

IN THE WORKERS' COMPENSATION COURT OF THE STATE OF MONTANA

WCC No. 2000-0222

**FILED**

ROBERT FLYNN

JUN 17 2005

And

CARL MILLER, Individually and on Behalf of  
Others Similarly Situated

OFFICE OF  
WORKERS' COMPENSATION JUDGE  
HELENA, MONTANA

Petitioners

vs.

MONTANA STATE FUND

Respondent/Insurer

And

LIBERTY NORTHWEST INSURANCE CORPORATION

Intervenor.

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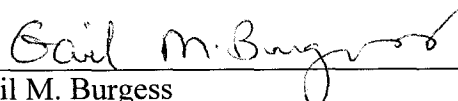
ANSWER OF RELIANCE INSURANCE COMPANY (IN LIQUIDATION)  
TO SUMMONS AND NOTICE OF ATTORNEY'S LIEN  
AND AMENDED NOTICE OF ATTORNEY'S LIEN

Reliance Insurance Company (In Liquidation) (which includes Reliance Insurance Company and each of the following former subsidiaries previously merged into Reliance Insurance Company: Reliance Direct Insurance Company, Reliance Universal Insurance Company, Reliance National Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company, (hereafter collectively "Reliance")) files the following answer to the May 4, 2005 Summons attaching a Notice of Attorney's Lien and Amended Notice of Attorney's Lien and naming each of the above entities, attached hereto as Exhibit "A".

1. Reliance has no record of having been served with the February 23, 2004 Lien Notice referred to in paragraph one of the Summons.
2. On October 3, 2001, by Order of the Commonwealth Court of Pennsylvania, Reliance was declared insolvent and placed into liquidation. See Order of the Commonwealth Court of Pennsylvania, attached hereto as Exhibit "B", (hereinafter "the Liquidation Order").
3. As set forth in paragraph 27 of the Liquidation Order, the following former subsidiaries which were identified in the Summons, were previously merged into Reliance and are also included in the Liquidation Order: Reliance Direct Insurance Company, Reliance Universal Insurance Company, Reliance National Insurance Company, United Pacific Insurance Company, and Reliance National Indemnity Company.
4. Reliance disputes the applicability of the Summons, Attorney's Lien or Amended Attorney's Lien as to it.
5. By virtue of the Liquidation Order, since October 3, 2001, Reliance is enjoined from transacting any business, including paying any claims. See Liquidation Order ¶ 27.
6. By virtue of the Liquidation Order, since October 3, 2001, no lien, judgment or garnishment can be obtained against Reliance. See Liquidation Order ¶ 21.

7. By virtue of the Liquidation Order, since October 3, 2001, no action at law or in equity can be brought against Reliance and any actions existing as of that date shall be stayed as to Reliance. See Liquidation Order ¶ 22.
8. Any claim against Reliance's Estate should be submitted in accordance with the Proof of Claim procedures and requirements set forth at [www.reliancedocuments.com](http://www.reliancedocuments.com) and Reliance reserves all rights and defenses with respect to any such claim or claims which may be submitted in the Liquidation proceedings, including but not limited to, retroactivity, entitlement to attorneys' fees under a common fund theory or otherwise, the priority of any such claim for attorneys' fees under 40 P.S. 221.44, and the obligation of the claimant to establish the claim with proper supporting documentation as required by applicable law and the Order of the Commonwealth Court of Pennsylvania dated September 9, 2002 available at [www.reliancedocuments.com](http://www.reliancedocuments.com).
9. Therefore, Reliance Insurance requests that these proceedings, including the Attorney's Lien which is claimed by counsel for Petitioners Robert Flynn and Carl Miller in his Attorney's Lien dated December 26, 2002 and his Amended Attorney's Lien dated January 2, 2004 be dismissed or, in the alternative, stayed as to Reliance.

Dated: June 16, 2005

  
Gail M. Burgess  
Vice President, Associate General Counsel  
Reliance Insurance Company (In Liquidation)  
Three Parkway  
Philadelphia, PA 19102  
On behalf of Reliance Insurance Company (In  
Liquidation)

Ex A

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IN THE WORKERS' COMPENSATION COURT OF THE STATE OF MONTANA

WCC No. 2000-0222

ROBERT FLYNN

and

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MONTANA STATE FUND

Respondent/Insurer

and

LIBERTY NORTHWEST INSURANCE CORPORATION

Intervenor.

**FILED**

MAY - 4 2005

OFFICE OF  
WORKERS' COMPENSATION JUDGE  
HELENA, MONTANA

**SUMMONS**

The State of Montana to the following Insurers and Self-Insurers:

AT & T COMMUNICATIONS INC  
AT & T CORP  
AAA MOUNTAINWEST INSURANCE COMPANY  
ACCEPTANCE INDEMNITY INS CO  
ACCIDENT FUND INS CO OF AMERICA  
ACE AMERICAN INSURANCE COMPANY  
ACE AMERICAN REINSURANCE CO  
ACE FIRE UNDERWRITERS INS CO  
ACE INDEMNITY INSURANCE COMPANY  
ACE PROPERTY & CASUALTY INS CO  
ACIG INS CO  
ADVANTAGE WORKERS COMP INS CO  
AFFILIATED FM INSURANCE CO  
AIG NATIONAL INSURANCE COMPANY  
AIU INSURANCE CO  
ALAMANCE INSURANCE COMPANY  
ALASKA NATIONAL INS CO  
ALBERTSONS INC

ALEA NORTH AMERICA INS CO  
ALLIANZ GLOBAL RISKS US INSURANCE CO  
ALLIED MUTUAL INSURANCE CO  
ALLIED PROPERTY & CASUALTY INSURANCE  
COMPANY  
ALLMERICA FINANCIAL ALLIANCE INS CO  
ALLSTATE INSURANCE CO  
AMCO INSURANCE COMPANY  
AMERICAN AGRICULTURAL INSURANCE  
COMPANY  
AMERICAN ALTERNATIVE INS CORP  
AMERICAN AMBASSADOR CASUALTY CO  
AMERICAN AUTOMOBILE INS CO  
AMERICAN CASUALTY CO OF READING PA  
AMERICAN CENTENNIAL INSURANCE CO  
AMERICAN CENTRAL INS CO  
AMERICAN COMMERCE INS CO  
AMERICAN CONTINENTAL INSURANCE

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COMPANY

AMERICAN ECONOMY INS CO  
AMERICAN EMPLOYERS INSURANCE CO  
AMERICAN FAMILY MUTUAL INSURANCE  
COMPANY  
AMERICAN FIRE & CASUALTY COMPANY  
AMERICAN FUJI FIRE & MARINE INS CO  
AMERICAN GENERAL CORP  
AMERICAN GUARANTEE & LIABILITY INS CO  
AMERICAN HARDWARE MUTUAL INS CO  
AMERICAN HOME ASSURANCE CO  
AMERICAN INS CO  
AMERICAN INTERNATIONAL INSURANCE  
COMPANY  
AMERICAN INTERNATIONAL PACIFIC INS CO  
AMERICAN INTERNATIONAL SPECIALTY LINES  
INSURANCE  
AMERICAN INTERSTATE INS CO  
AMERICAN LIBERTY INSURANCE CO  
AMERICAN MANUFACTURERS MUTUAL INS  
AMERICAN MOTORISTS INSURANCE CO  
AMERICAN MUTUAL INS CO OF BOSTON  
AMERICAN MUTUAL LIABILITY INS CO  
AMERICAN PHYSICIANS ASSURANCE CORP  
AMERICAN PROTECTION INSURANCE CO  
AMERICAN REINSURANCE COMPANY  
AMERICAN SAFETY CASUALTY INS CO  
AMERICAN STANDARD INSURANCE COMPANY  
OF WISCONSIN  
AMERICAN STATES INS CO  
AMERICAN STATES PREFERRED  
AMERICAN SUMMIT INS CO  
AMERICAN TIMBER CO  
AMERICAN WEST INSURANCE CO  
AMERICAN ZURICH INS CO  
AMERICAS INSURANCE COMPANY  
AMERISURE MUTUAL INS CO  
AMFAC INC  
ANR FREIGHT SYSTEMS INC  
ARCH INSURANCE COMPANY  
ARCH REINSURANCE COMPANY  
ARGONAUT INS CO  
ARGONAUT MIDWEST INS CO  
ARGONAUT NORTHWEST INS CO  
ARMED FORCES INSURANCE EXCHANGE  
ARMOUR & COMPANY OF ILLINOIS  
ASARCO INC  
ASH GROVE CEMENT CO  
ASSOCIATED INDEMNITY CORP  
ASSOCIATED LOGGERS EXCHANGE  
ASSURANCE COMPANY OF AMERICA  
ATHENA ASSURANCE CO  
ATLANTA INTERNATIONAL INS CO  
ATLANTA SPECIALTY INS CO

