

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

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

In Re: Application for Approval of Direct Payment of Reinsurance by United Insurance Company to Hoechst Celanese Corporation

MEMORANDUM and ORDER

Presently before the Court for consideration is the Application of the Statutory Liquidator of Reliance Insurance Company for Approval of Direct Payment of Reinsurance by United Insurance Company to Hoechst Celanese Corporation (Application). Direct payment of reinsurance proceeds to a Reliance insured is governed by Section 534 of Article V of the Insurance Department Act of 1921 (Act),¹ 40 P.S. § 221.34, the “Guidelines for Enforcement of 40 P.S. § 221.34,”(Guidelines) and the Order of this Court dated April 26, 2002 (approving the Guidelines for direct payment of reinsurance proceeds). The Liquidator has approved the written request for approval of direct payment of reinsurance by United Insurance Company (Reinsurer) to Hoechst Celanese Corporation (Insured) and recommends in her Application that the Court approve the direct payment as well.

¹ Act of May 17, 1921, P.L. 789; Section 534 was added by the Act of December 14, 1977, P.L. 280.

In support of her Application and recommendation, the Liquidator has submitted supporting documentation and represents that: (1) Reinsurer and Insured comply with Section 534 of the Act, 40 P.S. § 221.34, the Guidelines and the Court's Order of April 26, 2002; (2) the Reinsurance Agreements expressly provide for a direct coverage obligation from Reinsurer to Insured in the event that Reliance became insolvent; (3) Reinsurer has unequivocally assumed Reliance's entire direct coverage obligation to Insured and Reinsurer's payment to Insured will satisfy Reliance's coverage obligation to Insured; (4) Insured has consented to the substitution of Reinsurer for Reliance and consents to the release of Reliance for all claims that Insured has against Reliance relating to the coverage at issue; and (5) no person or firm will earn any contingent fee or extra remuneration of any type as a result of this transaction.

Upon consideration of the Application, supporting documents and the Liquidator's representations, the Court concludes that the direct payment from Reinsurer to Insurer satisfies the Act, Guidelines and prior Order of April 26, 2002. Therefore, the Court enters the following Order.

AND NOW, this 22nd day of November, 2016, the Application is granted. Accordingly, the Court confirms the Liquidator's approval of the direct payment by Reinsurer to Insured and further approves Reinsurer's assumption of a direct coverage obligation to Insured upon the terms set forth in Reinsurer's request and supporting documentation. Finally, the

Court approves the direct payment to Insured by Reinsurer in accordance with the direct payment obligations resulting from its assumption.


Bonnie B. Leadbetter
BONNIE BRIGANCE LEADBETTER,
Senior Judge

Certified from the Record

NOV 22 2016

and Order Exit