



3. This Court approved the Notice of the First Application on January 3, 2023, after which the Liquidator mailed the Notice to all known claimants on the same day, January 3, 2023. The Liquidator did not receive any objections to the Notice of the First Application.

4. On February 9, 2023, the Liquidator filed an Application for Approval of Final Accounting, Final Distribution and Recommendation for Disposition of Records Pursuant to 40 P.S. § 221.50, seeking this Court's approval of his final accounting, proposed final distribution, and his recommendation regarding the disposition of records.

5. By Order dated March 17, 2023, this Court, *inter alia*, approved the Liquidator's final accounting and authorized the Liquidator to distribute the assets of Lincoln in accordance with paragraph 6 of the First Application. The March 17, 2023, Order also directed the Liquidator to, after completing the final distribution of assets, file an application seeking discharge of the Liquidator in accordance with 40 P.S. § 221.48(a), and to notify the Court whether any administrative expenses remain unpaid and, if so, the amount, and whether any funds remain undistributed and in the possession and control of the Liquidator and, if so, the amount so remaining.

### **The Final Distribution and Proposed Discharge**

6. On April 18, 2023, checks were distributed to the various claimants to complete the final distribution of Lincoln's assets, as approved by this Court.

7. As indicated in the Notice of the First Application this Court approved by Order dated January 3, 2023, the Liquidator withheld \$190,000 from the final distribution for future administrative expenses. All of this amount has been spent on administrative expenses and there are no unpaid administrative expenses as of the date of this filing. However, the Liquidator knows there will be further pre- and post-discharge administrative expenses, such as salary and benefits, records storage and destruction, and the preparation and filing of a final tax return, through the first quarter of 2024. These future administrative expenses, which the Liquidator projects will be approximately \$300,000, will be paid by using \$321,792.85 that remains in the Liquidator's possession and control following the final distribution. This \$321,792.85 is investment income earned since September 30, 2022, which was the accounting period used for the Final Accounting approved by this Court. Accordingly, the Liquidator projects having approximately \$20,000 remaining in his possession and control when all pre- and post-discharge administrative tasks have been completed at the end of the first quarter of 2024.

8. In accordance with paragraph 4 of the March 17, 2023, Order referenced in paragraph 5 above, the Liquidator seeks approval to dispose of any

funds remaining in his possession as of a date certain following discharge, as well as any assets unexpectedly received after that date, in accordance with Section 547 of the Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended*, added by the Act of December 14, 1977, P.L. 280, 40 P.S. § 221.47.

9. As explained in paragraph 7, the Liquidator projects having approximately \$20,000 remaining at the close of the first quarter of 2024. The Liquidator, therefore, proposes 3/31/24 as the date certain following discharge at which point any and all remaining funds would be disposed of in accordance with 40 P.S. § 221.47.

10. This Court has authorized the Liquidator to dispose of post-discharge assets in accordance with 40 P.S. § 221.47 in other liquidation proceedings. For example, in the Rockwood Insurance Company and Reliance Insurance Company liquidations, this Court authorized the Liquidator to dispose of any post-discharge assets remaining in her<sup>1</sup> possession as of a date certain following the discharge, as well as any assets received after that date. (A copy of the Rockwood and Reliance Orders are attached hereto as Exhibit A). Alternatively, in the Legion and Villanova liquidation proceedings, this Court addressed the disposition of post-discharge assets with different language, albeit language that effectuates a substantively similar result. (See Exhibit B attached hereto for copies of the

July 25, 2019, Orders in the Legion Insurance Company and Villanova Insurance Company liquidation proceedings, which were amended by Orders dated July 31, 2019, to address the disposition of post-discharge assets).

### **The Lincoln Stock Trust**

11. By Order dated September 3, 2021, this Court approved the then Liquidator's Application for Approval of Restructuring Proposal.<sup>2</sup> The Stock Trust that was approved in the September 3, 2021, Order will be terminated in accordance with Section 5.01 of the Stock Trust Agreement, which provides:

The Trust shall terminate as soon as practicable after Lincoln General ceases to exist as a corporation under Pennsylvania law.<sup>3</sup>

12. Moreover, Lincoln's corporate existence will be dissolved at the time of discharge by operation of law in accordance with 40 P.S. § 221.22. Notwithstanding the termination provision in the Stock Trust Agreement and 40 P.S. § 221.22, to avoid any doubt, the Liquidator seeks a declaration from this Court that the discharge of the Liquidator will also terminate the Stock Trust.

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<sup>1</sup> When these Orders were entered, the Insurance Commissioner, and therefore Liquidator, was Jessica Altman.

<sup>2</sup> At that time the Insurance Commissioner, and therefore Liquidator, was Jessica Altman.

<sup>3</sup> The Application seeking Approval of Restructuring Proposal, the Order approving same, and the fully executed Stock Trust Agreement are attached hereto as Exhibits C, D, and E, respectively.

**Proposed Effective Date of Discharge Order**

13. For administrative ease, the Liquidator respectfully requests that any Order this Court may enter granting this Application that seeks discharge of the Liquidator be effective on the last day of the month in which said Order is entered.

**WHEREFORE**, in accordance with paragraph four of this Court's March 17, 2023 Order, the Liquidator files this Application and prays your Honorable Court that:

1. Michael Humphreys, in his official capacity as Acting Insurance Commissioner of the Commonwealth of Pennsylvania, and his predecessors in office, be discharged as Statutory Liquidator of Lincoln General Insurance Company (In Liquidation) and be released from any liability to make payment of any further claims.

2. Acting Insurance Commissioner Humphreys be authorized to dispose of any funds remaining in his possession post-discharge as of March 31, 2024, in accordance with Section 547 of the Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended*, added by the Act of December 14, 1977, P.L. 280, 40 P.S. § 221.47. In the unlikely event that any assets would be unexpectedly received after March 31, 2024, Acting Insurance Commissioner Humphreys be authorized to dispose of those assets in the same manner.

3. The discharge of the Liquidator will terminate the Stock Trust that was formed in accordance with this Court's approval of the Liquidator's Application for Approval of Restructuring Proposal.

4. That any Order this Court may enter granting this Application that seeks discharge of the Liquidator be effective on the last day of the month in which said Order is entered.

Respectfully Submitted,

*/s/ Preston M. Buckman*

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PRESTON M. BUCKMAN (I.D. #57570)  
Insurance Department Counsel  
Office of Liquidations, Rehabilitations and  
Special Funds  
Governor's Office of General Counsel  
Capital Associates Building  
901 N. Seventh Street  
Harrisburg, PA 17102  
(717) 886-2080

*Attorney for Michael Humphreys, Acting  
Insurance Commissioner of the  
Commonwealth of Pennsylvania, in his  
capacity as Statutory Liquidator of Lincoln  
General Insurance Company, In  
Liquidation.*

Dated: May 23, 2023

# EXHIBIT A

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Reliance Insurance Company       :           No. 1 REL 2001  
(In Liquidation)                               :

**ORDER**

AND NOW, this 29<sup>th</sup> day of November, 2021, upon consideration of the Application for Discharge of the Liquidator and Approval of Recommendation Regarding Disposition of Records (Discharge Application), it is ORDERED as follows:

1. Pursuant to Section 548 of Article V of The Insurance Department Act of 1921 (Article V), 40 P.S. §221.48(a),<sup>1</sup> Jessica K. Altman, in her official capacity as Insurance Commissioner of the Commonwealth of Pennsylvania, and her predecessors in office, are discharged as Statutory Liquidator of Reliance Insurance Company and are released from any liability to make payment of any further claims, effective January 31, 2022.

2. Pursuant to Section 522 of Article V, 40 P.S. §221.22, upon discharge of the Liquidator, Reliance Insurance Company shall be dissolved by operation of law.

3. Pursuant to Section 550 of Article V, 40 P.S. §221.50, effective as of the date of this Order, the Liquidator is authorized to dispose of the records of the Liquidator and Reliance Insurance Company as set forth in the Discharge Application. The records listed in Exhibit C to the Discharge Application shall be transferred to the Pennsylvania Insurance Department Office of Liquidations, Rehabilitations, and Special Funds. All other records may be destroyed and disposed

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<sup>1</sup> Act of May 17, 1921, P.L. 789, added by the Act of December 14, 1977, P.L. 280

of, and all data systems may be shut down, turned off, and disassembled effective as of the date of this Order. The records listed in Exhibit C may be destroyed when they no longer need to be retained for any post-discharge purpose.

4. The Insurance Commissioner is authorized to dispose of any funds remaining in her possession post-discharge as of December 31, 2023, and any funds received thereafter, in accordance with Section 547 of Article V, 40 P.S. §221.47.



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Bonnie Brigance Leadbetter  
President Judge Emerita

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

IN RE: Rockwood Insurance Company,       :  
In Liquidation                                :       No. 1 ROC 1990

**ORDER**

AND NOW, this 28<sup>th</sup> day of February, 2022 upon consideration of the foregoing Application Seeking Discharge of the Liquidator in Accordance with 40 P.S. § 221.48(a) ("Application"), it is ordered and decreed that:

1. Jessica K. Altman, in her official capacity as Insurance Commissioner of the Commonwealth of Pennsylvania, and her predecessors in office, are discharged as Statutory Liquidators of Rockwood Insurance Company (In Liquidation) and are released from any liability to make payment of any further claims.

2. The Liquidator is authorized to dispose of any funds remaining in her possession post-discharge as of September 1, 2022, in accordance with Section 547 of the Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, *as amended*, added by the Act of December 14, 1977, P.L. 280, 40 P.S. § 221.47. In the unexpected event that any assets are received after September 1, 2022, the Liquidator is authorized to dispose of those assets in the same manner.

  
\_\_\_\_\_  
**Bonnie Brigance Leadbetter,**  
**President Judge Emerita**

# EXHIBIT B

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Legion Insurance Company :  
(In Liquidation) : 1 LEG 2002

**AMENDMENT ORDER**

AND NOW, this 31<sup>st</sup> day of July, 2019, the Court's order in the above matter, filed July 25, 2019, is amended to reflect the following correction:

Page 1, Paragraph (3), should read as follows:

3. The Liquidator shall dispose of any funds that are uneconomic to distribute remaining in her possession and control after final discharge in accordance with the dictates of Sections 547 and 548 of Article V, 40 P.S. §§221.47, 221.48.

In all other respects, the order shall remain in effect.

  
\_\_\_\_\_  
MARY HANNAH LEAVITT, Judge

**Certified from the Record**

JUL 31 2019

**And Order Ext**

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Legion Insurance Company :  
(In Liquidation) : 1 LEG 2002

**ORDER**

AND NOW, this 25th day of July, 2019, upon consideration of the Application for Discharge of the Liquidator and Approval of Her Recommendation Regarding the Disposition of Records (Application), it is ORDERED that:

1. Pursuant to Section 548 of Article V of the Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, added by Section 2 of the Act of December 14, 1977, P.L. 280 (Article V), 40 P.S. §221.48, effective October 1, 2019, Jessica K. Altman, in her official capacity as Insurance Commissioner of the Commonwealth of Pennsylvania, is discharged as Statutory Liquidator of Legion Insurance Company (In Liquidation) and is released from any liability to make payment of any further claims.

2. Pursuant to Section 522 of Article V, 40 P.S. §221.22, effective October 1, 2019, Legion Insurance Company (In Liquidation) is dissolved by operation of law.

3. Pursuant to Section 548 of Article V, 40 P.S. §221.48, any undistributed funds remaining in the Liquidator's possession and control after final discharge will be transferred to the Office of the Comptroller, where they will be held in a designated account and disbursed by the Comptroller to cover the cost of wind-down activities related to the liquidation, such as document storage and destruction, preparation and filing of tax returns, and preparation and filing of final payroll documents for estate employees.

4. Pursuant to Section 550 of Article V, 40 P.S. §221.50, effective as of the date of this Order the Liquidator is authorized to dispose of the records of Legion in accordance with the recommendation attached to the Application as Exhibit A.



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MARY HANNAH LEAVITT, President Judge

**Certified from the Record**

JUL 25 2019

**And Order Exit**

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Villanova Insurance Company :  
(In Liquidation) : 1 VIL 2002

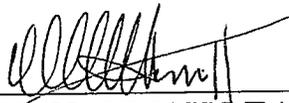
**AMENDMENT ORDER**

AND NOW, this 31<sup>st</sup> day of July, 2019, the Court's order in the above matter, filed July 25, 2019, is amended to reflect the following correction:

Page 1, Paragraph (3), should read as follows:

3. The Liquidator shall dispose of any funds that are uneconomic to distribute remaining in her possession and control after final discharge in accordance with the dictates of Sections 547 and 548 of Article V, 40 P.S. §§221.47, 221.48.

In all other respects, the order shall remain in effect.

