IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: **Reliance Insurance Company** **In Liquidation**	:	**NO. 1 REL 2001**

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QUARTERLY REPORT OF THE LIQUIDATOR
ON THE STATUS OF THE LIQUIDATION OF
RELIANCE INSURANCE COMPANY AS OF SEPTEMBER 30, 2011

I. INTRODUCTION

Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as Statutory Liquidator ("Liquidator") of Reliance Insurance Company ("Reliance or Estate"), through his undersigned counsel, hereby submits this report on the status of the liquidation of Reliance, incorporating financial results and claims information through September 30, 2011 ("Report").

II. REPORT

A. Financial Statements

1. Special Purpose Statement of Assets and Liabilities

Reliance has prepared and attached as Exhibit A, a Special Purpose Statement of Assets and Liabilities showing the financial position of Reliance at September 30, 2011 and December 31, 2010 ("Statement"). The amounts set forth on this Statement for all other estimated reserves, for class (b) liabilities on direct business, reinsurance recoverables and several other categories at September 30, 2011 are based upon independent actuarial estimates (see paragraph A.8), utilizing data as of September 30, 2008. These estimates utilized Guaranty Association ("GA") claim data, Proof of Claim ("POC") and Notice of Determination ("NOD") data, pre-liquidation historical data and industry data. Actual liability figures will not be known for several years because, among other things, many of the claims will not develop for some time or are contingent claims dependent on a resolution of underlying litigation which may not be resolved for several years. Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used and the variability resulting from the effect of the liquidation process, the actual emergence of losses may be significantly different than the estimates included in the Statement.

The reinsurance receivables and reinsurance recoverables shown on the Statement may also change significantly over time because, among other things: a) the amount of reinsurance recoverable will not be known until all valid POCs have been evaluated and allowed amounts determined; and b) reinsurance collection will be affected by valid offsets, disputes and uncollectible amounts due to the financial condition of reinsurers.

Thus, the Statement does not fully reflect the effects of the liquidation upon many assets and liabilities and also does not include an estimate of the liquidation expenses that will be incurred by Reliance and the GAs in administering the Estate over time. Reliance liquidation expenses are class (a) first priority payments under the Insurance Department Act of 1921, 40 P.S. §221.1 et seq. ("Act"), as are certain GA expenses to the extent permitted by the Act. Both Liquidator and GA expenses will be significant and will be paid before distributions for claims under policies for losses, class (b) priority, and other lower classes of creditors. Consequently, the ultimate distribution to creditors is unknown at this time. For this reason, third parties should not rely on the financial information contained herein as providing any certainty as to the ultimate distribution that will be made from Reliance. The Notes to the Special Purpose Statements, attached as Exhibit D, describe the limitations of the Statements and should be included in any review of Reliance's financial information.

As of September 30, 2011, the Statement shows estimated total assets were $5.3 billion, with the most significant balance, $2.3 billion, relating to total invested assets. Early access advances to GAs total $2.1 billion (see paragraph C.2). Reinsurance receivables and future reinsurance recoverables were $0.9 billion.

Total estimated liabilities at September 30, 2011 were $8.9 billion. The largest class of liabilities is class (b) creditor claims which total $7.6 billion. The $7.6 billion is comprised of GA paid losses of $2.9 billion; GA reported reserves of $1.1 billion; NODs issued by the Estate of $858.3 million; and $2.9 billion for all other reserves. A reduction is shown for $206.6 million in distribution payments already issued to class (b) creditors. The $2.9 billion for all other reserves is comprised of estimated reserves for open reported claims, including POCs

where a NOD has not yet been issued, estimated amounts for future claims to be reported to the Estate and reserves for GA claims in excess of GA reported reserves. The second largest class of liabilities are class (e) general creditor claims (including assumed reinsurance claims) under 40 P.S. §221.44 which total $1.2 billion, subject to valid offsets. However, the Liquidator has issued thousands of class only NODs at the class (e) level, deferring any determination of amount as it is unlikely that distributions will reach the class (e) level. Therefore, actual class (e) liabilities are undoubtedly higher than the figures reported in the Statement.

Attached to this report as Exhibit B is a Special Purpose Statement of Changes in Policyholders' Surplus for the nine months ended September 30, 2011 and for the period from October 3, 2001 to September 30, 2011. The estimated net deficit at September 30, 2011 was $3.6 billion, up from $2.7 billion at the date of liquidation, but is subject to change as noted above.

2. Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments

Attached to this report as Exhibit C is a Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments ("Cash Flow Statement") for the period from January 1, 2011 through September 30, 2011. Short and intermediate duration investments available at the beginning of the period were $1.97 billion, increasing to $2.17 billion at the end of the period.

Reinsurance collections, totaling $187.7 million, were the primary source of cash receipts for the period. For further explanation of reinsurance collections, see paragraph A.7. Other sources of receipts included premium collections, claim recoveries and investment income.

Total cash receipts were $258.7 million for the period.

Cash disbursements for the nine months ending September 30, 2011 included operating expenses of $37.1 million, payments under the second interim distribution to class (b) creditors of $14.3 million (see paragraph D.2), and losses and allocated loss adjustment expenses ("ALAE") of $1.3 million. Additional detail is provided for operating expenses in paragraph B.2. Total cash disbursements were $52.7 million.

The increase in market value of short and intermediate duration investments managed by investment managers, which is considered a non-cash item, was $2.9 million for the nine months ended September 30, 2011. Overall, short and intermediate duration investments increased for the nine months ended September 30, 2011 by $208.9 million.

3. Short and Intermediate Duration Investments

Due to strong positive cash flows since the beginning of the liquidation, primarily reinsurance collections and asset sales, the investment portfolio is $2.17 billion as of September 30, 2011. Excess cash flows over and above the immediate operating needs of the Estate are transferred to investment managers and invested in short and intermediate duration bond portfolios and an equity index fund. An Investment Committee oversees the investment operations at Reliance under approved investment guidelines. The Committee utilizes investment advisors, money managers, valuation consultants and other professionals in its oversight duties. Specific securities held in the portfolio are regularly traded as the managers actively manage the portfolio in accordance with the guidelines.

4. Investments Held in Segregated Accounts

At September 30, 2011, Reliance held $3.6 million in trust for specific obligations to

secured creditors relating primarily to losses on assumed reinsurance business. In addition, Reliance held $2.4 million, representing collections under large deductible policies, which are not Estate assets and will be administered and paid to GAs and other claimants in accordance with 40 P.S. §221.23a.

At September 30, 2011, Reliance held $15.4 million solely for the benefit of uncovered claimants (claimants whose class (b) losses are not covered by GAs). This balance consists of funds received from the settlement of the large deductible reimbursement dispute with the GAs, plus accrued interest.

5. Affiliates and Subsidiaries / Non-Liquid Investments

Reliance continues to monitor all remaining assets in this category to determine the best strategy and timing for maximizing value. Included in these assets are the Reliance Canadian branch (currently in a separate liquidation proceeding in Canada); RCGIT, the information technology indirect subsidiary of Reliance; residual equity from the sale of the former Reliance UK subsidiary; and various other illiquid securities, including the investment in Onyx (a private real estate company) whose underlying properties may provide some value in the future.

6. Premium Balances

As of September 30, 2011, Reliance estimates current and future premium receivables of $37.8 million which includes billed receivables and an estimate of $28.1 million for future billings under retrospectively rated policies, where future premium billings will be based on paid losses. Premiums on retrospective policies will be billed and collected on an ongoing basis. Reliance is aggressively pursuing receivable amounts due the Estate and legal proceedings have been initiated where appropriate.

7. Reinsurance

a. Reinsurance Billings and Collections

As of September 30, 2011, reinsurance receivables and future reinsurance recoverables were $850 million after deductions for estimated future uncollectible amounts and offsets. At September 30, 2011, Reliance held approximately $174 million in collateral from certain reinsurers as security for parts of this exposure. Reinsurance collections for the nine months ended September 30, 2011, totaled $187.7 million with total collections of over $3.6 billion since the date of liquidation. These totals are inclusive of receipts on ordinary ceded loss billings, dispute settlements, commutations, releases of funds from reinsurance trusts and distributions from insolvent reinsurers.

The inventory of billed reinsurance receivables was $63.7 million as of September 30, 2011, with a significant portion either in dispute, claimed by reinsurers as offsets, or due from insolvent or financially distressed companies. The amount readily available to collect was estimated at $27 million. Included as Exhibit E is a listing of balances due from reinsurers at September 30, 2011.

On a monthly basis, Reliance receives GA data feeds reflecting paid and outstanding claim information. This GA data plus the NODs issued by the Liquidator have generated approximately $2.191 billion of post-liquidation reinsurance billings.

Reliance deals with many reinsurers who have significant offset balances due to assumed reinsurance business written by Reliance. The research and reconciliation analysis required for the offset process will continue for several years as claims from the assumed business mature and are reported to the Estate.

b. Reinsurance Collection Issues

Reinsurance is one of the largest assets of Reliance and the structure, procedures and controls within the Reinsurance Department and throughout the Estate operations have been designed to maximize collections in a liquidation environment. Reliance has dedicated staff, many of whom have extensive reinsurance experience, coordinating with reinsurers to provide appropriate claims documentation, respond to inquiries, resolve disputes and verify proper offsets. Reliance also continues to seek additional cooperation and support from insureds, claimants and the GAs in providing timely, complete and accurate claims documentation and data to support reinsurance billings. Reliance has completed 18 reinsurance reviews at various GAs during the first 9 months of 2011.

Notwithstanding these efforts, reinsurance collections are a difficult and lengthy process in liquidation. In almost all cases, time frames for responses and payments from reinsurers have lengthened considerably. While there are some reinsurers who have dealt with Reliance in a professional, responsive manner, many do not fall into this category. Many reinsurers now require much more documentation - significantly more than prior to liquidation and often more than is contractually required. The reinsurers then respond with many questions in a series of inquiries before even stating their payment position on the billings. Numerous requests for reinsurer audits have been accommodated and these requests will continue in the future. Some of the audits are used by the reinsurers to inflate perceived or minor discrepancies, which provide reinsurers with a contrived basis for delay, forced compromise, commutation settlement or for trying to avoid liability altogether. Formal and informal dispute resolution actions continue against several reinsurers with substantial overdue balances. At September 30, 2011, Reliance

had legal actions pending against CNA, Markel International Insurance Co, Ltd., and Republic Western, as well as two legal actions pending against Underwriters at Lloyds. Reliance expects to commence additional legal actions against recalcitrant reinsurers in the future, whenever necessary, to enforce its rights.

Collections in this environment result from constant, intensive day-to-day "blocking and tackling" by the Reinsurance Department, assisted by the Claims Department and other Reliance staff at all levels. Liquidator and Reliance staffs have decades of experience in reinsurance collections, specifically including collections in a run-off or liquidation environment. In addition, they are intimately familiar with the several thousand complex treaties and facultative placements covering the wide variety of Reliance products marketed over the last 20 years. Reliance is in constant contact with its major reinsurers and will continue its aggressive collection efforts.

