 - December 2006

Classification	VENDOR NAME	Services Provided	January	February	March	April	May	June
Legal Fees and Expenses Total	SYLVIA KAMINSKY	Reinsurance Arbitrator	1,105					
	TATE LAZARINI & BEALL	Premium Collection Litigation			2,206			
	THE GASS COMPANY, INC.	Reinsurance Arbitrator			30,882			
	THE HUSTEAD LAW FIRM	Premium Collection Litigation	5,794			2,306	6,178	2,479
	THOMSON WEST	Legal Research Fees						
	TRIMIS & INMAN PLLC	Premium Collection Litigation	3,002		251		1,900	
	W. MAX HOLLMANN	Expert Witness	15,576	4,489				
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Asset Sale Advice, Labor Advice, Preference Litigation	159,055		111,906	35,310	90,214	3,869
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	2,811	(148)	394	434	(230)	128
			374,198	101,767	1,089,437	194,439	666,239	217,002
Professional Services	ACCURINT	Collection Research Fees		146	77		265	201
	ALAN GRAY INSURANCE SERVICES, INC.	Contract Reinsurance Services					50,800	57,025
	ALLIANCE CONSULTING	Data Management Consultant	60,000		96,500			2,210
	AMPER, POLITZNER & MATTIS, P.C.	Audit Services				12,020	4,060	6,787
	BONNIE KUMIEGA & ASSOC	Collections Support Services					64	80
	CHOICE POINT PUBLIC RECORDS, INC.	Collection Research Fees		54	29			
	CLAIMS MANAGEMENT GROUP LIMITED	London Claims Accounting Services		4,158				
	CLINKENBEARD, RAMSEY & SPECKMAN, LLP	Collections Support Services						
	CSC/FSG-MYND CORP.	Data Processing and Outsourcing	73,487	62,432		67,311	67,055	
	GLASSBERG & POLLAK	Collections Support Services	152	609	120	2,897		213
	GOLDMAN & WARSHAW	Collections Support Services		10,014		1,120		
	GR CONSULTING, LLC	Claims Processing Support	1,050	4,200	1,754	75		
	H2L2 LLP	Office Planning				4,052	1,356	
	HAMMERMAN & HULTGREN, P.C.	Collections Support Services						
	HELIUS UK LIMITED	London Reinsurance Collection Intermediary	60,500	102,650	102,650	102,650	102,650	
	HEWITT ASSOCIATES LLC	Human Resources & Technical Consulting						
	HINMAN, HOWARD & KATTELL	Collections Support Services				12,269	12,269	12,269
	IEEMPLOYEE	Payroll Processing Implementation Services				1,800		
	JAY APPLEBAUM	Collections Support Services	2,850	702	(227)	2,294		1,250
	JEFFERSON WELLS INTERNATIONAL INC.	Audit Services & Contractor Financial Support		28,145	21,650			1,110
	JOHN DOHERTY	Collections Support Services			1,128			
	JOHNSON LAMBERT & CO	Audit Services						
	KARL HOWE & ASSOCIATES	Collections Support Services			612			5,285
	KAZLOW & KAZLOW	Collections Support Services						5,435
	LAMONT, HANLEY & ASSOC., INC	Collections Agency					1,345	
	LITTLEMINER & PETERSON	Collections Support Services						
	MARLBORO PARK CONSULTING, INC.	Telecommunications Consultant						
	MCKAY, SIMPSON & LAWLER	Collections Support Services						2,006
	MDY INC.	Software Vendor						
	MICHAEL TRUSKOL	Collections Support Services			110	3,999		
	OVERLAND SOLUTIONS, INC.	Premium Audit Services	349					463
	PHILIP MASIN	Human Resources Consulting			12,250			
	PHILO SMITH	Broker For Sale of PRMS	50,000			10,101		

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Legal Expenses and Fees and Professional Services Paid
January 2006 - December 2006

