

Frequently Asked Questions About

Indemnity Insurance Corporation, RRG, in Liquidation ("IICRRG")

1. What is a Liquidation Proceeding?

When an insurance company is impaired, insolvent, in unsound condition, or its further transaction of insurance would be hazardous to its policyholders, the Delaware Insurance Code authorizes the Insurance Commissioner of the State of Delaware to ask the Court of Chancery of the State of Delaware for an Order directing the Commissioner to liquidate the insurance company.

A Liquidation Order directs the Commissioner, in her capacity as Receiver, to: (i) take or maintain exclusive possession and control of the property and assets of the insurer, (ii) liquidate its business; and (iii) deal with the property and business in the name of the Commissioner or the name of the company.

2. Who is in charge of IICRRG during the Liquidation Proceeding?

The Receiver is in charge of IICRRG during the Liquidation Proceeding. On April 10, 2014, the Court signed a Liquidation and Injunction Order appointing the Commissioner as Receiver of IICRRG.

The Receiver has appointed George J. Piccoli as the Deputy Receiver to carry out the responsibilities of the Receiver with respect to the liquidation of IICRRG. The Deputy Receiver will appoint other persons to assist him in the Liquidation Proceedings. Only persons appointed by the Receiver or Deputy Receiver to assist in liquidating IICRRG will have authority to act on behalf of IICRRG.

3. Why was IICRRG placed into Liquidation?

The Court placed IICRRG into rehabilitation proceedings on November 7, 2013. During the subsequent 60 days, IICRRG was not able to develop a Rehabilitation Plan to remediate and correct IICRRG's financial impairment, and the financial condition of the company continued to deteriorate. On April 10, 2014, the Court of Chancery of the State of Delaware found that IICRRG is insolvent, as well as in unsound condition and in such condition as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, and, therefore, ordered IICRRG liquidated.

4. What do I do if I have a claim against IICRRG?

If you have a claim against IICRRG and wish to pursue that claim, you must file a proof of claim by the Bar Date of **January 16, 2015**, for your claim to be considered in one of the priority classes. If you intend to file a claim, the Receiver strongly suggests that you file a proof of claim form as early as possible in the IICRRG estate.

5. Am I required to file a proof of claim by the Bar Date of January 16, 2015?

If you fail to file a properly completed, timely proof of claim in the IICRRG estate, you might be disqualified from participating in a higher priority class or from receiving distributions of assets that might eventually become available for your class of claims.

6. How do I file a proof of claim in the IICRRG estate?

A proof of claim must be submitted by the Bar Date, which is **January 16, 2015**. Claims submitted after that date are considered late filed and are assigned to a lower Priority Class.

The proof of claim form is enclosed, along with a set of instructions. Copies of both documents are also posted on the website at the link referenced in these FAQs. All proof of claim forms must be signed and notarized, and the original signatures of the claimant and notary must be submitted to the Deputy Receiver at the address on the proof of claim form. Proofs of claim cannot be submitted electronically or by facsimile. Documents that support your claim must be attached to the proof of claim. Please answer all applicable questions on the proof of claim form. Missing information will slow the processing of your claim.

Additionally, you should submit a separate proof of claim form for each claim that you have against IICRRG. For instance, if you are an insured of IICRRG and have both a claim for a return of unearned premium (the portion of the premium which you already paid for the period between the cancellation date of your policy and the stated expiration date on your policy) and a claim against you arising out of an alleged injury, please submit a separate proof of claim for each of those claims. Provide as much detail as needed to support your claim on your proof of claim form.

The Receiver strongly encourages all potential claimants to submit their proofs of claim as soon as possible to avoid a claim being considered untimely filed after the **January 16, 2015**, Bar Date.

7. What happens to my claim against IICRRG?

The Liquidation and Injunction Order includes injunctions against certain conduct. Please read the Liquidation and Injunction Order carefully as there are penalties for violations of the injunctions.

No proceedings against IICRRG can be brought except in the Liquidation Proceedings of IICRRG in the Court of Chancery of the State of Delaware. This is a permanent stay.

No proceedings against any of IICRRG's insureds may proceed for 180 days from the entry of the Liquidation and Injunction Order. This stay will enable IICRRG's insureds to arrange for their own defense, as IICRRG is no longer able to provide a defense to its insureds.

8. I am an IICRRG insured. Is there a fund to assume payment of indemnity and expense associated with any claims or lawsuits against me?

No. Your policy was issued by your risk retention group (IICRRG) and state insurance insolvency guaranty funds are not available for your risk retention group. This means that as a result of the liquidation, IICRRG is no longer able to provide a defense or indemnity to its insureds. An insured will be required to advance the funds for their own defense or indemnity, but the reasonable costs paid by the insured for their own defense or indemnity may be submitted by the insured in accordance with the proof of claim process.

9. How do I obtain any return premium that I believe I am due as the result of the cancellation of my policy with IICRRG?

Any return premium that you claim is owed to you as an IICRRG insured as the result of the cancellation of a policy prior to its stated expiration date is a claim against the general assets of the IICRRG estate and should be submitted, and will be determined and paid, in accordance with the proof of claim process and the Delaware priority statute at 18 *Del. C.* §5918(e).

10. How and when are claims against IICRRG determined and paid?

As a result of the entry of the Liquidation and Injunction Order, IICRRG is not able to pay its claims at this time. Over time the Receiver will liquidate the assets of IICRRG and evaluate the claims against the IICRRG estate. Once the Receiver has concluded the claim evaluations, the Receiver will make recommendations to the Court. Once the process of liquidating the assets and determining the liabilities of the estate has been completed, the remaining available assets will be distributed to classes of claimants in the priority order established in the Delaware statute at 18 *Del. C.* §5918(e).

11. What happens to my service contract with IICRRG?

The Liquidation and Injunction Order enjoins any vendor or other party under any contract from proceeding to act for or on behalf of IICRRG or from binding IICRRG without the express written authorization from the Deputy Receiver or the Receivership Court. You **might** be authorized to continue providing services under your contract **if** the Deputy Receiver determines that it is advisable for the estate to authorize you to do so. Without the express written authorization of the Deputy Receiver, no vendor or other contracting party may take any action concerning the Assets, business, or affairs of IICRRG.

12. Whom can I contact if I have a question regarding IICRRG and/or the Liquidation Proceeding?

You can call 1-877-472-8360 or write to:

**INDEMNITY INSURANCE CORP., RRG, IN LIQ
c/o Delaware Insurance Department
Bureau of Rehabilitation and Liquidation
704 N. King Street, Suite 602
Wilmington, DE 19801**

Additional information regarding the IICRRG receivership will be posted from time to time under the link for IICRRG at:

http://delawareinsurance.gov/departments/berg/rehab_bureau.shtml

(Please note that there is an underline between the words “rehab” and “bureau” in the website address.)

Dated: April 17, 2014