  
\_\_\_\_\_  
MARY HANNAH LEAVITT, Judge

**Certified from the Record**

JUL 31 2019

**And Order Ext**

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Villanova Insurance Company :  
(In Liquidation) : 1 VIL 2002

**ORDER**

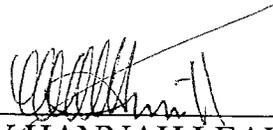
AND NOW, this 25th day of July, 2019, upon consideration of the Application for Discharge of the Liquidator and Approval of Her Recommendation Regarding the Disposition of Records (Application), it is ORDERED that:

1. Pursuant to Section 548 of Article V of the Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, added by Section 2 of the Act of December 14, 1977, P.L. 280 (Article V), 40 P.S. §221.48, effective October 1, 2019, Jessica K. Altman, in her official capacity as Insurance Commissioner of the Commonwealth of Pennsylvania, is discharged as Statutory Liquidator of Villanova Insurance Company (In Liquidation) and is released from any liability to make payment of any further claims.

2. Pursuant to Section 522 of Article V, 40 P.S. §221.22, effective October 1, 2019, Villanova Insurance Company (In Liquidation) is dissolved by operation of law.

3. Pursuant to Section 548 of Article V, 40 P.S. §221.48, any undistributed funds remaining in the Liquidator's possession and control after final discharge will be transferred to the Office of the Comptroller, where they will be held in a designated account and disbursed by the Comptroller to cover the cost of wind-down activities related to the liquidation, such as document storage and destruction, preparation and filing of tax returns, and preparation and filing of final payroll documents for estate employees.

4. Pursuant to Section 550 of Article V, 40 P.S. §221.50, effective as of the date of this Order the Liquidator is authorized to dispose of the records of Villanova in accordance with the recommendation attached to the Application as Exhibit A.



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MARY HANNAH LEAVITT, President Judge

**Certified from the Record**

JUL 25 2019

**And Order Exhib**

# EXHIBIT C

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Lincoln General Insurance Company :  
In Liquidation : No. 1 LIN 2015

**APPLICATION FOR APPROVAL OF RESTRUCTURING PROPOSAL**

Applicant, Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, in her official capacity as the Statutory Liquidator (“Liquidator”) of Lincoln General Insurance Company (“Lincoln” or “Estate”), in compliance with Pa. R.A.P. 3776, respectfully applies to this Court for an Order approving her Restructuring proposal (“Restructuring”). In support of this Application, the Liquidator avers the following:

**BACKGROUND**

1. Then Insurance Commissioner of the Commonwealth of Pennsylvania, Teresa D. Miller, was appointed Liquidator of Lincoln pursuant to this Court’s Order dated November 5, 2015 (“Liquidation Order”). Jessica K. Altman succeeded Ms. Miller in August 2017, and she is now the Insurance Commissioner of the Commonwealth of Pennsylvania and the Statutory Liquidator of Lincoln. The Liquidation Order directed the Liquidator to immediately take possession of Lincoln’s property, business and affairs as Liquidator, and to liquidate Lincoln in accordance with Article V of the Insurance Department Act of 1921, as amended (40 P.S. §§ 221 *et seq.*) (the “Act”), and to take such action as the interests of the policyholders, creditors or the public may require.

2. When placed into liquidation and currently, Lincoln is part of a holding company structure, whereby 100% of the stock of Lincoln is owned by Walshire Assurance Company

("Walshire"). Walshire, in turn, is wholly owned by LGIC Holdings, LLC. LGIC Holdings, LLC is owned by Tawa Associates Ltd. (49%) and Kingsway LGIC Holdings, LLC (51%). As part of the holding company structure, Walshire and Lincoln are members of a consolidated tax group for federal income tax purposes, under which Walshire is the tax paying entity and filer of the consolidated return(s).

3. Lincoln General will not have sufficient assets to pay any claims below class "d" in the liquidation. It is not known with any certainty how much longer the liquidation will continue as a result of the fact that there is at least one significant unresolved claim. Any claim that is wholly or partially unpaid will be discharged by the Court at the termination of the liquidation.

4. Walshire proposes to terminate its business operations and dissolve. Because Walshire is the common parent of the consolidated tax group, the dissolution of Walshire could lead to a change in ownership of Lincoln which, under § 382 of the Internal Revenue Code of 1986, as amended ("Code"), could adversely affect the significant net operating loss carryovers ("NOLs") held by Lincoln which may be used to offset future net income, thereby reducing tax liabilities.

5. NOLs arise, for federal income tax purposes, when deductible business expenses exceed income in any given tax year. § 172(c) of the Code. As a result of the large losses suffered by Lincoln during the final years of its independent operations and during its liquidation, approximately \$85 million of NOLs were accumulated and can generally be carried forward to the 2021 taxable year and later to absorb taxable income.

6. The proposed Restructuring will protect the existence of the remaining NOLs and allow the approximately \$85 million of NOLs to be available to Lincoln to reduce potential tax liabilities due to income generated by reserve reductions that may occur for a variety of reasons,

including as a result of the claims settlement process or because no valid POC was filed prior to the Claims Bar Date. The potential savings from the application of the NOLs involve millions of dollars. The Restructuring will satisfy the requirements of § 382(l)(5) of the Code so that the NOLs will not be subject to a limitation under § 382(a) after the Restructuring is implemented.

### **PROPOSED RESTRUCTURING**

7. The central element of the Restructuring is the transfer of the stock ownership in Lincoln from Walshire to selected creditors of Lincoln (“Qualified Creditors”) to be held in a Stock Trust on their behalf which will result in an ownership change, but one which will qualify for the bankruptcy exception under § 382(l)(5) of the Code, thereby preserving the NOLs of Lincoln for future use. The Qualified Creditors will receive no preference as to their claims against the Estate due to their new ownership status, and each of the Qualified Creditors will, in fact, cancel and forgive an amount equal to .1% of their indebtedness as approved by the Court in exchange for the Lincoln stock interests. It is expected that the transfer of Lincoln stock interests to Qualified Creditors in exchange for debt forgiveness will satisfy the rules in § 382(l)(5)(E) of the Code. The Qualified Creditors in classes “e”, “f” and “g”, as delineated in 40 P.S. § 221.44, are currently owed approved claims by Lincoln in the amount of \$3,907,342. A total of \$3,907.34 will be forgiven by the Qualified Creditors in exchange for the Lincoln stock interests. All of the claims arose in the ordinary course of Lincoln’s business prior to it being placed in liquidation. Furthermore, the Lincoln stock interests issued to the Qualified Creditors are anticipated to be worthless and will not provide the Qualified Creditors with any additional viable claim against the Lincoln estate as a result of the fact that assets will be insufficient for distributions to any creditors below priority class “d”. On the other hand, the issuance of the Lincoln stock to the Stock Trust is not intended to impose any cost or burden on the Qualified Creditors.

8. The first step in the proposed Restructuring is that Lincoln will execute a reverse stock split to reduce the total number of existing shares of common stock from 4.2 million to 3,907,342. All subsequent actions relating to the Restructuring will occur at the date designated for implementing the Restructuring (“Closing Date”), expected to occur on or prior to December 31, 2021.

9. On the Closing Date, Lincoln will redeem 100 percent of the outstanding Lincoln stock (3,907,342 shares) from Walshire for \$1. These elements of the Restructuring are set forth in the Redemption Agreement between Lincoln and Walshire, which is attached as Exhibit A and incorporated herein.

10. Also, on the Closing Date, Lincoln will issue 3,907,342 shares of Lincoln stock to the Stock Trust to be held on behalf of each of the Qualified Creditors listed in Exhibit C. The Qualified Creditors include creditors with approved claims in class “e” (claims under non-assessed policies for unearned premiums or other premium refunds and claims of general creditors), class “f” (claims of state and local governments) and class “g” (variety of other claims). As previously referenced, all of these classes are delineated in 40 P.S. § 221.44. Each Qualified Creditor will receive an interest in one share of stock through a Stock Trust for every dollar of their approved claim in exchange for the cancellation and forgiveness of indebtedness totaling .1% of such claim. For example, a Qualified Creditor with an approved claim of \$50,000 will receive an interest through the Stock Trust of 50,000 shares of Lincoln stock in exchange for forgiveness of \$50 of the debt so that the amount owed after the exchange will be \$49,950. The Lincoln stock interests issued to the Qualified Creditors through the Stock Trust will be restricted as to subsequent sale, transfer, or pledge. The Liquidator will be appointed as the Trustee of the Stock Trust and will

exercise any voting rights with respect to the Lincoln stock. The Stock Trust Agreement is attached as Exhibit B.

11. The Restructuring is not conditioned on the receipt of a favorable private letter ruling from the Internal Revenue Service. However, the Restructuring is conditional upon approval by this Court prior to the Closing Date and implementation. It is worth noting that a favorable private letter ruling was issued by the Internal Revenue Service in connection with a similar restructuring under § 382(l)(5) in 2016 by Reliance Insurance Company in Liquidation.

### CONCLUSION

12. The Liquidator believes that the proposed Restructuring is in the best interests of the Lincoln estate and its policyholders, claimants, and creditors. It preserves the substantial NOLs for the benefit of the Lincoln estate and allows Lincoln to control its own future regarding tax positions and negotiations with the Internal Revenue Service. As a result of the Restructuring, Lincoln will become its own tax filer and will no longer be part of a consolidated tax group.

WHEREFORE, the Liquidator respectfully requests that this Court enter an Order in the form attached hereto which:

a. Grants this Application approving the Restructuring proposal, such that, *inter alia*, the Restructuring proposal may be implemented any time after the later of (i) 45 days after the date of the Notice to Certain Creditors of Lincoln if no objections are filed, or (ii) if objections are filed, the date on which all objections are resolved by the Liquidator, and approves the following agreements necessary to implement the Restructuring:

- i. the Redemption Agreement attached as Exhibit A;
- ii. the Stock Trust Agreement attached as Exhibit B;
- iii. the amount of debt forgiveness described in Exhibit C, and

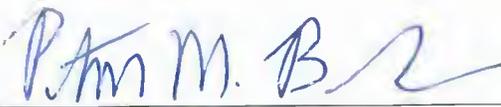
iv. the Notice to Certain Claimants contained in Exhibit D.

b. Approves the Liquidator's scope of service of the Notice, which shall include all parties on the master service list for this liquidation proceeding and all the creditors listed on Exhibit C to this Application.

c. Directs the Liquidator to mail the Notice as soon as practicable following the date of any Order approving this Application.

d. Authorizes the Liquidator to take all action necessary to execute, deliver, perform and implement all agreements identified above.

Respectfully submitted:

By: 

Preston M. Buckman (I.D. No. 57570)  
Insurance Department Counsel  
PA Office of General Counsel  
Capital Associates Building  
901 North 7<sup>th</sup> Street, Suite 201  
Harrisburg, PA 17102  
(717) 886-2080

Attorney for Jessica K. Altman, Insurance  
Commissioner of the Commonwealth of  
Pennsylvania, in her Official Capacity as  
Liquidator of Lincoln General Insurance  
Company (In Liquidation)

Dated: July 13, 2021

**VERIFICATION**

I, Laura L. Slaymaker, am authorized by the Insurance Commissioner of the Commonwealth of Pennsylvania, pursuant to 40 P.S. §221.23, to act on her behalf in her capacity as the Liquidator of Lincoln General Insurance Company.

I hereby verify that the facts set forth in the foregoing pleading are true and correct to the best of my knowledge, information and belief.

I understand that this Verification is made subject to the penalties of 18 P.S. §4904 relating to unsworn falsification to authorities.

**Laura Lyon**  
**Slaymaker**

Digitally signed by  
Laura Lyon Slaymaker  
Date: 2021.07.07  
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Laura L. Slaymaker

Deputy Insurance Commissioner

# **EXHIBIT A**

## **EXHIBIT A**

### **REDEMPTION AGREEMENT**

THIS REDEMPTION AGREEMENT (this “Agreement”) dated as of \_\_\_\_\_, 2021 is entered into by Walshire Assurance Company (“Walshire”) and Lincoln General Insurance Company in Liquidation (“Lincoln”).

### **BACKGROUND**

Walshire is an insurance holding company that owns 100% of the outstanding stock of Lincoln. Walshire and Lincoln have been filing a consolidated federal income tax return since October 20, 2009. On November 5, 2015, Lincoln was placed in Liquidation by the Commonwealth Court of Pennsylvania (“Court”) and the Commissioner of the Pennsylvania Insurance Department was appointed as the Liquidator. Lincoln is expected to remain in Liquidation for several more years while outstanding claims are resolved. The Walshire consolidated group has approximately \$85 million of Net Operating Loss (“NOL”) carryovers which are predominantly attributable to Lincoln.

Walshire has begun the process of liquidation and dissolution so that it can terminate its existence as a corporation for federal income tax purposes. The parties signed a Letter Agreement setting forth the expected steps dated December 13, 2020. Absent a restructuring, Walshire’s dissolution would have the effect of terminating the Walshire consolidated group and potentially eliminating the availability of NOL carryovers to reduce Lincoln’s taxable income for federal income tax purposes. In order to ensure that Lincoln will continue to be entitled to utilize the NOLs after the Walshire consolidated group terminates, the parties have agreed to enter into this Agreement and undertake a restructuring transaction (the “Restructuring”) through the following transactions all to be effective on the Closing Date (hereinafter defined) anticipated to be December 31, 2021, or an earlier date that ends on a quarter agreed to in writing by the parties. The Restructuring and underlying transactions are pursuant to an Application that will be approved by the Court. The Restructuring is intended to satisfy the requirements of Section 382(l)(5) of the Internal Revenue Code of 1986, as amended (the “Code”), so that the Lincoln NOLs will not be subject to a limitation under Section 382(a) of the Code after the Closing Date.

