

Frequently Asked Questions Re: Western General Proof of Claim Mailing

Q. What is a liquidation proceeding?

A. Liquidation is similar to bankruptcy. When an insurance company is financially insolvent, the California Insurance Code authorizes the Insurance Commissioner of the state of California to ask the Superior Court (the "Court") for an Order appointing the Insurance Commissioner as the Liquidator and instructing him/her to liquidate the insurance company. The Liquidation Order directs the Liquidator, 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. What is a Proof of Claim Process?

A. A Proof of Claim process determines proper creditors who may have a monetary claim against the assets of the Western General Insurance Company. Liabilities of the company are determined through this process.

Q. Why was I sent a Proof of Claim form?

A. The records of Western General Insurance Company indicate that you had some business relationship with the company. Therefore, you potentially have a claim and we are required to notify you of your right to make a claim if you so choose.

Q. Must I complete and file the Proof of Claim form?

A. Only if you believe you have a claim against Western General prior to the Liquidation date of August 5, 2021. All liabilities of the liquidated companies are set as of that date. If you do not file a claim by the final claims bar date of February 28, 2022, you will not be entitled to participate in any distribution of Western General assets.

Q. If I am a claimant with an open claim at the time of liquidation must I file a Proof of Claim?

A. No, the Liquidation Order considers your claim to have been filed and you do not need complete the form.

Q. If I am a claimant under a Western General insurance policy, what happens to my claim?

A. As a general rule your claim will be transferred to a Guaranty Fund for further claims administration and payment as appropriate. In some infrequent situations there may not be Guaranty Fund coverage for your claim. Responsibility for handling for such non-covered claims generally returns to the policyholder.

Q. If I am a policyholder of Western General, do I need to file a Proof of Claim?

A. The Liquidation order states that all open policy claims as of the date of liquidation are considered to be timely filed, and you need not file to insure that an existing claim will continue to be handled by a Guaranty Fund. However, if you receive notice that a claim against your policy is not covered for any reason, it is safer to file a Contingent and Undetermined proof of claim. Also if you believe you may *have* new claims in the future, you should file a Contingent and Undetermined claim so that such future claims may qualify for coverage with a Guaranty Fund. Finally, if you believe that you have a claim for any other money you must file a Proof of Claim for it to be considered.

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

A. Most Western General policy claims 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 and the types of claims covered. The Liquidator cannot make a decision about the amount of guaranty association or fund coverage that may be available to a policyholder or claimant. That decision will be made by the guaranty association or fund following their state laws. A listing of State Guaranty Funds with contact information can be found at www.caclo.org/WesternGeneral.

Q. Will my claim(s) 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 can find more information regarding specific state guaranty associations at www.ncigf.org.

Q. What happens to my general creditor ("non-policy related") claim against Western General?

A. The Liquidation Order includes restrictions against certain conduct. Please read the Liquidation Order carefully as there are penalties for violations of the restrictions. As a result of the entry of the Liquidation Order, Western General is not able to pay all its' claims at this time. Over time the Liquidator will liquidate the assets of Western General and evaluate the claims against Western General. Once the Liquidator evaluates all claims, the Liquidator will make recommendations to the Court. Once the process of liquidating Western General's assets and determining Western General's liabilities is complete, the remaining available assets will be distributed to classes of claimants with approved proofs of claim in the priority order established in the California Insurance Code.

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

A. No action at law or equity or in arbitration shall be brought against Western General or the Liquidator, whether in California or elsewhere, nor shall any such existing actions be maintained or further presented after entry of the Liquidation Order. The Liquidator may intervene in any action against Western General, in order to protect Western General's assets. If your lawsuit is against a policyholder of Western General, 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 can be properly evaluated.

Q. May I contact the Liquidator to obtain advice?

A. The Liquidator will try to be as helpful as possible to assist you to perfect your claim against the company, but the Liquidator cannot give you specific legal advice. You may want to contact your attorney if you need such advice.

Q. Where can I find additional information regarding Western General and/or the Liquidation Proceeding?

A. Additional information regarding the Western General receivership will be posted at: www.caclo.org/WesternGeneral