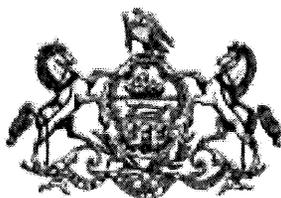


Commonwealth of Pennsylvania
Office of Liquidations, Rehabilitations
and Special Funds



Statutory Liquidator
Of
COMMONWEALTH INSURANCE COMPANY

PLEASE KEEP THIS MATERIAL
PLEASE READ THIS MATERIAL IN ITS ENTIRETY

FAILURE TO FOLLOW THE CLAIMS
SUBMISSION INSTRUCTIONS HEREIN
WILL RESULT IN THE DENIAL OF YOUR CLAIM

Information about the Liquidation of CIC

The Commonwealth Court of Pennsylvania has ordered Commonwealth Insurance Company (CIC) into liquidation effective March 20, 2014. This booklet will help to answer frequently asked questions about making claims and the liquidation procedure.

The Office of Liquidations, Rehabilitations and Special Funds of the Pennsylvania Insurance Department has been assigned the responsibility of liquidating CIC, and all questions concerning the liquidation of CIC should be directed to the Statutory Liquidator for CIC, Capitol Associates Building, 901 N. 7th Street, Harrisburg, PA 17102 (717) 787-7823.

1. What happens when a company is liquidated?

Liquidation is similar to bankruptcy. When a company is liquidated, the Insurance Department's Office of Liquidations, Rehabilitations and Special Funds gathers the company's assets and determines what liabilities, such as bills and claim payments, it has. The Statutory Liquidator then develops a plan to distribute the company's assets according to law and submits the plan to the Court for approval. The liquidation process is very complex and is expected to take several years.

2. Will my surety bond be canceled because of the liquidation?

A paid CIC surety bond will terminate at its normal expiration, upon replacement or on April 19, 2014 (30 days from the date of liquidation), whichever is soonest.

3. You say CIC was ordered liquidated. Does this mean my surety bond is worthless?

No. Although CIC has been placed into liquidation, claims become a claim against the CIC estate, and the amount deemed to be an allowed claim will be paid to the extent funds are available, on an equal basis with all other claims in the same category. These claims may be paid in full, in part or not at all, depending on the available assets. These claims will not be paid for several years.

4. Since my company has been placed into liquidation, who will pay my claims?

Valid and substantiated claims become claims against the estate of CIC and will be paid at some time in the future to the extent funds are available.

If you are a surety bondholder or claimant and you currently have a claim pending with CIC, you need to complete and return a proof of claim as soon as possible.

5. I believe I have a claim against CIC but I am not a surety bondholder or a claimant under a CIC surety bond. How do I make a claim?

Claims filed against CIC by general creditors, stockholders, trade creditors, governmental agencies, reinsurers, cedants, agents, employees, former officers and directors and other persons interested in the affairs of CIC are handled by the Statutory Liquidator. To file a claim for monies owed to you by CIC, you must file a proof of claim form with the Statutory Liquidator no later than 5:00 p.m. EST on November 21, 2014. If you fail to file a proof of claim form by this date, your claim may not be considered to be timely filed. Failure to file a timely claim may result in denial of your claim or consideration of your claim at a lower

priority level. **Be advised that the Court has approved a final Claims Bar Date (see question 15).**

6. How do I file a claim against CIC?

If you believe you have a claim against CIC you must file a proof of claim with the Statutory Liquidator. Even if you have a claim already pending with CIC you must file a proof of claim. If your claim is a new claim, you should submit supporting documentation along with the proof of claim.. If your claim has already been submitted to CIC, you must complete the proof of claim form, but it is not necessary for you to attach additional documentation. If additional information is needed at a later date, you will be contacted.

If you have more than one claim against CIC, you may duplicate the proof of claim form to submit each claim separately.

Be advised that the Court has approved a final Claims Bar Date (see question 15).

7. Can I file a claim against a CIC bond?

You may still file claims against a CIC bond that was in force at the time of the Liquidation Order. Please note, the filing deadline is November 21, 2014. CIC will continue to accept any and all claims filed on the prescribed Proof of Claim form after the filing deadline, but they will be considered late. Failure to file a timely claim may result in denial of your claim or consideration of your claim at a lower priority level.