On the Closing Date, Lincoln will redeem all of the outstanding shares of Lincoln stock which are held by Walshire in exchange for \$1.00 of consideration (the “Redemption”). Walshire currently holds 4.2 million shares but this number may be reduced by a reverse stock split prior to the Redemption. Also on the Closing Date, Lincoln will reissue a certain number of treasury shares to a stock trust with the Liquidator as the trustee. The beneficiaries of the stock trust will be certain creditors who will receive their proportionate interest in the stock trust in exchange for the cancellation of 0.1% of their approved claims pursuant to a plan approved by the Court.

## AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, agreements, covenants and warranties hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Redemption of the Lincoln Shares. If the Court approves the reverse stock split described in the Application and it is proposed to occur prior to the redemption, Walshire agrees to adopt a shareholder resolution approving the reverse stock split (as approved by the Court) and file revised Articles of Incorporation for Lincoln with the Pennsylvania Secretary of State. Pursuant to this Agreement, on the Closing Date, Lincoln will redeem all of the outstanding shares of Lincoln stock which Walshire owns in exchange for \$1.00 of consideration. Walshire shall sell, transfer, convey, assign and deliver to Lincoln all right, title and interest in and to such shares, free and clear of all liens, encumbrances, security interests, pledges, options, claims and rights of others of any nature whatsoever. Effective upon the Closing Date, Walshire shall have no further rights or interests in such shares or as a shareholder of Lincoln, and hereby acknowledges and agrees that after redemption it will have no rights to distributions or dividends from Lincoln.

2. Issuance of Shares to Selected Lincoln Creditors. Pursuant to this Agreement, on the Closing Date, in consideration of the cancellation of 0.1% of the allowed claim owed by Lincoln to the selected creditor, Lincoln shall deliver shares of stock in Lincoln in an amount equal to one share for each dollar of the outstanding claim of a Qualified Creditor (defined below) to a stock trust with those same creditors as the beneficiaries. The selected Qualified Creditors, which may be from classes e, f or g, (see 40 P.S. § 221.44 for a description of said classes), will be identified on the application for approval to be filed with the Court. Creditors who hold claims that are identified as qualified indebtedness as described in Section 382(1)(5)(E) of the Code and Treas. Reg. Section 1.382-9 and are identified in the application for approval to be beneficiaries of the stock trust will be referred herein to as Qualified Creditors.

3. Closing Date. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place on December 31, 2021, or such other date that ends on a quarter as mutually agreed in writing by the parties hereto (the date of such Closing, the "Closing Date"), and the transactions contemplated by this Agreement shall be effective for all purposes as of the Closing Date (or such earlier agreed to date). The Closing shall take place at a place and time (or method such as via fax or .pdf via email) as the parties may agree in writing after, or contemporaneously with, the establishment of a definitive Closing Date.

4. Letter Agreement. All provisions of the Letter Agreement signed by both Walshire and Lincoln dated December 13, 2020 are incorporated into this Agreement, unless they are inconsistent with the specific provisions contained herein. (The Letter Agreement is attached hereto as Exhibit A).

5. Representations and Warranties of Walshire. Walshire represents and warrants, as of the date hereof and as of the beginning of the Closing Date, as follows:

(a) Walshire is the sole owner of the Lincoln stock. Walshire possesses all rights, title and interest in and to the Lincoln stock, free and clear of all liens, security interests,

pledges, encumbrances, claims, options and rights of others. There are no options, warrants, agreements, rights or other commitments of, or granted by, Walshire, which entitles or, if exercised, could entitle, any individual or entity to purchase or otherwise acquire any or all of the Lincoln stock, except pursuant to this Agreement.

(b) This Agreement is the legal, valid and binding obligation of Walshire, enforceable against Walshire in accordance with its terms. Walshire has full power and authority to transfer, sell and convey to Lincoln the shares of stock in Lincoln to be redeemed by Lincoln pursuant to the terms and conditions of this Agreement.

(c) As of the Closing Date, neither the Board of Directors of Walshire nor its shareholder has adopted articles of dissolution or filed articles or a certificate of dissolution with the Pennsylvania Secretary of State.

(d) Walshire has no knowledge (i) of any ownership change as that term is defined in Section 382 of the Code with respect to the shares of Lincoln since October 20, 2009 when Walshire and Lincoln began filing a consolidated federal income tax return, (ii) that there is an excess loss account under Treas. Reg. Section 1.1502-19 with respect to the stock of Lincoln, and (iii) of any outstanding tax liability with respect to the Walshire consolidated group, whether related to federal or other taxes. To the best of Walshire's knowledge, it has timely filed all consolidated federal income tax returns. Walshire has not agreed to any extension of the statute of limitations with respect to federal income tax returns with respect to any taxable years for which the statute remains open.

(e) Each of the foregoing representations and warranties is true and correct as of the date hereof and as of the Closing Date and shall survive the execution of this Agreement and the transactions contemplated herein.

6. Representations and Warranties of Lincoln. Effective upon the approval by the Court of this Agreement and the transactions and documents contemplated herein, Lincoln represents and warrants, as of the date hereof and as of the Closing Date, as follows:

(a) This Agreement is the legal, valid and binding obligation of Lincoln, enforceable against Lincoln in accordance with its terms.

(b) Each of the foregoing representations and warranties is true and correct as of the date hereof and as of the Closing Date and shall survive the execution of this Agreement and the transactions contemplated herein.

7. Covenants of the Parties.

(a) Walshire covenants as follows:

(i) It shall forego any loss recognized by it on the redemption and sale of its shares of stock of Lincoln including, without limitation, it shall not take a worthless stock deduction under Section 165 of the Code.

(ii) It shall take no action that reduces the amount of the NOLs allocable to Lincoln.

(iii) On or before the Closing Date of the Restructuring, it shall designate Lincoln as the agent for the Walshire consolidated group, effective upon the termination of Walshire's existence, and shall file the appropriate information with the Internal Revenue Service (the "IRS") under Treas. Reg. Section 1.1502-77 in a timely manner and for all tax years ending on or before the Closing Date for which the statute of limitations on assessment is open as of the Closing Date.

(iv) If the Closing Date occurs in the 2021 calendar year and the designation of Lincoln as the new agent is not effective as of the day an extension on Form 7004 must be filed, Walshire must file an extension on Form 7004 with respect to the filing of the Walshire consolidated return for the 2021 consolidated return year. If the designation of Lincoln as the new agent is not effective as of October 15, 2022 or any earlier date on which the last consolidated return is required to be filed, Walshire must file the consolidated return for the period ending on the Closing Date on behalf of the Walshire consolidated group in a timely manner and only after review and approval by Lincoln. These same rules apply with modified appropriate due dates in the unlikely event that the Closing Date does not occur until the 2022 calendar year.

(v) For the taxable year in which the Redemption occurs, which is expected to be either 2021 or 2022, Walshire shall file a consolidated return ending on the Closing Date unless paragraph 7(b) applies. If the Closing Date is not on December 31 of the year of the Redemption, then Walshire shall file a separate, non-consolidated return for that tax year that does not include Lincoln for the period after the Closing Date until December 31 of that year.

(b) Lincoln covenants that it shall file the final consolidated federal income tax return (or any other consolidated federal income tax return) if the return is required to be filed after its designation by Walshire as the new agent for the group is effective. In the final consolidated return, Lincoln (or Walshire if filed by Walshire) shall make all elections determined to be necessary under Treas. Reg. Section 1.1502-36 so that Lincoln is not subject to any attribute reduction under Treas. Reg. Section 1.1502-36(d).

(c) Covenant of Walshire and Lincoln. Any tax sharing agreement including, without limitation, that certain Tax Sharing Agreement, dated as of October 20, 2009, by and among Walshire and Lincoln, among or between any of Walshire and Lincoln or their respective successors and assigns heretofore in effect or informally agreed upon shall terminate effective as of the Closing Date, and none of such parties shall be entitled after the Closing Date to make any claim under any such agreement. All parties shall provide commercially reasonable cooperation (i) in responding to any IRS inquiries and (ii) in order to complete and submit any tax returns for open tax years.

#### 8. Conditions to Closing and Closing Deliverables.

(a) The parties' obligations to effect the transactions are subject to the approval by the Court of this Agreement and all the transactions contemplated hereby.

(b) At the Closing on the Closing Date, Walshire shall deliver a certificate of an officer of Walshire, dated as of the Closing Date and signed by an executive officer of Walshire, certifying copies of the resolutions duly adopted by the board of directors of Walshire authorizing the execution, delivery and performance by Walshire of this Agreement, and the consummation of the Restructuring and the transactions contemplated by this Agreement including, without limitation, specifically the sale of the shares of stock in Lincoln to Lincoln (which such certificate shall include a representation as to the incumbency and signatures of the officer of Walshire executing the transaction documents Walshire executes).

(c) At the Closing on the Closing Date, Lincoln shall deliver:

(i) \$1.00 in cash to Walshire for the Redemption;

(ii) a stock certificate for shares of stock in Lincoln to the stock trust;

(iii) the Stock Trust Agreement, if determined to be necessary, each executed by Lincoln and the Trustee;

(iv) a Shareholders Agreement, if determined to be necessary, with certain creditors expected to become 5% shareholders on the Closing Date through the stock trust; and

(v) a copy of the order of the Court authorizing this Agreement, the Restructuring and the transactions contemplated by this Agreement.

9. Further Assurances. At any time and from time to time after the date hereof, at the other party's request and without further consideration, each party shall promptly execute and deliver all such further agreements, certificates, instruments and documents, or perform such further actions, as the other party may reasonably request, in order to fully consummate the transactions contemplated hereby and to carry out the purposes and intent of this Agreement.

10. Termination. The parties may terminate this Agreement prior to the Closing Date only upon (i) the failure of either of the conditions in Section 7(a) of this Agreement by the Closing Date, (ii) a material breach by any party which such breach is not cured or waived in writing within 30 days of written notice of such breach or (iii) mutual written consent of the parties. If this Agreement is terminated for any of the foregoing reasons, this Agreement shall become wholly void and of no force or effect, without any liability or further obligation on the part of any party, except with respect to the party making the material breach resulting in the termination pursuant to clause (ii) of this Section 10.

11. Assignment. This Agreement is binding upon, inures to the benefit of, and is enforceable by the parties hereto, and their respective successors, agents and assigns.

12. Miscellaneous.

(a) This Agreement may be executed in counterparts, including by electronic or facsimile transmission, each of which shall be deemed an original, and all of which together shall constitute one and the same document.

(b) Any claims, controversies, disputes, or differences among the parties hereto or any persons hereby shall be resolved by and in the Court. This Agreement and all documents entered into in connection with the transactions contemplated by this Agreement (other than those containing a contrary express choice of law provision) shall be governed by and construed in accordance with the internal laws (and not the law of conflicts) of the Commonwealth of Pennsylvania. The parties hereto consent to the jurisdiction of the Court with respect to any action arising out of or in connection with this Agreement.

(c) This is the entire agreement among the parties with respect to the subject matter hereof and it may not be terminated, modified or amended except in a writing executed by each party hereto. This Agreement supersedes all prior written and/or oral agreements and understandings among the parties with respect to its subject matter.

(d) No provision of this Agreement shall be construed against or in favor of any party hereto because such party's counsel drafted, revised, commented upon or did not comment upon, such provision.

(e) No delay on the part of any party in exercising any right, power or privilege hereunder, or any single or partial exercise of any right, power or privilege hereunder shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

*(Signature Page to Redemption Agreement)*

LETTER AGREEMENT EXHIBIT A  
TO REDEMPTION AGREEMENT



Laura Lyon Slaymaker, Esq.  
Deputy Insurance Commissioner  
Pennsylvania Insurance Department  
Office of Liquidations, Rehabilitations and Special Funds  
Capitol Associates Building  
901 N. 7th Street  
Harrisburg PA 17102

December 13, 2020

**Re: Planned Winding Up of Walshire Assurance Company**

Dear Ms. Slaymaker:

This Letter Agreement memorializes the understanding of Walshire Assurance Company, a Pennsylvania general business corporation ("Walshire"), and the Pennsylvania Insurance Department with respect to the proposed dissolution and winding up of Walshire.

Walshire is the sole shareholder of Lincoln General Insurance Company ("Lincoln"), a Pennsylvania domestic insurance company now in liquidation in Pennsylvania. The Pennsylvania Insurance Commissioner, pursuant to Pennsylvania law, acts as the liquidator of Lincoln.