Reliance also uses commutations as an alternative in dealing with reinsurers. In a commutation, Reliance receives a lump sum payment today from its reinsurer representing an estimate of all known and future unknown losses. During 2007, Reliance targeted a small select group of companies for commutation, where significant data was available on known loss exposures. During 2008 and 2009, as more updated claims information became available and the independent actuarial review was completed, the program expanded and commutations will continue to be a significant source of collections going forward. Reliance is now capable of evaluating commutations for any aspect of its insurance business – by line of business, by reinsurance contract and by reinsurer. Where applicable, commutations are submitted for approval consistent with the asset guidelines previously communicated by this Court.

Reinsurer financial strength remains a problem for the insurance industry in general - particularly in the current economic environment - and will continue to be a major concern for the duration of the liquidation proceedings. Reliance has dedicated resources to monitor the financial condition of its significant reinsurers and where possible will attempt to settle its overall exposure with distressed companies through commutation. In these distressed commutation situations, it is likely that Reliance will accept substantial discounts for its recoverables. Similar to many ongoing insurance entities, Reliance experiences significant write-offs for uncollectible reinsurance and disputes. Thus, an appropriate bad debt reserve has been established.

8. Independent Actuarial Review

In June 2009, PricewaterhouseCoopers LLP ("PwC") completed a post-liquidation independent actuarial review of estimated direct losses and ALAE exposures, both known and unknown, as well as related future reinsurance recoverables. Estimates were based on information as of September 30, 2008, including GA claim data, POC and NOD data, pre-liquidation historical data and industry data modified for current trends as well as prevailing economic, legal and social conditions. The PwC central estimate, which was first reflected in the June 30, 2009 Statement, represents one possible value in the range of acceptable estimates. Actual results will differ from these point estimates, and perhaps significantly. Estimates of ultimate losses and ALAE, which are reflected in the current Statement under class (b) liabilities, have not been updated to reflect any loss experience subsequent to September 30, 2008.

B. Expenses

1. Losses and Allocated Loss Adjustment Expenses

Losses and ALAE shown on the Cash Flow Statement, Exhibit C, represent amounts paid by the Estate for handling certain creditor claims, POCs, NODs and the related objection process.

2. Operating Expenses

The operating expenses of Reliance relate to efforts by the Liquidator to marshal and maximize the assets of the Estate for the benefit of all Reliance policyholders and claimants, as well as to review and determine the ultimate liabilities of the Estate, to fulfill the public policies and purposes of the Act and the liquidation process, and to investigate and hold accountable those third parties responsible for the insolvency of Reliance.

Attached as Exhibit F is an Operating Expense Analysis which indicates the total dollars paid for each expense category for the nine months ended September 30, 2011 and compares actual performance to budgeted amounts and prior year's actual expenses. As detailed in the Operating Expense Analysis and supporting schedules, the administrative expenses of Reliance for the nine months ended September 30, 2011, totaled $37.1 million, compared to a budget of $37.6 million and actual expenses in 2010 of $43.1 million. Reliance did not process any GA expense reimbursement payments in the first nine months of 2011 and expects to reimburse certain GA administrative expenses in the fourth quarter 2011 after the expenses are approved by this Court. Brief explanations regarding certain aspects of the expenses are provided below, by category.

Through September 30, 2011, this Court has approved a total of approximately $870

million in administrative expenses incurred and paid by the Liquidator.

a. Salaries, Employee Benefits and Taxes

At September 30, 2011, Reliance had a total of 141 employees in both the Philadelphia and New York City offices. Since January of 2011, staff count has declined by 19 employees. Reliance also uses consultants to support the operations, especially in the Information Technology ("IT") area. At September 30, 2011, there were 30 consultants of whom 29 were related to the IT business application systems and production environment.

b. IT Services

In late 2010 Reliance's outsourcing requirements were reduced, when Reliance completed expense reduction initiatives which included moving from a mainframe computer to a more cost effective in-house server environment. The IT services previously provided through a single third party vendor are now provided through a combination of other outsourcing arrangements and in-house resources at significantly reduced costs with improved flexibility. RCG IT, which is a wholly owned subsidiary of Reliance, continues to provide production support, maintenance, security, and development services for Reliance's business application systems.

c. Legal Fees and Expenses

Attached as Exhibit G is a schedule containing the legal expense detail by firm (excluding ALAE) for the nine months ended September 30, 2011. In addition to law firms, the schedule includes referees for certain disputed NOD matters, reinsurance arbitrators and other litigation and legal support service providers. The legal expenses of the Reliance Estate can be divided into two general categories of legal matters: (1) Estate administration and (2) general asset recovery. Issues arising from the administration of the Estate, which include ordinary

operations and the complex Reliance products and business structures, implicate the laws of many jurisdictions, including state, federal and foreign.

Reliance has also undertaken numerous plaintiff actions to recover assets owed to the Estate. Some of these actions seek recovery of deductible amounts that benefit only the GAs. As of September 30, 2011, the pending actions include both litigation and arbitrations, for (1) approximately $392,000 sought from agencies, third party administrators, brokers or program managers; (2) approximately $2.9 million sought in bankruptcy proceedings from financially distressed insureds for which Reliance has no collateral, insufficient collateral, or the collateral is disputed; (3) approximately $3.5 million sought in subrogation matters; (4) approximately $2.2 million sought in premium and large deductible collections; (5) approximately $8.2 million sought in reinsurance recoveries; and (6) approximately $2 million sought in other litigation. In the third quarter of 2011, Reliance recovered approximately $428,000 through legal actions. Since January 2003 through the third quarter of 2011, Reliance has recovered in excess of $349.6 million through legal actions, a portion of which benefits the GAs.

d. Professional Services Expenses

Attached as Exhibit H is a schedule containing the professional service expense detail by vendor name for the nine months ended September 30, 2011. The individual professionals and firms listed in the schedule include, among other things, investment managers, London market broker services, imaging services, auditing services, actuarial services, and permanent and temporary staffing services which provide resources for the IT, Claims and Reinsurance Departments as needed. The professional service expense schedule also contains entries for professional services provided to Reliance by the Pennsylvania Insurance Department, either

directly by the professional staff of the Office of Liquidations, Rehabilitations and Special Funds, or through specialized consultants hired to assist the Liquidator in administering the liquidation of Reliance.

e. Rent

Rent is primarily attributable to office space in New York and Philadelphia. Reliance reconfigures workspace wherever possible in order to reduce costs by consolidating space requirements.

f. Guaranty Association Expenses

The Operating Expense Analysis, Exhibit F, lists as administrative expenses of the Estate certain expenses of the GAs which are incurred in handling claims of Reliance policyholders and claimants, pursuant to 40 P.S. §221.44(a). Reliance receives regular quarterly reports from most GAs and administrative expense payments made by Reliance to the GAs through September 30, 2011, total $252 million. Under the current reimbursement policy, administrative expenses will be paid to the GAs only after approval by this Court. Reliance conducts periodic desk and on-site reviews of GA administrative expenses and makes appropriate adjustments. With respect to inaccurate administrative expense data, overpayments, reductions, reclassifications or adjustments, both the Liquidator and the GAs have reserved their respective rights to seek appropriate relief, if and as needed. As Reliance ultimately evaluates these expenses, the vast majority will be allowable as class (a) claims. However, there are certain disagreements between the Liquidator and the GAs that will be addressed and resolved by the Court.

C. National Conference of Insurance Guaranty Funds ("NCIGF")

The GAs are an essential part of the liquidation safety net, providing significant coverage to certain policyholders and paying covered claims as defined and required by their respective statutes. The liquidation of Reliance, as the largest U.S. property and casualty liquidation, has been challenging for all involved, including GAs. From the start of the liquidation, Reliance met regularly with a task force and various working groups organized through the NCIGF, whose members include almost all of the state property and casualty insurance GAs in the United States. The meetings have focused on continuing operational issues such as large deductible reimbursements; claim handling, claims imaging and closed claim procedures; communication protocols; GA data reporting and UDS protocol; reconciliation issues; the priority, classification and reporting of administrative expenses and related reviews; and Reliance product and policy information. Another area of continuous discussion is the necessity for coordination of reinsurance reviews and loss reporting to maximize reinsurance collections. The NCIGF, most GAs, and Reliance have established a close working relationship and will continue to address the extensive and complex issues involved in the Reliance Estate in a professional, mutually cooperative and beneficial manner.

1. Status of Uniform Data Standards ("UDS")

A dedicated department within Reliance was established early in the liquidation to coordinate with the various GAs and their vendors in managing the data reporting process and reviewing exception items. There are now 58 GAs reporting monthly paid and outstanding loss information through a UDS automated interface, both of which are subsequently processed in Reliance operating systems to update claim records and generate the related reinsurance billings

and notices. Two small GAs are reporting on a manual basis to the Estate. Over 99% of GA payments and reserves have been matched to Reliance systems.

2. Early Access

At September 30, 2011, early access advances to GAs total over $2 billion and are comprised of early access post-liquidation cash payments ($1.64 billion); pre-liquidation statutory deposits (approximately $420 million); and payments made on behalf of certain life and health, as well as property and casualty, GAs shortly after October 3, 2001 ($23 million).

3. Large Deductible Policies

Pursuant to large deductible agreements with certain insureds executed prior to liquidation, those insureds either made arrangements for Reliance to process their claims within the deductible while the insured funded the claims payments, or in some cases, Reliance paid all claims and subsequently billed and collected the deductible amounts from the insureds. In either event, most insureds with large deductible policies were required to provide collateral to Reliance to secure their obligations to pay or to reimburse Reliance for claims paid by Reliance within the deductible.

The provisions of 40 P.S. §221.23a, adopted in 2004 by the Pennsylvania legislature, conferred the benefit of the large deductible reimbursements solely on the GAs and created numerous additional duties and responsibilities for a liquidator in the handling of insured collateral and collection of deductibles. The GAs are coordinating with Reliance to ensure a cooperative implementation of 40 P.S. §221.23a. On a gross basis, approximately $143 million of deductible collections have been distributed to the GAs.

D. Claims Process

The deadline for filing POCs was December 31, 2003. As of September 30, 2011, Reliance has received a total of 160,202 POCs. Of these 160,202 POCs, 11,450 were received after the claim filing deadline, including 99 new POCs received in the third quarter of 2011. Notwithstanding the claim filing deadline, Reliance continues to receive new POCs and many of these POCs may be considered timely filed if the claimant can show good cause for the late filing.

