



GOVERNOR'S OFFICE OF GENERAL COUNSEL

October 20, 2009

Michael F. Krimmel, Chief Clerk
Commonwealth Court of Pennsylvania
601 Commonwealth Avenue, Suite 2100
P.O. Box 69185
Harrisburg, PA 17106-9185

**Re: Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania v. Villanova Insurance Company
No. 182 M.D. 2002**

2009 OCT 20 P 1:52
COMMONWEALTH COURT
OF PENNSYLVANIA

Dear Mr. Krimmel:

Enclosed for filing, please find an original and two (2) copies of the Liquidator's Petition for Approval of Administrative Expenses Paid for the Period January 1, 2009 through June 30, 2009 regarding the above-referenced matter.

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

Thank you for your attention to this matter.

Very truly yours,

Amy L. Weber
Insurance Department Counsel

ALW:jlh
Encs.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

**Joel S. Ario, Insurance Commissioner of
the Commonwealth of Pennsylvania** :

Plaintiff, :

v. :

Villanova Insurance Company, :

Defendant. :

Docket No. 182 M.D. 2002

ORDER

AND NOW, this _____ day of _____ 2009, upon consideration of the
Statutory Liquidator's Petition for Approval of Administrative Expenses Paid for the
Period January 1, 2009 through June 30, 2009, the Petition is hereby GRANTED.

BY THE COURT:

MARY HANNAH LEAVITT, J.

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

Joel S. Ario, Insurance Commissioner of
the Commonwealth of Pennsylvania, :

Plaintiff, :

v. :

Villanova Insurance Company, :

Defendant. :

Docket No. 182 M.D. 2002

RECEIVED
COMMONWEALTH COURT
OF PENNSYLVANIA
2009 OCT 20 P 1:52

LIQUIDATOR'S PETITION FOR APPROVAL OF ADMINISTRATIVE EXPENSES PAID FOR THE PERIOD JANUARY 1, 2009 THROUGH JUNE 30, 2009

Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania ("Commissioner"), in his official capacity as Statutory Liquidator ("Liquidator") for Villanova Insurance Company ("Villanova"), by and through his counsel, respectfully submits his Petition for Approval of Administrative Expenses Paid for the Period January 1, 2009 through June 30, 2009.

PETITION FOR APPROVAL OF ADMINISTRATIVE EXPENSES PAID

1. Prior to receivership, Legion Insurance Company ("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 Petition represent the expenses paid by Legion and Villanova on a consolidated basis, including all common expenses, before any allocation.

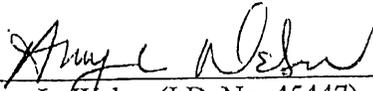
2. Pursuant to the Court's Order of January 8, 2004, the Liquidator previously filed petitions for approval of administrative expenses paid beginning on July 29, 2003, which administrative expenses paid have been approved by the Court. Most recently, the petition for approval of administrative expenses paid for the period July 1, 2008 through December 31, 2008 was approved by the Court on June 24, 2009.

3. With the current Petition, the Liquidator respectfully petitions the Court for approval of his administrative expenses paid for the period January 1, 2009 through June 30, 2009, as set forth on the attached Exhibit A, Combined Cash Basis Analysis, which were reasonable and necessary expenses for the administration of the Legion 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 and Legal Fees & Expenses for the period January 1, 2009 through June 30, 2009.

6. 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. No. 45447)
Department Counsel for Insurance Department
Governor's Office of General Counsel
Capitol Associates Building
Office of Liquidations, Rehabilitations
and Special Funds
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Attorney for Joel S. Ario, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in his official capacity
as Statutory Liquidator of Villanova
Insurance Company (In Liquidation)

DATED: 10/20/09

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 HABERLE

Sworn to and subscribed before me
this 9 th day of OCT, 2009.


NOTARY PUBLIC

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

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.

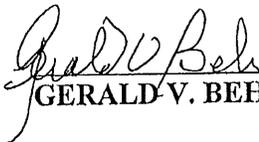
F. Professional Services: “Professional Services” includes expenditures for outsourced reinsurance services, audit and tax consulting fees of independent CPA firms, actuarial consulting services, management consulting services, fees for collection of overdue premium and other fees and fees to outside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

3. Based on my knowledge, the Petition for Approval of Administrative Expenses paid for the period January 1-June 30, 2009 fairly presents in all material respects the administrative expenses paid by the Estates for the period January 1-June 30, 2009.

