

Frequently Asked Questions About

Arrowood Indemnity Company, in Liquidation ("Arrowood")

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 his capacity as Receiver, to, among other things: (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 Arrowood during the Liquidation Proceeding?

The Receiver is in charge of Arrowood during the Liquidation Proceeding. On November 8, 2023, the Court signed a Liquidation and Injunction Order with Bar Date appointing the Commissioner as Receiver of Arrowood.

The Receiver has appointed Eugene T. Reed, Jr. and James J. Black, III as Deputy Receivers to carry out the responsibilities of the Receiver with respect to the liquidation of Arrowood. The Deputy Receivers have appointed Charles W. Basta as the Estate Manager, and will appoint other persons to assist them in the Liquidation Proceedings. Only persons appointed by the Receiver or Deputy Receivers to assist in liquidating Arrowood will have authority to act on behalf of Arrowood.

3. Why was Arrowood placed into Liquidation?

On November 8, 2023, the Court of Chancery of the State of Delaware found that Arrowood 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 Arrowood liquidated.

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 funds or associations which are affected by the Arrowood liquidation. This list is also posted on the website at:

https://insurance.delaware.gov/rehab_bureau_Arrowood/

5. Will any claims be paid during the liquidation proceedings of Arrowood?

Yes. The Receiver has determined that payments for medical expenses and indemnity for workers' compensation claims, certain benefit arising from of an automobile accident, or claims arising under the Federal Black Lung program be made during the liquidation proceedings until such time as the files regarding such claims are transferred to the applicable guaranty association and the guaranty association begins making payments to the claimant.

In addition, claimants who have claims that qualify for coverage from a guaranty association, as discussed in FAQ No. 4, do not need to file a claim in the liquidation proceedings of Arrowood unless they have another claim which does not qualify for coverage from a guaranty association.

6. What do I do if I have a claim against Arrowood that will not be paid during the liquidation proceedings of Arrowood?

If you have a claim against Arrowood other than for a claim identified in FAQ No. 5, and wish to pursue that claim, you must file a Proof of Claim by the Bar Date of **January 15, 2025**, 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 Arrowood estate.

7. What if I do not file a Proof of Claim by the Bar Date of January 15, 2025?

If you fail to file a properly completed, timely proof of claim in the Arrowood 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.

8. How do I file a Proof of Claim in the Arrowood estate?

Claims are filed in the Arrowood by using the Proof of Claim form. 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. Proof of Claims 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 Arrowood. Provide as much detail as needed to support your claim on your Proof of Claim form.

The Proof of Claim will be considered untimely if filed after the **January 15, 2025**, Bar Date. See FAQ No. 7.

9. Can I pursue my claim against Arrowood outside the Arrowood Liquidation Proceedings in the Court of Chancery of the State of Delaware?

No. The Liquidation and Injunction Order with Bar Date 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 Arrowood can be brought except in the Liquidation Proceedings of Arrowood in the Court of Chancery of the State of Delaware. This is a permanent stay.

In addition, no proceedings against any of Arrowood's insureds may proceed for 180 days from the entry of the Liquidation and Injunction Order with Bar Date. As certain claims might qualify for coverage from a guaranty association (see FAQ No. 4), this stay will give the guaranty associations an opportunity to make coverage and defense evaluations.

If a claim is covered, the implicated guaranty association will assume the administration and payment of the claim, if applicable, in accordance with that guarantee association's statute.

If there is no guaranty association coverage for a particular claim, the stay operates to give the claimant time to retain replacement legal representation. PLEASE TAKE NOTICE THAT, in any event, no defense or indemnity will be accepted, undertaken, or paid by Arrowood except as provided in the Proof of Claim process in the liquidation proceedings of Arrowood.

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

As a result of the entry of the Liquidation and Injunction Order with Bar Date, Arrowood is unable to pay its claims. Over time, the Receiver will liquidate the assets of Arrowood and evaluate the claims against the Arrowood estate. Once the Receiver has concluded the claim evaluations, the Receiver will make recommendations to the Court for final determination. After 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 Arrowood?

The Liquidation and Injunction Order enjoins any vendor or other party under any contract from proceeding to act for or on behalf of Arrowood or from binding Arrowood 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 Arrowood.

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

You can call (302) 543-2496 or write to:

ARROWOOD INDEMNITY COMPANY, IN LIQUIDATION
c/o Delaware Bureau of Rehabilitation and Liquidation
1 Righter Parkway
Suite 280
Wilmington, DE 19803-1555
Telephone No. (302) 543-2496
Email address: Receiver@ArrowoodLiq.com

Additional information regarding the Arrowood Liquidation Proceeding will be posted from time to time under the link for Arrowood at:

https://insurance.delaware.gov/rehab_bureau_Arrowood/

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

Dated: November 16, 2023