

COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Bedivere Insurance Company :
(In Liquidation) : No. 1 BIC 2021

**APPLICATION FOR APPROVAL OF
RECORDS RETENTION AND RECORDS DESTRUCTION GUIDELINES**

Applicant, Michael Humphreys, Insurance Commissioner of the Commonwealth of Pennsylvania, in his official capacity as the Statutory Liquidator of Bedivere Insurance Company, by and through his counsel, respectfully applies to this Court for an Order approving the Records Retention and Records Destruction Guidelines, attached hereto as Exhibit “A”. In support of this Application, the Liquidator avers as follows:

1. Bedivere Insurance Company ("Bedivere" or "Estate") was ordered to be liquidated pursuant to Article V of The Insurance Department Act of 1921, Act of May 17, 1921, P.L. 789, added by the Act of December 14, 1977, P.L. 280, *as amended*, 40 P.S. §§221.1 --.63 (“Article V”), by Order of this Court dated March 11, 2021 ("Liquidation Order").

2. The Liquidation Order appointed then Insurance Commissioner Jessica K. Altman, and her successors in office, as the Statutory Liquidator of Bedivere ("Liquidator"). Michael Humphreys has succeeded Ms. Altman and is now the Insurance Commissioner of Pennsylvania and the Liquidator of Bedivere.

3. Paragraph 3 of the Liquidation Order vests the Liquidator with all the powers, rights, and duties authorized under Article V and other applicable statutes and regulations.

4. Pursuant to section 221.20 (c) of Article V, the Liquidator is directed to take possession of all of Bedivere's assets and to administer them under the orders of this Court and is vested by operation of law with, *inter alia*, all of the books and records of the insurer, wherever located as of the date of the filing of the petition for liquidation. *See* 40 P.S. § 221.20(c); *see also*, Liquidation Order Paragraphs 2 and 5.

5. Section 221.23 (14) of the Act further provides that the Liquidator is authorized “[t]o remove any or all records and property of the insurer to the offices of the commissioner or to such other place as may be convenient for the purposes of efficient and orderly execution of the liquidation”. *See* 40 P.S. § 221.23(14); *see also* Liquidation Order, Paragraph 6(d).

6. Bedivere has a lengthy and complex corporate history that includes over 75 different policy issuing carriers via mergers and name changes over the past 180 years. This includes the former Commercial Union, General Accident and OneBeacon Insurance companies that conducted business in all 50 states and certain international markets. At the time it was placed in liquidation, Bedivere had records maintained by record vendors, service providers, third party administrators,

program managers and other parties in various locations.

7. As of the date of the liquidation order, Bedivere did not maintain any physical offices and did not have any direct employees. It was managed by A. G. Risk Management, Inc. ("AGRM") (formerly known as Armour Risk Management, Inc.), an unaffiliated service provider. Today, AGRM is a subsidiary of Alan Gray, LLC. This organization includes many employees who have worked on the Bedivere portfolio since the 1980s and 90s. Recognizing the efficiencies and cost savings that accrue from engaging a firm with significant institutional knowledge of the portfolio, the Liquidator retained AGRM to help administer the liquidation.

8. In fulfilling his statutory responsibilities, the Liquidator has taken and continues to undertake an effort to identify, collect, and organize the immense volume of records relating to the business of Bedivere. Since the beginning of the liquidation, the Liquidator has identified approximately 357,000 cubic feet or 300,000 boxes of records maintained by record vendors at their offsite facilities at an approximate cost to Bedivere of \$1,100,000 annually. These records primarily include closed claim files, policies, reinsurance contracts, legal documents, marketing material, human resource records, financial/tax records and other unknown records that are still under investigation as to content.

9. A considerable volume of documents is also maintained at the AGRM offices, primarily located in Quincy, MA, Philadelphia, PA and Cheektowaga, NY.

These documents include proofs of claim, claim files and related policies and other documents relied on by the Liquidator to allow him to administer the Bedivere estate effectively and efficiently.

10. The Liquidator is aware that there are potentially additional records currently not in the care, custody and control of Bedivere, its service provider, AGRM, or its current record vendors, Iron Mountain and Access. These additional records may be maintained by former third-party administrators or program managers. The identification of these potential records and their volume is still under investigation by the Liquidator.

11. Bedivere, through its service provider AGRM, has consistently and effectively utilized an imaging system since 2019. As a result, since 2019 all new claim reporting, including all related claim communications and documents, have been scanned. Because the imaging system was in place at the time of liquidation, all proofs of claim and other claim documents since liquidation have been scanned and/or retained in electronic form, minimizing the cost of storage. This paperless method of storage offers additional benefits including: no costs associated with filing or retrieval of scanned documents, multiple access to the same documents; no copying costs to share the documents outside Bedivere; and more efficient paperless workflows.

12. In addition to ensuring that all proofs of claim and other claim

documents have been scanned and/or retained in electronic form, the Liquidator is taking steps to reduce the amount of storage space and minimize the costs associated with such storage. The Liquidator has undertaken a comprehensive review of the various types of Bedivere records, to identify those that he believes should be retained to allow him to administer the Bedivere Estate efficiently and effectively. The Liquidator is in the process of identifying the types of records that are no longer needed or useful in the performance of his duties and is recommending to the Court that such records be targeted for destruction including, but not limited to, obsolete reference materials, trade or professional association records, training records, advertising materials and duplicate records, including the hard copies of records that have been imaged and stored electronically as referenced above in paragraph 11.

