

Commonwealth of Pennsylvania
Office of Liquidations, Rehabilitations
And Special Funds



Statutory Liquidator
Of
HEALTHCARE PROVIDERS INSURANCE EXCHANGE
("HPIX")

PLEASE KEEP THIS MATERIAL
PLEASE READ THIS MATERIAL IN ITS ENTIRETY

YOUR CLAIM WILL NOT BE CONSIDERED IF YOU FAIL TO FOLLOW THE CLAIMS
SUBMISSION INSTRUCTIONS CONTAINED IN THIS DOCUMENT

HPIX

Questions and Answers

Information Regarding the Liquidation of HPIX

The Commonwealth Court of Pennsylvania has declared HEALTHCARE PROVIDERS INSURANCE EXCHANGE ("HPIX") insolvent and has ordered the company into liquidation effective January 12, 2018. This booklet will help to answer frequently asked questions about making claims and the liquidation process.

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

1. What happens when a company becomes insolvent and is liquidated?

Liquidation is similar to bankruptcy. When a company is liquidated, the Insurance Department's Bureau of Liquidations and Rehabilitations Administration identifies and collects the company's assets, determines its ultimate liabilities, such as bills and claim payments, develops a plan for distribution of the assets according to law and submits the plan to the Pennsylvania Commonwealth Court for approval. The liquidation process can be very complex and can take many years.

Claims that are the responsibility of a guaranty association have been or will be forwarded to them as appropriate. HPIX (In Liquidation) will handle valid claims that are pursued against the estate that are in excess of guaranty association limits or claims that are not covered by a guaranty association. Claims which are not covered by a guaranty association in whole or in part become claims directly against the HPIX estate and will be paid at some time in the future to the extent funds are available.

2. You say HPIX was ordered liquidated. Does this mean my policy is worthless?

No. Although this company has been placed into liquidation, the guaranty association in the state where you reside or where the property is situated may be obligated to provide coverage under insurance policies issued by HPIX, subject to certain defenses and limitations. Coverage of your claim under a guaranty association law is determined by the guaranty association in accordance with its guaranty association act, not by the Liquidator. The appropriate guaranty association to which the claim will be presented and the defenses and limitations are also determined in the same manner. Any claim or portion thereof which is not covered by a guaranty association becomes a claim directly against the estate of HPIX. The amount of the claim allowed by the Liquidator and approved by the Commonwealth Court, will be paid some time in the future to the extent funds are available, on an equal basis with all other claims in the same category. The payment of claims by the

Liquidator is governed by Article V of the Insurance Department Act of 1921. 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.

3. Will my policy be canceled because of the liquidation?

A paid HPIX policy and any accompanying extended reporting period will terminate at its normal expiration, upon replacement or February 11, 2018 (30 days from the date of liquidation), whichever is soonest.

4. What is a guaranty association?

A guaranty association is an association of all insurers licensed to write property and casualty or life and health insurance in a state. Subject to statutory coverage, eligibility, defenses and claims payment limits of its guaranty association law, a guaranty association assumes the policyholder obligations of licensed insolvent insurers in that state for residents or property insured in that state. A guaranty association obtains funds to meet its obligations by assessing the member companies.

5. Since my insurer has been placed into liquidation, who will pay my claims?

Valid and substantiated claims incurred prior to the termination of the policy will be paid, where covered, by the appropriate guaranty association, subject to policy limits and the limits of the guaranty association. The Liquidator of HPIX will automatically forward your claim to the appropriate guaranty association. Claims which are not covered by a guaranty association or portions of claims which exceed the statutory obligations of the guaranty association become claims directly against the estate and will be paid at some time in the future to the extent funds are available.

6. Will my claims be paid in full by the guaranty associations?

All payments are subject to certain statutory limits contained in the various state laws creating the guaranty associations. The applicable guaranty association will not pay any claims in excess of its statutory limits. Any claims in excess of an applicable guaranty association's statutory limits are claims directly against the estate. And, in no case will payments made by the Liquidator in excess of the statutory limits exceed the applicable policy limits.

7. How long will it take for my claims to be paid by the guaranty association?

When a company is declared insolvent and placed into liquidation, the guaranty associations are typically activated to pay claims as soon as the Court orders the liquidation. Claim payments usually begin within 90 days after the liquidation order is issued. However, the waiting period from the time of submission will vary based on the number of claims received, and the time claims are submitted.

8. I have questions about what is and is not covered by the guaranty association. Who can answer these questions for me?

You can address your questions about your property and casualty guaranty association's responsibilities to the guaranty association in the state in which you reside. Some states have separate organizations which handle worker's compensation claims.

9. What do I do if I have a claim against a HPIX insured?

You are a third party claimant if you have a claim against a HPIX insured, which may be covered by the insured's insurance policy. You may either file a claim with the Statutory Liquidator or pursue legal action against the insured to attempt to recover on your claim. If you choose to file a claim with the Liquidator, filing of this claim shall operate as a release of the insured's liability to you on that cause of action up to the amount of applicable policy limits. If coverage is avoided by the Liquidator, this release becomes null and void.

10. I am a HPIX insured and currently have a claim pending against my policy. Do I need to file a Proof of Claim?

All open claims at the time of HPIXs liquidation are being referred to the appropriate state guaranty association. However, you are still required to file a proof of claim with the directly with the Liquidator. Do not file the proof of claim with the guaranty association.

11. I believe I have a claim against HPIX, but I am not a policyholder or a third party claimant under the companies' policy. How do I make a claim?

Claims filed against HPIX by general creditors, stockholders, trade creditors, governmental agencies, reinsurers, cedants, agents, employees, former officers and directors and other persons interested in the affairs of the company are handled by the Liquidator. To file a claim for monies owed to you by HPIX, you must file a fully completed proof of claim form with the Liquidator. Failure to file a fully completed proof of claim form may result in your claim not being considered.

12. How do I file a claim against HPIX?

If you believe you have a claim against HPIX, you must file a fully completed proof of claim with the Liquidator using the proof of claim form. If you have more than one claim against HPIX, you may duplicate the proof of claim form to submit each claim separately.

A fully completed proof of claim form **must** contain the original signature of the claimant; a description of the claim and any security interest; whether collateral security or personal security is pledged in accordance with the terms of the policy; documentation of any payments made on the claim; and a statement that the amount is justly owed the claimant. If you require proof of claim forms, you may request them from the Liquidator at the address below, or download them from the Insurance Department's website: www.insurance.pa.gov. If you have more than one claim against HPIX, you may duplicate the proof of claim form to submit each claim separately.

13. What is the deadline for filing a claim?

In accordance with the Pennsylvania Commonwealth Court's HPIX Orders, the Liquidator will file an application with the Commonwealth Court in April 2018 requesting a claims filing deadline. Notice of this claim filing deadline will be provided once the Court approves the Liquidator's application and the claims filing deadline is established. Once the claims filing deadline is established, if you fail to file a fully completed proof of claim form by that deadline, your claim may not be considered to be timely filed. Failure to file a claim by the deadline may result in denial of your claim or consideration of your claim at a lower priority level, depending upon consideration of "good cause" under the late claims provision of Article V of the Insurance Department Act of 1921. Some guaranty associations have an earlier deadline.

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