

**Frequently Asked Questions About
Lumbermen's Underwriting Alliance in Liquidation
("Lumbermen's")**

The Circuit Court of Cole County, Missouri has declared Lumbermen's Underwriting Alliance ("LUA") insolvent and has ordered the company into liquidation effective May 23, 2016. This document will help to answer frequently asked questions about making claims and the liquidation procedure.

Q. What is a liquidation proceeding?

A. Liquidation is similar to bankruptcy. When an insurance company is impaired, insolvent, in unsound condition, or its further transaction of insurance would be hazardous to its policyholders, the Missouri Insurance Code authorizes the Director of the Missouri Department of Insurance to ask the Circuit Court of Cole County, Missouri (the "Court") for an Order directing the Director to liquidate the insurance company.

A Liquidation Order directs the Director, in his 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.

Q. Who is in charge of LUA during Liquidation?

A. The Receiver is in charge of LUA during Liquidation. On May 19, 2015, the Court signed a Rehabilitation Order appointing the Director as Receiver of LUA. On May 23, 2016, the Court signed a Liquidation Order with a Bar Date of May 24, 2017, which continued the Director's appointment as Receiver. The Receiver appointed Bruce Baty as the Special Deputy Receiver ("SDR") to carry out the responsibilities of the Receiver with respect to the liquidation of LUA. Norton Rose Fulbright US LLP will serve as Counsel to the Receiver. The SDR will appoint other persons to assist him with the Liquidation. Only persons appointed by the Receiver or SDR to assist in liquidating LUA will have authority to act on behalf of LUA.

Q. Why was LUA placed into Liquidation?

A. Based upon the financial records of LUA, the Receiver determined that LUA was insolvent, that it did not have sufficient liquid assets to pay its liabilities as they became due, and that further efforts to rehabilitate LUA would not be feasible. After a hearing in the Court, the Court found that LUA was insolvent, and the Court issued the Liquidation Order with a Finding of Insolvency. The Liquidation Order set a Bar Date for the filing of all Proofs of Claim of **May 24, 2017**.

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

A. Certain LUA policy claims might qualify for coverage from a guaranty association in the state of the claimant's residence or the state of the policyholder's residence. Guaranty associations and funds were created by state law to provide protection to policyholders and claimants 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 policyholders or claims covered. The Receiver cannot make a determination concerning the amount of guaranty association or fund coverage available to an policyholder or claimant. That determination will be made by the guaranty association or fund. A list of the state guaranty associations can be found at: http://ncigf.org/media/files/Alphabetical_Listing_of_Members-Feb-08-2016.pdf

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

A. Some state insurance guaranty associations have maximum benefit limits. These limits are established by state law and can vary from state to state. You may access more information regarding specific state guaranty associations at ncigf.org.

Q. Am I required to file a Proof of Claim with the Receiver by the Bar Date of May 24, 2017?

A. If you have a claim against LUA and wish to pursue that claim, you must file a Proof of Claim by the Bar Date of **May 24, 2017**, 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 LUA estate in order to pursue coverage from the guaranty association or fund. The Receiver strongly suggests that you file a Proof of Claim 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, 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.

Q. How do I file a claim against LUA?

A. A Proof of Claim must be submitted by the Bar Date which is **May 24, 2017**. Claims submitted after that date are considered late filed and, if permitted, will be assigned to a lower Priority Class.

The Proof of Claim, along with a set of instructions, is posted on the website at: www.lumbermensunderwriting.com

All Proofs of Claim must be signed and notarized, and the original signatures of the claimant and notary must be submitted to the SDR at the address on the Proof of Claim. 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. Missing information will slow the processing of your claim.

Additionally, you should submit a separate Proof of Claim for each claim that you have against LUA. For instance, if you are a policyholder of LUA 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.

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 **May 24, 2017**, Bar Date.

Q. What happens to my claim against LUA?

A. The Liquidation Order includes injunctions against certain conduct. Please read the Liquidation Order carefully as there are penalties for violations of the injunctions. As a result of the entry of the Liquidation Order, LUA is not able to pay its claims at this time. Over time the Receiver will liquidate the assets of LUA and evaluate the claims against LUA. Once the Receiver evaluates all claims, the Receiver will make recommendations to the Court. Once the process of liquidating LUA's assets and determining LUA's liabilities is complete, the remaining available assets will be distributed to classes of claimants in the priority order established in the Missouri Insurance Code. Certain claims might qualify for coverage from a guaranty association.

Q. What happens if I have, or want to bring, a lawsuit against LUA?

A. No action at law or equity or in arbitration shall be brought against LUA or the Receiver, whether in Missouri or elsewhere, nor shall any such existing actions be maintained or further presented after issuance of the Liquidation Order. The Receiver may intervene in any action against LUA in order to protect LUA's assets. If your lawsuit is against a policyholder of LUA, then – at the election of the appropriate state guaranty association – the association may seek a stay of that litigation until such time as claim files are received by the association and the claim is evaluated for coverage.

Q. What happens to my service contract with LUA?

A. The Liquidation Order enjoins any vendor or other party under any contract from proceeding to act for or on behalf of LUA or from binding LUA without express written authorization from the Receiver, the SDR or the Court. You might be authorized to continue providing services under your contract if the Receiver or the SDR determines that it is in LUA's best interest. Without the express written authorization of the Receiver or SDR, no vendor or other contracting party may take any action concerning LUA's assets, business, or affairs.

Q. May I file a contingent claim?

A. Yes. Under Missouri law a person may file a claim even if it is a "contingent claim." A "contingent claim" is one where the liability of the company is not yet determined or is dependent on the outcome of another event. If you file a contingent claim, complete the Proof of Claim, and indicate in the space for Amount of Claim "undetermined." When further information becomes available, the claimant should immediately inform the Liquidator of the particulars and supplement the Proof of Claim by providing documentation of the claim.

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

A. You call 561-994-1900 or send an email to LUALiquidation@ins-lua.com or write to:

Lumbermen's Underwriting Alliance in Liquidation
Special Deputy Receiver
c/o Norton Rose Fulbright US LLP
7676 Forsyth Blvd., Suite 2230
St. Louis, MO 63105

Additional information regarding the LUA receivership will be posted from time to time at:

www.lumbermensunderwriting.com

Dated: May 23, 2016