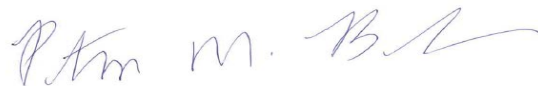
13. Based on this analysis, the Liquidator has drafted the attached proposed guidelines for the retention and the destruction of Bedivere records, attached hereto as Exhibit “A”, which the Liquidator respectfully requests be approved by the Court in accordance with the provisions of Section 221.50, which provides:

Whenever it shall appear to the commissioner that the records of any insurer in process of liquidation or completely liquidated are no longer useful, he may recommend to the court what records should be retained for future reference and what

should be destroyed.
40 P.S. §221.50

WHEREFORE, the Liquidator respectfully requests that this Honorable Court approve the Records Retention and Records Destruction Guidelines attached hereto as Exhibit "A" and authorize him to retain and destroy the records in accordance with said Guidelines.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "P. Buckman", is written above a horizontal line.

PRESTON BUCKMAN (I.D. #57570)
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Attorney for Michael Humphreys, Insurance
Commissioner for the Commonwealth of
Pennsylvania, in his official capacity as
Liquidator of Bedivere Insurance Company,
In Liquidation

Dated: April 8, 2025

EXHIBIT A

Bedivere Insurance Company (In Liquidation) Record Retention Guidelines

These guidelines apply to all records (current and future) of Bedivere Insurance Company (in Liquidation) (“Bedivere”), that are in the custody of its current record vendors, Iron Mountain and Access, and primary service provider, A.G. Risk Management, Inc. (“Bedivere Records Holders”). These guidelines do not apply to: (1) records in the possession of a Guaranty Association, an insured or its agents, or third parties other than those listed above; or (2) any materials that do not relate in any manner to Bedivere and are created, used and/or stored on a personal device or other personal medium.

I. Records Not in The Care, Custody and Control of Bedivere Records Holders

A. If Bedivere records are retained or maintained by a former third-party administrator or program manager, that party will be advised of these guidelines as approved by the Commonwealth Court.

B. If Bedivere is advised by a former third-party administrator or program manager that records have been damaged or destroyed or their location cannot be identified, a written statement will be requested from that party which explains the unavailability of the records.

II. Electronic Media

A. Hardcopies of records may be converted to electronic or other durable, paperless media for the purpose of retention.

i. The methodology used to convert the records must be documented through written procedures.

ii. Converted records must be readily accessible and usable for review and other purposes.

iii. The maintenance of records in a non-hardcopy media must be archival in nature, to preclude the alteration of the record after the initial conversion.

B. Utilization of archival media will require implementation of practices to ensure that the integrity of the data is maintained and that the ability to extract the data in a human readable format is present for the entire retention period.

III. Record Retention Periods

A. Bedivere records will be retained consistent with the minimum retention requirements established by applicable laws, regulations, and authorities, including the Internal Revenue Service.

B. Subject to certain exceptions for electronic back-up records, duplicates and software licenses, records not governed by a specific retention period will be retained for at least the 7-year general record retention period which complies with the

statutorily required guidelines for insurance companies in Pennsylvania or up until Bedivere's Court approved discharge date, as appropriate.

C. Whenever Bedivere is made aware of any pending, anticipated, or potential litigation, government investigation, audit, subpoena, or administrative proceeding, all related or relevant Bedivere records will be retained until the relevant matter(s) are fully resolved and/or finalized. At that time, the records will be retained based on the general record retention schedule.

D. Notwithstanding the above, all records remaining at the time of Bedivere's Court approved Discharge date will be destroyed pursuant to any related Records Destruction Order.

IV. Annual Review and Record Destruction

A. At least annually, the Bedivere Records Administrator will provide department heads with a list of records that are eligible for destruction in the current year.

B. Each department head is responsible for reviewing the list of records and indicating those records eligible for destruction in writing sent to: (1) the Bedivere Liquidation Team (which will include the Chief Liquidation Officer and Chief Claims Officer) and (2) the Records Administrator. Upon receiving the necessary approvals of the Bedivere Liquidation Team, the Bedivere Records Administrator will arrange for and document the actual date of record destruction.

C. Materials that are not required to be maintained as set forth above in section III may be discarded or destroyed at any time during the year. Those materials that are not required to be maintained may include the following:

- i. drafts of documents that have been finalized;
- ii. duplicate records, including electronic files and hardcopies of records stored on electronic media; and
- iii. trade or professional association materials.

Any other records or materials that do not clearly fall into one of the categories above, but appear to be irrelevant, obsolete, or are no longer useful for the administration of the liquidation, may also be discarded or destroyed if appropriately approved by the Bedivere Liquidation Team.

V. Method of Destruction

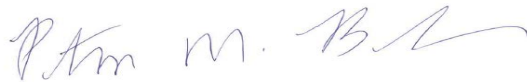
A. Hardcopy documents containing privileged, confidential or personal information must be destroyed by shredding or incineration. Otherwise, recycling may be selected.

B. Records stored at vendor sites designated for record storage, maintenance, and disposition must be destroyed only after approval by Bedivere and under the

supervision of the vendor with a written confirmation from the vendor that the records have been disposed in the manner requested.

**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. #57570)
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(717) 886-2080

Attorney for Michael Humphreys,
Insurance Commissioner of the
Commonwealth of Pennsylvania, in his
capacity as Statutory Liquidator of Bedivere
Insurance Company, In Liquidation

Dated: April 8, 2025

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 Pa.R.A.P. 3780, in the following manner:

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Re: Liquidator's Application for Approval of Records Retention and
Records Destruction Guidelines

ORDER

AND NOW, this ____ day of _____ 2025, upon consideration of the
Liquidator's Application for Approval of Records Retention and Records
Destruction Guidelines ("Application"), the Records Retention and Records
Destruction Guidelines attached to the Application and attached hereto as Exhibit
"A" are approved and further, the Liquidator is authorized to retain and destroy
the records in accordance with the approved Guidelines.

BY THE COURT:

ANNE E. COVEY, Judge

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