4. 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

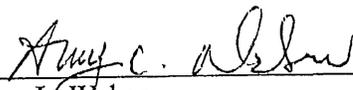
Sworn to and subscribed before me
this 9 th day of OCT, 2009.


NOTARY PUBLIC

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

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 Joel S. Ario, Insurance Commissioner of the Commonwealth of Pennsylvania, in his 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, 2009 to June 30, 2009 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
Department Counsel

Dated: 10/22/09

EXHIBIT
A

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 COMBINED CASH BASIS ANALYSIS
 January 1, 2009 - June 30, 2009

<u>Staffing - Average for the Period</u>	144	
Full Time	-	
Part Time	34	
Contractor Help	178	
Total Staffing - Average	178	

	<u>For the Period</u>	<u>% of Total Operating</u>
G & A Expenses		
Salaries	\$ 11,676,673	52.7%
<i>Salary and overtime compensation for all Legion employees and the cost of temporary help and contractor services utilized. Also includes the performance compensation program and compensation program for displaced Legion employees.</i>		
Benefits	1,919,108	8.7%
<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	1,415,915	6.4%
<i>Lease expenses for both Milwaukee and Philadelphia locations, 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	1,438,127	6.5%
<i>Expenses for operating and applications systems software and purchases and repairs for all other equipment used by Legion.</i>		
Legal Fees and Expenses	766,816	3.5%
<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	3,006,746	13.6%
<i>Fees for outsourced 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 and other fees and fees to outside firms for technology support and outsourcing.</i>		
Other	1,931,180	8.6%
<i>Telephone, postage, express mail, printing and freight expenses. Also includes cost of letterhead, envelopes and other office supplies, transportation, meals, lodging and other costs of employees while travelling, 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 and omissions coverage for directors and personal property coverage.</i>		
Total Expenses	22,154,565	100.0%
Investment Expenses	302,209	
<i>Banking, management and custodial fees.</i>		
TPA Payments	107,812	
<i>Payments made to external TPAs for services rendered during rehabilitation period.</i>		
Total	\$ 22,564,586	

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Expenses and Fees and Professional Services Paid
 January 1, 2009 - June 30, 2009

Classification	VENDOR NAME	Services Provided	January	February	March
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant	-	-	6,362
	ARBITRATION & MEDIATION	Reinsurance Arbitrator	-	-	-
	BI-STATE REPORTING	Reinsurance Arbitrator	-	3,427	1,621
	CONTINENTAL CASUALTY	Legal Fees reimbursed via arbitration process	-	-	-
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation	964	984	800
	DAVID THIRKILL	Reinsurance Arbitrator	-	-	-
	ESQUIRE DEPOSITION SERVICES	Court Reporting Services	-	-	715
	GRP, LLC	Reinsurance Witness	-	5,008	788
	KATHLEEN WALSH CRAMER	Referee Fees	-	-	-
	LANDMARK LEGAL SOLUTIONS	Referee Fees	399	-	1,526
	LEGALINK	Referee Fees	-	-	1,057
	LEXISNEXIS	Legal Research Fees	313	313	313
	MARKSADR, LLC	Court Reporting Services	-	18,243	-
	PEPPER HAMILTON LLP	Reinsurance Arbitrator	26,375	15,529	36,010
	PIETRAGALLO GORDON ALFANO BOSICK & RASPANTI, LLP	General Litigation and Liquidation Advice	6,821	9,234	23,556
	ROBBRE, LLC	Reinsurance Arbitrator	-	-	1,200
	STEPHEN J CURLEY, ESQ.	Premium Collection Litigation	-	-	3,227
	SYLVIA KAMINSKY	Reinsurance Arbitrator	-	-	-
	THE MGS GROUP, INC	Copy and Scanning Services	3,051	-	78
	THOMSON WEST	Legal Research Fees	-	2,646	-
	WINNER REPORTING INC.	Court Reporting Services	-	-	4,321
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Labor Advice, General Advice	51,188	-	36,028
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Legal Support Costs	500	(25,644)	774
Total Legal Fees and Expenses Paid			91,560	29,740	121,335
Change in Legal Fees and Expenses accrual and other non-cash transactions			8,567	103,649	256,365
Total Legal Fees and Expenses Incurred			100,157	133,389	379,760

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Expenses and Fees and Professional Services Paid
 January 1, 2009 - June 30, 2009