ATLANTIC INSURANCE COMPANY  
ATLANTIC MUTUAL INSURANCE CO  
ATLANTIC RICHFIELD CO  
ATLANTIC SPECIALTY INS CO  
ATLAS ASSURANCE CO OF AMERICA  
AUDUBON INSURANCE COMPANY  
AUTOMOBILE INS CO OF HARTFORD  
AVOMARK INS CO  
AXA CORPORATE SOLUTIONS INSURANCE CO  
AXA RE AMERICA INS CO  
AXIS REINSURANCE COMPANY  
B F GOODRICH CO THE  
B N TRANSPORT INC  
BANCINSURE INC  
BANKERS MULTIPLE LINE INS CO  
BANKERS STANDARD FIRE & MARINE  
BANKERS STANDARD INS CO  
BEATRICE COMPANIES INC  
BENCHMARK INS CO  
BENEFIS HEALTH CARE  
BERKLEY REGIONAL INSURANCE COMPANY  
BIRMINGHAM FIRE INS CO OF PA  
BITUMINOUS CASUALTY CORP  
BITUMINOUS FIRE & MARINE INS CO  
BORDEN CHEMICAL INC  
BOSTON OLD COLONY INS CO  
BP PRODUCTS NORTH AMERICA INC  
BRISTOL WEST INSURANCE COMPANY  
BROTHERHOOD MUTUAL INS CO  
BROWNING FERRIS INDUSTRIES INC  
BURLINGTON NORTHERN RAILROAD PROP  
BUTTREY FOOD & DRUG INC  
CALIFORNIA COMPENSATION INS CO  
CALIFORNIA INDEMNITY INS CO  
CALIFORNIA INSURANCE COMPANY  
CAMDEN FIRE INSURANCE ASSOCIATION  
CARRIERS INSURANCE COMPANY  
CASUALTY RECIPROCAL EXCHANGE  
CATERPILLAR INSURANCE COMPANY  
CENTENNIAL INS CO  
CENTRAL NATIONAL INS CO OF OMAHA  
CENTRE INSURANCE COMPANY  
CENTURION CASUALTY COMPANY  
CENTURY INDEMNITY CO  
CHAMPION INTERNATIONAL CORP  
CHARTER OAK FIRE INS CO  
CHARTWELL REINSURANCE COMPANY  
CHEVRON CORP  
CHICAGO BRIDGE & IRON CO  
CHICAGO INSURANCE CO  
CHS INC  
CHUBB INDEMNITY INS CO  
CHUBB NATIONAL INS CO  
CHURCH MUTUAL INSURANCE CO

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CIM INSURANCE CORPORATION  
CIMARRON INSURANCE CO  
CINCINNATI INS CO  
CINCINNATI CASUALTY COMPANY  
CINCINNATI INDEMNITY COMPANY  
CIRCLE K CORPORATION  
CITY INSURANCE CO  
CLARENDON NATIONAL INS CO  
CLASSIC FIRE & MARINE COMPANY  
CLEARWATER INSURANCE COMPANY  
COLONIAL AMERICAN CASUALTY & SURETY  
COLONIAL PENN FRANKLIN INS CO  
COLUMBIA FALLS FOREST PRODUCTS INC  
COLUMBUS HOSPITAL CORP  
COMBINED BENEFITS INS CO  
COMMERCE & INDUSTRY INS CO  
COMMERCIAL CASUALTY INS CO  
COMMERCIAL COMPENSATION CASUALTY INS  
CO  
COMMERCIAL GUARANTY CASUALTY INS CO  
COMMERCIAL INS CO OF NEWARK NJ  
COMMERCIAL LOAN INS CORP  
COMPASS INSURANCE COMPANY  
CONAGRA FOODS INC  
CONNIE LEE INSURANCE CO  
CONOCO INC  
CONOCO PIPELINE CO  
CONSOLIDATED FREIGHTWAYS CORP  
CONSOLIDATED MUTUAL INS CO  
CONSTITUTION INSURANCE COMPANY  
CONTINENTAL BAKING CO  
CONTINENTAL CASUALTY CO  
CONTINENTAL INS CO  
CONTINENTAL NATIONAL INDEMNITY  
CONTINENTAL WESTERN INS CO  
CONVERIUM INSURANCE (NORTH AMERICA)  
INC  
CONVERIUM REINSURANCE (NORTH AMERICA)  
INC  
CORE INSURANCE COMPANY  
COREGIS INS CO  
COSTCO WHOLESALE CORP  
COUNTRY CASUALTY INS CO  
COUNTRY MUTUAL INS CO  
COUNTRY PREFERRED INS CO  
CREDIT GENERAL INSURANCE CO  
CRUM AND FOSTER INDEMNITY COMPANY  
CUMIS INSURANCE SOCIETY INC  
CYPRUS MINES CORPORATION  
DAIMLER CHRYSLER INSURANCE COMPANY  
DAIRYLAND INSURANCE COMPANY  
DAKOTA FIRE INSURANCE COMPANY  
DAKOTA TRUCK UNDERWRITERS  
DANIELSON NATIONAL INS CO

DEPOSITORS INSURANCE COMPANY  
DIAMOND INTERNATIONAL CORPORATION  
DISCOVER PROPERTY & CASUALTY INS CO  
DRAKE INSURANCE CO OF NEW YORK  
ECONOMY FIRE & CASUALTY CO  
ECONOMY PREFERRED INS CO  
ECONOMY PREMIER ASSURANCE CO  
ELECTRIC INS CO  
EMCASCO INSURANCE COMPANY  
EMPLOYEE BENEFITS INS CO  
EMPLOYERS CASUALTY COMPANY IN  
RECEIVERSHIP  
EMPLOYERS FIRE INSURANCE CO  
EMPLOYERS FIRST INSURANCE COMPANY  
EMPLOYERS INS OF WAUSAU MUTUAL CO  
EMPLOYERS MUTUAL CASUALTY CO  
EMPLOYERS REINSURANCE CORP  
ENRON CORP  
ENTECH INC  
ENTERPRISE INSURANCE COMPANY  
ERNST HOME CENTERS  
EULER AMERICAN CREDIT INDEMNITY  
COMPANY  
EVANS PRODUCTS CO  
EVANSTON INSURANCE COMPANY  
EVEREST NATIONAL INS CO  
EVERGREEN NATIONAL INDEMNITY  
EXCALIBUR INSURANCE COMPANY  
EXECUTIVE RISK INDEMNITY INC  
EXPLORER INS COMPANY  
F H STOLTZE LAND & LUMBER CO  
FACTORY MUTUAL INS CO  
FAIRFIELD INS CO  
FAIRMONT INSURANCE CO  
FAIRMONT SPECIALTY INSURANCE COMPANY  
FARMERS INS EXCHANGE  
FARMINGTON CASUALTY CO  
FARMLAND MUTUAL INS CO  
FEDERAL EXPRESS CORP  
FEDERAL INS CO  
FEDERATED MUTUAL INSURANCE CO  
FEDERATED RURAL ELECTRIC INS EXCHANGE  
FEDERATED SERVICE INSURANCE CO  
FEDEX GROUND PACKAGE SYSTEM INC  
FIDELITY & CASUALTY CO OF NEW YORK  
FIDELITY & DEPOSIT CO OF MARYLAND  
FIDELITY & GUARANTY INS CO  
FIDELITY & GUARANTY INS UNDERWRITERS  
FIREMANS FUND INS CO  
FIREMANS FUND INS CO OF OHIO  
FIREMANS FUND INS CO OF WISCONSIN  
FIREMENS INS CO OF NEWARK NJ  
FIRST FINANCIAL INSURANCE COMPANY  
FIRST LIBERTY INSURANCE CORPORATION