1. Status of POCs

As of September 30, 2011, Reliance has issued NODs for 155,575 of the 160,202 POCs for a total allowed amount of $952,442,334. Reliance has now issued NODs for more than 97% of the POCs filed with the Estate. This Court has approved 153,814 of those NODs, as of September 30, 2011, for a total allowed amount of $890,622,429. Exhibit I breaks down this information by priority class and Exhibit J provides the same information for only the third quarter of 2011. Although Reliance has addressed a significant portion of the pending POCs, it is expected that new POCs will continue to be filed as claims, previously unknown or contingent, continue to develop.

Exhibit K indicates the status of all 160,202 POCs received as of September 30, 2011. Of the 4,627 POCs remaining to be evaluated, 1,236 relate to claims currently being handled by the GAs and these POCs will be addressed by Reliance once the GAs close their claim files and return them to Reliance. In total, GAs are currently handling approximately 6,891 open Reliance claims. Approximately 1,277 of the 4,627 POCs are either 1) POCs where the claimant has identified a specific claim but the underlying claim has not yet been resolved ("contingent

claim") or proper documentation has not been provided to Reliance or 2) POCs where the claimant has notified Reliance that there may be a claim in the future, but has not yet identified any particular claim.[1] It is expected that additional claims will develop under the POCs filed without identification of any particular claim.

Approximately 2,028 POCs are in various stages of review and evaluation and therefore, in one or more aspects, the Estate is awaiting information. As part of that process, Reliance requests additional information from the claimant, or other sources, as necessary. When complete information is provided quickly, the POC will move to the next category of ready to evaluate. As of September 30, 2011, there were 86 POCs ready to evaluate and for which NODs will be issued within 180 days. The movement of POCs through the various categories is a continuous process when adequate information is provided by claimants. In 2007, this Court issued Orders on May 1, and November 19, requiring claimants to submit complete information about their claims in a timely fashion. Those Orders continue to assist the Liquidator in obtaining current and timely information from claimants.

2. Status of Distribution

On January 17, 2008, this Court approved the Liquidator's Petition for First Interim Distribution allowing a 20% distribution to all class (b) claimants whose NOD is approved by this Court. On March 29, 2010, this Court issued its order approving the Liquidator's Petition for Second Interim Distribution which increased the total cumulative interim distribution

[1] Reliance wrote a variety of long tail lines of business, including: (1) workers compensation; (2) medical malpractice; (3) construction defect; (4) errors & omissions; (5) directors & officers liability; (6) environmental (asbestos and pollution); and (7) professional liability. For reasons unrelated to the Reliance receivership, but based rather on the nature of the insurance coverage written by Reliance and the claims under those policies, it will be many years before some of these long tail claims will be resolved so that they can proceed through the review and evaluation process.

percentage to 30%. for all class (b) Eligible Claimants whose NOD (subject to the aggregate safety factor) has been approved by the Court. On December 1, 2011, this Court approved the Liquidator's Petition for Third Interim Distribution increasing the interim distribution percentage by another 10%, for a total cumulative interim distribution of 40%.

On February 23, 2010, this Court approved the Liquidator's Petition to Supplement the Court's November 19, 2007 First Aggregate Order, reducing by 20% (from 60% to 40%) the safety factor percentage applicable to any distribution calculation to Eligible Claimants on Court approved NODs representing claims under aggregate policies. The safety factor percentage is designed to hold back a portion of the aggregate limits for any future adverse claims development. At September 30, 2011, the total aggregate safety factor hold back as applied to the distribution calculation was $32.4 million. On October 27, 2011, the Liquidator filed a petition to supplement the Second Aggregate Order, proposing a reduction of 10% (from 40% to 30%) in the safety factor percentage. As this proposed reduction in the aggregate safety factor percentage has not yet been approved, distributions on NODs subject to the aggregate provisions of the Act are being made based on the 40% aggregate safety factor percentage currently in effect.

The Liquidator has continued to periodically issue distribution checks to claimants whose NOD is subsequently approved by the Court. As of September 30, 2011, $206.6 million has been distributed to class (b) claimants for approximately 5,300 NODs.

3. Objections to NODs

As of September 30, 2011, the Liquidator has received a total of 1,338 objections to the 155,575 NODs issued to non-GA claimants, an objection rate of approximately 0.8%. Large

groups of these objections relate to several claimants with similar types of claims and thus are resolved collectively through the dispute resolution process. Of the 1,339 objections received, 1,182 have been resolved and 126 of the 157 unresolved objections have been assigned to referees. Exhibit L indicates the status of all objections received through September 30, 2011 and Exhibit M breaks down this information by priority class and also includes the allowed amounts for objections by non-GA claimants in each priority class.

4. GA Claims

In addition to the individual POCs filed by claimants, the GAs have each filed omnibus POCs representing their claim against the Estate. In addition to evaluating all POCs filed by policyholders and other claimants, it is also necessary to review and evaluate administrative expense claims, loss and ALAE claims, unearned premium claims, and any other claims submitted by the GAs, and reconcile the GA quarterly expense reports and UDS data with Reliance books and records. As a group, the GAs represent the largest creditor of the Estate. On November 19, 2007, this Court issued its Order ("GA Claims Order") approving the Liquidator's Amended Petition to Supplement the September 9, 2002 Claims Procedures Order To Address the Administration of GA Claims. The GA claims process presents several unique issues and this Order approved procedures which allowed the Liquidator to address those issues.

a. Administrative Expense Claims

Certain allowed GA administrative expenses are priority class (a) claims under 40 P.S. §221.44. As previously noted, most GAs report their administrative expenses on a quarterly basis. As shown on Exhibit N, the GAs have reported administrative expenses totaling approximately $310.1 million through September 30, 2011. Paragraph B.2.f above explains the

review process for these administrative expense claims in some detail. In total, this Court has now approved approximately $138.5 million in GA administrative expenses which includes $22,049,796 in GA class (a) expenses approved by this Court on December 1, 2011.

b. Loss and ALAE Payments

Most GAs report their loss and ALAE payments through the UDS interface (see paragraph C.1 above). As of September 30, 2011, the GAs have paid approximately $3 billion for losses and ALAE under Reliance policies and $1.64 billion of cash advances have been made to them through early access, in addition to $420 million held in special deposits. The GAs' outstanding reserve for remaining losses and ALAE totals approximately $1.132 billion. Therefore, in total through the end of the liquidation, the GAs have estimated approximately $4.1 billion in loss claims and ALAE. Exhibit N shows the total losses and ALAE paid as well as losses and ALAE reserves reported by each GA at September 30, 2011.

Both the paid amounts and outstanding reserves reported by GAs over time are graphically shown in Exhibit O attached hereto. As indicated by the graph, the GAs have paid approximately 72% of the total dollar amount that they ultimately expect to incur for all claims. These totals do not include past or future GA administrative expenses.

As of September 30, 2011, this Court has approved class (b) claims totaling $1.3 billion for GAs, some of which may be subject to 40 P.S. §221.40(d) regarding aggregate limits.

c. Life and Health Guaranty Associations

The Life and Health GAs covered the contractual obligations under accident and health policies issued by Reliance. Through September 30, 2011, this Court has approved administrative expense claims for 49 Life and Health GAs totaling $6,445,970 and loss/ALAE

claims for 51 Life and Health GAs totaling $32,073,449. On November 9, 2011 this Court approved the recommendation of the Liquidator for $74,795 in loss/ALAE claims for 3 Life and Health Gas and $45,198 in administrative expense claims for 2 Life and Health GAs.

d. Guaranty Association Notices of Determination

Pursuant to the GA Claims Order, NODs are issued to the GAs only when a GA claim, or portion of a GA claim, will not be allowed by the Liquidator. Some of the NODs issued to the GAs may be disputed by the GAs and those will be resolved through the objection process set forth in the September 9, 2002 and December 12, 2008 case management orders. Only undisputed GA NODs or those GA NODs which are resolved by the Liquidator after an objection is filed will be submitted to this Court for approval. When GA claims are allowed in full, the claims will be included in the Report and Recommendation on Undisputed GA Claims. Through September 30, 2011, this Court has approved 36 NODs issued to the GAs, to which the GAs did not object, for a total allowed amount of $1,929,234. On November 23, 2011, the Liquidator filed a Petition for Approval of Report and Recommendation on Guaranty Association Notices of Determination through July 31, 2011 which seeks approval of 25 GA NODs for a total amount of $10,943.95.

E. Other Operational Updates

1. Collateral Release

Pursuant to the November 30, 2001 Order of this Court, the Liquidator has established a structured process to carefully review requests for the release of collateral held to secure obligations for direct insureds (primarily large deductible policies), certain reinsurers (including captive reinsurers), and premium receivables. The extensive review process includes input from

several Reliance departments, including Policy Finance and Administration, Actuarial, Claims, and Finance. As of September 30, 2011, Reliance held collateral of $564 million to secure current and future obligations. For the nine months ended September 30, 2011, 112 accounts were reviewed, resulting in a release of $36 million for 58 accounts; no collateral was released for 24 accounts; and the remaining 30 accounts were otherwise resolved (e.g., closeouts, no remaining collateral).

2. Reinsurance Cut-Throughs

A committee was established to review and recommend action for reinsurance cut-through requests submitted to the Liquidator. To date, 38 cut-through requests have been submitted to the Liquidator. The Liquidator has approved 27 of these requests, including 1 that was approved after being initially disapproved, disputed and stayed by the Court upon consent of the parties. Pending approval by the Court, the matter remains stayed. Of these Liquidator approved requests, 26 have also been approved by the Court. Of the remaining 11 requests, 7 were disapproved by the Liquidator, 2 were withdrawn and 2 were pending before the Liquidator as of the end of the third quarter. Two of the 7 requests that were disapproved by the Liquidator were never contested, 2 were also disapproved by the Court and 3 were disputed. As of September 30, 2011, 1 of the 3 disputed matters was dismissed with prejudice upon stipulation of the parties and approval of the Court, and 2 were approved by the Court.

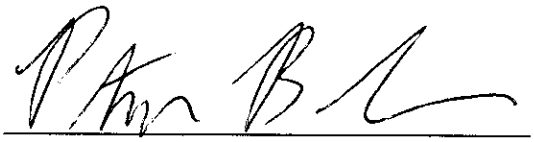
3. Ancillary and Foreign Receiverships

Ancillary receivership proceedings were initiated in Arizona, Arkansas, Florida, Idaho, Maryland, Massachusetts, New Mexico, New York, North Carolina, Oregon, Puerto Rico, and South Carolina, primarily to trigger the obligations of GAs in those states or to take possession

of the statutory deposits so that they could be transferred to the appropriate state GA. Florida, Idaho, and Arkansas have closed their ancillary receiverships and there has been limited activity in the other ancillary estates. As set forth in the Liquidator's Third Interim Distribution Petition approved by this Court, Ineligible Claimants (who may not receive distributions from the Reliance Estate because certain states have chosen to rely solely on the special deposit in their state) will be referred to the Ancillary Receiver in their state who has possession of the special deposit. Currently there are 3 states and one territory in which the Ancillary Receiver has elected to rely solely on the special deposit held in that state: Arizona, Massachusetts and Oregon (all for worker compensation claims only); and the Virgin Islands (for all claimants).

