

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE:

Reliance Insurance Company
In Liquidation

No. 1 REL 2001

RE: Liquidator's Application to Establish
a Claims Bar Date and for Approval of Notice

MEMORANDUM AND ORDER

Re: CLAIMS BAR DATE

AND NOW, this 22nd day of December, 2015, following a hearing on September 30, 2015, and further conference with counsel for the Liquidator and the Objectors on December 11, 2015, the Court is satisfied that there is no further need to delay the establishment of a bar date, and that a prompt bar date is in the best interest of the Reliance Estate and its policyholders and other creditors. Accordingly, the Liquidator's Application to Establish a Claims Bar Date and for Approval of Notice ("Application") filed by Teresa D. Miller, Insurance Commissioner for the Commonwealth of Pennsylvania, in her official capacity as Statutory Liquidator ("Liquidator") of Reliance Insurance Company, In Liquidation, the Application is GRANTED and it is hereby ORDERED and DECREED that:

1. All timely objections filed to the Application having been withdrawn, **March 31, 2016, is hereby established as the claims bar date ("Bar Date").**
2. Except as provided in paragraph 11 below, any and all claims against the Reliance Estate, including claims against Reliance Insurance Company, Reliance National Indemnity

Company, Reliance National Insurance Company, United Pacific Insurance Company, Reliance Direct Company, Reliance Surety Company, Reliance Universal Insurance Company, United Pacific Insurance Company of New York, and Reliance Insurance Company of Illinois (collectively, "Reliance Estate"); claims against the Liquidator, his agents and representatives; or claims that in any way affect or seek to affect any assets of the Reliance Estate, wherever located or however such assets may be owned or held, directly or indirectly, must be filed with the Liquidator BEFORE the Bar Date or be forever barred from any distribution of the assets of the Reliance Estate. Further, all claims for which no POC is filed before the Bar Date are unenforceable against the Reliance Estate and the Liquidator.

3. All claims must be filed by means of a completed Proof of Claim ("POC") form, as attached to the Application as Exhibit M, together with proper documentation supporting the claim. Notwithstanding the foregoing, a claim submitted on the original POC form issued by the Liquidator shall be processed by the Liquidator and will be subject to the terms of this Order. The POC must be signed by the claimant or the claimant's attorney, and must contain the claimant's current address, including zip code and telephone number. A POC filed by a corporation must be signed by an officer of the corporation, designated by his/her title, or the attorney for the corporation. The Liquidator has the right to require other information deemed necessary to evaluate a POC pursuant to 40 P.S. §221.38 and this Court's Orders of May 1, 2007 and November 27, 2007. The claimant has a duty to keep the Liquidator informed of any change of address pursuant to 40 P.S. 221.24(b).

4. A POC is deemed to be filed when received by the Liquidator subject to the exceptions set forth in Pa. R.A.P. No. 3781(a)(3) as follows:

The liquidator is deemed to have received the proof of claim form on the date of mailing as established by a United Postal Service Form 3817 Certificate of

Mailing or by any similar form from which the date of deposit in the mail can be verified or the date of transmission by facsimile (fax) or electronic mail (e-mail), as documented by the sender's fax or computer.

If the POC is transmitted by fax, the claimant shall also comply with the requirements of Pa.

R.C.P. No. 440(d)(2), relating to a fax cover sheet as follows:

The copy served shall begin with a facsimile cover sheet containing

- (i) the name, firm, address, telephone number, of both the party making service and the party served,
- (ii) the facsimile telephone number of the party making service and the facsimile telephone number to which the copy was transmitted,
- (iii) the title of the legal paper served and
- (iv) the number of pages transmitted.

5. The definitions of Timely POC, Non-Barred Claims, and Barred Claims, including examples, as set forth in the Application, are hereby specifically approved, adopted and incorporated herein. Except as provided in paragraph 11 below, the following claims are **BARRED** by this Order, and are deemed to prejudice the orderly administration of the Reliance Estate and the liquidation of its assets, effective as of the Bar Date:

(a) Post Bar Date Claim. A Post Bar Date Claim is *any* POC which is filed ON or AFTER the Bar Date, even if good cause exists for filing on or after the Bar Date. This includes POCs filed to reopen a closed claim after a Notice of Determination has issued.

(b) Potential Claim. A Potential Claim is a claim intended to be covered by a Timely POC, but where the specific claim or cause of action occurs, arises, accrues and/or is asserted on or after the Bar Date.