Classification	VENDOR NAME	Services Provided	January	February	March
Professional Services	ACCESS RECEIVABLES MGMT.	Collections Support Services	-	-	-
	ALAN GRAY INSURANCE SERVICES, INC.	Contract Reinsurance Services	15,100	-	9,710
	ANEXINET	Data Management Consultant	52,718	20,385	-
	CSC/FSG-MYND CORP.	Data Processing and Outsourcing	54,335	66,253	51,002
	HARD COPY	IT Technical Support	10,075	-	-
	HELIX UK LIMITED	London Reinsurance Collection Intermediary	89,500	-	-
	HEWITT ASSOCIATES LLC	Human Resources Consulting	-	-	109,595
	HUGGINS ACTUARIAL SERVICE, INC.	Actuarial Services	-	-	-
	INTUIT INC.	IT Technical Support	2,105	-	-
	JEFFERSON WELLS INTERNATIONAL INC.	Audit Services	-	-	-
	MINTZER SAROWITZ ZRIS & LEDVA	Litigation Support Services	-	-	-
	PHILIP MASIN	Human Resources Consulting	-	-	-
	PRICEWATERHOUSE COOPERS LLP	Actuarial Services	18,965	19,864	35,400
	RELIANCE INS CO (IN LIQUIDATION)	Reinsurance Technical Support	-	37,675	64,140
	RIGHT MANAGEMENT CONSULTANTS	Shared Resources for Monitoring Reinsurers Solvency	18,604	-	-
	SMART BUSINESS ADVISORY & CONSULTING,LLC	Human Resources Consulting	1,500	-	-
	SMART BUSINESS ADVISORY & CONSULTING,LLC	Reinsurance Technical Support & Contract Reinsurance Services	-	-	12,938
	PREMIUM RECEIVED NET OF COLLECTION FEES	Reinsurance Technical Support & Contract Reinsurance Services	-	257,722	163,612
	Aggregate Amount for Total Vendor Payments Under \$1,000	Collections Support Services	763	1,838	6,462
		General Professional Fees	630	-	-
Total Professional Services Paid			275,294	428,911	452,859
Change in Professional Services accrued and other non-cash transactions			74,989	1,534	54,136
Total Professional Services Incurred			350,283	430,445	506,995
Total Legal Expenses and Fees and Professional Services Incurred			450,439	563,834	866,755

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

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 1, 2009 – June 30, 2009

Classification	VENDOR NAME	Services Provided	April	May	June	Totals
Legal Fees and Expenses	ANDREW WALSH	Reinsurance Consultant	-	-	-	6,382
	ARBITRATION & MEDIATION	Reinsurance Arbitrator	10,000	-	-	10,000
	BI-STATE REPORTING	Reinsurance Arbitrator	-	-	-	5,047
	CONTINENTAL CASUALTY	Legal fees reimbursed via arbitration process	-	-	(350,000)	(350,000)
	DASHIELL LAW OFFICES, LLC	Premium Collection Litigation	636	1,124	1,046	5,552
	DAVID THIRKILL	Reinsurance Arbitrator	700	1,750	-	2,450
	ESQUIRE DEPOSITION SERVICES	Court Reporting Services	1,397	2,295	-	4,405
	GRP, LLC	Reinsurance Witness	-	-	-	5,786
	KATHLEEN WALSH CRAMER	Referee Fees	-	7,067	-	7,067
	LANDMARK LEGAL SOLUTIONS	Referee Fees	74	669	60	2,727
	LEGALINK	Referee Fees	-	-	-	1,057
	LEXISNEXIS	Legal Research Fees	-	626	313	1,878
	MARKSADR, LLC	Court Reporting Services	-	-	-	18,243
	PEPPER HAMILTON LLP	Reinsurance Arbitrator	345,381	113,501	136,274	678,069
	PIETRAGALLO/GORDON/ALFANO/BOSSICKER/SPANTI/LLP	General Litigation and Liquidation Advice	22,406	13,968	39,102	115,090
	ROBBRELL, LLC	Reinsurance Arbitrator	2,240	4,940	4,880	13,160
	STEPHEN J CURLEY, ESQ.	Premium Collection Litigation	-	-	-	3,227
	SYLVIA KAMINSKY	Reinsurance Arbitrator	-	10,480	-	10,480
	THE MCS GROUP, INC	Copy and Scanning Services	2,646	5,667	3,457	17,524
	THOMSON WEST	Legal Research Fees	-	-	-	5,410
	WINTER REPORTING INC.	Court Reporting Services	-	35,651	55,201	223,904
	WOLF BLOCK SCHORR & SOLIS-COHEN, LLP	Premium Collection Litigation, Labor Advice, General Advice	39	244	180	(23,908)
	Aggregate Amount for Total Vendor Payments Under \$1,000	(General Legal Support Costs)	431,353	201,135	(108,397)	766,815
Total Legal Fees and Expenses Paid			(153,675)	186,642	(76,706)	326,843
Change in Legal Fees and Expenses accrual and other non-cash transactions			277,878	367,776	(165,103)	1,093,656
Total Legal Fees and Expenses Incurred						