As previously reported, the Reliance Canadian ("CN") branch was placed in liquidation in Canada and the Reliance Liquidator was appointed as an inspector in those proceedings. KPMG, in its capacity as liquidator of the CN branch, oversees daily operations. The CN court ordered a final claims bar date of December 17, 2010 for all policy loss claims. Reliance Claims staff conducted an on-site review of open claims in March, 2011. Although a long-term run-off plan has been developed and is being monitored by KPMG and Reliance, a sales or assumption transaction may be possible, depending on market conditions, and would be considered at the appropriate time.

Respectfully submitted:

By: 

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Dated: December 19, 2011

CERTIFICATE OF SERVICE

I, Marilyn K. Kincaid, hereby certify that on or about this day, pursuant to the Court's Orders of April 1, 2004 and December 12, 2008, service of the foregoing was made on the attached Master Service List and Objector's List through the transmission of a Notice of Filing and through posting of a true and correct copy in PDF file format on the Reliance Documents website (www.reliancedocuments.com).

Dated: December 19, 2011

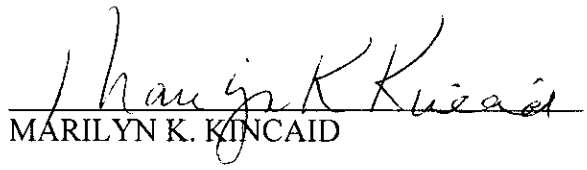

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Exhibit A

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SPECIAL PURPOSE STATEMENTS OF ASSETS AND LIABILITIES - UNAUDITED
(In Millions)

ASSETS		September 30, 2011		December 31, 2010
Short and intermediate duration investments		$ 2,178.1		$ 1,969.2
Investments held for secured creditors		6.0		6.5
Investments held for uncovered claimants		15.4		14.9
Invested assets excluding affiliates		2,199.5		1,990.6
Investments in affiliates		130.3		130.3
Total invested assets		2,329.8		2,120.9
Premium balances		37.8		41.9
Reinsurance receivable		63.7		72.8
Reinsurance recoverables		786.3		1,060.3
Early access advances to guaranty associations		2,089.3		2,090.9
Other assets		32.4		34.2
Total Assets		5,339.3		5,421.0
LIABILITIES				
Secured Creditors - Funds held		49.9		55.2
Class (a) liabilities				
Liquidator expenses incurred since liquidation	1,087.5		1,049.1	
Liquidator expenses paid since liquidation	(1,087.5)		(1,049.1)	
Liquidator expenses - unpaid	-		-	
Guaranty association expenses - submitted	310.1		301.8	
Guaranty association expenses - paid	252.1		254.0	
Guaranty association expenses - unpaid	58.0		47.8	
Other class (a) liabilities	4.5		5.1	
Total class (a) liabilities		62.5		52.9
Class (b) liabilities				
Guaranty association paid losses	2,884.6		2,822.7	
Guaranty association reported reserves	1,132.3		1,153.2	
Notices of determination issued	858.3		795.7	
Gross distribution calculation	(239.0)		(222.2)	
Reduction for aggregate policies	32.4		31.5	
Asset distribution payments	(206.6)		(190.7)	
All other estimated reserves (including IBNR)	2,892.3		3,017.2	
Total class (b) liabilities		7,560.9		7,598.1
Class (c) liabilities		-		-
Class (d) liabilities		-		-
Class (e) liabilities				
Notices of determination issued	76.0		81.9	
Losses and reserves on assumed business	1,129.5		1,122.9	
Other class (e) liabilities	37.6		33.1	
Total class (e) liabilities		1,243.1		1,237.9
Class (f) liabilities		-		-
Class (g) liabilities - Notices of determination issued		18.1		16.3
Class (h) liabilities		-		-
Class (i) liabilities		-		-
Total liabilities		8,934.5		8,960.4
Net deficit		($3,595.2)		($3,539.4)

The special purpose statement of assets and liabilities of Reliance Insurance Company (in Liquidation) is prepared on a unique financial reporting basis, in that, the statement does not fully reflect the effect of the company's 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 substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustment that might result from the outcome of the uncertainties related to the liquidation, future administration expenses, and various potential exposures, recoveries or benefit The special purpose statement of assets and liabilities is not intended to be in conformity with, and will vary significantly from generally accepted accounting principles and statutory accounting practices for a property and casualty insurance company as prescribed by the NAIC

See accompanying notes.

Exhibit B

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
SPECIAL PURPOSE STATEMENT OF CHANGES IN POLICYHOLDERS' SURPLUS - UNAUDITED

(In Millions)

	Nine Months Ended September 30, 2011	Period From Oct. 3, 2001 To September 30, 2011
Policyholders' surplus - beginning of period	($3,539.4)	($2,683.5)
Underwriting loss	(121.3)	(2,348.8)
Net investment income	45.5	456.0
Other income/(expense) (1)	1.1	723.5
Net realized and unrealized capital gains/(losses)	18.9	257.6
Change in policyholders' surplus	(55.8)	(911.7)
Policyholders' surplus - end of period	($3,595.2)	($3,595.2)

(1) Significant other income/(expense) prior to 2011 includes settlements with directors and officers and the parent company, changes in the estimate for uncollectible reinsurance and the elimination of other liabilities relating primarily to pre-rehabilitation expenses which are class (e) creditor claims and are unlikely to be paid or offset against any other assets of the Estate.

The special purpose statement of changes in policyholders' surplus of Reliance Insurance Company (in Liquidation) is prepared on a unique financial reporting basis, in that, the statement does not fully reflect the effect of the company's 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 substantially different than those reflected in the accompanying statement of assets and liabilities. The statement does not include any adjustment that might result from the outcome of the uncertainties related to the future effect of the liquidation and various potential exposures, recoveries or benefits.

The special purpose statement of changes in policyholders' surplus is not intended to be in conformity with, and will 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.

See accompanying notes.

Exhibit C

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS, AND CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS
FOR THE PERIOD JANUARY 1, 2011 TO SEPTEMBER 30, 2011 - UNAUDITED

(In Millions)

Cash Receipts:	
Reinsurance collections	$187.7
Premium collections	2.0
Claim recoveries	2.0
Investment income received	46.0
Other including realized gains and losses	21.0
Total Cash Receipts	258.7
Cash Disbursements:	
Operating expenses	(37.1)
Asset distribution on class (b) NODs	(14.3)
Loss and allocated loss adjustment expenses	(1.3)
Total Cash Disbursements	(52.7)
Net change in short and intermediate duration investments from cash activity	206.0
Non-cash items affecting short and intermediate term investments:	
Change in value of investments managed by investment managers	2.9
Total Non-cash activity	2.9
Net change in short and intermediate duration investments	208.9
Beginning Balance - Short and intermediate duration investments	1,969.2
Ending Balance - Short and intermediate duration investments	$2,178.1

See accompanying notes.

Exhibit D

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
NOTES TO THE FOLLOWING UNAUDITED STATEMENTS:

SPECIAL PURPOSE STATEMENT OF ASSETS AND LIABILITIES,
SPECIAL PURPOSE STATEMENT OF CHANGES
IN POLICYHOLDERS' SURPLUS, AND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND
CHANGES IN SHORT AND INTERMEDIATE DURATION INVESTMENTS

Note 1 - Nature of operations and basis of presentation

Reliance Insurance Company ("the Company") was placed into rehabilitation by order of the Commonwealth Court of Pennsylvania ("the Court") on May 29, 2001. On October 3, 2001, the Company was declared insolvent by order ("the Order") of the Court. The Order of the Court appointed the Insurance Commissioner of Pennsylvania as Liquidator of the Company ("the Liquidator"). Representatives of the Liquidator oversee the daily operations of the Company. The Order applies to all former subsidiaries of Reliance Insurance Company that were previously merged into Reliance Insurance Company, including Reliance National Indemnity Company, Reliance National Insurance Company, United Pacific Insurance Company, Reliance Direct Insurance Company, Reliance Surety Company, Reliance Universal Insurance Company, United Pacific Insurance Company of New York, and Reliance Insurance Company of Illinois. The entity is now known as Reliance Insurance Company (in Liquidation) ("Reliance") or ("the Estate").

The principal activities since the date of liquidation consist of the collection and marshalling of assets and determination of claims. All creditor claims submitted to Reliance must be evaluated through the Proof of Claim ("POC") process to determine and assign the proper class priority and dollar value. The largest class of creditors is claims for losses under policies issued prior to liquidation. Ultimately, the net assets of the Estate are expected to be distributed to creditors.

Priority of Claims and Distribution to Creditors

Reliance will distribute funds to creditors in accordance with the Insurance Department Act of 1921 (the "Act"), 40 P.S. Section §221.44, which governs asset distributions from insolvent insurance estates. The following summarizes the classes of creditors under the Act:

(a) The costs and expenses of administration, including but not limited to the actual and necessary costs of preserving or recovering the assets of the insurer, compensation for all services rendered in the liquidation, reasonable attorney's and other expenses and fees.

(b) All claims under policies for losses wherever incurred, including third-party claims, and all claims against the insurer for liability for bodily injury or for injury

to or destruction of tangible property which are not under policies, shall have the next priority.

(c) Claims of the Federal government.

(d) Debts due to employees for services performed to the extent that they do not exceed $1,000 and represent payment for services performed within one year before the filing of the petition for liquidation.

(e) Claims under nonassessable policies for unearned premium or other premium refunds and claims of general creditors.

(f) Claims of any state or local government.

(g) Claims filed late and certain other special claims.

(h) Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies.

(i) The claims of shareholders or other owners.

Every claim in each class shall be paid in full or adequate funds retained for such payment before the members of the next class receive any payment. No subclasses shall be established within any class.

Claims that are lower than class (b) priority are generally not assigned a dollar value during the POC process. These claimants are being advised that a value will be determined only if the Estate believes that sufficient funds will be available for distributions to creditors below class (b). Claims lower than class (b) are not reported as liabilities on the Special Purpose Statement of Assets and Liabilities with the exception of certain reinsurance liabilities which could have offset implications and claims in which a Notice of Determination ("NOD") has been issued.

Reliance is on a modified cash basis of accounting accepted by the Pennsylvania Department of Insurance which is a cash basis with adjustments.

The Special Purpose Statements of Assets and Liabilities and Changes in Policyholders' Surplus ("Statements") of Reliance are prepared on a unique financial reporting basis, in that, the Statements do not fully reflect the effect of the Estate's 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 substantially different than those reflected in the Special Purpose Statement of Assets and Liabilities. The Statements do not include an estimate of liquidation administrative expenses or any adjustments that might result from the outcome of the uncertainties related to the future effects of the liquidation and various potential exposures, recoveries or benefits.