Classification	VENDOR NAME	Services Provided	January	February	March	April	May	June
	R.F. O'ROURKE & ASSOCIATES, LTD.	Strategic Consultant						
	REINSURANCE SOLUTIONS INT'L	Reinsurance Technical Support	49,620		60,540			73,200
	RELANCE INS CO (IN LIQUIDATION)	Shared Resource for Monitoring				33,978		
		Reinsurers Solvency	32,476				3,000	1,500
	RIGHT MANAGEMENT CONSULTANTS	Human Resources Consulting		958	26,000			750
	SCHLESINGER & SCHLESINGER	Collections Support Services						
	SMART & ASSOCIATES, LLP	Reinsurance Technical Support & Contract Reinsurance Services		342,506	215,493	27,774	137,958	318,701
	SMART BUSINESS ADVISORY AND CONSULTING, LLC	Contract Reinsurance Services						
	TROUT & ASSOCIATES, LTD.	Contract Reinsurance Services			1,273		2,758	
	VERIS CONSULTING	Collections Agency	81,286	70,703	15,256	16,749	53,000	38,180
	VIVISIMO, INC.	Audit Services						
	WILLIAM MILLER	Software Vendor						
	WILLIAMS & SHEDD	Collections Agency			(135)	(431)		
	Aggregate Amount for Total Vendor Payments Under \$1,000	Collections Support Services	4,303	5,889				
		General Professional Fees						
			276	1,508	816	677	608	928
			416,348	634,672	555,894	299,135	436,986	527,592
			790,546	736,439	1,625,331	493,574	1,103,225	744,594
			48,204	244,019	(585,046)	(5,758)	(39,721)	561
			836,750	980,458	1,040,285	487,816	1,083,504	745,155

Professional Services Total

Total Legal Expenses and Fees and Professional Services Paid

Change in accrual and other non-cash transactions

Total Legal Expenses and Fees and Professional Services Incurred

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

Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Expenses and Fees and Professional Services Paid
 January 2006 - December 2006

Classification	VENDOR NAME	Services Provided	July	August	September	October	November	December	2006 Total
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant		27,285			5,639		49,923
	ARBITRATION & MEDIATION	Reinsurance Arbitrator			32,143		28,923		78,258
	BAGEHOT & COMPANY	General Litigation						1,500	1,500
	BRAVERMAN, DANIELS & KASKEY, LTD.	Reinsurance Litigation		1,080	246	554	452	413	4,985
	BROWN, BROWN & KLASS	Reinsurance Collection Litigation	340	7,672	75	675		2,210	16,388
	CALEB L. FOWLER, ESQ., C.P.C.U.	Reinsurance Arbitrator	47,725						47,725
	CLINKENBEARD, RAMSEY & SPECKMAN, LLP	Premium Collection Litigation		4,114					4,114
	CONYERS, DILL & PEARMAN	Bermuda Defense Counsel							2,420
	COZEN & O'CONNOR	Premium Collection Litigation				19,685	13,846	94,139	127,670
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation		21,455		9,397	18,869	9,725	83,481
	DAVID THIRKILL	Reinsurance Arbitrator	2,713	788	1,225		2,713	3,063	10,501
	DEUTSCH, KERRIGAN, & STILES, L.L.P.	General Collection Litigation	1,543	16,254	3,300	6,272	33	54,967	122,282
	DEVITO CONSULTING, INC.	Expert Witness			13,106				13,106
	DIANE NERGAARD	Reinsurance Arbitrator		21,062		21,253			48,037
	DOBY PROFESSIONAL REPORTING, INC.	Court Reporting Services							1,507
	ESQUIRE DEPOSITION SERVICE	Court Reporting Services	762	20,071	1,183	20,793			61,406
	FIFTH THIRD BANK	Records Retention Fees			500				1,807
	GLENN R. PARTRIDGE	Reinsurance Witness	11,244	9,086					35,017
	HUNTER + GEIST, INC.	Premium Collection Litigation							1,237
	JACKSON LEWIS, LLP	Employment Advice		5,678					9,500
	JAMES DECRESSENZO REPORTING, LLC	Court Reporting Services							3,489
	JAMS, INC.	Mediation Services							2,750
	JEFFREY D. MILLER, FSA	Expert Witness			1,200	900			3,300
	KAPLAN, LEAMAN & WOLF COURT REPORTS	Court Reporting Services							2,398
	KAREN RIDDER	Reinsurance Witness	1,285						1,675
	LEGAL IMAGES	Copying Services						16,985	16,985
	LEGALINK	Video Deposition Services	2,264	4,957	2,680				18,580
	LEXISNEXIS	Legal Research Fees				590	295		13,928
	LIGHTFOOT, FRANKLIN & WHITE, LLC	Premium Collection Litigation		42	3,694	637	823	881	9,362
	MARTIN D. HABER	Reinsurance Arbitrator	5,535	50,947		5,000	2,565		109,394
	MAYER BROWN ROWE & MAW	London Reinsurance Counsel		42,442		38,206		9,334	90,982
	MILLER ALFANO & RASPANTI PC	General Litigation and Liquidation Advice							
	MORGENSTEIN & JUBELIRER LLP	Premium Collection Litigation	27,554	19,107		27,792	7,975	24,188	335,887
	NAVIGANT CONSULTING, INC.	Expert Witness		4,113	556	189	2,710	14,072	46,843
	ON-SITE SOURCING, INC.	Scanning and Copying Services		65,849	(13,106)				52,743
	PAUL W. FORBES	Reinsurance Witness	8,740	275			1,503	20,713	63,874
	PEPPER HAMILTON LLP	Reinsurance Arbitrations and Advice	198,255	138,716	24,820	251,162	370,367	369,943	2,445,534
	PETER CRICKMERE	Reinsurance Witness		13,000	8,502			544	32,213
	RELIABLE COPY SERVICES	Copying Services	293						1,789
	ROYAL COURT REPORTING	Court Reporting Services					467		2,492
	SCHWARTZ SEMERDJIAN HAILE BALLARD & CAULEY LLP	Premium Collection Litigation		1,054				1,611	29,040
	STITES & HARBISON	Premium Collection Litigation		868				476	6,653
	STRADLEY RONON	Premium Collection Litigation	889	37,973	49,037	28,907	40,090	146,888	755,470
	SUMMIT DOCUMENT SVCS, BIRMINGHAM	Document Services							23,301