6. Except as provided in paragraph 11 below, this Order bars the filing of a Post Bar Date Claim for any reason, including, without limitation, any reason constituting "good cause" under the late filing provisions of 40 P.S. §221.37, such as

(1) that existence of [sic] claim was not known to the claimant and that he filed his claim as promptly thereafter as reasonably possible after learning of it;

(4) that a claim was contingent and became absolute, and was filed as soon as reasonably possible after it became absolute; and

(5) that the claim was the claim of a guaranty association for reimbursement of covered claims paid and/or expenses incurred, subsequent to the last day for filing where such payments were made and expenses incurred as a result of requirements of law.

Any Post Bar Date Claim shall be rejected by the Liquidator without consideration of its merits and a Post Bar Date Claim shall be unenforceable against the Reliance Estate and the Liquidator.

7. Claims which are barred by this Order no longer represent a statutory, contractual, or legal obligation of the Reliance Estate or the Liquidator and shall not be entitled to receive any distribution from the Reliance Estate, whether or not a Timely POC was filed. The reserve liabilities associated with such Barred Claims, in an amount to be determined by the Liquidator, constitute obligations which are discharged and shall be eliminated accordingly with no payment or distribution from the Reliance Estate. The Liquidator shall adjust the books and records of the Reliance Estate accordingly to reflect such discharge, including the liabilities reported in the Special Purpose Statement of Assets and Liabilities of the Reliance Estate.

8. The establishment of the Bar Date does not constitute a waiver of any rights or defenses that the Liquidator or the Reliance Estate have or may have; all rights and defenses remain available to the Reliance Estate and the Liquidator. The Bar Date does not apply to, or affect in any way, claims, actions, or rights of the Reliance Estate or the Liquidator, including those against third parties or others.

9. Any POC filed before the Bar Date, but after December 31, 2003, remains subject to the late filing provisions of 40 P.S. §221.37 and good cause must be shown for the POC to be considered a Timely POC. All POCs remain subject to this Court's Orders of May 1, 2007 and

November 27, 2007 which require claimants to submit complete information about their claims in a timely fashion.

10. The establishment of the Bar Date is not an opportunity to refile a POC previously filed with the Liquidator or to reargue a Notice of Determination previously issued by the Liquidator. Duplicative POCs shall not be submitted. If duplicative POCs are filed contrary to this Order, the Liquidator shall reject them without further consideration of their merits, even if timely filed.

11. Notwithstanding the foregoing, the Bar Date shall not:

a. apply to expenses of the Liquidator or the Reliance Estate incurred in the ordinary course of the liquidation proceedings;

b. apply to expenses of Guaranty Associations ("GAs") under 40 P.S. §221.44(a); and

c. bar a Post Bar Date Claim if a cause of action for the claim first accrued within thirty (30) days before the Bar Date and the POC was filed within thirty (30) days of when the cause of action accrued.

12. Any claims of a GA for amounts it pays for claims under Reliance policies ("Covered Claim Payments"), shall be barred and shall be disallowed by the Liquidator if the Covered Claim Payments were made for a Barred Claim. Barred Claims are no longer an obligation of the Reliance Estate, whether statutory, legal, contractual, or otherwise.

13. Notice of the Bar Date shall be provided to the following persons ("Notice Recipients"):

- a. all insureds and third party claimants who filed class (b) POCs (including their identified counsel), including those whose claim was subordinated to priority class (e) or (g);
- b. insureds with Open Claims (as defined in the Application) known by the Liquidator;
- c. all relevant litigants in known pending actions against the Reliance Estate or the Liquidator, including those which have been stayed, and not dismissed, by court order or by agreement of the parties;
- d. the Department of Labor, the Department of Justice, the Center for Medicaid Services, the Internal Revenue Service, and the Environmental Protection Agency; and
- e. all Guaranty Associations.

14. The notice regarding the Bar Date (“Bar Date Notice”) shall be in substantially the form attached hereto. The Bar Date Notice shall be provided to the Notice Recipients by first class mail at the address shown in the books, records, and systems of the Reliance Estate as of the date of this Order. Said mailing shall be made within twenty-one (21) business days after the date of this Order. However, the Bar Date Notice need not be mailed to Notice Recipients with known bad addresses based on returned mail.

15. The Bar Date Notice shall be published twice in the print and online versions of USA Today and the Philadelphia Inquirer, and once in the print version of Business Insurance within approximately three weeks of this Order. The Bar Date Notice shall also be published in the print versions of the national edition of the Wall Street Journal and the national edition of the New York Times twice within approximately three weeks of this Order.

16. Additionally, in compliance with Pa. R.A.P. 3779, the Liquidator shall post the Bar Date Order on the Reliance Documents website (www.reliancedocuments.com), in a prominent location on the first page of the website, within three (3) days of the date of this Order.


BONNIE BRIGANCE LEADBETTER, Judge