The Statements and the Statement of Cash Receipts and Disbursements and Changes in Short and Intermediate Duration Investments are not intended to be in conformity with, and will 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. The statements include Reliance and its domestic property and casualty insurance operations. Loss and loss adjustment expenses are presented gross of reinsurance.

The preparation of financial statements requires the use of estimates and assumptions that affect amounts reported in these financial statements and accompanying notes. Actual results may vary from these estimates.

Note 2 – Cash disbursements

Cash disbursements for which checks have been issued, but which are outstanding at the date of the Special Purpose Statements of Assets and Liabilities are not recorded as deductions to short and intermediate duration investments. Check disbursements are recorded as deductions to short and intermediate duration investments only when presented to the bank.

Note 3 – Short and intermediate duration investments

Short and intermediate duration investments consist primarily of short-term investments and marketable bonds and notes. Such investments are recorded at fair value using recognized national pricing services. However, no accrued but unpaid interest income is reported in the Special Purpose Statements of Assets and Liabilities related to such investments.

Note 4 – Investments held in segregated accounts

Investments held in segregated accounts, which consist primarily of short-term fixed maturity investments, are reported at fair value. However, no accrued or unpaid interest is reported in the accompanying financial statements. These investments include amounts to secure obligations of Reliance arising from certain reinsurance contracts and funds collected on large deductible policies. Funds collected on large deductible policies, which are not assets of the Estate, are $2.4 million and $2.6 million at September 30, 2011 and December 31, 2010, respectively and will be administered and paid to the GAs and creditors in accordance with the Act , 40 P.S. §221.23a.

Investments held for uncovered claimants are held pursuant to a settlement agreement entered into as of February 10, 2006 (“Settlement Agreement”) with various state GAs. Pursuant to the Settlement Agreement, Reliance reduced the large deductible reimbursements otherwise due and owed to each of the various state GAs and established a fund for the exclusive benefit of uncovered (not covered by a GA) class (b) claimants.

Note 5 – Investments in affiliates

Investments in affiliates include the net assets of the Estate's non-insurance subsidiaries, foreign insurance subsidiaries (residual interest) and Canadian branch, which is under liquidation proceedings in Canada. The carrying value of certain of these investments has been adjusted to reflect an estimate of net realizable value. Market values are not available for these entities, therefore proceeds from the ultimate disposition of these entities may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

Note 6 – Premium balances

Premium balances include accrued retrospective premiums of $28.1 million and $31.7 million at September 30, 2011 and December 31, 2010, respectively. Accrued retrospective premiums are based upon actuarial loss estimates and will be adjusted based on changes in loss estimates. Premiums on retrospective rated policies will be billed and collected on an ongoing basis. Premium balances also include billings related to large deductible policies of $5.6 million and $5.8 million at September 30, 2011 and December 31, 2010, respectively. Other premium balances include estimates and may not reflect all transactions processed by agents, insureds and program managers. Certain balances may only be collectible through legal proceedings. Due to these uncertainties, balances ultimately collectible may be significantly different than the amount reflected in the Special Purpose Statements of Assets and Liabilities.

Note 7 – Reinsurance recoverable, Class (b) liabilities and Class (e) losses and reserves on assumed business

Class (b) liabilities is comprised of GA paid losses, GA reported reserves, NODs issued by the Estate and all other estimated reserves. The NOD issued amount is adjusted by $200.7 million in distribution payments to creditors. All other estimated reserves is comprised of estimated reserves for future claims, including POCs where a NOD has not yet been issued, estimated amounts for future claims to be reported to the Estate (IBNR) or estimated reserves for GA claims in excess of reported reserves. All other estimated reserves do not include an estimate for the administrative costs of adjusting claims and have not been discounted to present value. All other estimated reserves are net of anticipated salvage and subrogation and second injury fund recoveries.

The estimate of class (b) liabilities at September 30, 2011 was calculated using data as of September 30, 2008. Reliance engaged PriceWaterhouseCoopers LLP to perform an analysis of loss and allocated loss expense reserves on direct business. The selected best estimate, reflected in the Special Purpose Statements of Assets and Liabilities, represents one possible value in a range of acceptable estimates. Estimates of ultimate loss and allocated loss adjustment expenses have not been updated to reflect any loss experience subsequent to September 30, 2008.

There are numerous factors that contribute to the inherent uncertainty in the process of establishing loss reserves. Among these factors are changes in the inflation rate related to covered damages such as medical care; changes in judicial interpretation of policy provisions; changes in the general attitude of juries in the determination of liability

and damages; legislative changes; changes in the medical condition of claimants; and changes in the estimates of the number and/or severity of claims that have been incurred but not reported. In addition, Reliance's regulatory status increases the variability of loss reserves due to its effect on data quality and credibility. The ultimate liability to class (b) claimants will be based solely on POCs filed by claimants and the Liquidator's determination of their value. Due to the inherent complexity of the loss reserving process, the potential variability of the assumptions used and the variability resulting from Reliance's regulatory status, the actual emergence of losses may be significantly different than the amounts reflected in the September 30, 2011 and December 31, 2010 Special Purpose Statements of Assets and Liabilities.

Reinsurance recoverables represents an estimate of the portion of gross loss reserves that will be recovered from reinsurers. Amounts recoverable from reinsurers are estimated in a manner consistent with the gross losses associated with the reinsured policies. A provision for estimated uncollectible reinsurance is recorded based on an evaluation of balances due from reinsurers, changes in the credit standing of the reinsurers, existing coverage disputes as well as an estimate of future disputes with reinsurers and permitted offsets of assumed reinsurance. In light of the inherent uncertainties relating to future insolvencies, settlement compromises and dispute resolutions, the actual uncollectible amounts and offsets may be significantly different than the reserve included in the Special Purpose Statement of Assets and Liabilities.

Note 8 – Early access advances to GAs

During 2003, 2004, 2005, 2007 and 2010, the Commonwealth Court approved Early Access petitions in accordance with Section §221.36 of the Act which provides a mechanism for early distribution of assets to various state GAs to assist those associations in fulfilling their obligation to pay certain policy claims of the Estate. The related agreements executed by the GAs provide that they agree to return assets under certain circumstances to ensure pro rata distributions amongst members of the same class of creditors of Reliance.

Payments made to various state GAs under Early Access petitions are recorded as assets in the accompanying Special Purpose Statement of Assets and Liabilities as they represent payments made in advance of distributions to other claimants. GA advances will be reclassified and no longer recorded as assets when the Commonwealth Court of Pennsylvania approves the distributions to the GAs.

At September 30, 2011 total early access amounts include early access cash payments to the GAs of $1.65 billion, statutory deposits of $420 million, and payments made by Reliance on behalf of certain GAs shortly after October 3, 2001.

Note 9 – Secured Creditors – Funds held

Funds held represent liabilities arising from cash received as collateral on large deductible policies and reinsurance contracts. Funds held liabilities relating to collateral are expected to continue to decrease as policyholders and reinsurers honor their obligations under policies and contracts and the related cash collateral is released.

Cash collateral related to large deductible policies is included in “Other assets” in the Special Purpose Statements of Assets and Liabilities.

Note 10 - Guaranty Association expenses unpaid

Guaranty Association expenses unpaid represent total GA submitted expenses to Reliance less the portion reimbursed. Reliance conducts periodic desk and on-site reviews of GA administrative expenses to verify the validity of these expenses. The majority of the unpaid amounts will be valid class (a) expenses and will be reimbursed to the GAs. Reliance withholds payment of expenses it believes are not valid administrative expenses. There will likely be certain disagreements between the Liquidator and the GAs that will be addressed and resolved by the Court.

Note 11 – Class (a) other liabilities

Class (a) other liabilities are principally outstanding checks.

Note 12 – Guaranty Association paid losses

Guaranty Association paid losses include payments reported by GAs and processed in the Estate’s operating systems.

Note 13 – Guaranty Association reported reserves

Guaranty Association reported reserves include case reserves reported by GAs and processed in the Estate’s operating systems.

Note 14 – Notices of Determination issued

NODs are issued by the Estate in response to a POC filed against the Estate. The NOD includes the classification and value, if any, of the claim as determined by the Estate. NODs issued by the Estate are subject to an objection period, during which the claimant can disagree with the value and classification assigned, and NODs are subject to Court approval. NODs are included in the Special Purpose Statements of Assets and Liabilities when issued.

Note 15 – Asset distributions to class (b) creditors

On March 29, 2010, the Court approved the Liquidator’s Petition for a Second Interim Distribution, allowing a 30% distribution to all class (b) claimants whose NODs has been approved by the Court. Distribution amounts for claims under Aggregate Policies were subject to an adjustment calculated pursuant to the Orders issued by the Court on November 19, 2007 and February 23, 2010 approving the Liquidator’s Petitions to Address Claims Under Aggregate Policies. Asset distributions through September 30, 2011 and December 31, 2010 totaled $206.6 and $190.7million, respectively. Distribution payments will continue to be issued on a quarterly basis to claimants whose NODs are subsequently approved by the Court.

Note 16 – Reduction for aggregate policies

The reduction for aggregate policies represents an adjustment to the distribution calculation to interim distributions on NODs under aggregate policies to ensure pro-rata

distribution amongst all claimants on the policies. An aggregate limit is a provision in the policy that limits the maximum liability of an insurer under that policy. In accordance with the Act Section §221.40(d), claims under an aggregate limit policy that exceeds the aggregate limit in total should be reduced by a proportional amount such that the total equals the policy limit. As the ultimate losses under these polices have not yet been determined, the ultimate proportional share each claim should receive cannot be determined. Reliance has therefore adjusted the distribution amount by a safety factor approved by the Court for claims under policies with an aggregate limit to allow for potential adverse development that may cause the proportional share of individual claims to change.

Note 17 – Commitments

As of September 30, 2011, Reliance leases office space under operating leases primarily expiring in 2012. The minimum future rental payments under noncancelable operating leases as of September 30, 2011, are as follows (in millions):

2011	$0.4
2012	1.0
Total	$1.4

Note 18 – Litigation

The Estate is a party to litigation both as a plaintiff and as a defendant. The ultimate effect of litigation on the financial condition of the Estate is uncertain and cannot be reasonably estimated, but may be material.

Note 19 – Other collateral held

The Estate holds significant levels of other collateral from policyholders and reinsurers in the form of letters of credit and surety bonds. This collateral is not included in the Special Purpose Statement of Assets and Liabilities and will be utilized when payment and other obligations under policies and contracts are not honored by the policyholders or reinsurers.

