

Indemnity Insurance Corporation, RRG, in Liquidation  
1007 N. Orange Street  
Suite 1010  
Wilmington, DE 19801

## **Status of the Proof of Claim Process in The Liquidation Proceedings Of Indemnity Insurance Corporation, RRG**

Thank you for your recent communication regarding the liquidation of Indemnity Insurance Corporation, RRG, in Liquidation (“IICRRG”). We understood you to state that you submitted a Proof of Claim to the Receiver and are seeking an update on proceedings.

At this time, the Receiver’s team is evaluating all Proofs of Claim against the IICRRG estate.

Claimants who are plaintiffs in legal matters that are nearing the statute of limitation are advised to consult with their legal representatives to discuss their options given that a specific timeframe for the completion of evaluating all of the Proofs of Claim is not yet known. Neither IICRRG nor the Receiver’s team handle or defend claims.

For additional detail please review the following frequently asked questions about the valuation, determination and payment of claims filed in the delinquency proceedings of IICRRG

### **1. What is the Proof of Claims process?**

By statute, the Receiver has several core duties or activities that he and his deputies perform in administering the estate. The goal is, in most instances, to collect and conserve estate assets and to maximize the later payment of legitimate policyholder claims and, to the extent possible, the claims of creditors below policyholders in priority under the Delaware’s version of the Uniform Insurers Liquidation Act.

As part of these duties, all creditor claims submitted to Indemnity Insurance Corporation, RRG, in Liquidation (“IICRRG”) have to be evaluated through the Proof of Claims (“POC”) process that determines and assigns the proper class priority and dollar value to the claim. The Bar Date for claims was January 16, 2015. The Receiver must ultimately distribute available assets in accordance with the statutory priorities of 18 Del. C. § 5918:

|           |   |
|-----------|---|
| Class I   | Administrative Expenses                                     |
| Class II  | Guaranty Association Administration Expenses                |
| Class III | Policyholder Claims, including Return Premium               |
| Class IV  | Taxes or Debts to the United States                         |
| Class V   | Claims of Employees of Indemnity Insurance Corporation, RRG |
| Class VI  | General Creditor Claims                                     |
| Class VII | Claims Within Classes I-VI but filed after the Bar Date     |

|            |                                      |
|------------|--------------------------------------|
| Class VIII | Surplus Notes or Similar Obligations |
| Class IX   | Shareholders or Owners Claims        |

Every claim in each of the above classes must be paid in full or adequate funds retained for such payment before the members of the next class receive any payment. No subclasses shall be established within any class. Equitable remedies may not be used to circumvent the priority of classes. The largest class of creditors is Class III.

## **2. Who evaluates the claims?**

The POCs filed with IICRRG are evaluated by members of the Receiver's team.

## **3. What information is used to evaluate claims?**

The POC itself, documentation submitted with the POC, information in IICRRG's records that is relevant to the claim, its evaluation and valuation, and any documents or other information supplied to the Receiver after the POC has been filed. From time to time during the POC process, a claimant may be asked to provide additional information to the Receiver.

## **4. How is a claimant notified of the value placed on a claim?**

When the Receiver has completed the analysis and valuation of a POC, the claimant will receive written notice from the Receiver known as a Notice of Determination ("NOD"). The NOD will include a valuation for the claim and the claim's priority class under 18 *Del. C.* §5918.

## **5. Must the claimant accept the Notice of Determination?**

The NOD will advise the claimant as to the process for accepting or objecting to an NOD. If a claimant objects to the value or priority class assigned to a claim, the claimant may submit those issues to the Delaware Chancery Court in the delinquency proceedings of IICRRG for final determination in accordance with the procedures outlined in the NOD.

## **6. Does the valuation placed on a claim equal the amount that a claimant will ultimately receive?**

No. The assets of IICRRG are not sufficient to pay all of IICRRG's liabilities and it is not anticipated that Class III claimants will be paid in full. Therefore, upon conclusion of the process, it is likely that each Class III member will receive only a portion of his/her/its claim on a *pro rata* basis and no priority class below Class III will be paid any distribution.

**7. Can I reach agreement with the Receiver of Indemnity Insurance Corporation, RRG, in Liquidation as to the classification and value of my claim?**

Yes. A claimant may reach an agreement at any time during the process as to the value and priority class assigned to a claim. However, an agreed valuation and class does not mean that the claimant will receive payment of an amount equal to the valuation or that a distribution will be made to the claimant ahead of other class members. Instead, a claimant will receive a *pro rata* share of the valuation equal to that of other members of the same class at the same time that other class members receive the distribution.

**8. When will claims distributions be made?**

The amount of the *pro rata* distribution for a class cannot be made until there are no longer any open claims and all IICRRG assets have been recovered. At that time, the Receiver will make application to the Delaware Court of Chancery, on notice to claimants, for approval of the distribution of payments. This means that distributions are made very close to the end of the delinquency proceedings.

If you have additional questions you may email the Indemnity Insurance Corporation, RRG, in Liquidation at [iicdc.receiver@delrlb.com](mailto:iicdc.receiver@delrlb.com). Or you may write to us at the address shown above.

Thank you.

Sincerely,  
Indemnity Insurance Corporation, RRG, in Liquidation  
877.472.8360