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Legal Expenses and Fees and Professional Services Paid
 January 1, 2009 - June 30, 2009

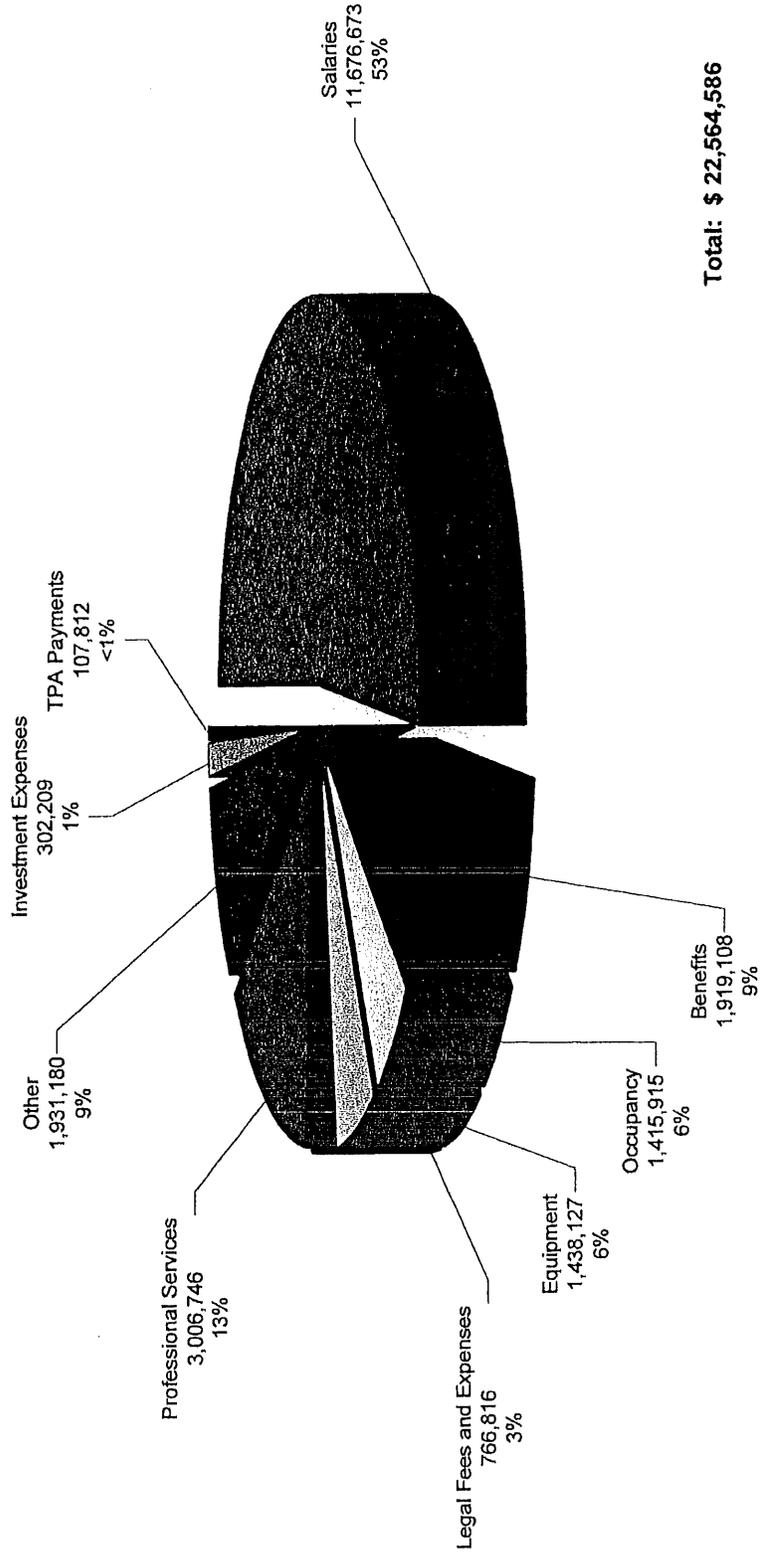
Classification	VENDOR NAME	Services Provided	April	May	June	Totals
Professional Services	ACCESS RECEIVABLES MGMT.	Collections Support Services	3,875	-	-	3,875
	ALAN GRAY INSURANCE SERVICES, INC.	Contract Reinsurance Services	14,250	112,144	22,800	174,004
	ANEXINET	Data Management Consultant	-	181,852	181,852	254,954
	CSC/FSG-MYND CORP.	Data Processing and Outsourcing	-	104,582	52,045	328,318
	HARD COPY	IT Technical Support	-	-	-	10,075
	HELIX UK LIMITED	London Reinsurance Collection Intermediary	337,931	20,000	78,247	535,578
	HEWITT ASSOCIATES LLC	Human Resources Consulting	-	-	46,391	109,595
	HUGGINS ACTUARIAL SERVICE, INC.	Actuarial Services	-	293	276	2,674
	INTUIT INC.	IT Technical Support	-	13,320	-	13,320
	JEFFERSON WELLS INTERNATIONAL, INC.	Litigation Support Services	-	-	-	1,378
	MINTZER SAROWITZ ZRIS & LEDVA	Human Resources Consulting	1,378	-	34,400	34,400
	PHILIP MASIN	Human Resources Consulting	-	88,537	4,520	167,105
	PRICEWATERHOUSE COOPERS LLP	Actuarial Services	20,400	19,950	-	142,165
