

Frequently Asked Questions About Ullico Casualty Company in Liquidation

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 possession of the property of the insurer, (ii) conduct the insurer's business, and (iii) take such steps to liquidate (wind-up the affairs of) the business of the insurer as the Court shall direct.

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

The Receiver is in charge of ULLICO CASUALTY during the Liquidation Proceeding. On March 11, 2013, the Court signed a Rehabilitation and Injunction Order appointing the Commissioner as Receiver of ULLICO CASUALTY. On May 30, 2013, the Court signed a Liquidation and Injunction Order with Bar Date which continued the Commissioner's appointment as Receiver. 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 ULLICO CASUALTY. 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 ULLICO CASUALTY will have authority to act on behalf of ULLICO CASUALTY.

3. Why was ULLICO CASUALTY placed into Liquidation?

ULLICO CASUALTY filed its annual statutory financial statement for the fiscal year ended December 31, 2012, on March 1, 2013. ULLICO CASUALTY reported its surplus as regards policyholders as of December 31, 2012, as approximately *negative* \$52,000,000. ULLICO CASUALTY consented to the commencement of a Rehabilitation Proceeding and on March 11, 2013, the Court placed ULLICO CASUALTY into Rehabilitation.

Upon further review of the company, the Receiver determined that a rehabilitation was not feasible and petitioned the Court to place ULLICO CASUALTY into the Liquidation Proceedings. The Liquidation Order was granted May 30, 2013.

4. What is a Guaranty Association or Fund and what does it do?

Certain policy claims might qualify for coverage from a guaranty association in the state of the claimant's residence or the state of the insured's residence. Guaranty associations and funds were created by state law to provide protection to insureds in the event of a member insurer's liquidation. The state law which created each guaranty association or fund has limitations and other eligibility requirements, including certain limitations on the amount of coverage available or the types of insureds or claims covered. The Receiver cannot make a determination concerning the amount of guaranty association or fund coverage available to an insured or claimant. That determination will be made by the guaranty association or fund. Enclosed is a list of the state guaranty associations which are affected by the ULLICO CASUALTY liquidation. This list is also posted on the website at:

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

under the ULLICO CASUALTY link.

5. Am I required to file a proof of claim by the Bar Date of June 30, 2014?

If you have a claim against ULLICO CASUALTY and wish to pursue that claim, you must file a proof of claim by the Bar Date of June 30, 2014, for your claim to be considered in one of the priority classes. If you have a claim which would be covered by a guaranty association or fund, you should check with the applicable guaranty association or fund to determine whether you are required to file a proof of claim in the ULLICO CASUALTY estate in order to pursue coverage from the guaranty association or fund. The Receiver strongly suggests that you file a proof of claim in the ULLICO CASUALTY estate even if you believe you have guaranty association or fund coverage because some guaranty association or fund coverage is limited. If you fail to file a properly completed, timely proof of claim in the ULLICO CASUALTY estate, you might not qualify for certain coverages and you might be disqualified from participating in a higher priority class or from receiving distributions of assets that eventually become available for your class of claims.

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

A proof of claim must be submitted by the Bar Date which is June 30, 2014. 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. A copy 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 ULLICO CASUALTY. For instance, if you are an insured of ULLICO CASUALTY under a workers' compensation policy 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 arising out of an alleged injury to one of your employees, 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 June 30, 2014, Bar Date.

7. What happens to my claim against ULLICO CASUALTY?

The Liquidation Order includes injunctions against certain conduct. Please read the Liquidation Order carefully as there are penalties for violations of the injunctions. No proceedings against ULLICO CASUALTY or any of its insureds may proceed for 180 days from the entry of the Liquidation Order.

As a result of the entry of the Liquidation and Injunction Order with Bar Date, ULLICO CASUALTY is not able to pay its claims at this time. Over time the Receiver will liquidate the assets of ULLICO CASUALTY and evaluate the claims against the ULLICO CASUALTY 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).

Certain claims might qualify for coverage from a guaranty association. Refer to question number 4.

8. What happens to my service contract with ULLICO CASUALTY?

The Liquidation and Injunction Order with Bar Date enjoins any vendor or other party under any contract from proceeding to act for or on behalf of ULLICO CASUALTY or from binding ULLICO CASUALTY 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 ULLICO CASUALTY.

9. Whom can I contact if I have a question regarding ULLICO CASUALTY and/or the Liquidation Proceeding?

You can call 1-800-218-1044 or write to:

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

Additional information regarding the ULLICO CASUALTY receivership will be posted from time to time 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: July 11, 2013