

## **Frequently Asked Questions About Freestone Insurance Company in Rehabilitation, formerly, Dallas National Insurance Company ("FREESTONE")**

### **1. What is a Rehabilitation Proceeding?**

The Delaware Insurance Code, in Chapter 59, authorizes the Insurance Commissioner of the State of Delaware to apply to the Court of Chancery of the State of Delaware for an Order directing the Commissioner to rehabilitate a Delaware domiciled insurance company if, among other things, the insurer is impaired, insolvent, in unsound condition, or in such condition as to render its further transaction of insurance hazardous to its policyholders or the public. A Rehabilitation Order directs the Commissioner, in her capacity as Receiver, to (i) take possession of the property of the insurer, (ii) conduct the insurer's business, and (iii) take such steps towards the removal of the causes and conditions which have made such proceeding necessary as the Court shall direct.

### **2. Who is in charge of FREESTONE during the Rehabilitation Proceeding?**

The Receiver is in charge of FREESTONE during the Rehabilitation Proceeding. On April 28, 2014, the Court signed a Rehabilitation and Injunction Order appointing the Commissioner as Receiver of FREESTONE. The Receiver appointed George J. Piccoli as the Deputy Receiver to carry out the responsibilities of the Receiver with respect to the rehabilitation of FREESTONE. The Deputy Receiver will appoint other persons to assist him in the Rehabilitation Proceedings. Only persons appointed by the Receiver or Deputy Receiver to assist in rehabilitating FREESTONE will have authority to act on behalf of FREESTONE.

### **3. Why was FREESTONE placed into Rehabilitation?**

After being unable to verify the value of certain assets of the company to the Delaware Insurance Department, FREESTONE's management consented to the entry of the Rehabilitation and Injunction Order. The Receiver is conducting a more thorough examination of the financial affairs of FREESTONE during the rehabilitation proceedings.

### **4. What effect does the Rehabilitation Order have? Is some conduct prohibited?**

The Rehabilitation Order includes injunctions against certain conduct. Please read the Rehabilitation Order carefully as there are penalties for violations of the injunction.

### **5. Will my insurance policy be cancelled during rehabilitation?**

At this time, the Receiver does not anticipate cancelling all of the insurance policies of FREESTONE during the rehabilitation proceedings. However, during the rehabilitation proceedings, insurance policies will still be subject to cancellation if the policyholder fails to pay the premium when due or fails to comply with the other terms and conditions of the policy.

**6. Will my workers' compensation claim be paid during the rehabilitation?**

The Receiver has determined that payments for Indemnity and Medical under policies of Workers Compensation qualify for Hardship without further showing. Therefore, workers' compensation claims for indemnity and medical will continue to be paid during the rehabilitation.

**7. Will my automobile claim be paid during the rehabilitation?**

During the rehabilitation, claim payments under automobile policies have been suspended. You will be advised in the future when payments will be resumed.

**8. Will my general liability claim be paid during the rehabilitation?**

During the rehabilitation, claim payments under general liability policies have been suspended. You will be advised in the future when payments will be resumed.

**9. What is the 180 day stay and does it apply to me?**

No proceedings against FREESTONE or any of its insureds may proceed for 180 days while the Receiver evaluates the condition of FREESTONE. This stay applies to all claims made against a FREESTONE or a policyholder or insured of FREESTONE, regardless of whether the litigation or proceeding against the policyholder or insured is in Delaware or another State or Federal Court.

**10. How much will I receive on account of my claim against FREESTONE?**

The Receiver is working as quickly as possible to evaluate the condition of FREESTONE to determine the appropriate steps to provide fair and equitable treatment of FREESTONE's policyholders and other creditors. You will be notified as soon as possible how your claim will be handled. **Please Note: The Receiver has determined that payments for Indemnity and Medical under policies of Workers Compensation qualify for Hardship without further showing. Such Claims payments will continue to be made until further notice.** No assurance can be given as to whether, when, or to what extent any other claims might be paid. Additional information regarding the FREESTONE receivership will be posted from time to time after the Receiver determines the appropriate course of action at:

[http://delawareinsurance.gov/departments/berg/rehab\\_bureau.shtml](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.)

**11. What happens to my service contract with FREESTONE?**

The Rehabilitation and Injunction Order enjoins any vendor or other party under any contract from proceeding to act for or on behalf of FREESTONE or from binding FREESTONE without the express written authorization from the Receiver or the Receivership Court.

You **might** be authorized to continue providing services under your contract **if** the 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 FREESTONE.

**12. How long will the Rehabilitation Proceeding last?**

The Delaware Insurance Code provides that the Court of Chancery of the State of Delaware can only grant an order terminating a rehabilitation proceeding when the court determines that the purposes of the proceeding have been fully accomplished. At this point it is not possible to predict whether, or when, the Court will be able to make this determination. In addition, pursuant to the Delaware Insurance Code, if at any time the Receiver determines that further efforts to rehabilitate FREESTONE would be futile, the Receiver has the right to apply to the Court of Chancery of the State of Delaware for an order of liquidation.

**13. Whom can I contact if I have a question regarding FREESTONE and/or the Rehabilitation Proceeding?**

**You can call 1-866-874-6860 or write to:**

**FREESTONE INSURANCE COMPANY IN REHABILITATION  
c/o Delaware Insurance Department  
Bureau of Rehabilitation and Liquidation  
704 N. King Street, Suite 602  
Wilmington, DE 19801**

Dated: May 1, 2014