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Legal Expenses and Fees and Professional Services Paid
January 2006 - December 2006

Classification	VENDOR NAME	Services Provided	July	August	September	October	November	December	2006 Total
Legal Fees and Expenses Total	SYLVIA KAMINSKY	Reinsurance Arbitrator	18,532		10,044	10,044	2,223		41,948
	TATE, LAZARINI & BEALL	Premium Collection Litigation							2,206
Professional Services	THE GASS COMPANY, INC.	Reinsurance Arbitrator							30,882
	THE HUSTEAD LAW FIRM	Premium Collection Litigation		583					17,340
	THOMSON WEST	Legal Research Fees	2,520	2,520	2,520	5,336		2,785	15,681
	TIMMIS & INMAN PLLC	Premium Collection Litigation							5,154
	W. MAX HOLLMANN	Expert Witness							20,064
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Asset Sale Advice, Labor Advice, Preference Litigation	18,104	157,482	47,576	98,584	21,259	198,843	942,202
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	2,083		(2,010)	156	82		3,698
			350,359	674,461	187,389	547,131	523,248	971,778	5,877,448
	ACCURINT	Collection Research Fees		228		582	227		1,734
	ALAN GRAY INSURANCE SERVICES, INC.	Contract Reinsurance Services					33,220	2,930	36,149
	ALLIANCE CONSULTING	Data Management Consultant		125,500	250,000		203,200	122,000	964,925
	AMPER, POLTZINER & MATTIS, P.C.	Audit Services	6,813				14,193		39,295
	BONNIE KUMIEGA & ASSOC	Collections Support Services					25,425		32,212
	CHOICE POINT PUBLIC RECORDS, INC.	Collection Research Fees		81			492	194	1,031
	CLAIMS MANAGEMENT GROUP LIMITED	London Claims Accounting Services							4,158
	CLINKENBEARD RAMSEY & SPECKMAN, LLP	Collections Support Services				1,120			1,120
	CSC/FSG-MYND CORP.	Data Processing and Outsourcing	59,910	115,330	113,905	67,311	114,413	56,923	798,077
	GLASSBERG & POLLAK	Collections Support Services		212			954		4,957
	GOLDMAN & WARSHAW	Collections Support Services							11,134
	GR CONSULTING, LLC	Claims Processing Support							7,079
	H2L2 LLP	Office Planning							5,408
	HAMMERMAN & HULTGREN, P.C.	Collections Support Services		5,400					5,400
	HELIUS UK LIMITED	London Reinsurance Collection Intermediary		205,300	174,040	131,593	174,040	87,020	1,243,083
	HEWITT ASSOCIATES LLC	Human Resources & Technical Consulting	12,269						52,080
	HINMAN, HOWARD & KATTELL	Collections Support Services					2,888	116	2,230
	IEEMPLOYEE	Payroll Processing Implementation Services					430		
	JAY APPLEBAUM	Collections Support Services	1,234	3,355	(830)	374	200	70	1,250
	JEFFERSON WELLS INTERNATIONAL INC.	Audit Services & Contractor Financial Support							11,333
	JOHN DOHERTY	Collections Support Services				120			49,795
	JOHNSON LAMBERT & CO	Audit Services				8,384	38,518	9,475	1,246
	KARL HOWE & ASSOCIATES	Collections Support Services	2,515						56,377
	KAZLOW & KAZLOW	Collections Support Services							8,412
	LAMONT, HANLEY & ASSOC., INC	Collections Agency							5,435
	LITTLEMINER & PETERSON	Collections Support Services				3,660			1,345
	MARLBORO PARK CONSULTING, INC.	Telecommunications Consultant			2,350	1,864	9,150		3,660
	MCKAY, SIMPSON & LAWLER	Collections Support Services							13,364
	MDY INC.	Software Vendor	23,052		7,677	430	50,120	5,000	86,279
	MICHAEL TRUSKOL	Collections Support Services							4,109
	OVERLAND SOLUTIONS, INC.	Premium Audit Services		1,171	1,626		1,202		4,811
	PHILIP MASIN	Human Resources Consulting							12,250
	PHILO SMITH	Broker For Sale of PRMS						1,898	62,000