Walshire and Lincoln are parties to a Tax Allocation Agreement dated October 20, 2009, pursuant to which Walshire has filed consolidated federal tax returns each year on behalf of both companies. The agreement pre-dates the commencement of the liquidation of Lincoln, but Walshire has continued to file a consolidated return since Lincoln entered liquidation.

Walshire is making plans for its winding up and dissolution and has had discussions with Lincoln about its plans. The winding up of Walshire could have the undesired consequence of Lincoln's not being able to use, going forward, any remaining net operating losses to offset any profits that may be generated in its operations. To avoid that result, Lincoln and Walshire propose to follow the following course of action:

1. Walshire will shortly make the filings to get tax clearance for its winding up from the Commonwealth of Pennsylvania. It is anticipated that tax clearance will not be forthcoming for six to 12 months. The filing will be substantially in the form attached as an exhibit to this letter and the response to question 6 shall not be changed without the consent of Lincoln.



2. Lincoln will prepare an agreement to redeem the shares that Walshire holds in Lincoln for a nominal sum. To facilitate both parties' federal tax filings, Walshire and Lincoln will aim to make the redemption at the end of a calendar quarter (*i.e.*, March 31, June 30, September 30, or December 31).
3. Immediately upon redemption, new shares will be issued to specified creditors of Lincoln (still to be identified). It is anticipated that the procedure will preserve for Lincoln the use of the net operating losses. The implementation of this plan will require the approval of the Commonwealth Court of Pennsylvania overseeing the Lincoln liquidation. Lincoln estimates that it will take approximately six months from the date of this letter to draft the necessary documentation and obtain court approval, should such approval be forthcoming, although both parties recognize that the estimated timeframe for this process could be extended up to an additional six months. This process will be considered concluded when Walshire no longer has any ownership interest in Lincoln.
4. After the redemption of the Walshire shares in Lincoln and the receipt of tax clearance, Walshire will effect the formalities required to dissolve Walshire. Those are expected to include:
  - a. a board resolution
  - b. a shareholder resolution
  - c. notices to creditors (by publication and direct notice to those known to Walshire of which there are not expected to be any), and
  - d. filing of articles of dissolution with the Pennsylvania Secretary of State.
5. Although the timeframes for redeeming shares and for Walshire's obtaining tax clearance are similar, it is quite possible that Walshire will get tax clearance before the shares are redeemed. In that case, Walshire will delay taking the steps outlined in paragraph 4 as may be necessary to allow for the redemption of shares to precede the commencement of formalities (other than tax clearance) to effect the winding up and dissolution of Walshire. That sequencing of events is important to allow the preservation for Lincoln of any net operating losses.
6. Walshire presently has around \$13,000 in its bank accounts. It will retain around \$5,000 in its bank accounts until after the Lincoln shares have been redeemed. That step will provide further support to the Company's being deemed a going concern for tax purposes until after the share redemption has occurred.
7. The parties acknowledge that the Walshire liquidation is being effected in part as part of the planned winding up of Tawa Associates Limited ("Tawa") in England. Tawa indirectly controls a majority interest in Walshire. Walshire will cooperate in taking reasonable steps to assist Lincoln in preserving its net operating losses. However, if unforeseen delays beyond those set out in this letter occur, such as if the Commonwealth Court declines to approve the plans for redemption of shares, or if some other, unanticipated event occurs frustrating the plans of the parties, then Walshire may need to proceed with its winding up despite such intervening event(s), and it reserves the right to do so. Lincoln reserves its rights to take any steps it deems necessary to preserve its net operating losses. .



8. In addition to this Letter Agreement, Walshire and Lincoln intend to enter into a Redemption Agreement in the near future which will, among other things, incorporate the terms of this Letter Agreement. In the unanticipated event that the parties are unable to reach agreement on the terms of a Redemption Agreement, the parties, while reserving all rights, will make a good faith effort to consult and cooperate with each other to effectuate the dissolution of Walshire in a manner that preserves Lincoln's net operating losses.

If you would confirm that this Letter Agreement correctly sets forth the understanding of Lincoln as to the action plan that Walshire and Lincoln will implement relating to the winding up of Walshire and redemption of its shares in Lincoln, that would be much appreciated.

Sincerely yours,

Marvin D. Mohn  
President

This Letter Agreement accurately sets out the understanding of the parties

Laura Lyon Slaymaker, Esq.  
Deputy Insurance Commissioner  
Pennsylvania Insurance Department

# **EXHIBIT B**

**EXHIBIT B**

**STOCK TRUST AGREEMENT**

By and Between

Lincoln General Insurance Company (In Liquidation), as Trustor

and

The Liquidator (or her designee) of Lincoln General Insurance Company (In Liquidation), as  
Trustee

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## STOCK TRUST AGREEMENT

This Stock Trust Agreement, dated as of \_\_\_\_\_, 2021 is by and between Lincoln General Insurance Company (in Liquidation) (“Lincoln General”) as Trustor, and Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, solely in her capacity as the Statutory Liquidator of Lincoln General, as Trustee.

### RECITALS

WHEREAS, on November 5, 2015, then Insurance Commissioner of the Commonwealth of Pennsylvania, Teresa D. Miller, was appointed Liquidator of Lincoln General pursuant to the Order of the Commonwealth Court of Pennsylvania (“Court”). Jessica K. Altman succeeded Ms. Miller in August 2017 and she is now the Insurance Commissioner of the Commonwealth of Pennsylvania and the Statutory Liquidator of Lincoln General. The Liquidation Order directed the Liquidator to immediately take possession of Lincoln’s property, business and affairs as Liquidator, and to liquidate Lincoln in accordance with Article V of the Insurance Department Act of 1921, as amended (40 P.S. §§ 221 et seq.) (the “Act”), and to take such action as the interest of the policyholders, creditors or the public may require.

WHEREAS, since 2009, Lincoln General and Walshire Assurance Group (“Walshire”) have joined in a consolidated group pursuant to which Walshire filed consolidated federal income tax returns with Lincoln General. As a result of Walshire’s expected dissolution, and subject to Court approval, Lincoln General will engage in a Restructuring Transaction described in section 382(l)(5) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as “the Code”). Lincoln General will file an Application for Approval of the Restructuring Proposal with the Court in which it will also seek approval of this Stock Trust Agreement.

WHEREAS the central element of the Restructuring Transaction is the transfer of all of the stock ownership in Lincoln General from Walshire to selected creditors of Lincoln General (“Qualified Creditors”) in exchange for the cancellation of a portion of their approved claim. The Lincoln General stock will be held in this Trust on their behalf and will result in an ownership change of Lincoln General for purposes of section 382 of the Code, but one which will qualify for the bankruptcy exception under §382(l)(5) of the Code, thereby preserving the net operating losses of Lincoln General for future use. The Lincoln General stock is expected to be held in this Trust until Lincoln General is dissolved at the termination of its liquidation proceeding.

NOW, THEREFORE, it is hereby declared and agreed by the parties hereto, in accordance with the Application to be granted in connection with the Approval of the Restructuring Proposal by the Court which includes approval of this Stock Trust Agreement, as follows:

**ARTICLE I**  
**DEFINITIONS**

In addition to the definitions set forth above, the following definitions shall apply to the capitalized terms in this Stock Trust Agreement.

“Application” means the Application to Approve the Restructuring Proposal.

“Beneficiaries” means the creditors listed in Exhibit C of the Application to Approve the Restructuring Approval and attached to this Agreement.

"Representative" means any consultants or agents of the Trust employed pursuant to Section 4.02 of this Agreement, and each of their respective officers, directors, employees and agents.

“Stock Trust Assets” means 3,907,342 shares of Lincoln General common stock.

"Trust" means the Stock Trust.

“Trustee” means the Insurance Commissioner of the Commonwealth of Pennsylvania in her sole capacity as the Statutory Liquidator of Lincoln General or her designee.

**ARTICLE II**  
**THE TRUST**

Section 2.01. Transfer of the Trust Estate.

- (a) Pursuant to the Application, Lincoln General hereby transfers, conveys and assigns to the Trustee, the Stock Trust Assets to be held in trust for the benefit of the Beneficiaries, upon the terms and conditions set forth herein and in the Application. Lincoln General shall execute and deliver to the Trustee such instruments as may be necessary or appropriate to effect or confirm the foregoing transfer of the Stock Trust Assets to the Trustee.
- (b) Except as expressly provided herein and in the Application, the Trustee shall not assume or otherwise become liable for any obligations or liabilities, whether primary or secondary, direct or indirect, absolute or contingent, of Lincoln General.

Section 2.02. Declaration of Trust.

The Trustee hereby declares and agrees that she will hold the Stock Trust Assets in trust for the use and benefit of the purpose of the Trust, upon the terms and conditions set forth herein

and in the Application. Subject to the approval of the Trust by an order of the Court (“Approval Order”), the Stock Trust Assets shall be subject to the Trust hereby created immediately upon the execution of this Stock Trust Agreement by Lincoln General and the Trustee, without any further act on the part of either party or by any other person.

#### Section 2.03. Purpose of Stock Trust.

The purpose of the Trust is to hold the Stock Trust Assets for the benefit of the Beneficiaries until the Trust is terminated. The activities of the Trustee shall be limited to those reasonably necessary for and consistent with the accomplishment of such purposes. The Trustee shall receive, preserve and protect the Stock Trust Assets, and, if any, collect the proceeds, profits, products, and income therefrom and transfer and hold and distribute the same as required by the Application. The Trustee shall not use the Stock Trust Assets to operate a trade or business, and as set forth in Section 2.04 hereof, the Trust has and shall have no objective to continue or engage in the conduct of any trade or business. The interests in the Stock Trust may not be transferred, sold or pledged by the Beneficiaries without the written permission of the Trustee.

#### Section 2.04. Tax Treatment of Trust.

It is intended and agreed that the Trust shall be classified for Federal, state, local or other income tax purposes as a grantor trust under section 671 et. seq. of the Code and all taxable income and loss of the Trust (whether allocated to income or principal for state law or accounting purposes) shall be allocable to the Beneficiaries for such tax purposes as the grantors/owners of the Trust. It is not anticipated that the Trust will have any income as a result of the insolvent status of the Lincoln General estate. For the same reason, it is not anticipated that the Stock Trust Assets will have any fair market value at the time they are contributed to the Stock Trust. The transfer of Stock Trust Assets to the Trust by Lincoln General shall be treated for such tax purposes as a distribution of such assets from Lincoln General to the Beneficiaries in exchange for the forgiveness of indebtedness described in the attachment and then a contribution by the Beneficiaries of the assets to the Stock Trust. All questions of interpretation relating to the terms of the Trust shall be resolved accordingly, notwithstanding any provision herein to the contrary. If any, all of the net income in the Trust will be held for the benefit of the Beneficiaries as the grantors/owners under section 677 of the Code.

The Trustee shall not take any action that shall affect adversely such tax treatment of the Trust as a trust, including without limitation using any part or all of the trust estate to operate a trade or business. None of the rights, obligations, powers and authority granted to the Trustee under this Trust agreement or by law shall apply or be exercised with respect to the Trust in a manner that prevents any part of the Trust from qualifying for such tax treatment.

### **ARTICLE III**

#### **ADMINISTRATION OF STOCK TRUST**

Section 3.01. Receipt, Investment and Disposition of Stock Trust Assets.

(a) Pursuant to the Application, the Stock Trust Assets shall be transferred to the Stock Trust.

(b) If necessary, the Trustee, at such times and in such name as she deems necessary or appropriate, subject to any required Court or other approval under the Application, shall sell, transfer, assign and otherwise dispose of all or any part of the Stock Trust Assets requiring liquidation as she deems appropriate, at public or private sale and for such consideration whether in the form of cash, securities, notes or other forms of credit, or any combination thereof, and on such terms as she may determine, and apply the proceeds thereof, if any, after payment of the reasonable and necessary costs of such sale, transfer, assignment or disposition in accordance with the provisions of Sections 3.02 and 3.03 herein.

Section 3.02. Costs, Expenses, Charges and Reserves of the Stock Trust:

The Trustee shall pay all costs, charges and expenses incurred by the Trustee in connection with the execution or administration of the Trust with funds from the Lincoln General estate.

Section 3.03. Distributions.

During the term of the Trust, no gross income is anticipated, and no distributions are anticipated. However, if there are available funds, the Trustee shall distribute all proceeds, profits, products, and net income of the Trust in such amounts on an annual basis.

Section 3.04. Tax Reporting Obligations.

During the existence of the Stock Trust, the Trustee shall provide information (if any) to the Beneficiaries and file Form 1041 "U.S. Income Tax Return for Estates and Trusts," if required by Treas. Reg. section 1.671-4(a). In general, Form 1041 is only required to be filed if the Trust has \$600 of gross income, any amount of taxable income or a beneficiary who is a nonresident alien. However, it is not expected that the Trust will have any gross income.

## **ARTICLE IV**

### **THE TRUSTEE**

Section 4.01. Powers of Trustee.