Exhibit E

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
REINSURANCE RECEIVABLE
SEPTEMBER 30, 2011 - UNAUDITED

REINSURANCE COMPANY NAME		
OFFSHORE MARINE INDEMNITY CO.	$9,851,760	
PHOENIX LIFE INS CO.	5,438,327	
REPWEST INSURANCE COMPANY	5,063,927	
WESTPORT INS. CO. (FKA ERC)	3,962,409	
SWISS REINSURANCE AMERICA CORP	3,883,915	
HARTFORD FIRE INSURANCE CO.	3,784,250	
LLOYDS	2,296,557	
HIH CASUALTY & GENERAL INS CO.	2,204,390	
EXCALIBUR REINSURANCE CORP	1,926,220	
CONTINENTAL CASUALTY CO	1,675,542	
COMMERCIAL RISK RE-INSURANCE	1,544,402	
QUEST INSURANCE SOLUTIONS, LTD	1,488,400	
FREMONT INDEMNITY CO.	1,386,031	
CONN. GENERAL LIFE INS. CO.	1,358,738	
ALLIANZ INSURANCE PLC	1,328,968	
CSC ASSURANCE LTD	1,294,804	
LLOYDS 340 /J P TILLING	1,060,876	
LLOYDS 314 /C F PALMER	1,056,906	
RECEIVABLES OVER $1 MILLION	50,606,424	80%
RECEIVABLES UNDER $1 MILLION	13,044,927	20%
TOTAL RECEIVABLES	**$ 63,651,351**	**100%**

Exhibit F

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
OPERATING EXPENSE ANALYSIS - UNAUDITED

	Year to Date September 2011		Actual to Budget	%	Year to Date September 2010	Variance to	%
	Actual	Budget	Variance	Change	Actual	Prior Year	Change
Salaries							
Regular Salaries	$14,288,453	$14,331,009	($42,556)	-0.30%	$16,475,342	($2,186,889)	-13.27%
Performance-Retention Incentives	4,945,709	4,945,009	700	0.01%	5,638,696	(692,987)	-12.29%
Severance	1,255,563	1,240,615	14,948	1.20%	1,636,169	(380,606)	-23.26%
Total Salaries	**20,489,725**	**20,516,633**	**(26,908)**	**-0.13%**	**23,750,207**	**(3,260,482)**	**-13.73%**
Employee Benefits							
Health and Disability Benefits	1,417,080	1,481,625	(64,545)	-4.36%	1,495,324	(78,244)	-5.23%
SIP-Contributions and Fees	1,377,528	1,406,000	(28,472)	-2.03%	1,586,599	(209,071)	-13.18%
Other Benefits	18,250	22,890	(4,640)	-20.27%	15,746	2,504	15.90%
Total Employee Benefits	**2,812,858**	**2,910,515**	**(97,657)**	**-3.36%**	**3,097,669**	**(284,811)**	**-9.19%**
Payroll Taxes	**1,327,014**	**1,397,992**	**(70,978)**	**-5.08%**	**1,534,517**	**(207,503)**	**-13.52%**
Total Salaries, Benefits and Taxes	**24,629,597**	**24,825,140**	**(195,543)**	**-0.79%**	**28,382,393**	**(3,752,796)**	**-13.22%**
IT Outside Services	4,183,212	4,302,826	(119,614)	-2.78%	5,921,270	(1,738,058)	-29.35%
Computer Equipment	443,892	489,233	(45,341)	-9.27%	449,344	(5,452)	-1.21%
Data Processing Software	265,246	263,027	2,219	0.84%	372,160	(106,914)	-28.73%
IT Services	**4,892,350**	**5,055,086**	**(162,736)**	**-3.22%**	**6,742,774**	**(1,850,424)**	**-27.44%**
Legal Fees	**1,147,842**	**1,048,125**	**99,717**	**9.51%**	**1,224,305**	**(76,463)**	**-6.25%**
Professional and Other Services	**3,720,423**	**3,770,447**	**(50,024)**	**-1.33%**	**3,921,808**	**(201,385)**	**-5.14%**
Rent							
Corporate Home Office	1,497,063	1,498,045	(982)	-0.07%	1,589,672	(92,609)	-5.83%
Record Archiving Services	459,298	537,640	(78,342)	-14.57%	513,616	(54,318)	-10.58%
Other Rent Items	18,551	51,495	(32,944)	-63.98%	18,367	184	1.00%
Total Rent	**1,974,912**	**2,087,180**	**(112,268)**	**-5.38%**	**2,121,655**	**(146,743)**	**-6.92%**
Other Operating							
Travel	61,503	125,747	(64,244)	-51.09%	81,753	(20,250)	-24.77%
Professional Dues & Conferences	21,744	29,006	(7,262)	-25.04%	19,287	2,457	12.74%
Insurance	152,729	157,650	(4,921)	-3.12%	165,357	(12,628)	-7.64%
Voice and Data Communication	251,453	244,077	7,376	3.02%	161,160	90,293	56.03%
Supplies and Subscriptions	98,214	106,454	(8,240)	-7.74%	101,577	(3,363)	-3.31%
Postage, Freight & Express	22,254	38,465	(16,211)	-42.14%	26,437	(4,183)	-15.82%
Office Machine Rent & Repair	8,356	10,675	(2,319)	-21.72%	9,875	(1,519)	-15.38%
Bank Charges	68,368	69,825	(1,457)	-2.09%	72,418	(4,050)	-5.59%
Real Estate	0	0	0	0.00%	5,408	(5,408)	-100.00%
Taxes, BBA and Other	49,401	31,924	17,477	54.75%	31,594	17,807	56.36%
Total Other Operating	**734,022**	**813,823**	**(79,801)**	**-9.81%**	**674,866**	**59,156**	**8.77%**
Subtotal	**37,099,146**	**37,599,801**	**(500,655)**	**-1.33%**	**43,067,801**	**(5,968,655)**	**-13.86%**
Guaranty Association Expenses	**0**	**0**	**0**	**0.00%**	**22,829,406**	**(22,829,406)**	**-100.00%**
Total Operating Expenses	**$37,099,145**	**$37,599,801**	**($500,656)**	**-1.33%**	**$65,897,207**	**($28,798,062)**	**-43.70%**
Loss/LAE	**1,264,107**	**825,825**	**438,282**	**53.1%**	**1,058,088**	**206,019**	**19.5%**

See accompanying notes.

Exhibit G

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
LEGAL FEES AND EXPENSES (EXCLUDING ALAE)
FOR THE PERIOD JANUARY 1, 2011 TO SEPTEMBER 30, 2011 - UNAUDITED

VENDOR NAME	
AZURE ADVISORS, INC.	$8,400
BLANK ROME LLP	14,982
BRAVERMAN KASKEY	25,848
CARTER PERRY BAILEY LLP	52,966
DUANE MORRIS LLP	118,336
FOX, ROTHSCHILD LLP	36,891
JONATHAN ROSEN	7,250
JUDITH P. MEYER, ESQUIRE	8,270
NAUMAN SMITH SHISSLER & HALL LLP	5,854
OBERMAYER REBMANN MAXWELL & HIPPEL, LLP.	119,248
PEPPER HAMILTON LLP.	509,352
ROGER M MOAK ESQ	7,065
ROSENN JENKINS & GREENWALD LLP	21,464
RUSSELL M NIGRO ESQ	22,163
SCRIBNER, HALL & THOMPSON, LLP.	68,821
STRADLEY, RONON, STEVENS, & YOUNG LLP	86,940
WILEY REIN LLP	6,827
TOTAL VENDORS UNDER $5,000	27,167
TOTAL LEGAL FEES AND EXPENSES (EXCLUDING ALAE)	**$1,147,842**

Exhibit H

RELIANCE INSURANCE COMPANY (IN LIQUIDATION)
PROFESSIONAL SERVICE EXPENSES
FOR THE PERIOD JANUARY 1, 2011 TO SEPTEMBER 30, 2011 - UNAUDITED

VENDOR NAME	
BMS INTERMEDIARIES, LTD.	$390,648
BNY MELLON CASH INVESTMENT STRATEGIES	49,809
CALLAN ASSOCIATES INC.	74,963
CERIDIAN CORPORATION	52,474
DIRECT CONSULTING	102,339
DORANNE BIGELOW & ASSOCIATES INC	63,788
ERNST & YOUNG	195,382
FEDERATED INVESTORS INC	106,571
FILEX DOCUMENT IMAGING SERVICES, INC.	200,128
JP MORGAN INVESTMENT MANAGEMENT INC	252,743
PA. DEP'T. - LIQUIDATION CONSULTANTS	37,281
PA. DEP'T. - OFFICE OF LIQUIDATIONS	112,232
PRICEWATERHOUSE COOPERS, LLP.	37,309
PYRAMIS GLOBAL ADVISORS TRUST COMPANY	512,271
RCG INFORMATION TECHNOLOGY INC	44,536
ROY MELANDER	99,402
STANDISH MELLON ASSET MANAGEMENT COMPANY LLC	302,477
SUNGARD AVAILABILITY SERVICES LP	43,100
SUSAN ALTSCHULER	18,012
THE BANK OF NEW YORK MELLON	353,670
WESTERN ASSET MANAGEMENT COMPANY	540,738
WORLDWIDE CLAIMS MANAGEMENT SERVICES, INC.	114,000
TOTAL OTHER VENDORS UNDER $5,000	16,549
TOTAL PROFESSIONAL SERVICE EXPENSES	**$3,720,423**

Exhibit I

Proof Of Claim Statistics - Inception To Date
September 30, 2011

CLASS DESCRIPTION	TOTAL POCs RECEIVED	POCs RECEIVED AFTER 12-31-03	TOTAL NODs ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	0	0	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	4,005	396	3,783	$0.00	3,708	$0.00
B - POLICY HOLDER CLAIMS	61,611	3,689	58,692	$858,313,423.64	57,672	$802,424,052.86
C - FEDERAL GOVT	9	0	9	$0.00	9	$0.00
D - EMPLOYEES	0	0	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	65,192	3,691	64,509	$76,004,773.50	64,157	$71,857,351.01
F - STATE/LOCAL GOVT	189	3	189	$7,039.85	189	$7,039.85
G - LATE FILED/SUBROGATION	29,193	3,671	28,390	$18,117,097.61	28,076	$16,333,986.04
H - SURPLUS, PREM REFUNDS	0	0	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	3	0	3	$0.00	3	$0.00
TOTAL:	**160,202**	**11,450**	**155,575**	**$952,442,334.60**	**153,814**	**$890,622,429.76**

OTHER COUNTS	INCEPTION TO DATE
POCs With Claims at GAs	1,236
Contingent Unliquidated POCs	1,277
Ready to Evaluate	86
Awaiting Information	2,028
TOTAL:	**4,627**

Exhibit J

Proof Of Claim Statistics - Quarter To Date
September 30, 2011

CLASS DESCRIPTION	TOTAL POCs RECEIVED	TOTAL NODs ISSUED	LIQUIDATOR ALLOWED AMOUNTS	NODs APPROVED FOR DISTRIBUTION	NODs AMOUNT APPROVED FOR DISTRIBUTION
NO CLASS ASSIGNED	0	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	0	0	$0.00	27	$0.00
B - POLICY HOLDER CLAIMS	16	203	$11,296,676.40	527	$21,549,658.44
C - FEDERAL GOVT	0	0	$0.00	0	$0.00
D - EMPLOYEES	0	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	68	51	$241,350.72	122	$229,175.34
F - STATE/LOCAL GOVT	0	0	$0.00	0	$0.00
G - LATE FILED/SUBROGATION	15	94	$1,696,098.11	191	$780,822.46
H - SURPLUS, PREM REFUNDS	0	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	0	$0.00	0	$0.00
TOTAL:	**99**	**348**	**$13,234,125.23**	**867**	**$22,559,656.24**