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FIRST NATIONAL INS CO OF AMERICA  
FIRST PROFESSIONALS INSURANCE COMPANY  
INCORPORATE  
FIRST SOUTHERN INSURANCE CO  
FLORISTS MUTUAL INS CO  
FLYING J INC  
FOLKSAMERICA REINSURANCE COMPANY  
FORT WAYNE HEALTH & CASUALTY INS CO  
FORUM INSURANCE CO  
FRANKENMUTH MUTUAL INS CO  
FRED MEYER INC SHOPPING CENTERS  
FREMONT COMPENSATION INS CO  
FREMONT IND CO OF THE NORTHWEST  
FREMONT INDEMNITY CO  
FREMONT INDEMNITY CO  
FREMONT PACIFIC INSURANCE CO  
FRONTIER INSURANCE COMPANY  
GEICO CASUALTY COMPANY  
GEICO GENERAL INSURANCE CO  
GEICO INDEMNITY COMPANY  
GENERAL CASUALTY CO OF WISCONSIN  
GENERAL INS CO OF AMERICA  
GENERAL REINSURANCE CORP  
GENERAL SECURITY INSURANCE COMPANY  
GENERAL SECURITY NATIONAL INSURANCE  
COMPANY  
GENESIS INSURANCE COMPANY  
GEORGIA PACIFIC CORP  
GERLING AMERICA INSURANCE COMPANY  
GLACIER GENERAL ASSURANCE CO  
GLENS FALLS INSURANCE CO  
GOLDEN SUNLIGHT MINES INC  
GOVERNMENT EMPLOYEES INS CO  
GRAIN DEALERS MUTUAL INSURANCE  
COMPANY  
GRANITE STATE INSURANCE CO  
GRAY INSURANCE COMPANY  
GRAYBAR ELECTRIC COMPANY INC  
GREAT AMERICAN ALLIANCE INS CO  
GREAT AMERICAN ASSURANCE CO  
GREAT AMERICAN INS CO OF NEW YORK  
GREAT AMERICAN INSURANCE CO  
GREAT AMERICAN SPIRIT INSURANCE  
COMPANY  
GREAT GLOBAL ASSURANCE CO  
GREAT MIDWEST INS CO  
GREAT NORTHERN INS CO  
GREAT WEST CASUALTY CO  
GREENWICH INS CO  
GREYHOUND LINES INC  
GROCERS INSURANCE COMPANY  
GUARANTEE INSURANCE CO  
GUARANTY NATIONAL INSURANCE COMPANY  
GUIDANT SPECIALTY MUTUAL INS CO

GUIDEONE MUTUAL INS CO  
GULF INS CO  
HANOVER INS CO  
HARCO NATIONAL INSURANCE CO  
HARLEYSVILLE INSURANCE COMPANY  
HARTFORD ACCIDENT & INDEMNITY CO  
HARTFORD CASUALTY INS CO  
HARTFORD FIRE INS CO  
HARTFORD INS CO OF THE MIDWEST  
HARTFORD UNDERWRITERS INS CO  
HEALTHCARE UNDERWRITERS MUT INS CO  
HERITAGE CASUALTY INSURANCE COMPANY  
HIGHLANDS INSURANCE CO  
HIH AMERICA COMP & LIABILITY INS CO  
HOLCIM (US) INC  
HOLLY SUGAR CORP  
HOLY ROSARY HOSPITAL  
HOME INDEMNITY CO THE  
HOME INSURANCE CO  
HOMELAND CENTRAL INSURANCE CO  
HOMESITE INSURANCE COMPANY  
HORIZON CMS HEALTHCARE CORP  
HOUSTON GENERAL INSURANCE CO  
HUDSON INSURANCE COMPANY  
ICM INSURANCE COMPANY  
IDEAL CEMENT CO  
IDEAL MUTUAL INSURANCE CO  
IGF INSURANCE COMPANY  
ILLINOIS NATIONAL INSURANCE COMPANY  
IMPERIAL CASUALTY & INDEMNITY COMPANY  
INDEMNITY INS CO OF NORTH AMERICA  
INDIANA LUMBERMENS MUTUAL INS CO  
INDUSTRIAL UNDERWRITERS INS CO  
INSURANCE COMPANY OF NORTH AMERICA  
INSURANCE COMPANY OF STATE OF PA  
INSURANCE COMPANY OF THE WEST  
INSURANCE CORPORATION OF AMERICA  
INSURANCE CORPORATION OF HANNOVER  
INSURANCE CORPORATION OF NEW YORK  
INTEGON NATIONAL INSURANCE COMPANY  
INTERCONTINENTAL INSURANCE CO  
INTERMOUNTAIN INSURANCE CO  
INTERNATIONAL HARVESTER COMPANY  
INTERNATIONAL INDEMNITY CO  
INTERNATIONAL INSURANCE CO  
INTERNATIONAL PAPER CO  
INTERSTATE BRANDS CORP  
IOWA MUTUAL INSURANCE CO  
J C PENNEY CORP INC  
J H KELLY INC  
J H KELLY L L C  
J NEILS LUMBER CO  
K MART CORP  
KAISER CEMENT CORPORATION



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KALISPELL POLE & TIMBER CO  
KANSAS CITY FIRE & MARINE INS CO  
KEMPER CASUALTY INS CO  
KROGER CO THE  
L H C INC  
L PETER LARSON CO  
LANCER INSURANCE COMPANY  
LAURIER INDEMNITY COMPANY  
INCORPORATED  
LEADER INSURANCE COMPANY  
LEGION INSURANCE CO  
LES SCHWAB TIRE CENTERS OF MONT INC  
LEXINGTON INSURANCE COMPANY  
LEXON INSURANCE COMPANY  
LIBERTY INS CORP  
LIBERTY INS UNDERWRITERS INC  
LIBERTY MUTUAL FIRE INS CO  
LIBERTY MUTUAL INS CO  
LIBERTY NORTHWEST INS CORP  
LITTLE THOMPSON LOGGING CO INC  
LM INS CORP  
LOUISIANA PACIFIC CORP  
LUCENT TECHNOLOGIES INC  
LUMBER MUTUAL INSURANCE CO  
LUMBERMENS MUTUAL CASUALTY CO  
LUMBERMENS UNDERWRITING ALLIANCE  
LYNDON PROPERTY INSURANCE COMPANY  
MACO WORKERS COMP TRUST  
MAJESTIC INSURANCE COMPANY  
MANUFACTURES ALLIANCE INS CO  
MARKEL INSURANCE COMPANY  
MARYLAND CASUALTY CO  
MEDICAL ASSURANCE CO INC  
MERASTAR INSURANCE CO  
METROPOLITAN DIRECT PROP & CAS INS  
METROPOLITAN GENERAL INS CO  
METROPOLITAN PROP & CAS INS CO  
MHA WORKERS COMP TRUST  
MIC GENERAL INS CORP  
MIC PROPERTY & CASUALTY INS CORP  
MICHIGAN MILLERS MUTUAL INSURANCE  
COMPANY  
MID CENTURY INS CO  
MIDDLESEX INS CO  
MIDLAND FOODS INC  
MIDLAND INSURANCE CO  
MIDWEST EMPLOYERS CASUALTY CO  
MILLERS FIRST INSURANCE COMPANY  
MILLERS INSURANCE COMPANY  
MILLERS NATIONAL INSURANCE CO  
MISSION AMERICAN INSURANCE CO  
MISSION INSURANCE CO  
MISSOULA COUNTY  
MISSOULA COUNTY WC GROUP INS