In addition to any powers conferred upon her elsewhere in this Trust Agreement, the Trustee shall have the following specific powers, subject however, to the terms of the Trust and the Application and to other limitations set forth herein, including without limitation the terms of Sections 2.04 and 3.01 above:

- (a) To do and perform any acts or things necessary for the conservation and protection of the Stock Trust Assets.
- (b) To approve in writing the transfer of an interest in the Stock Trust held by a Beneficiary, if it is determined that the transfer will not cause material adverse tax consequences to the Lincoln General estate.
- (c) To retain any Stock Trust Assets, whether or not such Assets are, or may become, unproductive, underproductive or wasting, or whether such assets, if considered to be investments, might be considered to be speculative or illiquid.
- (d) To demand, collect and receive any and all money, property or entitlements due, owing or belonging to the Trust and to give full discharge and acquittance therefor.
- (e) To cause any investments constituting Stock Trust Assets to be registered and held in the name of the Trustee or in the name of a nominee without increase or decrease of liability with respect thereto.
- (f) To institute or defend suits, actions or proceedings and to take such other action in the name of the Trust, as the Trustee may deem necessary or desirable to enforce any instruments, contracts, agreements or causes of action relating to or forming a part of the Stock Trust Assets.
- (g) To vote by proxy or otherwise, and with full power of substitution, all shares of stock held by the Trustee hereunder and to exercise every power, election, discretion and option and give every notice, make every demand, and to do every act and thing in respect to any shares of stock held by the Trustee which the Trustee might or could do if she were the absolute owner thereof.
- (h) To undertake or join in any liquidation of Lincoln General whose stock is held as Stock Trust Assets.
- (i) To have prepared and filed all necessary tax returns and reports for the Stock Trust, including any returns or forms required for a grantor trust under the Code and consistent with Section 3.04.
- (j) To withhold all applicable taxes from any distribution made to any recipient, if the Trustee reasonably believes that the Trustee is or may be required to withhold such taxes, and to distribute such withheld amount either to: (i) the appropriate governmental agency responsible for the collection of such taxes; or (ii) to the person from whom such taxes were withheld, but only upon presentation to the Trustee of a final, non-appealable order from a court or from the governmental agency responsible for the collection of such taxes.

- (k) To execute and deliver any and all instruments or writings which the Trustee may deem advisable to carry out any of the foregoing powers; and no party to any such instrument or writing shall be obligated to inquire into its validity.
- (l) The enumeration of the foregoing powers shall not be considered in any way to limit or control the power of the Trustee to act as specifically authorized by any other provisions of this Stock Trust Agreement and to act in such manner as the Trustee may deem necessary or appropriate to conserve and protect the Stock Trust Assets. The Trustee shall exercise her powers in a manner that is consistent with the terms of the Application. In connection with the exercise of any of the powers of the Trustee granted in this Stock Trust Agreement, the Trustee may obtain the approval of the Court for the exercise of any such powers whenever she, in her sole discretion, deems such approval necessary or appropriate to carry out her rights, duties and obligations hereunder.

#### Section 4.02. Appointments, Delegation and Bonds.

(a) The Trustee may also delegate and permanently assign all of her duties, functions, rights, and obligations hereunder to a third party, provided that such third party agrees to faithfully perform such duties, functions, rights and obligations.

(b) The Trustee shall not be required to post a bond or other security for the faithful performance of the Trustee's obligations under this Stock Trust Agreement.

#### Section 4.03. Term of Service; Appointment of Successor Trustee.

Any person who becomes the Insurance Commissioner of the Commonwealth of Pennsylvania shall be deemed to be a successor Trustee of the Trust hereby created, provided that the prior Trustee has not already delegated and assigned the Trustee duties and obligations to a third party with such third party's consent. Upon the appointment of such successor Trustee, all rights, obligations, power and authority of the former Trustee under this Stock Trust Agreement shall be vested in and undertaken by the successor Trustee without any further act on the part of Lincoln General, the Liquidator, or the Court. No successor Trustee shall be liable for any act or omission of any predecessor Trustee. In the event of resignation or removal of any successor Trustee appointed by the Liquidator or her successor in interest, the Insurance Commissioner of the Commonwealth of Pennsylvania will become or will appoint a new Trustee of the Trust.

#### Section 4.04. Compensation and Expenses of Trustee.

The Trustee shall not receive compensation for her services pursuant to this Stock Trust Agreement.

#### Section 4.05. Liability of Trustee.

The Trustee is acting as Trustee of the Trust solely in her capacity as Liquidator of Lincoln General and not individually. The Trustee shall have no personal liability for any obligations under this Stock Trust Agreement. The Trustee shall be entitled to rely and shall be protected in acting or refraining to act upon any resolution, certificate, instrument, opinion, report, consent, order, approval or other document reasonably believed by her to be genuine and to have been executed and delivered to the proper person or persons. The Trustee may consult with counsel and shall be protected in acting upon the advice of any such counsel with respect to any action which is not contrary to the express provisions of this Stock Trust Agreement and which are undertaken by the Trustee in good faith and in accordance with such advice of counsel. The Trustee shall not be liable for any act or omission of any Representative of the Trust. All actions taken and determinations made by the Trustee, unless otherwise contrary to the provisions of this Stock Trust Agreement or the Application, shall be final and binding upon all persons having any interest in the Stock Trust Assets.

#### Section 4.06. Reliance by Persons Dealing with Trust.

Any person dealing with the Trustee may rely in good faith upon any certificate or other instrument signed by the Trustee or any officer or Representative of the Trust whose authority is evidenced by a certificate or other instrument signed by the Trustee, without the necessity of further inquiry by such person into the authority of such Trustee, officer or Representative to act on behalf of the Stock Trust.

### **ARTICLE V**

#### **GENERAL PROVISIONS**

##### Section 5.01. Termination.

The Trust shall terminate as soon as practicable after Lincoln General ceases to exist as a corporation under Pennsylvania law.

##### Section 5.02. Irrevocability.

The Trust shall be irrevocable.

##### Section 5.03. Further Assurances.

Lincoln General and such persons as shall have the right and power to act on its behalf shall take such actions and deliver such certificates and other documents as the Trustee may reasonably request in order to effectuate, perfect, confirm and evidence the transfer and assignment to the Trustee of the Stock Trust Assets and the validity and efficacy of such transfer and assignment.

Section 5.04. Entire Agreement.

The Stock Trust Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof.

Section 5.05. Severability.

If any provision of this Stock Trust Agreement is determined to be invalid or unenforceable, such determination shall not limit or affect the validity or enforceability of any other provisions of this Stock Trust Agreement.

Section 5.06. Amendment.

This Stock Trust Agreement may be amended by an instrument signed by the Trustee, provided that any such amendment shall be consistent with the Application and shall become effective only with the approval of the Court, after such notice and hearing as the Court may direct.

Section. 5.07. Binding Effect.

This Stock Trust Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of Lincoln General and the Trustee.

Section 5.08. Governing Law.

This Stock Trust Agreement shall be governed and construed in accordance with the provisions, purpose and intent of the Plan and in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law thereof that may require the application of the law of any other state.

Section 5.09. Readings, Gender and Person.

All Section headings contained in this Stock Trust Agreement are for convenience of reference only, do not form a part of this Stock Trust Agreement and shall not affect in any way the meaning or interpretation of this Stock Trust Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

Section 5.10. Counterparts.

This Stock Trust Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Lincoln General and the Trustee have executed this Stock Trust Agreement on the date set forth above.

TRUSTOR:

Jessica K. Altman, solely in her capacity as Statutory Liquidator, on behalf of Lincoln General Insurance Company (In Liquidation)

By: \_\_\_\_\_  
Laura L. Slaymaker  
Deputy Insurance Commissioner

TRUSTEE:

Jessica K. Altman, solely in her capacity as Statutory Liquidator of Lincoln General Insurance Company (In Liquidation)

By: \_\_\_\_\_  
Laura L. Slaymaker  
Deputy Insurance Commissioner

# EXHIBIT C

# EXHIBIT C

Lincoln General Insurance Company (in Liquidation)

Priority Class E Claims

As of 10/16/20

Claimant Name	Class	POC Type	POC Number	Amount Claimed	NOD Mailed	Approved Amount	Debt Forgiven (.1%)	Remaining Approved Allocated Shares in		5% Shareholders (Interest in 195,367 shares or more)
								Amount	Stock Trust	
Blunck & Walwood, LLC	E	GEN CRED	1153	2,190.46	6/10/2016	2,190.46	2,190.46	2,188.27		2190
Smart Devine LLC	E	GEN CRED	1159	76,938.18	7/22/2016	76,938.18	76,938.18	76,861.24		76938
Heyl, Royster, Voelker & Allen	E	GEN CRED	1161	3,183.69	7/22/2016	3,183.69	3,183.69	3,180.51		3184
WFBM, LLP	E	GEN CRED	1162	418.00	6/10/2016	418.00	0.418	417.58		418
Jeansonne & Remondet, LLC	E	GEN CRED	1163	828.00	6/10/2016	150.00	0.15	149.85		150
Harmon, Clayton, Corrigan & Wellman	E	GEN CRED	1164	1,632.90	6/10/2016	1,632.90	1,632.90	1,631.27		1633
John Devlin & Associates	E	GEN CRED	1166	14,293.01	5/3/2016	14,293.01	14,293.01	14,278.72		14293
Samuelson, Gonzalez, Valenzuela & Brown	E	GEN CRED	1167	1,894.10	6/10/2016	1,894.10	1,894.10	1,892.21		1894
Bradford & Barthel LLP	E	GEN CRED	1168	8,377.35	6/10/2016	8,377.35	8,377.35	8,368.97		8377
Liedle, Lounsbury, Larson & Lidl, LLP	E	GEN CRED	1170	4,567.50	5/3/2016	4,567.50	4,567.50	4,562.93		4568
Etcheverry Harrison, LLP	E	GEN CRED	1175	19,759.54	6/14/2016	18,680.14	18,680.14	18,661.46		18680
Fischer Schrader LLP	E	GEN CRED	1177	694.00	6/10/2016	694.00	0.694	693.31		694
Mauro, Lilling, Naparty, LLP	E	GEN CRED	1190	477.50	7/22/2016	477.50	0.4775	477.02		478
Liedle, Lounsbury, Larson & Lidl, LLP	E	GEN CRED	1191	418.00	7/22/2016	418.00	0.418	417.58		418
Murchinson & Cummings LLP	E	GEN CRED	1194	12,316.30	7/22/2016	12,316.30	12,316.30	12,303.98		12316
Murchinson & Cummings LLP	E	GEN CRED	1195	3,673.80	12/4/2017	3,673.80	3,673.80	3,670.13		3674
John Desch & Associates, Inc.	E	GEN CRED	1196	2,035.00	7/22/2016	2,035.00	2,035	2,032.97		2035
McAllister Law Group	E	GEN CRED	1242	3,573.21	7/22/2016	3,573.21	3,573.21	3,569.64		3573
Forcon International Corp.	E	GEN CRED	1252	4,904.02	10/27/2016	4,904.02	4,904.02	4,899.12		4904
Alongi and Associates, LLC	E	GEN CRED	1272	2,689.30	10/31/2016	2,689.30	2,689.30	2,686.61		2689
Castle & Decker	E	GEN CRED	1273	375.00	10/27/2016	375.00	0.375	374.63		375
Insurance Consultancy, LLC	E	GEN CRED	1312	21,211.65	8/23/2016	21,211.65	21,211.65	21,190.44		21212
Goldman Magdalin & Krikes LLP	E	GEN CRED	1314	1,950.30	10/31/2016	1,950.30	1,950.30	1,948.35		1950
Gina Barsotti, A Professional Law Corporation	E	GEN CRED	1320	4,217.72	10/27/2016	4,217.72	4,217.72	4,213.50		4218
Benthale, McKibbin & McKnight	E	GEN CRED	1321	2,170.00	10/27/2016	2,170.00	2.17	2,167.83		2170
Lewis Brisbois Bisgaard & Smith	E	GEN CRED	1343	12,687.54	10/27/2016	12,687.54	12,687.54	12,674.85		12688
Salah Law Corporation	E	GEN CRED	1348	4,820.20	10/27/2016	4,396.20	4,396.20	4,391.80		4396
Daderian Consulting Inc	E	GEN CRED	1388	2,632.75	10/27/2016	2,632.75	2,632.75	2,630.12		2633
Laughlin, Fabio, Levy & Moresi, LLP	E	GEN CRED	1446	3,525.60	10/31/2016	3,525.60	3,525.60	3,522.07		3526
Combs Law Office, PLLC	E	GEN CRED	1447	1,277.10	10/31/2016	1,277.10	1,277.10	1,275.82		1277
NJ Auto Insurance Risk Exchange	E	GEN CRED	1475	689.00	10/31/2016	666.77	0.66677	666.10		667
Kegel, Tobin & Truce	E	GEN CRED	1476	3,109.15	10/31/2016	3,109.15	3,109.15	3,106.04		3109
Pietragallo, Gordon, Alfano, Bosick & Raspanti	E	GEN CRED	1498	16,246.10	11/17/2016	13,290.80	13,290.80	13,277.51		13291
ARCCA	E	GEN CRED	1569	962.50	10/20/2016	962.50	0.9625	961.54		963
Thomson Reuters	E	GEN CRED	1572	6,833.50	11/17/2016	2,680.08	2,680.08	2,677.40		2680
VanDePoel, Levy, Allen & Arneal	E	GEN CRED	1581	11,072.25	11/17/2016	11,072.25	11,072.25	11,061.18		11072
William Nagle	E	GEN CRED	1582	1,482.00	11/17/2016	1,482.00	1.482	1,480.52		1482.00
Law Office of Ryan Mau, PC	E	GEN CRED	1591	78,555.13	11/17/2016	77,583.63	77,583.63	77,516.04		77,594.00
Blackstone Development, Inc.	E	GEN CRED	1592	3,976.10	6/22/2016	3,027.35	3,027.35	3,024.32		3,027.00
Lower & Kesner LLP	E	GEN CRED	1627	3,772.79	11/17/2016	2,887.58	2,887.58	2,884.67		2,888.00
Michael Sullivan & Associates, LLP	E	GEN CRED	1650	2,997.58	11/17/2016	2,997.58	2,997.58	2,994.58		2,998.00
Nolan, Plunhoff & Williams	E	GEN CRED	1670	1,189.07	11/17/2016	1,189.07	1,189.07	1,187.88		1,189.00
Burnham Brown	E	GEN CRED	1672	4,486.00	11/17/2016	4,579.70	4,579.70	4,575.12		4580
Burden Gulisano & Hansen	E	GEN CRED	1677	1,633.50	11/17/2016	812.50	0.8125	811.69		813
Richard Bogia	E	GEN CRED	1691	2,014.60	11/22/2016	2,014.60	2,014.60	2,012.58		2015
Ruberry, Staimack & Garvey	E	GEN CRED	1701	64,671.45	12/23/2016	5,614.06	5,614.06	5,608.45		5614
Bremer, Whyte Brown O'Meara LLP	E	GEN CRED	1702	10,955.28	11/18/2016	9,153.33	9,153.33	9,144.18		9153
Mullin & Filippi LLP	E	GEN CRED	1725	253.80	11/18/2016	253.80	0.2538	253.55		254
Gray Duffy LLP	E	GEN CRED	1726	11,354.38	11/18/2016	11,354.38	11,354.38	11,343.03		11354
Rubin Fiorella & Friedman LLP	E	GEN CRED	1731	12,053.12	10/31/2016	12,053.12	12,053.12	12,041.07		12053
White Fleishner & Fino	E	GEN CRED	1733	14,255.00	7/28/2016	12,995.00	12,995	12,982.01		12995
WFBM, LLP	E	GEN CRED	1837	1,314.86	7/28/2016	1,314.86	1,314.86	1,313.55		1315
Madison Consulting Group, Inc.	E	GEN CRED	1838	1,775.00	7/28/2016	775.00	0.775	774.23		775
Investigative Solutions Inc.	E	GEN CRED	1870	2,395.90	10/2/2018	2,395.90	2,395.90	2,393.50		2396
Superior Recovery Services	E	GEN CRED	1873	4,791.69	10/2/2018	4,791.69	4,791.69	4,786.90		4792