Exhibit K

Status of POCs as of 09-30-2011

Total:160,202

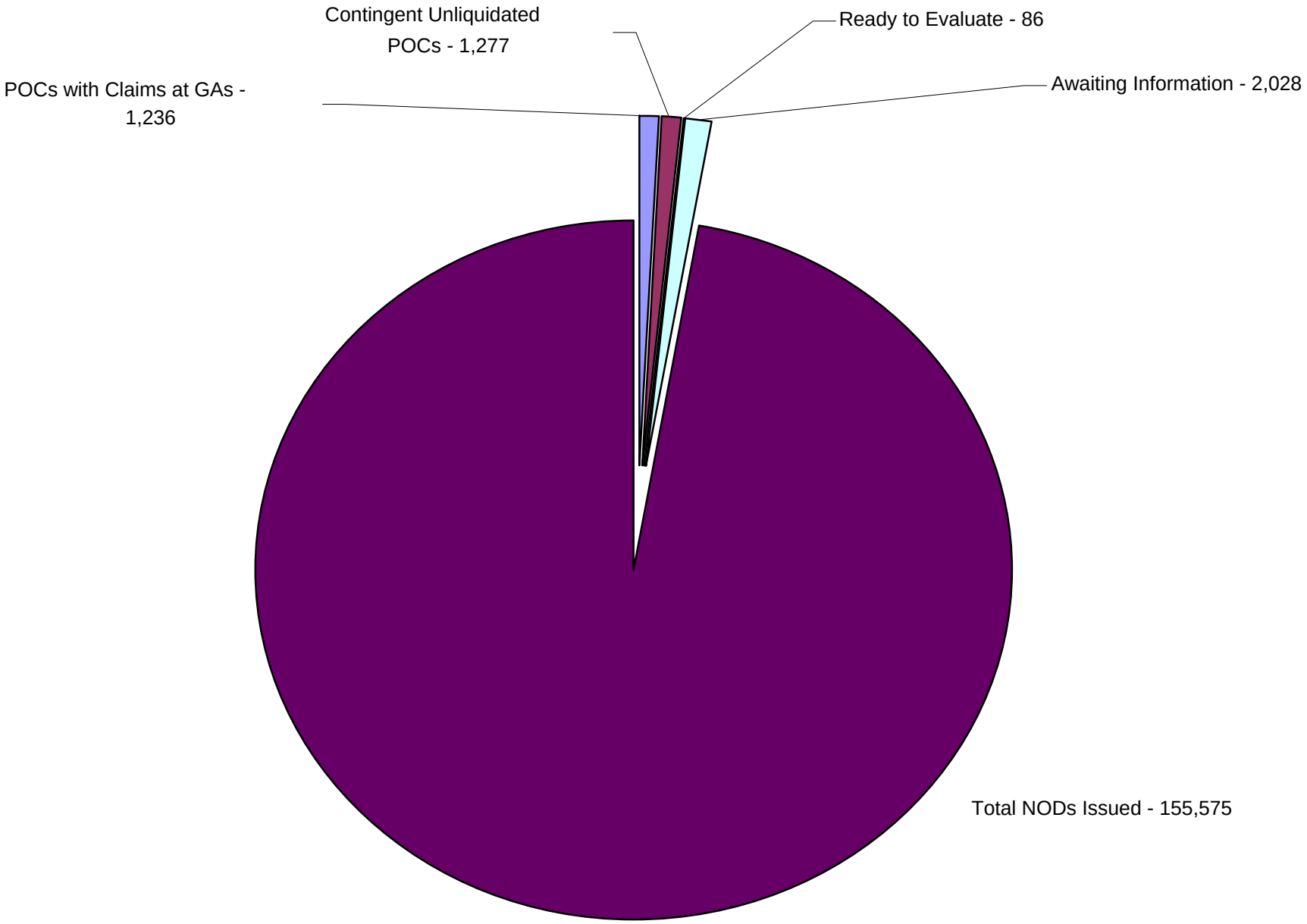


Exhibit L

Status of NOD Objections Received Through 09-30-2011
Total 1,339

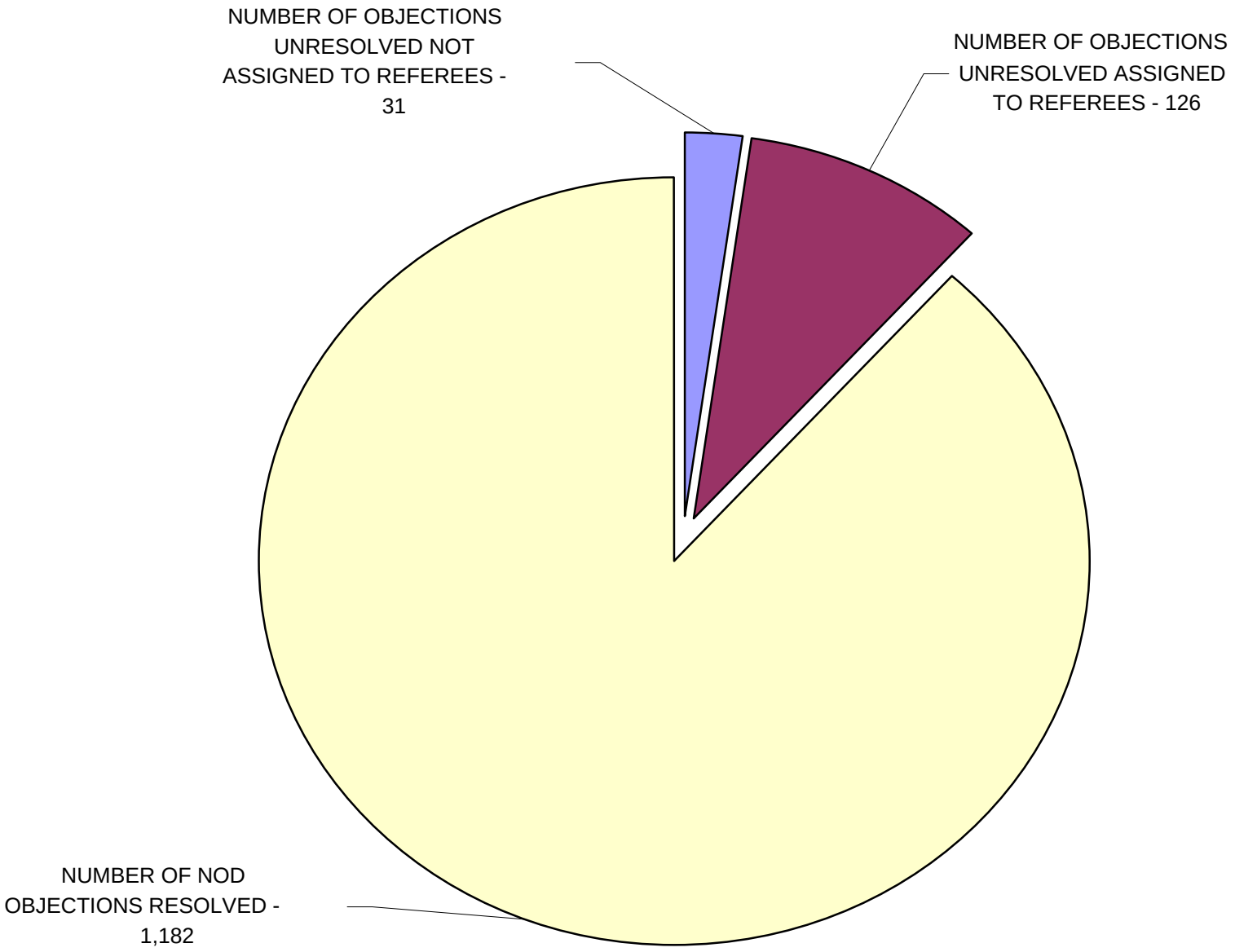


Exhibit M

Objection Statistics - Inception To Date
September 30, 2011

CLASS DESCRIPTION	NUMBER OF NOD OBJECTIONS RECEIVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS RECEIVED	NUMBER OF NOD OBJECTIONS RESOLVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS RESOLVED
NO CLASS ASSIGNED	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	141	$518.00	141	$518.00
B - POLICY HOLDER CLAIMS	276	$25,552,724.00	247	$25,302,724.00
C - FEDERAL GOVT	0	$0.00	0	$0.00
D - EMPLOYEES	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	862	$15,074,086.79	737	$12,630,545.85
F - STATE/LOCAL GOVT	1	$0.00	1	$0.00
G - LATE FILED/SUBROGATION	59	$736,353.50	56	$736,353.50
H - SURPLUS, PREM REFUNDS	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	$0.00	0	$0.00
TOTAL:	**1,339**	**$41,363,682.29**	**1,182**	**$38,670,141.35**

CLASS DESCRIPTION	NUMBER OF OBJECTIONS UNRESOLVED	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED	NUMBER OF OBJECTIONS UNRESOLVED ASSIGNED TO REFEREES	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED ASSIGNED TO REFEREES	NUMBER OF OBJECTIONS UNRESOLVED NOT ASSIGNED TO REFEREES	LIQUIDATOR ALLOWED AMOUNTS ON OBJECTIONS UNRESOLVED NOT ASSIGNED TO REFEREES
NO CLASS ASSIGNED	0	$0.00	0	$0.00	0	$0.00
A - ADMIN COSTS AND EXPENSES	0	$0.00	0	$0.00	0	$0.00
B - POLICY HOLDER CLAIMS	29	$250,000.00	7	$0.00	22	$250,000.00
C - FEDERAL GOVT	0	$0.00	0	$0.00	0	$0.00
D - EMPLOYEES	0	$0.00	0	$0.00	0	$0.00
E - GEN CREDITORS/UNEARNED PREM	125	$2,443,540.94	119	$2,443,540.94	6	$0.00
F - STATE/LOCAL GOVT	0	$0.00	0	$0.00	0	$0.00
G - LATE FILED/SUBROGATION	3	$0.00	0	$0.00	3	$0.00
H - SURPLUS, PREM REFUNDS	0	$0.00	0	$0.00	0	$0.00
I - SHAREHOLDERS, OTHER OWNERS	0	$0.00	0	$0.00	0	$0.00
TOTAL:	**157**	**$2,693,540.94**	**126**	**$2,443,540.94**	**31**	**$250,000.00**