AUTHORITY  
MITSUI SUMITOMO INS CO OF AMERICA  
MITSUI SUMITOMO INS USA INC  
MODERN SERVICE INSURANCE COMPANY  
MONTANA CONTRACTOR COMP FUND  
MONTANA ELECTRIC & TELEPHONE POOL  
MONTANA HEALTH NETWORK WC INS TRUST  
MONTANA INS GUARANTY ASSOC  
MONTANA LOGGERS EXCHANGE  
MONTANA MUNICIPAL INS AUTHORITY  
MONTANA POWER CO  
MONTANA RESOURCES  
MONTANA SCHOOLS GROUP INS AUTHORITY  
MONTANA STATE FUND  
MONTGOMERY WARD & CO INC  
MONUMENTAL GENERAL CASUALTY CO  
MOTORS INSURANCE CORPORATION  
MOUNTAIN WEST FARM BUREAU MUT INS CO  
MUS SELF-FUNDED WORK COMP PROGRAM  
NABISCO INC  
NATIONAL AMERICAN INS CO  
NATIONAL AMERICAN INS CO OF CA  
NATIONAL AUTOMOBILE & CASUALTY INS  
NATIONAL COLONIAL INS, IN LIQUIDATION  
NATIONAL CONTINENTAL INSURANCE CO  
NATIONAL FARMERS UNION PROP & CAS  
NATIONAL FIRE INS CO OF HARTFORD  
NATIONAL GENERAL INS CO  
NATIONAL INDEMNITY COMPANY  
NATIONAL INSURANCE ASSOCIATION  
NATIONAL INSURANCE UNDERWRITERS  
NATIONAL INTERSTATE INS CO  
NATIONAL SURETY CORP  
NATIONAL UNION FIRE INS OF PITTSBURGH  
NATIONWIDE AFFINITY INS CO OF AMER  
NATIONWIDE AGRIBUSINESS INS CO  
NATIONWIDE INS CO OF AMERICA  
NATIONWIDE MUTUAL FIRE INSURANCE CO  
NATIONWIDE MUTUAL INSURANCE CO  
NATIONWIDE PROPERTY & CASUALTY INS CO  
NAVIGATORS INSURANCE COMPANY  
NEW HAMPSHIRE INS CO  
NIAGARA FIRE INS CO  
NICHIDO FIRE & MARINE INS CO  
NL INDUSTRIES  
NN INSURANCE COMPANY  
NORTH AMERICAN ELITE INSURANCE  
NORTH AMERICAN SPECIALTY INS CO  
NORTH RIVER INS CO  
NORTH STAR REINSURANCE CORPORATION  
NORTHBROOK INDEMNITY CO  
NORTHERN ASSURANCE CO OF AMERICA  
NORTHERN INS CO OF NEW YORK  
NORTHLAND CASUALTY COMPANY

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NORTHLAND INSURANCE COMPANY  
NORTHWEST HEALTHCARE CORP  
NORTHWESTERN CORPORATION  
NORTHWESTERN ENERGY L L C  
NORTHWESTERN NATIONAL CASUALTY CO  
NORTHWESTERN NATIONAL INS CO OF MIL  
OCCIDENTAL FIRE & CASUALTY CO OF NC  
ODYSSEY AMERICA REINSURANCE CORP  
OHIO CASUALTY INSURANCE COMPANY  
OHIO SECURITY INSURANCE COMPANY  
OLD REPUBLIC INS CO  
OLD REPUBLIC SECURITY ASSURANCE  
COMPANY  
ONE BEACON AMERICA INSURANCE CO  
ONE BEACON INS CO  
OVERSEAS PARTNERS US REINSURANCE  
P I E NATIONWIDE INC  
P P G INDUSTRIES INC  
PACIFIC EMPLOYERS INSURANCE CO  
PACIFIC INDEMNITY CO  
PARTNER REINS CO OF NEW YORK  
PAY N SAVE CORP  
PEABODY COAL CO  
PENN STAR INSURANCE COMPANY  
PENNSYLVANIA CASUALTY COMPANY  
PENNSYLVANIA GENERAL INS CO  
PENNSYLVANIA MANUFACTURERS ASSOC  
PENNSYLVANIA MANUFACTURERS INDEMNITY  
COMPANY  
PENNSYLVANIA NATIONAL MUTUAL CASUALTY  
PERMANENT GENERAL ASSURANCE CORP  
PETROLEUM CASUALTY CO  
PHARMACIST MUTUAL INS CO  
PHICO INSURANCE CO  
PHILLIPS PETROLEUM CO  
PHOENIX INS CO  
PLATTE RIVER INSURANCE COMPANY  
PLUM CREEK MGMT CO LP  
PLUM CREEK TIMBER CO INC  
PLUM CREEK TIMBER CO LP  
PREFERRED PROFESSIONAL INSURANCE  
COMPANY  
PROFESSIONALS ADVOCATE INS CO  
PROGRESSIVE CASUALTY INS CO  
PROPERTY & CASUALTY INS CO OF HARTFORD  
PROTECTIVE INS CO  
PROTECTIVE NATIONAL INSURANCE COMPANY  
OF OMAHA  
PROVIDENCE WASHINGTON INS CO  
PUBLIC SERVICE MUTUAL INS CO  
QBE INSURANCE CORPORATION  
QUADRANT INDEMNITY COMPANY  
QUANTA INDEMNITY COMPANY  
QWEST CORPORATION

RAMPART INSURANCE COMPANY  
RECIPROCAL OF AMERICA INS CO  
REDLAND INSURANCE COMPANY  
REGENT INSURANCE CO  
RELIANCE DIRECT INS CO  
RELIANCE INSURANCE CO  
RELIANCE NATIONAL INDEMNITY CO  
RELIANCE NATIONAL INSURANCE CO  
RELIANCE UNIVERSAL INS CO  
REPUBLIC INDEMNITY CO OF AMERICA  
REPUBLIC INDEMNITY CO OF CA  
REPUBLIC WESTERN INSURANCE CO  
ROCHDALE INS CO  
ROCKWOOD INSURANCE CO  
ROSAUERS SUPERMARKETS INC  
ROSEBURG FOREST PRODUCTS CO  
ROYAL INDEMNITY COMPANY  
RYDER SYSTEMS INC  
SAFECO INSURANCE CO OF ILLINOIS  
SAFECO INSURANCE COMPANY OF AMERICA  
SAFETY FIRST INS CO  
SAFETY NATIONAL CASUALTY CORP  
SAFEWAY INC  
SAFEWAY STORES INC  
SAGAMORE INSURANCE COMPANY  
SCIF HORSERACING  
SCOR REINSURANCE COMPANY  
SEABOARD SURETY COMPANY  
SEABRIGHT INSURANCE COMPANY  
SEARS ROEBUCK & CO  
SEATON INSURANCE CO  
SECURITY INS CO OF HARTFORD  
SECURITY MUTUAL CASUALTY  
SECURITY NATIONAL INS CO  
SELECT INSURANCE CO  
SENTINEL INSURANCE COMPANY LTD  
SENTRY INS MUTUAL CO  
SENTRY SELECT INS CO  
SERVICE INSURANCE COMPANY  
SHELBY CASUALTY INS CO  
SHELL PIPELINE CORP  
SHELL WESTERN E & P  
SIRIUS AMERICAN INS CO  
SISTERS OF CHAR OF PROV OF MT  
SISTERS OF CHARITY OF LEAVENWORTH  
HEALTH SYSTEM  
SKAGGS ALPHA BETA  
SMURFIT STONE CONTAINER ENTERPRISES  
INC  
SOMPO JAPAN INS CO OF AMERICA  
SOUTHERN INSURANCE COMPANY  
SPECIALTY NATIONAL INS CO  
ST JOSEPH HOSPITAL CORP  
ST PATRICK HOSPITAL & HEALTH SCIENCES

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CTR  
ST PAUL FIRE & MARINE INS CO  
ST PAUL GUARDIAN INS CO  
ST PAUL MEDICAL LIABILITY INS CO  
ST PAUL MERCURY INS CO  
ST PAUL PROTECTIVE INSURANCE COMPANY  
ST REGIS PAPER CO  
ST THOMAS CHILD & FAMILY CNTR  
STAN WATKINS TRUCKING INC  
STANDARD FIRE INS CO  
STAR INS CO  
STARNET INSURANCE COMPANY  
STATE FARM FIRE & CASUALTY CO  
STATE FARM GENERAL INS CO  
STATE FARM MUTUAL AUTOMOBILE INS CO  
STILLWATER MINING CO  
STOLTZE CONNER LUMBER CO  
STONEBRIDGE CASUALTY INSURANCE  
COMPANY  
STONEWALL INSURANCE COMPANY  
STONINGTON INSURANCE COMPANY  
SUPERIOR NATIONAL INS CO  
SWISS REINSURANCE AMERICA CORP  
TARGET CORP  
TECHNOLOGY INS CO INC  
TECK COMINCO AMERICAN INC  
TEXAS EMPLOYERS INDEMNITY CO  
TEXAS GENERAL INDEMNITY CO  
THE INSURANCE COMPANY  
TIG INSURANCE CO  
TIG PREMIER INSURANCE CO  
TOKIO MARINE & FIRE INSURANCE CO  
TOWN PUMP INC  
TRADERS & GENERAL INS CO  
TRANS PACIFIC INSURANCE COMPANY  
TRANSCONTINENTAL INS CO  
TRANSGUARD INS CO OF AMERICA INC  
TRANSIT CASUALTY CO  
TRANSPORT INSURANCE CO  
TRANSPORTATION INS CO  
TRAVELERS CAS & SURETY CO OF AMER  
TRAVELERS CASUALTY & SURETY CO  
TRAVELERS CASUALTY CO OF CONN  
TRAVELERS CASUALTY INS CO OF AMERICA  
TRAVELERS COMMERCIAL CASUALTY  
COMPANY  
TRAVELERS COMMERCIAL INS CO  
TRAVELERS IND CO OF AMERICA  
TRAVELERS INDEMNITY CO  
TRAVELERS INDEMNITY CO OF CT  
TRAVELERS PROPERTY & CASUALTY INS CO  
TRAVELERS PROPERTY CAS CO OF AMERICA  
TRIAD GUARANTY INSURANCE COMPANY  
TRINITY UNIVERSAL INS CO OF KANSAS