Be advised that the Court has approved a final Claims Bar Date (see question 15).

8. Does the cancellation of all CIC bonds affect my ability to make a claim?

No. All CIC bonds are cancelled on April 19, 2014. However, the cancellation of the CIC bonds does not impact your right to make a claim.

9. Will my claim continue to be investigated?

Yes. The Liquidator will adjust all CIC Proof of Claims. Even though all litigation and non-litigation matters have been stayed, the Liquidator will continue to investigate claims to determine each claim's validity and value.

10. For bonds that do not have claims filed against them, will collateral be returned to the principal?

Will the Liquidator pay claims from any bond specific or account specific collateral that has been deposited with CIC?

I was under the impression that since my bond was cancelled on April 19, 2014, collateral is no longer needed. Can you provide me instructions on how I can receive it back?

The liability on my bond was still open at the time of cancellation. Will the obligee sign a full release and discharge of liability so that I can get my collateral back?

One of the prime responsibilities of the Statutory Liquidator, upon the Court granting an Order for Liquidation, is to go on-site and become familiar with the workings of the company, including the various collateral/escrow accounts. Additional collateral release

information can be found on our website, www.insurance.pa.gov Click on Consumer Protection, then Liquidations & Rehabilitations, then Commonwealth Insurance Co.

11. What about claims other than surety?

Claims for agent commissions.

If you were a CIC agent and have a claim for earned commission, it will be necessary for you to complete a proof of claim form. If you have documentation to support your claim, including your most recent statement, you should provide a copy of that documentation with your proof of claim. If you do not have documentation, you should complete the information requested on the proof of claim form and submit it as directed.

Claims of general creditors.

General creditors are persons or organizations, including law firms, trade creditors, etc., who provided services to CIC prior to the March 20, 2014 Order of Liquidation, for which they were not paid, or any person or organization who believes they are owed money by CIC (In Liquidation) regardless of the time period in which these services were incurred, etc. If you believe you have a claim, it will be necessary for you to complete a proof of claim form. If you have documentation to support your claim, you should provide a copy of that documentation with your proof of claim.

Claims of former employees, officers and directors.

If you are a former employee, officer or director of CIC (In Liquidation) and you believe you have a claim, you must file a proof of claim with CIC. Use Item 3 on the proof of claim to provide the necessary information about your claim. You should attach documentation to support your claim to the proof of claim and submit it as directed.

12. May I file a contingent claim?

No. The Court has approved a final Claims Bar Date Order (see question 15). The Order expressly prohibits the filing of a claim that does not ripen into a legal cause of action prior to the final Claims Bar Date.

13. What is the deadline for filing a claim?

The Commonwealth Court of Pennsylvania has established November 21, 2014, 5:00 p.m. EST, as the deadline for filing claims against CIC (In Liquidation). If you fail to file a proof of claim form by this date, your claim may not be considered to be timely filed. Failure to file a timely claim may result in denial of your claim or consideration of your claim at a lower priority level. **Be advised that the Court has approved a Final Claims Bar Date (see question 15).**

14. How do I request a Proof of Claim Form?

There are several ways to request a Proof of Claim form. They are:

Download: www.insurance.pa.gov
Click on Consumer Protection, then Liquidations & Rehabilitations.

Request by E-Mail: ra-in-claims@pa.gov
Request by Telephone: (717) 787-7823
Request by Mail: Statutory Liquidator for CIC, Capitol Associates Building, 901 N. 7th Street, Harrisburg,
PA 17102

15. What is a final Claims Bar Date?

The Commonwealth Court of Pennsylvania has established September 28, 2015 as a final Claims Bar Date for receipt of claims against CIC (In Liquidation). Any Proof of Claim filed after the final Claims Bar Date is untimely and shall be disallowed by the Liquidator without consideration of its merits or "good cause" as set forth in question 13. Notwithstanding the foregoing, if a claim arises within thirty (30) days prior to the final Claims Bar Date, the filing of a POC should be allowed after the final Claims Bar Date but only within thirty (30) days of when the legal cause of action commenced.