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Legal Expenses and Fees and Professional Services Paid
January 2006 - December 2006

Classification	VENDOR NAME	Services Provided	July	August	September	October	November	December	2006 Total
	R.F. O'ROURKE & ASSOCIATES, LTD.	Strategic Consultant				3,207	4,995		8,202
	REINSURANCE SOLUTIONS INT'L	Reinsurance Technical Support		75,660	131,700			149,040	539,760
	RELANCE INS CO (IN LIQUIDATION)	Shared Resource for Monitoring Reinsurers Solvency	34,656			29,684			130,794
	RIGHT MANAGEMENT CONSULTANTS	Human Resources Consulting	6,000						36,500
	SCHLESINGER & SCHLESINGER	Collections Support Services							1,708
	SMART & ASSOCIATES, LLP	Reinsurance Technical Support & Contract Reinsurance Services	190,289		315,307	188,043			1,737,070
	SMART BUSINESS ADVISORY AND CONSULTING, LLC	Reinsurance Technical Support & Contract Reinsurance Services					83,884	192,897	276,781
	TROUT & ASSOCIATES, LTD.	Collections Agency			(53,000)				4,031
	VERIS CONSULTING	Audit Services	26,756		30,000			16,345	248,931
	VIVISIMO, INC.	Software Vendor					2,711		46,345
	WILLIAM MILLER	Collections Agency		200					2,711
	WILLIAMS & SHEDD	Collections Support Services							9,826
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Professional Fees	350	508	(500)	110	100	35	5,415
Professional Services Total			363,845	533,045	973,474	436,530	760,361	643,944	6,581,826
Total Legal Expenses and Fees and Professional Services Paid			714,204	1,207,505	1,160,853	983,661	1,283,610	1,615,722	12,459,275
Change in accrual and other non-cash transactions			180,330	(50,222)	694,232	(62,127)	168,861	588,141	1,159,473
Total Legal Expenses and Fees and Professional Services Incurred			874,534	1,157,283	1,855,085	921,534	1,452,471	2,203,863	13,618,748

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

Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

EXHIBIT
I

Legion Insurance Company (In Liquidation)
Reinsurance Recoverables Due or Billable, Net
December 31, 2006