TRINITY UNIVERSAL INSURANCE CO  
TRITON INSURANCE COMPANY  
TRUCK INS EXCHANGE  
TRUMBULL INSURANCE CO  
TWIN CITY FIRE INS CO  
ULICO CASUALTY COMPANY  
UNIGARD INSURANCE CO  
UNION INS CO OF PROVIDENCE  
UNION INSURANCE COMPANY  
UNION OIL COMPANY OF CA  
UNION TANK CAR CO  
UNITED COMMUNITY INSURANCE CO  
UNITED PACIFIC INSURANCE CO  
UNITED STATES FIDELITY & GUARANTY CO  
UNITED STATES FIRE INS CO  
UNITED STATES LIABILITY INS CO  
UNITED WISCONSIN INS CO  
UNIVERSAL UNDERWRITERS INS CO  
UNIVERSITY OF GREAT FALLS  
US SPECIALTY INS CO  
USX CORPORATION  
UTICA MUTUAL INS CO  
VALIANT INSURANCE COMPANY  
VALLEY FORGE INS CO  
VALOR INSURANCE COMPANY INC  
VANLINER INS CO  
VEREX ASSURANCE INC  
VIGILANT INSURANCE CO  
VILLANOVA INSURANCE COMPANY  
VIRGINIA SURETY CO INC  
WARNER INSURANCE COMPANY  
WASATCH CREST MUTUAL INS CO  
WASHINGTON CASUALTY COMPANY  
WATKINS & SHEPARD TRUCKING INC  
WAUSAU BUSINESS INS CO  
WAUSAU UNDERWRITERS INS CO  
WAVERLEY MONTANA INC  
WESCO INSURANCE COMPANY  
WEST AMERICAN INSURANCE COMPANY  
WESTCHESTER FIRE INSURANCE CO  
WESTERN AGRICULTURAL INS CO  
WESTERN CONTINENTAL INS CO  
WESTERN DIVERSIFIED CASUALTY INS  
WESTERN EMPLOYERS INS CO  
WESTERN ENERGY CO  
WESTERN FRUIT EXPRESS CO  
WESTERN SUGAR COMPANY (THE)  
WESTERN UNION TELEGRAPH CO  
WESTPORT INS CORP  
WILLIAMSBURG NATIONAL INS CO  
WORLDWIDE INSURANCE COMPANY  
XL INS CO OF NEW YORK INC  
XL INSURANCE AMERICA INC  
XL REINSURANCE AMERICA

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XL SPECIALTY INS COMPANY  
YORK INSURANCE COMPANY  
YOSEMITE INSURANCE COMPANY  
ZENITH INS CO  
ZURICH AMERICAN INS CO  
ZURICH AMERICAN INS CO OF ILLINOIS

¶1 On February 23, 2004, each of you named in this Summons was sent a Lien Notice notifying you of the attorney fee lien claimed by the petitioners' attorneys in the above-captioned action. The claimed lien is with respect to benefits that are payable as a result of the Montana Supreme Court's decision in *Flynn v. State Compensation Ins. Fund*, 2002 MT 279, 312 Mont. 410, 60 P.3d 397. That decision held that an insurer is liable for one-half of the attorney fees a claimant incurs in obtaining social security disability benefits which are offset by the insurer against his or her workers' compensation benefits.

¶2 Each of you named in this Summons has been identified by the Montana Department of Labor and Industry (DLI) as insurers or self-insurers providing workers' compensation insurance coverage in the State of Montana on or after July 1, 1974, which is the time frame covered by the lien asserted in this case. Accordingly, each of you named in this Summons is **ordered** to continue to withhold the attorney fees claimed in the lien notice, another copy of which is attached hereto. (1)

¶3 By this Summons, each of you is made a respondent to these proceedings and **ordered** to file a **response** to the Summons. **Your response must be mailed to the Workers' Compensation Court, P.O. Box 537, Helena, MT 59624-0537, or delivered to the Court at its offices on 1625 Eleventh Ave., Helena, Montana, by June 20, 2005.**

¶4 If you dispute the entitlement of claimants insured by you to additional benefits under the *Flynn* decision, then your response must set forth the particular grounds and defenses you may have and you need not at present provide the information required in the next paragraph numbered as 5.

¶5 If you do not dispute the application of *Flynn* to claimants you insured and who incurred attorney fees in obtaining social security benefits used to offset their workers' compensation benefits, then your response should so state. In addition, unless you are unable to do so within the time provided for your response, provide the following information:

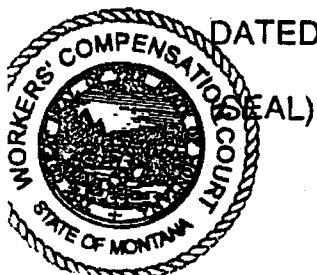
05/26/2005 02:48 PM

- ¶5a The name, address, claim number, and date of injury or occupational disease for all claimants whose benefits you have offset on account of social security benefits at any time since June 30, 1974, and prior to the date of this Summons.
- ¶5b If you have credited or paid any claimants your share of attorney fees required under *Flynn*, the date and amount of the credit or payment made as to each such claimant.
- ¶5c Which of the claims identified in paragraph 5a have been settled and the date of settlement. As to claims which have been settled since August 5, 2003, please provide copies of the settlement documents.

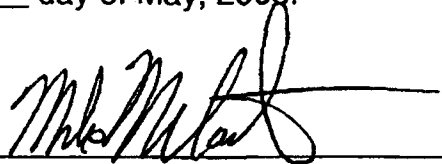
If you are unable to provide the required information within the time provided for your response or are uncertain whether the methodology available to you to identify such claimants and their entitlements will satisfy petitioners' counsel and the Court, then your response should so state. However, you should further state how you propose to identify the claimants and determine their entitlements and indicate the amount of additional time needed to do so.

¶6 You need not serve copies of your response on the attorneys in this case as the Court will take responsibility for such service. Information you provide with respect to individual claimants will not be provided to persons other than petitioners' counsel. Information concerning individual claimants will be provided to petitioners' counsel only pursuant to a confidentiality order restricting any further dissemination of the information.

¶7 Failure to respond to this Summons within the time provided may result in legal determinations being made without your participation but which are binding upon you and may result in further action by the Court to enforce those determinations against you.



DATED in Helena, Montana, this 4<sup>th</sup> day of May, 2005.

  
\_\_\_\_\_  
JUDGE

Attachment: Notice of Claim of Attorney Lien; Amended Notice of Attorney's Lien

05/26/2005 02:48 PM

Rex Palmer  
ATTORNEYS INC., P.C.  
301 W Spruce  
Missoula, Montana 59802  
(406) 728-4514  
ATTORNEYS FOR PETITIONER

FILED

DEC 26 2002

OFFICE OF  
WORKERS' COMPENSATION JUDGE  
HELENA, MONTANA

IN THE WORKERS' COMPENSATION COURT IN THE STATE OF MONTANA  
BEFORE THE WORKERS' COMPENSATION JUDGE

Robert Flynn,  
Petitioner,

v.

State Compensation Ins. Fund,  
Respondent/Insurer for

Salish Kootenai College,  
Employer.