	REINSURANCE SOLUTIONS LLC	Reinsurance Technical Support	35,331	-	-	54,935
	RELANCE INS CO (IN LIQUIDATION)	Shared Resource for Monitoring Reinsurers Solvency	-	-	-	1,500
	RIGHT MANAGEMENT CONSULTANTS	Human Resources Consulting	-	-	-	126,863
	SIGNATURE CAPTIVE SOLUTIONS	Reinsurance Technical Support & Contract Reinsurance Services	80,313	8,813	24,800	913,579
	SMART BUSINESS ADVISORY & CONSULTING LLC	Reinsurance Technical Support & Contract Reinsurance Services	222,410	167,130	102,704	25,154
	SMART BUSINESS ADVISORY AND CONSULTING UK LIMITED	Reinsurances Technical Support & Contract Reinsurance Services	-	-	-	59,753
	PREMIUM RECEIVED NET OF COLLECTION FEES	Collections Support Services	2,749	1,480	46,463	59,753
	Aggregate Amount for Total Vendor Payments Under \$1,000	General Professional Fees	-	500	-	1,130
Total Professional Services Paid			718,536	595,849	594,297	3,006,746
Change in Professional Services Incurred			(94,926)	8,733	(96,766)	5,699
Total Professional Services Incurred			623,610	545,582	555,531	3,012,446
Total Legal Expenses and Fees and Professional Services Incurred			901,287	933,359	370,428	4,106,102