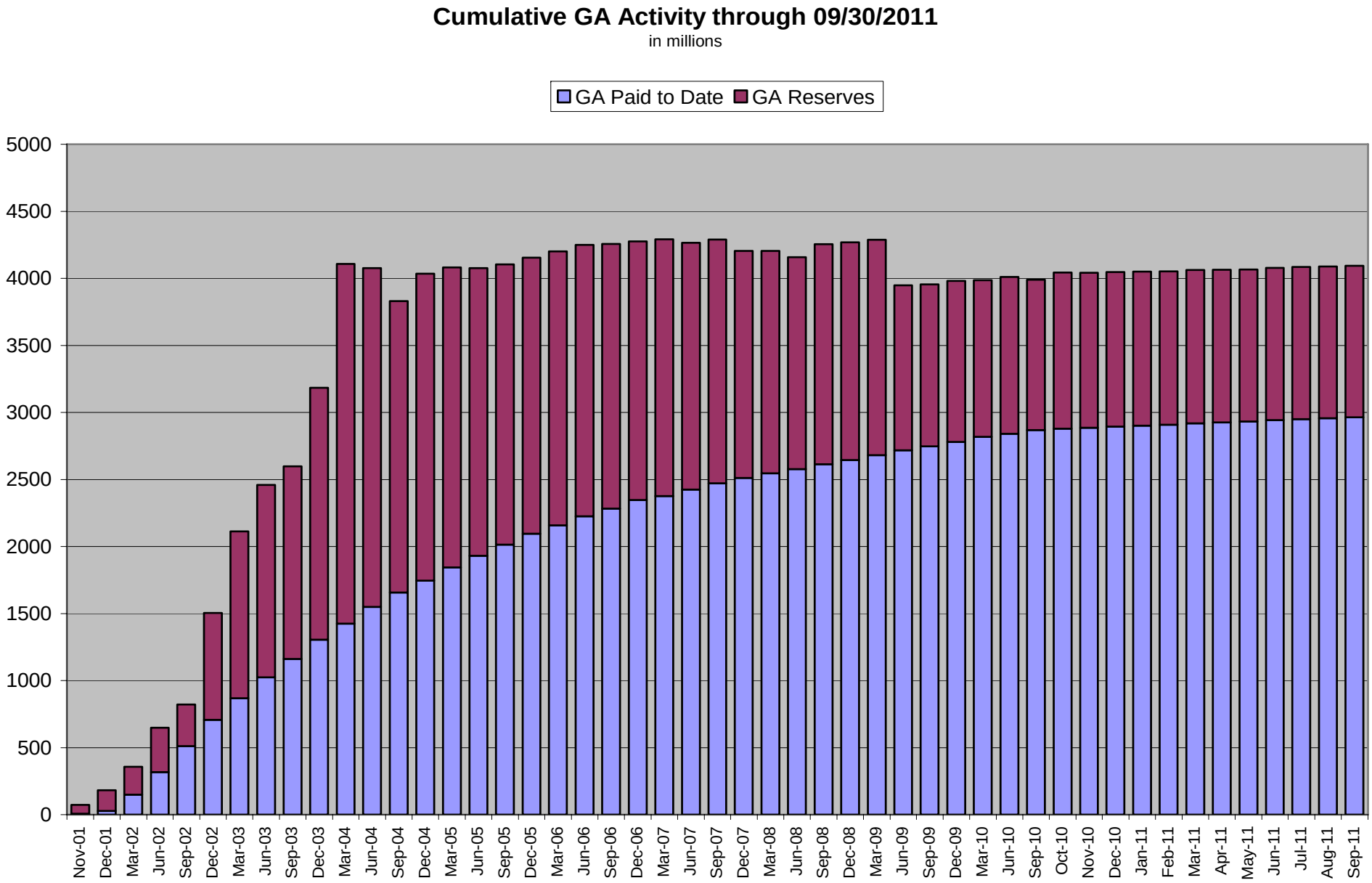
Exhibit N

Guaranty Association Data as of
September 30, 2011

STATE	LOCATION	CLAIMS & ALAE PAID	CLAIMS & ALAE RESERVES	ADMIN EXPENSES	TOTAL BY STATE
ALABAMA	P&C	52,073,414.11	64,611,731.22	6,184,596.74	122,869,742.07
ALASKA	P&C	10,156,213.33	7,938,093.50	818,912.26	18,913,219.09
ARIZONA	P&C	6,326,254.46	31,777.70	1,721,285.71	8,079,317.87
ARIZONA	WC	8,653,056.72	10,836,231.89	0.00	19,489,288.61
ARKANSAS	P&C	7,146,876.96	1,180,884.09	369,765.64	8,697,526.69
CALIFORNIA	P&C	664,719,708.78	186,913,908.95	77,114,470.55	928,748,088.28
COLORADO	P&C	23,386,718.39	28,684,187.45	1,850,957.00	53,921,862.84
CONNECTICUT	P&C	47,863,034.10	20,950,169.07	5,840,645.86	74,653,849.03
DELAWARE	P&C	5,464,461.08	2,940,723.24	1,258,836.96	9,664,021.28
DISTRICT OF COLUMBIA	P&C	12,398,367.91	20,584,050.32	944,238.39	33,926,656.62
FLORIDA	P&C	84,541,026.78	692,503.52	4,409,000.96	89,642,531.26
FLORIDA	WC	246,772,895.66	48,257,010.71	7,529,184.06	302,559,090.43
GEORGIA	P&C	49,819,321.90	31,402,734.50	5,179,024.11	86,401,080.51
HAWAII	P&C	5,927,386.91	2,211,136.09	692,909.80	8,831,432.80
IDAHO	P&C	2,430,689.07	1,481,764.27	284,895.00	4,197,348.34
ILLINOIS	P&C	54,287,347.53	3,708,298.41	9,379,875.81	67,375,521.75
INDIANA	P&C	5,786,619.05	474,289.99	1,375,828.34	7,636,737.38
IOWA	P&C	10,523,444.62	757,496.82	928,446.64	12,209,388.08
KANSAS	P&C	16,485,745.60	5,454,105.63	1,129,142.00	23,068,993.23
KENTUCKY	L&H	0.00	0.00	1,380.90	1,380.90
KENTUCKY	P&C	24,268,017.34	24,616,689.05	1,467,208.73	50,351,915.12
LOUISIANA	P&C	66,350,340.68	133,500,002.58	2,027,415.84	201,877,759.10
MAINE	P&C	5,061,393.23	4,525,156.40	881,809.30	10,468,358.93
MARYLAND	P&C	32,838,764.66	6,879,810.43	7,685,165.26	47,403,740.35
MASSACHUSETTS	P&C	49,132,696.47	33,481,711.08	6,505,599.46	89,120,007.01
MICHIGAN	P&C	58,182,353.87	12,176,202.41	7,174,492.53	77,533,048.81
MINNESOTA	P&C	17,221,233.86	4,263,592.19	1,737,303.00	23,222,129.05
MISSISSIPPI	P&C	37,179,297.24	34,426,968.14	2,832,619.19	74,438,884.57
MISSOURI	P&C	36,561,663.44	6,704,516.79	2,141,511.31	45,407,691.54
MONTANA	P&C	4,252,044.67	2,268,369.28	525,408.00	7,045,821.95
NEBRASKA	P&C	7,876,859.91	3,282,586.76	566,936.56	11,726,383.23
NEVADA	P&C	7,802,988.94	5,333,351.45	1,679,000.92	14,815,341.31
NEW HAMPSHIRE	L&H	0.00	0.00	43,980.89	43,980.89
NEW HAMPSHIRE	P&C	14,179,783.28	12,700,046.39	1,515,680.56	28,395,510.23
NEW JERSEY	P&C	75,974,186.57	3,773,895.66	4,725,923.51	84,474,005.74
NEW JERSEY	WC	49,925,498.02	20,596,142.56	1,981,553.07	72,503,193.65
NEW MEXICO	P&C	7,338,534.44	2,254,703.34	692,808.32	10,286,046.10
NEW YORK	P&C	324,968,225.54	40,576,229.84	66,930,812.00	432,475,267.38
NEW YORK	WC	180,842,035.51	75,560,632.32	0.00	256,402,667.83
NOLHGA		0.00	0.00	7,199,787.00	7,199,787.00
NORTH CAROLINA	P&C	72,518,668.41	21,453,299.03	5,057,318.84	99,029,286.28
NORTH DAKOTA	P&C	245,976.90	0.00	64,036.01	310,012.91
OHIO	P&C	9,381,501.64	478,374.88	1,924,815.89	11,784,692.41
OKLAHOMA	P&C	19,254,684.45	7,803,928.69	2,089,535.58	29,148,148.72
OREGON	P&C	23,288,154.66	6,950,862.49	987,818.84	31,226,835.99
PENNSYLVANIA	P&C	40,304,972.48	10,658,873.48	2,094,990.64	53,058,836.60
PENNSYLVANIA	WC	157,865,719.17	64,860,937.09	13,917,072.28	236,643,728.54
PUERTO RICO	P&C	8,734,543.82	201,000.00	815,706.00	9,751,249.82
RHODE ISLAND	P&C	9,826,684.27	2,544,457.32	892,193.85	13,263,335.44
SOUTH CAROLINA	P&C	29,641,234.51	5,270,340.53	3,729,910.51	38,641,485.55
SOUTH DAKOTA	P&C	1,782,424.67	0.00	152,174.39	1,934,599.06
TENNESSEE	P&C	38,079,886.37	26,947,910.12	4,944,283.88	69,972,080.37
TEXAS	P&C	141,431,260.70	78,525,323.88	17,769,855.25	237,726,439.83
UTAH	P&C	9,276,070.94	3,926,983.54	1,149,921.52	14,352,976.00
VERMONT	P&C	8,141,295.16	9,447,065.21	559,109.48	18,147,469.85
VIRGIN ISLANDS	P&C	608,275.89	49,951.00	0.00	658,226.89
VIRGINIA	P&C	38,188,904.07	21,424,728.43	3,468,119.18	63,081,751.68
WASHINGTON	P&C	31,606,579.51	2,310,312.64	2,938,610.00	36,855,502.15
WEST VIRGINIA	P&C	3,578,889.10	0.00	393,381.59	3,972,270.69
WISCONSIN	P&C	11,080,564.46	3,408,133.30	1,685,416.89	16,174,114.65
WYOMING	P&C	487,998.22	0.00	129,895.00	617,893.22
		2,970,042,790.03	**1,132,294,185.67**	**310,092,577.80**	**4,412,429,553.50**

**** New York WC and NY P&C Administrative Expenses are combined and reported under NY P&C**

Exhibit O


Cumulative GA Activity through 09/30/2011
in millions
GA Paid to Date
GA Reserves
5000
4500
4000
3500
3000
2500
2000
1500
1000
500
0
Nov-01
Dec-01
Mar-02
Jun-02
Sep-02
Dec-02
Mar-03
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