) WCC No. 2000-0222

)

)

)

)

)

)

)

)

NOTICE OF ATTORNEYS' LIEN

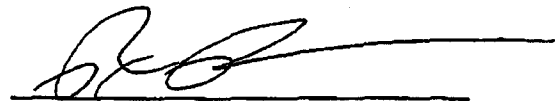
\* \* \* \* \*

COMES NOW the undersigned, and herewith gives notice to the State Compensation Insurance Fund and its counsel of the undersigned's attorneys' lien upon the common fund created and to be created which has directly benefitted all ascertainable absent workers' compensation claimants. Those absent claimants should be required to contribute, in proportion to the benefits they receive or will receive, to the cost of the litigation, including reasonable attorney's fees allowable by law at the time of the claimants' respective industrial injuries.

//

05/26/2005 02:48 PM

DATED this 26 day of December 2002.



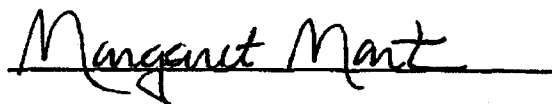
Rex Palmer  
ATTORNEYS INC., P.C.  
301 W Spruce  
Missoula, MT 59802  
(406) 728-4514  
ATTORNEYS FOR PETITIONER

**CERTIFICATE OF SERVICE****CERTIFICATE OF SERVICE**

I hereby certify that on the 26 day of December 2002, a true and correct copy of the foregoing was served upon the following by U.S. mail, hand-delivery, Federal Express, or facsimile:

Ann Clark  
State Compensation Ins. Fund  
PO Box 4759  
Helena, MT 59604-4759  
(406) 444-7724  
ATTORNEY FOR RESPONDENT

{X} U.S. Mail  
{ } Hand Delivered  
{ } Federal Express  
{X} Facsimile



**Rex Palmer  
ATTORNEYS INC., P.C.  
301 W Spruce  
Missoula, Montana 59802  
(406) 728-4514  
ATTORNEYS FOR PETITIONER**

**JAN - 2 2004**

IN THE WORKERS' COMPENSATION COURT IN THE STATE OF MONTANA  
BEFORE THE WORKERS' COMPENSATION JUDGE

**Montana State Fund  
Respondent/Insurer.**

# AMENDED NOTICE of ATTORNEY'S LIEN

★ ★ ★ ★ ★ ★ ★ ★

COMES NOW the undersigned, and herewith gives notice to all insurers and self insurers writing or maintaining workers' compensation coverage in the State of Montana on or after July 1, 1974, of the undersigned's attorney's lien upon the common fund created and to be created which has or will directly benefit all ascertainable absent workers' compensation claimants. Those absent claimants should be required to contribute, in proportion to the benefits they receive or will



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receive, to the cost of the litigation, including reasonable attorney fees allowable by law at the time of the claimants' respective industrial injury or occupational disease.

The undersigned commenced and maintained an action in the Montana Workers' Compensation Court for Robert Flynn entitled, *Flynn v. Montana State Fund*, WCC NO., 2000-0222. The legal issues in the matter were ultimately decided by the Montana Supreme Court in *Flynn v. Montana State Fund*, 2002 MT 279, 312 Mont. 410, 60 P.3d 397 ("*Flynn*"). The *Flynn* Court stated that "...equity demands that all parties receiving a benefit from the common fund share in the costs of its creation." The Court ruled that pursuant to the *common fund doctrine*, where the workers' compensation claimant incurred costs to establish entitlement to social security benefits, the workers' compensation insurer "...should contribute, in proportion to the benefits actually received, to the costs of the litigation, including reasonable attorney fees."

On remand from the Montana Supreme Court, additional issues were raised in the Workers' Compensation Court concerning the legal consequences of the *Flynn* decision. As well, the undersigned commenced and maintained another action in the Workers' Compensation Court for Carl Miller and others similarly situated entitled, *Miller, et al. v. Montana State Fund*, WCC No. 2003-0771 ("*Miller*"). The Workers' Compensation Court concluded that the appropriate way to handle the *Miller* action was within the same proceedings as the post remand *Flynn* issues and sua sponte consolidated the two actions on May 30, 2003. On August 5, 2003, the

Workers' Compensation Court issued a ruling on many of the outstanding issues in the consolidated action ("*Flynn/Miller*").

The Workers' Compensation Court ruled in *Flynn/Miller* that (1) as a result of the *Flynn* decision, others workers' compensation claimants situated similarly with Robert Flynn became entitled to have the insurer pay a pro-rated share of the cost, including attorney fees for representation, the claimants incurred in connection with their successful effort to obtain Social Security benefits and (2) common fund fees were payable, based on the benefit received.

#### SCOPE OF LIEN

1. The lien is asserted against all insurers and self insurers writing or maintaining workers' compensation coverage in the State of Montana on or after July 1, 1974.
2. The lien extends to all Montana workers' compensation claimants who incurred costs or fees to obtain a Social Security award for which the entity providing workers' compensation coverage took an offset or had a policy of taking an offset without accounting for the costs incurred by the claimant to recover the award, as required by the *Flynn* decision.
3. The amount of the claimed lien is that amount granted by the attorney fee statute and the Department of Labor, more particularly;
  - A) For each claimant with an injury or occupational disease entitlement dated on or after November 11, 1988, 25% of the benefit to which each claimant is entitled as a result of the *Flynn/Miller* decision; and
  - B) For each claimant with an injury or occupational disease entitlement date prior to November 11, 1988, 33% of the benefit to which each claimant is entitled as a result of the *Flynn/Miller* decision if paid before decision on appeal and 40% if paid after decision on appeal of the pending *Flynn/Miller* action.

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The undersigned claims no lien on any of the following:

1. Any Social Security offset initiated prior to July 1, 1974; and
2. Any Social Security award ordered to be paid after the date of the *Flynn/Miller* decision of August 5, 2003.

Dated this 29<sup>th</sup> day of December 2003.



Rex Palmer  
ATTORNEYS INC., P.C.  
301 W Spruce  
Missoula, MT 59802  
(406) 728-4514  
ATTORNEYS FOR PETITIONER

**CERTIFICATE OF SERVICE**

I hereby certify that on the 29<sup>th</sup> day of December 2003, a true and correct copy of the foregoing was served upon the following by U.S. mail, hand-delivery, Federal Express, or facsimile:

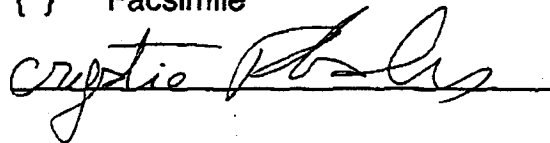
Bradley J. Luck  
Garlington, Lohn & Robinson  
199 W Pine  
PO Box 7909  
Missoula, MT 59807-7909

{ }	U.S. Mail
{X}	Hand Delivered on the 30 <sup>th</sup> of December, 2003
{ }	Federal Express
{ }	Facsimile

*cur*

Larry Jones  
Liberty Northwest  
700 SW Higgins Avenue, Ste 108  
Missoula, MT 59803-1489

{X}	U.S. Mail
{ }	Hand Delivered
{ }	Federal Express
{ }	Facsimile

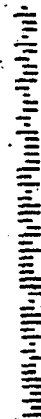


RECEIVED

1. AY 9 2005

**COMPLIANCE DEPT.**

RELIANCE INSURANCE CO  
THREE PARKWAY 5TH FLOOR  
PHILADELPHIA, PA 19102-1376



Ex B

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

**M. Diane Koken,  
Insurance Commissioner of the  
Commonwealth of Pennsylvania,  
Plaintiff**

**V.**

**Reliance Insurance Company,  
Defendant**

: No. 269 M.D. 2001

RECEIVED AND FILED  
PHILADELPHIA  
COMMUNICATIONS SECTION  
OCT 3 1 23 PM '01

## ORDER OF LIQUIDATION

AND NOW, this 3rd day of October, 2001, upon consideration of the Petition of M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania, in her capacity as Rehabilitator of Reliance Insurance Company for Liquidation in accordance with Article V of the Insurance Department Act of 1921, as amended, 40 P.S. §211, et seq. and the Consent thereto, it is hereby **ORDERED** and **DECREED** that said Petition is **GRANTED**.