Lincoln General Insurance Company (in Liquidation)

Priority Class E Claims

As of 10/16/20

Omnimed Evaluation Services	E	GEN CRED	1907	235.00	9/6/2016	235.00	0.235	234.77	235	
Manning & Kass LLP	E	GEN CRED	1998	3,392.90	4/11/2017	3,392.90	3.3929	3,389.51	3393	
All Star Reporters	E	GEN CRED	2006	432.35	1/18/2016	432.35	0.43235	431.92	432	
Gibson McAskil & Crosby, LLP	E	GEN CRED	2027	6,850.23	11/18/2016	6,850.23	6.85023	6,843.38	6850	
Parler & Wobber LLP	E	GEN CRED	2038	5,482.16	6/13/2018	5,482.16	5.48216	5,476.68	5482	
Morrow & White	E	GEN CRED	2041	2,030.00	12/23/2016	2,030.00	2.03	2,027.97	2030	
Bolen & Massino LLP	E	GEN CRED	2084	81.00	2/3/2017	81.00	0.081	80.92	81	
Law Office of David Brault	E	GEN CRED	2192	15,547.15	8/24/2017	3,834.28	3.83428	3,830.45	3834	
Brenda Prakup, Esq.	E	GEN CRED	2207	85,922.35	8/24/2017	78,641.15	78.64115	78,562.51	78641	
Praetorian Insurance Company	E	GEN CRED	2292	26,452.00	1/30/2018	20,000.00	20	19,980.00	20000	
Assigned Risk Solutions Ltd.	E	GEN CRED	2445	0.00	6/15/2018	17,198.75	17.19875	17,181.55	17199	
Nolan, Plumhoff & Williams	E	GEN CRED	2492	1,894.00	11/15/2018	1,894.00	1.894	1,892.11	1894	
County of Shasta	E	P&C INSURED - SURETY	1571	55,000.00	10/10/2019	55,000.00	55	54,945.00	55000	
Township of Jackson	E	P&C INSURED - SURETY	2166	237,948.21	9/22/2017	237,948.21	237.94821	237,710.25	237948	0.060897671
Charles Neumann	E	P&C 3RD PARTY - SURETY	416	0.00	9/12/2019	1,335,000.00	1335	1,333,665.00	1335000	0.341664525
Jennifer Carter	E	RETURN PREMIUM	2072	200.00	1/30/2017	200.00	0.2	199.80	200	
Edward Chojnacka	E	RETURN PREMIUM	2085	941.00	2/13/2017	941.00	0.941	940.05	941	
Illinois Life & Health Guar Assoc.	F	STATE/LOCAL GOVT CLAIM	1197	3,546.00	7/22/2016	3,546.00	3.546	3,542.45	3546	
South Dakota Div of Insurance	F	STATE/LOCAL GOVT CLAIM	1341	568.00	10/27/2016	568.00	0.568	567.43	568	
South Dakota Div of Insurance	F	STATE/LOCAL GOVT CLAIM	1342	1,550.00	10/27/2016	1,550.00	1.55	1,548.45	1550	
Wisconsin Insurance SF	F	STATE/LOCAL GOVT CLAIM	1492	200.00	10/31/2016	200.00	0.2	199.80	200	
Minnesota Work Comp Fund	F	STATE/LOCAL GOVT CLAIM	1520	1,000.00	11/22/2016	1,000.00	1	999.00	1000	
Wyoming Dept of Insurance	F	STATE/LOCAL GOVT CLAIM	1646	2,695.00	11/22/2016	2,695.00	2.695	2,692.31	2695	
California Controllers Office	F	STATE/LOCAL GOVT CLAIM	1678	606,615.82	12/8/2016	606,615.82	606.61582	606,009.20	606516	0.155250313
California Dept of Insurance	F	STATE/LOCAL GOVT CLAIM	1723	5,624.32	11/22/2016	5,624.32	5.62432	5,618.70	5624	
AIPSO	G	LATE FILED ASSESSMENTS	1730	302,572.00	11/18/2016	302,572.00	302.572	302,259.43	302572	0.077436793
MI Workers Comp Placement	G	LATE FILED ASSESSMENTS	1826	2,113.33	10/2/2018	89.65	0.08965	89.56	90	
Tennessee Rein. Placement	G	LATE FILED ASSESSMENTS	1827	28,482.10	10/2/2018	575.66	0.57566	575.08	576	
Nati WC Pooling Mechanism	G	LATE FILED ASSESSMENTS	1828	97,086.63	10/2/2018	4,235.95	4.23595	4,231.71	4236	
CT Corporation	G	LATE FILED GENERAL CRED	1899	7,466.86	11/20/2018	622.23	0.62223	621.61	622	
Goldberg Segalla	G	LATE FILED GENERAL CRED	1900	17.50	11/18/2016	17.50	0.0175	17.48	18	
Bolen & Massino LLP	G	LATE FILED GENERAL CRED	1908	594.00	11/18/2016	594.00	0.594	593.41	594	
Blackrock Financial	G	LATE FILED INV MGR FEES	2277	71,206.68	12/11/2017	71,206.68	71.20668	71,135.47	71207	
Van De Poel, Levy & Allen	G	LATE FILED GENERAL CRED	2472	10,230.25	10/30/2018	297.50	0.2975	297.20	297	
Nathan Krishna	G	LATE FILED RETURN PREM	2259	193.00	10/17/2017	193.00	0.193	192.81	193	
Allstate	G	SUBROGATION	1373	36,482.44	4/7/2016	36,482.44	36.48244	36,445.96	36482	
Liberty Mutual	G	SUBROGATION	1734	164,246.05	11/7/2016	3,064.43	3.06443	3,061.37	3064	
Allied Recovery Solutions	G	SUBROGATION	2125	265.34	9/30/2019	265.34	0.26534	265.07	265	
Controller Office - NYC	G	LATE FILED BOND CLAIMS	2408	688,887.45	11/19/2018	380,783.41	380.78341	380,402.63	380783	0.097453216
Controller Office - NYC	G	LATE FILED BOND CLAIMS	2410	611,980.11	11/19/2018	308,314.60	308.3146	308,006.29	308314	0.078906334
Hartford of Illinois	G	SUBROGATION	2498	24,339.34	4/25/2019	450.00	0.45	449.55	450	
				3,592,944.04		3,907,341.56	3907.34156	3,903,434.22	3907342	0.811608853

# EXHIBIT D

**EXHIBIT D**

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Lincoln General Insurance Company :  
In Liquidation : No. 1 LIN 2015

**NOTICE TO CERTAIN CLAIMANTS  
OF LINCOLN GENERAL INSURANCE COMPANY**

PLEASE TAKE NOTICE that Jessica K. Altman, in her official capacity as Insurance Commissioner of the Commonwealth of Pennsylvania, and as such, Statutory Liquidator of Lincoln General Insurance Company (In Liquidation) (“Lincoln General”) (“Liquidator”), has filed an Application for Approval of Restructuring Proposal (“Application”). The Restructuring is proposed to include the redemption of all of the outstanding shares of Lincoln General from its shareholder, Walshire Assurance Company (“Walshire”) for \$1 pursuant to a Redemption Agreement between the parties and, on the same date, the issuance of 3,907,342 shares of Lincoln General to a Stock Trust held by the Liquidator as Trustee for the sole benefit of the class “e”, “f”, and “g” creditors of Lincoln General, as delineated in 40 P.S. § 221.44 .

PLEASE TAKE FURTHER NOTICE that the Restructuring Proposal will affect the amount of the class “e”, “f” and “g” priority claims that have been approved. The total amount of priority claims in those classes that have been approved is \$3,907,342. In exchange for cancellation of .1% of their approved claims, the creditors in these classes will receive interests in the stock of Lincoln General equal to one share for every dollar of the approved claim(s) held

by such creditor (as determined prior to the cancellation). For example, if an approved claim is \$10,000, the creditor will receive interests in 10,000 shares of Lincoln General stock in exchange for cancellation of \$10 of its debt. It is not expected that distributions from the Lincoln General estate will be approved for creditors with class “e”, “f” and “g” priority claims. The Stock Trust will hold all the outstanding shares of Lincoln General.

The Restructuring Proposal is being undertaken in order to preserve certain tax attributes allocable to Lincoln General which could be lost as a result of the pending dissolution of its sole shareholder, Walshire. The requirement that the Lincoln General stock be exchanged for the cancellation of some portion of the outstanding approved claims held by these creditors is required by section 382(l)(5) of the Internal Revenue Code of 1986, as amended, in order to protect the corporation’s (Lincoln General’s) tax attributes. Creditors should consult their tax advisors regarding the impact upon them of the Restructuring Proposal for state and federal tax purposes.

As part of the Application to Approve the Restructuring Proposal, the Liquidator will request that the Court approve: (i) the Redemption Agreement between Lincoln General and Walshire; (ii) the Stock Trust Agreement; and (iii) a spreadsheet which (a) lists all creditors with approved claims in classes “e”, “f” and “g”; (b) identifies the amount of discharged debt and the remaining amount of the approved claim; and (c) identifies the creditor’s allocable shares of Lincoln General that will be held in the Stock Trust (collectively the “Exhibits”). Copies of the Application of the Restructuring Proposal and the Exhibits can be found at: <https://www.insurance.pa.gov/Regulations/LiquidationRehab/Pages/Lincoln-General.aspx>

In addition, the Liquidator will request that the Court approve this Notice to be sent to all creditors with class “e”, “f” and “g” claims (as listed on Exhibit C to the Application) and

the master service list for the Lincoln General liquidation proceeding, by first class mail, as soon as practicable after the date of any Order approving the Restructuring Proposal.

TAKE FURTHER NOTICE that objections to the Notice and Restructuring Proposal must be filed in writing with the Office of the Prothonotary, Pennsylvania Judicial Center, 601 Commonwealth Avenue, Suite 2100, P.O. Box 69185, Harrisburg, PA 17106. In the event of such a filing, please refer to Docket No. 1 LIN 2015.