Reinsurer	Amount
FIRST EXCESS REINSURANCE CORPORATION	\$ 50,770,989
MIDWEST EMPLOYERS CASUALTY COMPANY	43,345,987
HANNOVER RÜCKVERSICHERUNGS AG	26,768,064
SWISS RE LIFE COMPANY OF AMERICA	23,071,145
SCOR REINSURANCE COMPANY	20,217,744
AMERICAN RE-INSURANCE COMPANY	19,519,136
TRANSATLANTIC REINSURANCE COMPANY	14,085,880
BERKLEY INSURANCE COMPANY	12,132,306
LLOYDS SYNDICATE # 53	10,955,081
GE REINSURANCE CORPORATION	10,634,277
CONTINENTAL CASUALTY COMPANY	10,080,044
SWISS REINSURANCE AMERICA CORPORATION	9,629,565
LLOYDS SYNDICATE # 435	9,494,929
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	9,331,381
ODYSSEY REINSURANCE CORPORATION	9,062,017
FEDERAL INSURANCE COMPANY	8,683,310
JOHN HANCOCK MUTUAL LIFE INSURANCE COMPANY	6,288,984
LINCOLN NATIONAL LIFE INSURANCE COMPANY	6,273,786
HARTFORD FIRE INSURANCE COMPANY	6,204,191
CHUBB ATLANTIC INDEMNITY LIMITED	6,091,009
XL REINSURANCE AMERICA LTD	6,054,991
UNDERWRITERS REINSURANCE COMPANY	5,916,515
PHOENIX HOME LIFE MUTUAL INSURANCE COMPANY	4,673,470
EVEREST REINSURANCE COMPANY	4,666,944
EMPLOYERS REINSURANCE CORPORATION	4,664,825
FOLKSAMERICA REINSURANCE COMPANY	4,180,251
CORE INSURANCE COMPANY	4,077,896
EMPLOYERS EQUITY INSURANCE COMPANY	3,543,172
RELIASTAR LIFE INSURANCE COMPANY	3,402,071
CONNECTICUT GENERAL LIFE INSURANCE COMPANY	3,330,297
AMERICAN NATIONAL INSURANCE COMPANY	3,142,442
XL MID OCEAN REINSURANCE COMPANY LTD	3,096,847
CONSTITUTION INS CO	2,833,227
LLOYDS SYNDICATE # 376	2,720,134
CNA INTERNATIONAL REINSURANCE COMPANY	2,613,527
WESTCHESTER FIRE INSURANCE COMPANY	2,482,922
LINCOLN NATIONAL HEALTH & CASUALTY INSURANCE COMPANY	2,452,435
GIO (UK) LTD	2,422,567
ALEA EUROPE LIMITED	2,332,807
HANNOVER LIFE REASSURANCE COMPANY OF AMERICA	2,206,346
LLOYDS SYNDICATE # 183	2,199,814
MUTUAL INDEMNITY (BERMUDA), LTD.	2,105,095
LIFE REASSURANCE CORPORATION OF AMERICA	2,008,756
LLOYDS SYNDICATE # 1245	1,687,148
ZURICH REINSURANCE CENTRE INC	1,640,762
LLOYDS SYNDICATE # 271	1,589,998
MANULIFE REINSURANCE CORPORATION (USA)	1,565,631
TRUSTMARK INSURANCE COMPANY	1,524,797
ACE INSURANCE SA-NV	1,407,632
ODYSSEY RE (LONDON) LIMITED	1,399,220
LLOYDS SYNDICATE # 1141	1,364,453
AMERICAN UNITED LIFE INSURANCE COMPANY	1,301,582
ST PAUL REINSURANCE COMPANY LTD	1,253,688
CHARTWELL REINSURANCE COMPANY	1,246,635
UNIONAMERICA INSURANCE COMPANY LTD	1,226,290
LLOYDS SYNDICATE # 362	1,214,001
QBE REINSURANCE CORPORATION	1,206,720
ODYSSEY AMERICA REINSURANCE CORPORATION	1,206,012
MLA INSURANCE COMPANY	1,127,812
LLOYDS SYNDICATE # 205	1,084,302
TRENWICK AMERICA REINSURANCE CORPORATION	1,004,556
All Other Reinsurers (Less than \$1M due LIC)	30,019,093
Pending Cessions	131,285,415
Total Reinsurance recoverables due or billable, net	<u>\$ 575,116,925</u>

EXHIBIT
J

Villanova Insurance Company (In Liquidation)
Reinsurance Recoverables Due or Billable, Net
December 31, 2006

Reinsurer	Amount
SWISS REINSURANCE AMERICA CORPORATION	\$ 5,829,281
LLOYDS SYNDICATE # 53	3,842,362
ODYSSEY AMERICA REINSURANCE CORPORATION	3,360,546
ODYSSEY REINSURANCE CORPORATION	2,935,812
HANNOVER RUCKVERSICHERUNGS AG	2,430,377
MIDWEST EMPLOYERS CASUALTY COMPANY	2,148,857
GE REINSURANCE CORPORATION	1,935,843
CHARTWELL REINSURANCE COMPANY	1,867,146
GERLING GLOBAL REINSURANCE CORPORATION OF AMERICA	1,379,244
ALEA EUROPE LIMITED	1,374,665
AMERICAN NATIONAL INSURANCE COMPANY	1,354,719
FIRST EXCESS REINSURANCE CORPORATION	1,278,673
WESTPORT INSURANCE CORPORATION	1,263,312
All Other Reinsurers (Less than \$1M due VIC)	9,982,529
Pending Cessions	44,575,990
Total Reinsurance recoverables due or billable, net	<u>\$ 85,559,355</u>