It is further **ORDERED** and **DECREED** that:

1. The rehabilitation of Reliance Insurance Company ("Reliance" or the "Company") commenced under this Court's Order of May 29, 2001 is hereby **TERMINATED**.

2. Reliance is hereby found to be and is declared **INSOLVENT**, as that term is defined in 40 P.S. §§ 221.3, and as provided in 40 P.S. §§ 221.14(1) and 221.19.

3. Commissioner M. Diane Koken and her successors in office (the "Commissioner") are hereby **APPOINTED** Liquidator of Reliance and the Liquidator or her designees (the "Liquidator") are directed immediately to take possession of Reliance's property, business and affairs as Liquidator, and to liquidate Reliance in accordance with Article V of the Insurance Department Act of 1921, as amended (40 P.S. §§211 et seq.) (the "Act"), and to take such action as the interest of the policyholders, creditors or the public may require.

4. The Liquidator is hereby **VESTED** with all the powers, rights, and duties authorized under the Act and other applicable law.

#### **ASSETS OF THE ESTATE**

5. The Commissioner, as Liquidator, is vested with title to all property, assets, contracts and rights of action ("assets") of Reliance, of whatever nature and wherever located, whether held directly or indirectly, as of the date of the filing of the Petition for Liquidation. All assets of Reliance are hereby found to be in custodia legis of this Court; and this

Court specifically asserts, to the fullest extent of its authority, (a) in rem jurisdiction over all assets of the Company wherever they may be located and regardless of whether they are held in the name of the Company or any other name; (b) exclusive jurisdiction over all determinations of the validity and amount of claims against Reliance; and (c) exclusive jurisdiction over the determination of the distribution priority of all claims against Reliance.

6. The filing or recording of the Order with the clerk of the Commonwealth Court or with the recorder of deeds of the county in which the principal business of Reliance is conducted, or the county in which its principal office or place of business is located, shall impart the same notice as a deed, bill of sale or other evidence of title duly filed or recorded with that recorder of deeds would have imparted.

7. All banks, investment bankers, companies, other entities or other persons having in their possession assets which are, or may be, the property of Reliance, shall, unless otherwise instructed by the Liquidator, deliver the possession of the same immediately to the Liquidator, and shall not disburse, convey, transfer, pledge, assign, hypothecate, encumber or in any manner dispose of the same without the prior written consent of, or unless directed in writing by, the Liquidator.

8. All persons and entities are enjoined from disposing of or destroying any records pertaining to any transactions between Reliance and any party.

9. The amount recoverable by the Liquidator from any reinsurer shall not be reduced as a result of this Order of Liquidation,



regardless of any provision in a reinsurance contract or other agreement. Payment made directly by the reinsurer to an insured or other creditor of Reliance shall not diminish the reinsurer's obligation to Reliance, except to the extent provided by law.

10. All agents, brokers, and other persons having sold policies of insurance issued by Reliance shall account for and pay all unearned commissions and all premiums, collected and uncollected, for the benefit of Reliance directly to the Liquidator, within 30 days of notice of this Order. No agent, broker, reinsurance intermediary or other person shall disburse or use monies which come into their possession and are owed to, or are claimed by, Reliance for any purpose other than payment to the Liquidator.

11. If requested by the Liquidator, all attorneys employed or retained by Reliance or performing legal services for Reliance as of the date of this Order shall, within 30 days of such request, report to the Liquidator the name, company claim number (if applicable) and status of each matter they are handling on behalf of Reliance. Said report shall include the full caption, docket number and name and address of opposing counsel in each case and an accounting of any funds received from or on behalf of Reliance for any purpose and in any capacity.

12. Any entity furnishing telephone, water, electric, sewage, garbage, delivery, trash removal, or utility services to Reliance shall maintain such service and create a new account for the Liquidator as of the date of this Order upon instruction by the Liquidator.

13. Any entity (including any affiliate of Reliance) which has custody or control of any data processing information and records (including but not limited to source documents, all types of electronically stored information, master tapes or any other recorded information) relating to Reliance, shall transfer custody and control of such records in a form readable by the Liquidator to the Liquidator as of the date of this Order, unless instructed to the contrary by the Liquidator.

14. Any entity (including any affiliate of Reliance) furnishing claims processing or data processing services to Reliance shall maintain such services and transfer any such accounts to the Liquidator as of the date of this Order, unless instructed to the contrary by the Liquidator.

15. Reliance, its affiliates, and their officers, directors, trustees, employees, consultants, agents, and attorneys, shall: surrender peacefully to the Liquidator the premises where Reliance conducts its business; deliver all keys or access codes thereto and to any safe deposit boxes; advise the Liquidator of the combinations or access codes of any safe or safekeeping devices of Reliance or any password or authorization code or access code required for access to data processing equipment; and shall deliver and surrender peacefully to the Liquidator all of the assets, books, records, files, credit cards, and other property of Reliance in their possession or control, wherever located, and otherwise advise and cooperate with the Liquidator in identifying and locating any of the foregoing.

16. Except for contracts of insurance and for reinsurance, all executory contracts to which Reliance is a party as of the date of this Order

may be affirmed or disavowed by the Liquidator within 90 days of the date of this Order.

### **CONTINUATION AND CANCELLATION OF COVERAGE**

17. All policies and contracts of insurance, whether issued within this Commonwealth or elsewhere, in effect on the date of this Order shall continue in force only with respect to risks in effect at that time, for the lesser of the following: (a) thirty days from the date of this Order; (b) until the normal expiration of the policy or contract providing insurance coverage; (c) until the insured has replaced the insurance coverage with equivalent insurance with another insurer or otherwise terminated the policy; or (d) until the Liquidator has effected a transfer of the policy obligation pursuant to Section 221.23(8). All policies or contracts of insurance issued by Reliance are hereby cancelled and terminated for all purposes effective thirty days from the date of this Order.

### **WORKERS COMPENSATION AND PERSONAL INJURY PROTECTION CLAIMS**

18. For a period not to exceed 90 days from entry of this Order, the Liquidator is authorized but not obligated, in her sole discretion, to make arrangements for the continued payment in full of the claims under policies of workers compensation and under policies providing personal injury protection (PIP) by making the facilities, computer systems, books, records and arrangements with third party administrators (to the extent possible) of Reliance available for the processing and payment of such

claims, to any affected guaranty association (or other entity that is the functional equivalent) and to states and state officials holding statutory deposits for the benefit of such workers compensation and PIP claimants, provided, however, that such guaranty associations, states or state officials shall provide or make available the funds to make the actual payment of such claims. In circumstances where a guaranty association certifies in writing to the Liquidator that it does not have the immediate ability to fund the payment of workers compensation and PIP claims that are its obligation by law, the Liquidator is authorized to advance the funds, if available, from Reliance to pay such claims on a temporary basis for a period not to exceed 90 days, provided that the guaranty association enters into a written agreement that such advances shall be treated as a distribution pursuant to 40 P.S. §221.36. The Liquidator shall have the discretion to accept such interim assurances as she deems adequate in lieu of a formal agreement.

#### **NOTICE AND PROCEDURES FOR FILING CLAIMS**

19. The Liquidator shall give notice by first-class mail to all persons which or who may have claims against Reliance, contingent or otherwise, as disclosed by its books and records, and advising claimants to file with the Liquidator their claims together with proper proofs thereof on or before the date (which shall be no earlier than one year from the date of the notice) the Liquidator shall specify therein. The Liquidator shall also cause a notice to be published in newspapers of general circulation where Reliance has its principal places of business, as well as in the national edition of the Wall Street Journal, (a) specifying the last day for the filing of claims; (b) advising all persons of the procedure by which all persons may

present their claims to the Liquidator; (c) advising all persons of the Liquidator's office wherein they may present their claim; and (d) advising all persons of their right to present their claim or claims to the Liquidator. Any and all persons, firms, or corporations having or claiming to have any accounts, debts, claims or demands against Reliance, contingent or otherwise, or claiming any right, title, or interest in any funds or property in the possession of the Liquidator are required to file with the Liquidator at the location designated in the above-described notices, on or before the date specified by the Liquidator as the last date upon which to file a claim (which shall be no earlier than one year from the date of the notice), a properly completed proof of claim or be thereafter barred as claimants against any assets in the hands of the Liquidator, unless a late filing is permitted under 40 P.S. §221.37. No person shall participate in any distribution of the assets of Reliance unless such claims are filed and presented in accordance with and within the time limit established by the Liquidator, subject to the provisions for the late filing of claims in 40 P.S. §221.37.