Objections must be filed within 45 days of the date of this Notice, or they shall be forever barred. Objections must be clearly and concisely written.

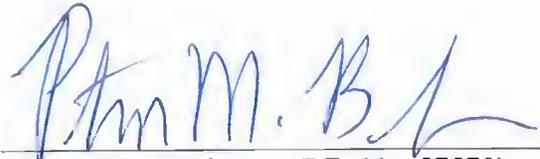
If you have any questions, please call the Bureau of Liquidation Claims, 901 North 7<sup>th</sup> Street, Harrisburg, Pennsylvania 17102, (717) 787-7823, or email [ra-in-claims@pa.gov](mailto:ra-in-claims@pa.gov).

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Laura L. Slaymaker  
Deputy Insurance Commissioner

**CERTIFICATION OF COMPLIANCE  
WITH PUBLIC ACCESS POLICY**

I certify that this filing complies with the provisions of the Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.



Preston M. Buckman (I.D. No. 57570)  
Pennsylvania Insurance Department  
PA Office of General Counsel  
901 North 7<sup>th</sup> Street, Suite 201  
Harrisburg, PA 17102  
(717) 886-2080

Attorney for Jessica K. Altman, Insurance  
Commissioner of the Commonwealth of  
Pennsylvania, in her Official Capacity as  
Statutory Liquidator of Lincoln General  
Insurance Company (In Liquidation)

Dated: July 13, 2021

**CERTIFICATE OF SERVICE**

I hereby certify that I am this day serving the foregoing document upon all parties of record in this proceeding in accordance with the requirements of 1 Pa. Code Chapter 33 in the following manner:

**Service via email and/or regular U.S. Mail addressed as follows:**

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888 Munras Avenue  
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100 Crossways Park Drive West, Suite 310  
Woodbury, NY 11797

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801 South Grand Avenue, 9th Floor  
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28 Newark Pompton Turnpike.  
Riverdale, NJ 07457

McAllister Law Group  
220 State Street, Suite A  
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1216 Oakfield Drive  
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119 Littleton Road  
Parsippany, NJ 07054

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30 Oak Court  
Danville, CA 94526-4006

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San Juan Capistrano, CA 92675

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3623 Old Conejo Road, Suite 205  
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Dana Point, CA 92629

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## CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the foregoing document upon all parties of record in this proceeding in accordance with the requirements of 1 Pa. Code Chapter 33 in the following manner:

### Service via email and/or regular U.S. Mail addressed as follows:

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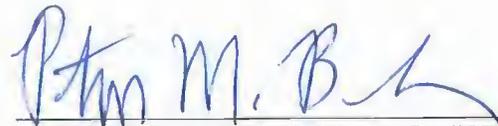
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Counsel for the Statutory Liquidator of  
Lincoln General Insurance Company

Dated: July 13, 2021

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Lincoln General Insurance Company :  
In Liquidation : No. 1 LIN 2015

RE: Liquidator's Application for Approval of Restructuring Proposal

**ORDER**

AND NOW, this \_\_\_\_\_ day of \_\_\_\_\_, 2021, upon consideration of the Liquidator's Application for Approval of Restructuring Proposal ("Application") and the representations made therein regarding the proposed restructuring transaction ("Restructuring"), it is hereby ORDERED and DECREED that:

1. The Application is GRANTED and the Restructuring proposal may be implemented any time after the later of (i) 45 days after the date of the Notice to Certain Creditors of Lincoln General Insurance Company ("Notice") if no objections are filed; or (ii) if objections are filed, the date on which all objections are resolved by the Liquidator.

2. The following documents are approved as necessary to implement the Restructuring:

- a. the Redemption Agreement attached as Exhibit A to the Application;
- b. the Stock Trust Agreement attached as Exhibit B to the Application;
- c. the reduction in the debt of Lincoln to the beneficiaries of the Stock Trust is hereby approved in the amounts and for the claims set forth in Exhibit C to the Application; and
- d. the Notice attached as Exhibit D to the Application.

2. The Liquidator's scope of service of the Notice, which shall include all parties on the Master Service List for this liquidation proceeding and all the creditors listed on Exhibit C to this Application, is approved.

3. The Liquidator shall mail the Notice as soon as practicable following the date of any Order approving this Application. The Liquidator is authorized to take all action necessary to execute, deliver, perform and implement all agreements identified above and to take any additional action necessary to implement the Restructuring.

---

RENEE COHN JUBELIRER, JUDGE



COMMONWEALTH OF PENNSYLVANIA  
GOVERNOR'S OFFICE OF GENERAL COUNSEL

July 13, 2021

Michael F. Krimmel, Chief Clerk  
Commonwealth Court of Pennsylvania  
601 Commonwealth Avenue, Suite 2100  
P.O. Box 69185  
Harrisburg, PA 17120-9185

***Re: Lincoln General Insurance Company (In Liquidation)  
No. 1 LIN 2015***

Dear Mr. Krimmel:

Attached please find the Liquidator's Application for Approval of Restructuring Proposal with regard to the above-referenced liquidation.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in blue ink that reads "Preston M. Buckman".

Preston M. Buckman  
Insurance Department Counsel

PMB:drh

Enclosure

# EXHIBIT D

**IN THE COMMONWEALTH COURT OF PENNSYLVANIA**

In Re: Lincoln General Insurance Company :  
in Liquidation :  
 : No. 1 LIN 2015  
 :

*Re: Liquidator's Application for Approval of Restructuring Proposal*

**ORDER**

**NOW**, September 3, 2021, upon consideration of the Liquidator's Application for Approval of Restructuring Proposal (Application) and the representations made therein regarding the proposed restructuring transaction (Restructuring), it is hereby ORDERED and DECREED that:

1. The Application is GRANTED and the Restructuring proposal may be implemented at any time after the later of (i) 45 days after the date of the Notice to Certain Creditors of Lincoln General Insurance Company (Notice) if no objections are filed; or (ii) if objections are filed, the date on which all objections are resolved by the Liquidator.
2. The following documents are approved as necessary to implement the Restructuring:
  - a. the Redemption Agreement attached as Exhibit A to the Application;
  - b. the Stock Trust Agreement attached as Exhibit B to the Application;

- c. the reduction in the debt of Lincoln to the beneficiaries of the Stock Trust is hereby approved in the amounts and for the claims set forth in Exhibit C to the Application; and
  - d. the Notice attached as Exhibit D to the Application.
3. The Liquidator's scope of service of the Notice, which shall include all parties on the Master Service List for this liquidation proceeding and all the creditors listed on Exhibit C to this Application, is approved.
4. The Liquidator shall mail the Notice as soon as practicable following the date of this Order. The Liquidator is authorized to take all action necessary to execute, deliver, perform, and implement all agreements identified above and to take any additional action necessary to implement the Restructuring.

  
\_\_\_\_\_  
RENÉE COHN JUBELIRER, Judge

**Certified from the Record**

**SEP 03 2021**

**And Order Exit**

# EXHIBIT E

STOCK TRUST AGREEMENT

By and Between

Lincoln General Insurance Company (In Liquidation), as Trustor

and

The Liquidator (or her designee) of Lincoln General Insurance Company (In Liquidation), as  
Trustee

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## STOCK TRUST AGREEMENT

This Stock Trust Agreement, dated as of 1/28/21, is by and between Lincoln General Insurance Company (in Liquidation) ("Lincoln General") as Trustor, and Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania, solely in her capacity as the Statutory Liquidator of Lincoln General, as Trustee.

### RECITALS

WHEREAS, on November 5, 2015, then Insurance Commissioner of the Commonwealth of Pennsylvania, Teresa D. Miller, was appointed Liquidator of Lincoln General pursuant to the Order of the Commonwealth Court of Pennsylvania ("Court"). Jessica K. Altman succeeded Ms. Miller in August 2017 and she is now the Insurance Commissioner of the Commonwealth of Pennsylvania and the Statutory Liquidator of Lincoln General. The Liquidation Order directed the Liquidator to immediately take possession of Lincoln's property, business and affairs as Liquidator, and to liquidate Lincoln in accordance with Article V of the Insurance Department Act of 1921, as amended (40 P.S. §§ 221 et seq.) (the "Act"), and to take such action as the interest of the policyholders, creditors or the public may require.

WHEREAS, since 2009, Lincoln General and Walshire Assurance Group ("Walshire") have joined in a consolidated group pursuant to which Walshire filed consolidated federal income tax returns with Lincoln General. As a result of Walshire's expected dissolution, and subject to Court approval, Lincoln General will engage in a Restructuring Transaction described in section 382(l)(5) of the Internal Revenue Code of 1986, as amended (hereinafter referred to as "the Code"). Lincoln General will file an Application for Approval of the Restructuring Proposal with the Court in which it will also seek approval of this Stock Trust Agreement.

WHEREAS the central element of the Restructuring Transaction is the transfer of all of the stock ownership in Lincoln General from Walshire to selected creditors of Lincoln General ("Qualified Creditors") in exchange for the cancellation of a portion of their approved claim. The Lincoln General stock will be held in this Trust on their behalf and will result in an ownership change of Lincoln General for purposes of section 382 of the Code, but one which will qualify for the bankruptcy exception under §382(l)(5) of the Code, thereby preserving the net operating losses of Lincoln General for future use. The Lincoln General stock is expected to be held in this Trust until Lincoln General is dissolved at the termination of its liquidation proceeding.

NOW, THEREFORE, it is hereby declared and agreed by the parties hereto, in accordance with the Application granted in connection with the Approval of the Restructuring Proposal by the Court which includes approval of this Stock Trust Agreement, effective on December 31, 2021, as follows:

## **ARTICLE I**

### **DEFINITIONS**

In addition to the definitions set forth above, the following definitions shall apply to the capitalized terms in this Stock Trust Agreement.

“Application” means the Application to Approve the Restructuring Proposal.

“Beneficiaries” means the creditors listed in Exhibit C of the Application to Approve the Restructuring Approval and attached to this Agreement.

"Representative" means any consultants or agents of the Trust employed pursuant to Section 4.02 of this Agreement, and each of their respective officers, directors, employees and agents.

“Stock Trust Assets” means 3,907,342 shares of Lincoln General common stock.

"Trust" means the Stock Trust.

“Trustee” means the Insurance Commissioner of the Commonwealth of Pennsylvania in her sole capacity as the Statutory Liquidator of Lincoln General or her designee.

## **ARTICLE II**

### **THE TRUST**

Section 2.01. Transfer of the Trust Estate.

- (a) Pursuant to the Application, Lincoln General hereby transfers, conveys and assigns to the Trustee, the Stock Trust Assets to be held in trust for the benefit of the Beneficiaries, upon the terms and conditions set forth herein and in the Application. Lincoln General shall execute and deliver to the Trustee such instruments as may be necessary or appropriate to effect or confirm the foregoing transfer of the Stock Trust Assets to the Trustee.
- (b) Except as expressly provided herein and in the Application, the Trustee shall not assume or otherwise become liable for any obligations or liabilities, whether primary or secondary, direct or indirect, absolute or contingent, of Lincoln General.

Section 2.02. Declaration of Trust.

The Trustee hereby declares and agrees that she will hold the Stock Trust Assets in trust for the use and benefit of the purpose of the Trust, upon the terms and conditions set forth herein

and in the Application. Subject to the approval of the Trust by an order of the Court (“Approval Order”), the Stock Trust Assets shall be subject to the Trust hereby created immediately upon the execution of this Stock Trust Agreement by Lincoln General and the Trustee, without any further act on the part of either party or by any other person.

#### Section 2.03. Purpose of Stock Trust.

The purpose of the Trust is to hold the Stock Trust Assets for the benefit of the Beneficiaries until the Trust is terminated. The activities of the Trustee shall be limited to those reasonably necessary for and consistent with the accomplishment of such purposes. The Trustee shall receive, preserve and protect the Stock Trust Assets, and, if any, collect the proceeds, profits, products, and income therefrom and transfer and hold and distribute the same as required by the Application. The Trustee shall not use the Stock Trust Assets to operate a trade or business, and as set forth in Section 2.04 hereof, the Trust has and shall have no objective to continue or engage in the conduct of any trade or business. The interests in the Stock Trust may not be transferred, sold or pledged by the Beneficiaries without the written permission of the Trustee.

#### Section 2.04. Tax Treatment of Trust.

It is intended and agreed that the Trust shall be classified for Federal, state, local or other income tax purposes as a grantor trust under section 671 et. seq. of the Code and all taxable income and loss of the Trust (whether allocated to income or principal for state law or accounting purposes) shall be allocable to the Beneficiaries for such tax purposes as the grantors/owners of the Trust. It is not anticipated that the Trust will have any income as a result of the insolvent status of the Lincoln General estate. For the same reason, it is not anticipated that the Stock Trust Assets will have any fair market value at the time they are contributed to the Stock Trust. The transfer of Stock Trust Assets to the Trust by Lincoln General shall be treated for such tax purposes as a distribution of such assets from Lincoln General to the Beneficiaries in exchange for the forgiveness of indebtedness described in the attachment and then a contribution by the Beneficiaries of the assets to the Stock Trust. All questions of interpretation relating to the terms of the Trust shall be resolved accordingly, notwithstanding any provision herein to the contrary. If any, all of the net income in the Trust will be held for the benefit of the Beneficiaries as the grantors/owners under section 677 of the Code.