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

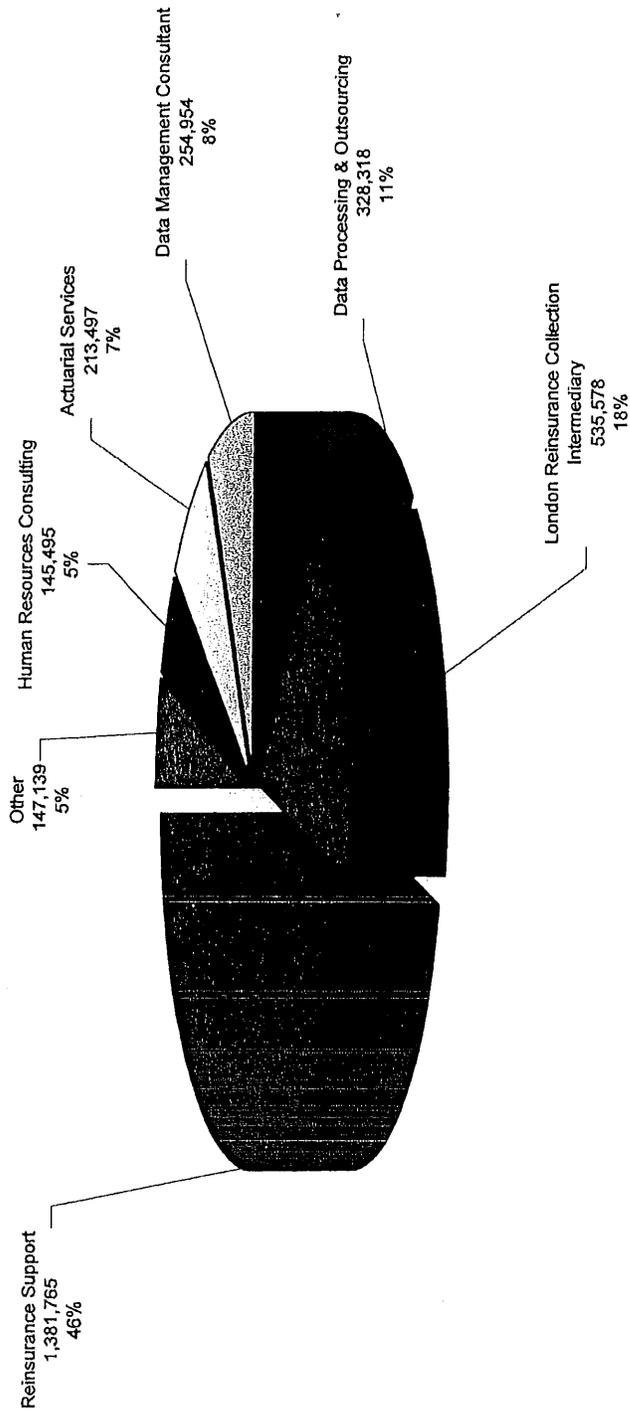
Credit amounts may represent adjustments to accruals, negative expenses and classification adjustments.

EXHIBIT
B

Legion Insurance Company (In Liquidation)
 Villanova Insurance Company (In Liquidation)
 Combined Cash Basis Analysis
 January 1, 2009 - June 30, 2009

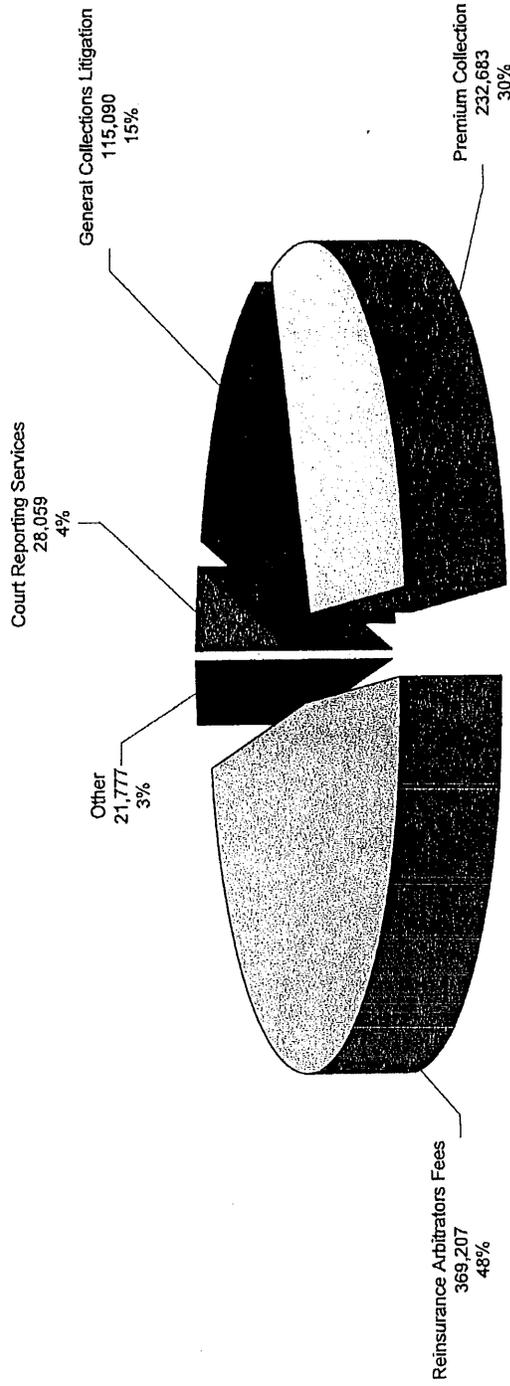


Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Professional Fees & Expenses
January 1, 2009 - June 30, 2009



Total: \$3,006,746

Legion Insurance Company (In Liquidation)
Villanova Insurance Company (In Liquidation)
Legal Fees & Expenses
January 1, 2009 - June 30, 2009



Total: \$766,816