

# Frequently Asked Questions Regarding the Liquidation of CAGC Insurance Company

## **CLAIMS BAR DATE January 15, 2015**

The Superior Court of Wake County, North Carolina has declared CAGC Insurance Company (CIC) insolvent and has ordered the company into liquidation effective January 17, 2014. The North Carolina Commissioner of Insurance, Wayne Goodwin, was named as the liquidator and Jeffrey A. Trendel was appointed as the Special Deputy Insurance Commissioner.

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

Liquidation is similar to bankruptcy. When a company is liquidated, the liquidator collects the assets of the company and verifies the liabilities such as claim payment and bills. The liquidator then develops a plan to distribute the company's assets according to law and submits the plan to the Court for approval.

### **2. Since CIC was ordered liquidated does this mean my policy is worthless?**

No. Although CIC has been placed into liquidation, the guaranty association in the state where you reside may be obligated to provide coverage under insurance policies issued by CIC subject to certain limitations. Any claim or portion thereof which is not covered by a guaranty association becomes a claim against CIC's 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.

### **3. What is a guaranty association?**

A property and casualty guaranty association is established by each state and is comprised of member insurance companies which are licensed in that state. Subject to statutory eligibility and claims payment limits, each state guaranty association pays the policyholder obligations of licensed insolvent insurers for residents of that state or for the insured property in the state. A guaranty association obtains funds to meet its obligations by assessing the other member insurance companies.

### **4. Since my company 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, if any. The liquidator of CIC will 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 against CIC's estate and will be paid at some time in the future to the extent funds are available.

### **5. Will my claims be paid in full by the guaranty associations?**

Payments may be subject to statutory limits contained in the various state laws creating the guaranty associations. In no case will payments exceed the applicable policy limits.

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

When a company is 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.

If you are a policyholder or third party claimant and you currently have a claim pending with CIC, you need to complete and return the enclosed proof of claim as soon as possible but no later than **11:59 PM EDT on**

**January 15, 2015.** While your claim file has already been or is in the process of being forwarded to the guaranty association, payments may be delayed by failure to file the proof of claim on a timely basis.

**7. 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 the property and casualty guaranty association's responsibilities to the guaranty association in the state in which you reside. The contact information of the property and casualty guaranty associations for North and South Carolina follow:

North Carolina Insurance Guaranty Association  
P. O. Box 176010  
Raleigh, NC 27619-6010  
(800) 456-5086  
[www.ncrb.org](http://www.ncrb.org)

North Carolina Self-Insured Security Association  
1620 South MLK Jr. Avenue, Suite 107  
Salisbury, NC 28144  
(704) 636-8933  
[www.ncsisa.org](http://www.ncsisa.org)

South Carolina Property and Casualty Insurance Guaranty Association  
P. O. Box 407  
Columbia, SC 29202  
(803) 799-1560  
[www.scguaranty.com](http://www.scguaranty.com)

**8. I believe I have a claim against CIC but I am not a policyholder or a third party claimant under a CIC policy. 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 liquidator. If you have a claim to pursue against CIC, you must file a completed proof of claim form with the liquidator by the bar date. To file by the bar date the proof of claim form must be **postmarked or received by the liquidator no later than 11:59 PM EDT on January 15, 2015.** Failure to file a timely claim may result in denial of your claim. The mailing address for the liquidator is:

Proof of Claim Department  
Liquidator of CAGC Insurance Company  
401 Glenwood Avenue  
Raleigh, N.C. 27603

Detailed filing instructions are provided on the back of the enclosed proof of claim. If you have more than one claim against CIC a separate proof of claim must be submitted for each claim. You may make copies of the proof of claim form, request additional copies from the liquidator using the address above or download the form from the liquidator website at [www.radtrust.com/CIC](http://www.radtrust.com/CIC).

A proof of claim must be filed even if a claim was made against CIC prior to liquidation. Whenever a claim is based upon an instrument in writing, a copy of the document should be attached to the proof of claim. If the document has been destroyed, a statement of the facts and circumstances of the loss must be filed, under oath, with this claim.

**9. 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 liquidator by the bar date using the enclosed form. To file by the bar date the proof of claim form must be **postmarked or received by the liquidator no later than 11:59 PM EDT on January 15, 2015.** Failure to file a timely claim may result in denial of your claim. If you have more than one claim against CIC a separate proof of claim must be submitted for each claim. You may make copies of the proof of claim form, request additional copies from the liquidator or download the form from the liquidator's website at [www.radtrust.com/CIC](http://www.radtrust.com/CIC).

Depending on the type of claim you believe you have the following additional information is required:

A. Policyholder Claim

If you have a policyholder claim against CIC, it will be necessary for you to submit a proof of claim form as instructed. **Even if you have a claim already pending with CIC you must file a proof of claim, but it is not necessary for you to attach additional documentation.** Your claim file has been forwarded or is in the process of being forwarded to the appropriate guaranty association. If your claim is a new claim, you need to submit the proof of claim form and attach documentation to support the claim, as instructed.

B. Contingent Claims

Under North Carolina 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. Some guaranty associations require the filing of a claim before the end of the claim filing period. For maximum protection, an insured should promptly file a proof of claim for a “contingent claim” that seeks to cover any claim that is unknown at this time but may arise under their policy at a later date. If you do so, you should file a separate proof of claim for each policy. When such a claim arises the claimant should immediately inform the liquidator of the particulars and supplement the proof of claim by providing documentation of the claim. These types of claims are also known as “policyholder protection claims” because a policyholder is claiming for the full protection afforded under the terms of their policy regardless of when they become aware of such claim. Contingent claims are not limited to only policyholder claims. If you file a contingent claim, complete Item 1 on the proof of claim form, and indicate in the space for Amount of Claim, “unknown.”

C. Claims of general creditors

General creditors are persons or organizations, including law firms, trade creditors, etc., who provided services to CIC prior to the January 17, 2014, Order of Liquidation, for which they were not paid, but who believe they are owed money by CIC. If you believe you have a claim, it will be necessary for you to submit a proof of claim form, as instructed. If you have documentation to support your claim, you should provide a copy of that documentation with your proof of claim.

D. Claims of former employees, officers and directors

If you are a former employee, officer or director of CIC and you believe you have a claim, you must file a proof of claim form with CIC. Use the “General Creditor” category 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.

**10. How do I contact the liquidator?**

General questions about the liquidation procedures should be addressed to:

Liquidator of CAGC Insurance Company  
401 Glenwood Avenue  
Raleigh, N.C. 27603

Phone: (919) 807-6150      Fax: (919)733-2206      E-Mail: [CIC@ncdoi.gov](mailto:CIC@ncdoi.gov)

**General Information about Claims**

The liquidator has established **11:59 PM EDT, January 15, 2015, as the bar date.** To file by the bar date the completed proof of claim form must be **postmarked or received by the liquidator no later than 11:59 PM EDT on January 15, 2015.** Failure to file a timely claim may result in denial of your claim or consideration of your claim at a lower priority level. If you have more than one claim against CIC, a separate proof of claim must be submitted for each claim. You may make copies of the proof of claim form, request additional copies from the liquidator or download the form from the liquidator’s website at [www.radtrust.com/CIC](http://www.radtrust.com/CIC).

Claims which are the responsibility of a guaranty association have been or are in the process of being forwarded as appropriate. Valid claims which are not covered by a guaranty association in whole or in part become claims against the CIC estate and will be paid on a prorata basis at some time in the future to the extent funds are available.