

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Legion Insurance Company : No. 1 LEG 2002  
(In Liquidation) :

*In Re: Commutation, Settlement and Release Agreement between Legion Insurance Company (In Liquidation), Villanova Insurance Company (In Liquidation), John Hancock Life Insurance Company (U.S.A.), for its own part and on behalf of all affiliated or predecessor companies, including but not limited to Maine Fidelity Life Insurance Company and as successor in interest to John Hancock Mutual Life Insurance Company and ManuLife Reinsurance Corporation of 601 Congress Street, Boston, MA 02210 – All remaining business (known and unknown), including but not limited to the 1994, 1996 and 1997 Cessions Treaties*

**ORDER**

This matter having come before the Court on the Petition of Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as the Statutory Liquidator (“Liquidator”) of Legion Insurance Company (In Liquidation) (“Legion”) and Villanova Insurance Company (In Liquidation) for Leave to File Commutation, Settlement and Release Agreement and Confidential Affidavit Under Seal;

IT IS on this \_\_\_\_ day of \_\_\_\_\_, 2013, hereby ORDERED that the Petition for Leave to File Commutation, Settlement and Release Agreement and Confidential Affidavit Under Seal is GRANTED; and

IT IS FURTHER ORDERED that the Prothonotary of the Commonwealth Court of Pennsylvania shall file 1) the Commutation, Settlement and Release Agreement, and 2) the Confidential Affidavit, marked as “Sealed Exhibit A” to both the Petition for Leave and the Petition for Approval, UNDER SEAL, taking all necessary and appropriate precautions to

prevent the public disclosure of the Commutation, Settlement and Release Agreement and the Confidential Affidavit until further Order of this Court.

Further, counsel for the Liquidator is directed to serve a copy of this Order upon those listed on the Master Service List and file an affidavit that service has been effectuated with the Court.

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MARY HANNAH LEAVITT, Judge

2013 NOV 19 A 11: 27  
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OF PENNSYLVANIA

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**LIQUIDATOR’S PETITION FOR LEAVE TO FILE  
COMMUTATION, SETTLEMENT AND RELEASE AGREEMENT  
AND CONFIDENTIAL AFFIDAVIT UNDER SEAL**

Petitioner Michael F. Consedine, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as the Statutory Liquidator (“Liquidator”) of Legion Insurance Company (In Liquidation) (“Legion”), respectfully requests that this Court grant the Liquidator leave to file the Commutation, Settlement and Release Agreement (“Settlement Agreement”) and the Confidential Affidavit of Gregg C. Frederick (“Confidential Affidavit”) under seal (attached hereto as Sealed Exhibit A), and enter an Order directing the Prothonotary of the Commonwealth Court to file both the Settlement Agreement and the Confidential

Affidavit under seal. The Settlement Agreement and the Confidential Affidavit are being submitted in support of the Liquidator's Petition for Approval of Commutation, Settlement and Release Agreement. In support of this Petition for Leave, the Liquidator avers the following:

1. Simultaneously with this Petition, the Liquidator is filing a Petition which seeks an Order approving the Commutation, Settlement and Release Agreement (hereinafter referred to as "the Settlement Agreement") between the Liquidator and John Hancock Life Insurance Company (U.S.A.), for its own part and on behalf of all affiliated or predecessor companies, including but not limited to Maine Fidelity Life Insurance Company and as successor in interest to John Hancock Mutual Life Insurance Company and ManuLife Reinsurance Corporation ("John Hancock"). The Petition for Approval is supported by the Settlement Agreement and the Confidential Affidavit, which are attached as Sealed Exhibit A.

2. Preserving the confidentiality of the information contained in the Confidential Affidavit and in the Settlement Agreement will serve important interests, including maximizing the assets of the Estate, enhancing the efficiency and economy of Liquidation, and facilitating the Liquidator's efforts to "protect...the interests of insureds, creditors and the public generally...." 40 P.S. § 221.1(c); see 40 P.S. § 221.23.

3. The Confidential Affidavit and its exhibits contain sensitive information regarding the Liquidator's reasons for entering into the Agreement and how the parties arrived at the final commutation amount. It would be highly prejudicial to the Liquidator, and Legion's creditors and policyholders, if the details of the Liquidator's strategies, business valuations, and rationale behind the Agreements were disclosed to the public.

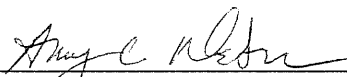
4. The Liquidator has been and likely will be negotiating settlements or commutations with a number of Legion's reinsurers. If the analysis supporting the amounts the Liquidator is willing to accept from a particular reinsurer is made public, other reinsurers will be able to use that information in determining their own negotiating positions. This is likely to set a ceiling on the amounts the Liquidator will be able to collect from other reinsurers, thereby hampering his efforts to maximize the recovery of assets of the Legion Estate. Commutation agreements between insurers often contain confidentiality provisions for this very reason.

5. Consistent with the foregoing, if any policyholder or creditor of the Legion Estate (other than another reinsurer of Legion) with a demonstrable interest in the subject matter of the Settlement Agreement wishes to review the Settlement Agreement and the Confidential Affidavit, the Liquidator, subject to the Court's approval, will provide it to that person or entity upon its execution of a confidentiality agreement limiting the use of and prohibiting disclosure of the information contained therein. This represents the least restrictive means of accomplishing the necessary purpose of maintaining the confidentiality of these materials.

6. The Liquidator requests that, in resolving this Petition for Leave, the Court review the Settlement Agreement and the Confidential Affidavit and its exhibits in camera, grant the Petition, and direct the Prothonotary to file the Settlement Agreement and the Confidential Affidavit and its exhibits under seal. Should the Court be inclined to deny the Petition, the Liquidator respectfully requests that the Court permit the Liquidator the opportunity to withdraw the Petitions, the Settlement Agreement and Confidential Affidavit to avoid any prejudice which may befall the Liquidator, the Estate, or may be caused to the policyholders and claimants of Legion from premature public disclosure of this information.

WHEREFORE, the Liquidator respectfully requests that this Court grant the Petition for Leave to File Settlement Agreement and Confidential Affidavit Under Seal and enter an Order in the form attached hereto.

Respectfully submitted,



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Amy L. Weber (I.D. #45447)  
Insurance Department Counsel  
Governor's Office of General Counsel  
Pennsylvania Insurance Department  
Office of Liquidations, Rehabilitations  
and Special Funds  
901 North 7<sup>th</sup> Street  
Harrisburg, PA 17102  
(717) 787-6009

Attorney for Michael F. Consedine, Insurance  
Commissioner of the Commonwealth of  
Pennsylvania, in his official capacity as Statutory  
Liquidator of Legion Insurance Company (In  
Liquidation)

Dated: 11/19/13

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

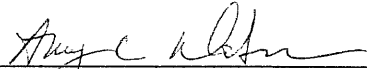
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**SEALED EXHIBIT A TO PETITION FOR LEAVE TO FILE  
COMMUTATION, SETTLEMENT AND RELEASE AGREEMENT  
AND CONFIDENTIAL AFFIDAVIT UNDER SEAL**

THIS ENVELOPE IS SEALED AND CONTAINS INFORMATION DESIGNATED CONFIDENTIAL IN THIS CASE. IT IS NOT TO BE OPENED OR THE CONTENTS THEREOF TO BE DISPLAYED OR REVEALED EXCEPT BY OR UPON ORDER OF THE COURT.

Respectfully submitted,



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

Attorney for Michael F. Consedine, Insurance  
Commissioner of the Commonwealth of  
Pennsylvania, in his official capacity as Statutory  
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