#### **EXPENSES, PAYMENTS AND LAWSUITS**

20. Without filing a petition for distribution, the Liquidator shall have the discretion to pay as costs and expenses of administration, pursuant to 40 P.S. §221.44, the actual, reasonable and necessary costs of preserving or recovering assets of Reliance and the costs of goods or services provided to and approved by Reliance (In Rehabilitation) or this Court during the period of Rehabilitation and that are unpaid as of the date of this Order. The rights and liabilities of Reliance and of its creditors,

present their claims to the Liquidator; (c) advising all persons of the Liquidator's office wherein they may present their claim; and (d) advising all persons of their right to present their claim or claims to the Liquidator. Any and all persons, firms, or corporations having or claiming to have any accounts, debts, claims or demands against Reliance, contingent or otherwise, or claiming any right, title, or interest in any funds or property in the possession of the Liquidator are required to file with the Liquidator at the location designated in the above-described notices, on or before the date specified by the Liquidator as the last date upon which to file a claim (which shall be no earlier than one year from the date of the notice), a properly completed proof of claim or be thereafter barred as claimants against any assets in the hands of the Liquidator, unless a late filing is permitted under 40 P.S. §221.37. No person shall participate in any distribution of the assets of Reliance unless such claims are filed and presented in accordance with and within the time limit established by the Liquidator, subject to the provisions for the late filing of claims in 40 P.S. §221.37.

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policyholders, trustees, shareholders, members, and all other persons interested in this estate shall be determined in accordance with the Act as of the date of the filing of the Petition for Liquidation.

21. Reliance, its affiliates, or their directors, officers, trustees, employees, attorneys, brokers, consultants, agents, insureds, creditors, and any other persons, wherever located, are enjoined from: (a) the transaction of further business; (b) transferring, selling, concealing, terminating, canceling, destroying, disbursing, disposing of or assigning any assets, funds or other property of any nature; (c) any interference, in any manner, with Commissioner M. Diane Koken or her successors, or any of her designees in liquidating Reliance's business and affairs; (d) any waste of Reliance's assets or property; (e) the dissipation and transfer of bank accounts and negotiable instruments; (f) the institution or further prosecution of any actions in law or equity on behalf of or against Reliance; (g) the obtaining of preferences, judgments, attachments, garnishments or liens against Reliance's assets, property and policyholders; (h) the levy of execution process against Reliance and its assets, property and policyholders; (i) the negotiation or execution of any agreement of sale or deed conveying personal or real property for nonpayment of taxes or assessments or for any other purpose; (j) withholding from the Liquidator or her designees or removing, concealing, transferring or destroying books, accounts, documents, policies or policy related documents or other records relating to Reliance's business; (k) making any assessments or indirectly collecting such assessments by setting them off against amounts otherwise payable to Reliance; (l) attempting to collect unpaid premiums, deductibles

or self insured retentions from Reliance's insureds; and (m) the taking of any other action which might lessen the value of Reliance's assets or property, prejudice the rights and interests of policyholders and creditors, or interfere in the administration of the proceeding.

22. Unless the Liquidator consents thereto in writing, no action at law or equity, or arbitration or mediation, shall be brought against Reliance or the Liquidator, whether in this Commonwealth or elsewhere, nor shall any such existing action be maintained or further prosecuted after the date of this Order. All actions, including arbitrations and mediations, currently pending against Reliance in the courts of the Commonwealth of Pennsylvania or elsewhere are hereby stayed. All actions, arbitrations and mediations, against Reliance or the Liquidator shall be submitted and considered as claims in the liquidation proceeding.

23. All proceedings in which Reliance is obligated to defend a party in any court of this Commonwealth are hereby stayed for ninety (90) days from the date this Order. The Liquidator, pursuant to 40 P.S. §221.5(a), her designees and/or the Pennsylvania Property and Casualty Insurance Guaranty Association may petition this Court for extensions as needed in the exercise of their respective discretion. With respect to suits and other proceedings in which Reliance is obligated to defend a party, pending outside the Commonwealth of Pennsylvania and in federal courts of the United States, this Order constitutes the request of this Court for comity in the imposition of a 90-day stay by such courts or tribunals, and that those courts afford this order deference by reason of this Court's responsibility for



and supervisory authority over the rehabilitation of Reliance, as vested in this Court by the Pennsylvania Legislature. The Liquidator is authorized to cooperate in assisting any guaranty association in any jurisdiction to enforce any stay of any action provided for in any relevant law of another state. Any person that fails to honor a stay ordered by this Court or violates any provision of this Order, where such person has a claim against Reliance, shall have their claim subordinated to all other claims in the same class, with no payment being made with respect to such claim until all others in the same class have been paid in full, in addition to any other remedies available at law or in equity.

24. No judgment or order against Reliance or its insureds entered after the date of filing of the Petition for Liquidation, and no judgment or order against Reliance entered at any time by default or by collusion, need be considered as evidence of liability or quantum of damages by the Liquidator.

25. No action or proceeding in the nature of an attachment, garnishment, or execution shall be commenced or maintained in this Commonwealth or elsewhere against Reliance or the Liquidator, or their assets.

26. All secured creditors or parties, pledges, lienholders, collateral holders or other person claiming secured, priority or preferred interests in any property or assets of Reliance are hereby enjoined from taking any steps whatsoever to transfer, sell, assign, encumber, attach,

dispose of, or exercise, purported rights in or against any property or assets of Reliance except as provided in 40 P.S. §221.43.

27. All references to "Reliance" herein shall include the former subsidiaries which were previously merged into Reliance Insurance Company with approval of the Commissioner, including Reliance National Indemnity Company, Reliance National Insurance Company, United Pacific Insurance Company, Reliance Direct Company, Reliance Surety Company, Reliance Universal Insurance Company, United Pacific Insurance Company of New York and Reliance Insurance Company of Illinois.

28. This Order shall be effective on the date of entry specified above and supercedes this Court's Order of May 29, 2001.

29. Further, this Order supercedes any order entered by this Court prior to 12:00 noon, October 3, 2001.

The Rehabilitator, through its counsel, is hereby directed to forthwith, serve a copy of this order upon all parties listed on the master service list via fax and/or e-mail and U.S. mail, if necessary. The Rehabilitator, through its counsel, is directed to file with the court in the Office of the Prothonotary, 9<sup>th</sup> Floor the Widener Building, 1339 Chestnut Street, Philadelphia, PA 19107, by 1:00 p.m. October 9, 2001 an affidavit, that service, as outlined above, has been effectuated.

  
JAMES GARDNER COLINS, Judge

**Reliance Insurance Company (In Liquidation)**

Three Parkway, 5<sup>th</sup> Floor

Philadelphia, PA 19102-1376

Direct Dial: (215) 864-4210

Facsimile: (215) 864-4141

Gail M. Burgess

Vice President, Associate General Counsel



**Reliance**

**VIA UPS NEXT DAY AIR**

June 16, 2005

Workers' Compensation Court  
1625 Eleventh Avenue  
Helena, MT 59624

**Re: Answer of Reliance Insurance Company (In Liquidation)  
to Summons and Notice of Attorney Fee Lien  
Robert Flynn and Carl Miller, individually and on Behalf of Others  
Similarly Situated, Petitioners, vs. Montana State Fund, Respondent/Insurer  
And Liberty Northwest Insurance Corporation  
Workers' Compensation Court of the State of Montana  
WCC No. 2000-0222**

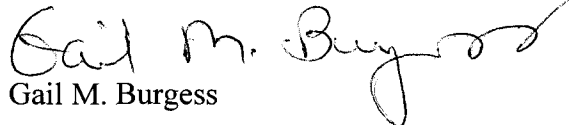
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To Whom It May Concern:

Enclosed for filing is the Answer of Reliance Insurance Company (In Liquidation) to the Summons and Notice of Attorney's Lien and Amended Notice of Attorney's Lien in the above matter. Kindly file the above document, and return a time-stamped copy in the enclosed self-addressed stamped envelope. Thank you.

If you have any questions, please feel free to contact me at the address and/or phone number referenced in the letterhead above.

Sincerely,

  
Gail M. Burgess

GB: lm

Enclosures