The Trustee shall not take any action that shall affect adversely such tax treatment of the Trust as a trust, including without limitation using any part or all of the trust estate to operate a trade or business. None of the rights, obligations, powers and authority granted to the Trustee under this Trust agreement or by law shall apply or be exercised with respect to the Trust in a manner that prevents any part of the Trust from qualifying for such tax treatment.

### **ARTICLE III**

#### **ADMINISTRATION OF STOCK TRUST**

Section 3.01. Receipt, Investment and Disposition of Stock Trust Assets.

(a) Pursuant to the Application, the Stock Trust Assets shall be transferred to the Stock Trust.

(b) If necessary, the Trustee, at such times and in such name as she deems necessary or appropriate, subject to any required Court or other approval under the Application, shall sell, transfer, assign and otherwise dispose of all or any part of the Stock Trust Assets requiring liquidation as she deems appropriate, at public or private sale and for such consideration whether in the form of cash, securities, notes or other forms of credit, or any combination thereof, and on such terms as she may determine, and apply the proceeds thereof, if any, after payment of the reasonable and necessary costs of such sale, transfer, assignment or disposition in accordance with the provisions of Sections 3.02 and 3.03 herein.

Section 3.02. Costs, Expenses, Charges and Reserves of the Stock Trust:

The Trustee shall pay all costs, charges and expenses incurred by the Trustee in connection with the execution or administration of the Trust with funds from the Lincoln General estate.

Section 3.03. Distributions.

During the term of the Trust, no gross income is anticipated, and no distributions are anticipated. However, if there are available funds, the Trustee shall distribute all proceeds, profits, products, and net income of the Trust in such amounts on an annual basis.

Section 3.04. Tax Reporting Obligations.

During the existence of the Stock Trust, the Trustee shall provide information (if any) to the Beneficiaries and file Form 1041 "U.S. Income Tax Return for Estates and Trusts," if required by Treas. Reg. section 1.671-4(a). In general, Form 1041 is only required to be filed if the Trust has \$600 of gross income, any amount of taxable income or a beneficiary who is a nonresident alien. However, it is not expected that the Trust will have any gross income.

**ARTICLE IV**

**THE TRUSTEE**

Section 4.01. Powers of Trustee.

In addition to any powers conferred upon her elsewhere in this Trust Agreement, the Trustee shall have the following specific powers, subject however, to the terms of the Trust and the Application and to other limitations set forth herein, including without limitation the terms of Sections 2.04 and 3.01 above:

- (a) To do and perform any acts or things necessary for the conservation and protection of the Stock Trust Assets.
- (b) To approve in writing the transfer of an interest in the Stock Trust held by a Beneficiary, if it is determined that the transfer will not cause material adverse tax consequences to the Lincoln General estate.
- (c) To retain any Stock Trust Assets, whether or not such Assets are, or may become, unproductive, underproductive or wasting, or whether such assets, if considered to be investments, might be considered to be speculative or illiquid.
- (d) To demand, collect and receive any and all money, property or entitlements due, owing or belonging to the Trust and to give full discharge and acquittance therefor.
- (e) To cause any investments constituting Stock Trust Assets to be registered and held in the name of the Trustee or in the name of a nominee without increase or decrease of liability with respect thereto.
- (f) To institute or defend suits, actions or proceedings and to take such other action in the name of the Trust, as the Trustee may deem necessary or desirable to enforce any instruments, contracts, agreements or causes of action relating to or forming a part of the Stock Trust Assets.
- (g) To vote by proxy or otherwise, and with full power of substitution, all shares of stock held by the Trustee hereunder and to exercise every power, election, discretion and option and give every notice, make every demand, and to do every act and thing in respect to any shares of stock held by the Trustee which the Trustee might or could do if she were the absolute owner thereof.
- (h) To undertake or join in any liquidation of Lincoln General whose stock is held as Stock Trust Assets.
- (i) To have prepared and filed all necessary tax returns and reports for the Stock Trust, including any returns or forms required for a grantor trust under the Code and consistent with Section 3.04.
- (j) To withhold all applicable taxes from any distribution made to any recipient, if the Trustee reasonably believes that the Trustee is or may be required to withhold such taxes, and to distribute such withheld amount either to: (i) the appropriate governmental agency responsible for the collection of such taxes; or (ii) to the person from whom such taxes were withheld, but only upon presentation to the Trustee of a final, non-appealable order from a court or from the governmental agency responsible for the collection of such taxes.

- (k) To execute and deliver any and all instruments or writings which the Trustee may deem advisable to carry out any of the foregoing powers; and no party to any such instrument or writing shall be obligated to inquire into its validity.
- (l) The enumeration of the foregoing powers shall not be considered in any way to limit or control the power of the Trustee to act as specifically authorized by any other provisions of this Stock Trust Agreement and to act in such manner as the Trustee may deem necessary or appropriate to conserve and protect the Stock Trust Assets. The Trustee shall exercise her powers in a manner that is consistent with the terms of the Application. In connection with the exercise of any of the powers of the Trustee granted in this Stock Trust Agreement, the Trustee may obtain the approval of the Court for the exercise of any such powers whenever she, in her sole discretion, deems such approval necessary or appropriate to carry out her rights, duties and obligations hereunder.

#### Section 4.02. Appointments, Delegation and Bonds.

(a) The Trustee may also delegate and permanently assign all of her duties, functions, rights, and obligations hereunder to a third party, provided that such third party agrees to faithfully perform such duties, functions, rights and obligations.

(b) The Trustee shall not be required to post a bond or other security for the faithful performance of the Trustee's obligations under this Stock Trust Agreement.

#### Section 4.03. Term of Service; Appointment of Successor Trustee.

Any person who becomes the Insurance Commissioner of the Commonwealth of Pennsylvania shall be deemed to be a successor Trustee of the Trust hereby created, provided that the prior Trustee has not already delegated and assigned the Trustee duties and obligations to a third party with such third party's consent. Upon the appointment of such successor Trustee, all rights, obligations, power and authority of the former Trustee under this Stock Trust Agreement shall be vested in and undertaken by the successor Trustee without any further act on the part of Lincoln General, the Liquidator, or the Court. No successor Trustee shall be liable for any act or omission of any predecessor Trustee. In the event of resignation or removal of any successor Trustee appointed by the Liquidator or her successor in interest, the Insurance Commissioner of the Commonwealth of Pennsylvania will become or will appoint a new Trustee of the Trust.

#### Section 4.04. Compensation and Expenses of Trustee.

The Trustee shall not receive compensation for her services pursuant to this Stock Trust Agreement.

Section 4.05. Liability of Trustee.

The Trustee is acting as Trustee of the Trust solely in her capacity as Liquidator of Lincoln General and not individually. The Trustee shall have no personal liability for any obligations under this Stock Trust Agreement. The Trustee shall be entitled to rely and shall be protected in acting or refraining to act upon any resolution, certificate, instrument, opinion, report, consent, order, approval or other document reasonably believed by her to be genuine and to have been executed and delivered to the proper person or persons. The Trustee may consult with counsel and shall be protected in acting upon the advice of any such counsel with respect to any action which is not contrary to the express provisions of this Stock Trust Agreement and which are undertaken by the Trustee in good faith and in accordance with such advice of counsel. The Trustee shall not be liable for any act or omission of any Representative of the Trust. All actions taken and determinations made by the Trustee, unless otherwise contrary to the provisions of this Stock Trust Agreement or the Application, shall be final and binding upon all persons having any interest in the Stock Trust Assets.

Section 4.06. Reliance by Persons Dealing with Trust.

Any person dealing with the Trustee may rely in good faith upon any certificate or other instrument signed by the Trustee or any officer or Representative of the Trust whose authority is evidenced by a certificate or other instrument signed by the Trustee, without the necessity of further inquiry by such person into the authority of such Trustee, officer or Representative to act on behalf of the Stock Trust.

**ARTICLE V**

**GENERAL PROVISIONS**

Section 5.01. Termination.

The Trust shall terminate as soon as practicable after Lincoln General ceases to exist as a corporation under Pennsylvania law.

Section 5.02. Irrevocability.

The Trust shall be irrevocable.

Section 5.03. Further Assurances.

Lincoln General and such persons as shall have the right and power to act on its behalf shall take such actions and deliver such certificates and other documents as the Trustee may reasonably request in order to effectuate, perfect, confirm and evidence the transfer and assignment to the Trustee of the Stock Trust Assets and the validity and efficacy of such transfer and assignment.

Section 5.04. Entire Agreement.

The Stock Trust Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof.

Section 5:05. Severability.

If any provision of this Stock Trust Agreement is determined to be invalid or unenforceable, such determination shall not limit or affect the validity or enforceability of any other provisions of this Stock Trust Agreement.

Section 5.06. Amendment.

This Stock Trust Agreement may be amended by an instrument signed by the Trustee, provided that any such amendment shall be consistent with the Application and shall become effective only with the approval of the Court, after such notice and hearing as the Court may direct.

Section. 5.07. Binding Effect.

This Stock Trust Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of Lincoln General and the Trustee.

Section 5.08. Governing Law.

This Stock Trust Agreement shall be governed and construed in accordance with the provisions, purpose and intent of the Plan and in accordance with the laws of the Commonwealth of Pennsylvania, without giving effect to the principles of conflicts of law thereof that may require the application of the law of any other state.

Section 5.09. Readings, Gender and Person.

All Section headings contained in this Stock Trust Agreement are for convenience of reference only, do not form a part of this Stock Trust Agreement and shall not affect in any way the meaning or interpretation of this Stock Trust Agreement. Words used herein, regardless of the number and gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context requires.

Section 5.10. Counterparts.

This Stock Trust Agreement may be executed in one or more counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same instrument.

IN WITNESS WHEREOF, Lincoln General and the Trustee have executed this Stock Trust Agreement on the date set forth above.

TRUSTOR:

Jessica K. Altman, solely in her capacity as Statutory Liquidator, on behalf of Lincoln General Insurance Company (In Liquidation)

By: Laura L. Slaymaker  
Laura L. Slaymaker  
Deputy Insurance Commissioner

TRUSTEE:

Jessica K. Altman, solely in her capacity as Statutory Liquidator of Lincoln General Insurance Company (In Liquidation)

By: Laura L. Slaymaker  
Laura L. Slaymaker  
Deputy Insurance Commissioner

**CERTIFICATION OF COMPLIANCE  
WITH PUBLIC ACCESS POLICY**

I certify that this filing complies with the provisions of the Public Access Policy of the Unified Judicial System of Pennsylvania: Case records of the Appellate and Trial Courts that require filing confidential information and documents differently than non-confidential information and documents.

Respectfully Submitted,

*/s/ Preston M. Buckman*

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PRESTON M. BUCKMAN (I.D. #57570)  
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*Attorney for Michael Humphreys, Acting  
Insurance Commissioner of the  
Commonwealth of Pennsylvania, in his  
capacity as Statutory Liquidator of Lincoln  
General Insurance Company, In  
Liquidation.*

Dated: May 23, 2023



3. The discharge of the Liquidator terminates the Stock Trust that was formed in accordance with this Court's approval of the Liquidator's Application for Approval of Restructuring Proposal that was filed July 13, 2021.

4. This Order is effective the last day of this month, \_\_\_\_\_, 2023.

By The Court:

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Renee Cohn Jubelirer, President Judge



GOVERNOR'S OFFICE OF GENERAL COUNSEL

May 23, 2023

Michael F. Krimmel, Prothonotary  
Commonwealth Court of Pennsylvania  
601 Commonwealth Avenue  
P.O. Box 69185  
Harrisburg, PA 17120-9185

*Re: Lincoln General Insurance Company (In Liquidation)  
Docket No. 1 LIN 2015*

Dear Mr. Krimmel:

Attached for filing please find the Liquidator's Application Seeking Discharge of the Liquidator in Accordance with 40 P.S. § 221.48(a).

Sincerely,

*/s/ Preston M. Buckman*

Preston M. Buckman  
Insurance Department Counsel

Enclosures

**CERTIFICATE OF SERVICE**

I hereby certify that I am this day serving the foregoing document upon all parties of record in this proceeding, in accordance with the requirements of Pa.R.A.P. 3780, in the following manner:

By PACFile, First-Class US Mail or Email addressed as follows:

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Jeffers, Danielson, Sonn & Aylward, P.S.  
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By First Class US Mail:

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Pottsville, PA 17901-0890  
(570) 622-1247

Respectfully Submitted,

*/s/ Preston M. Buckman*

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Special Funds  
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*Attorney for Michael Humphreys, Acting  
Insurance Commissioner of the  
Commonwealth of Pennsylvania, in his  
capacity as Statutory Liquidator of Lincoln  
General Insurance Company, In  
Liquidation.*

Dated: May 23, 2023