

## **Frequently Asked Questions About CastlePoint National Insurance Company in Liquidation ("CastlePoint")**

On March 30, 2017, the Superior Court of the City and County of San Francisco entered an Order Appointing Liquidator, in the case entitled *Insurance Commissioner of the State of California v. CastlePoint National Insurance Company*, Case No. CPF-16-515183 ("Liquidation Order"). The provisions of the Liquidation Order become effective on and as of April 1, 2017. Pursuant to the Liquidation Order, the California Insurance Commissioner has been appointed as the statutory Liquidator of CastlePoint National Insurance Company ("CastlePoint"). The Liquidation Order authorizes and empowers the Commissioner, through his Conservation & Liquidation Office, to liquidate CastlePoint and its assets for the benefit of CastlePoint's claimants, creditors and shareholder, as provided in Sections 1010 through 1062 of the Insurance Code of the State of California. CastlePoint was found to be statutorily insolvent. This finding of insolvency triggers State Guaranty Associations, in all states in which CastlePoint was authorized to write insurance, to begin paying covered claims to CastlePoint's claimants up to statutory limits.

### **Q. What is a liquidation proceeding?**

A. Liquidation is similar to bankruptcy. When an insurance company is 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. Who is in charge of CastlePoint during Liquidation?**

A. The Insurance Commissioner is appointed Liquidator of CastlePoint as set forth in Insurance Code section 1016, with (1) David E. Wilson to serve as the Special Deputy Insurance Commissioner in charge of the CastlePoint liquidation and (2) Joseph Holloway, Jr., to serve as Liquidation Manager for Special Deputy Insurance Commissioner Wilson (hereinafter, collectively with the Commissioner, the "Liquidator");

### **Q. Why was CastlePoint placed into Liquidation?**

A. Based upon the financial records of CastlePoint, the Receiver determined that CastlePoint was insolvent, that it did not have sufficient liquid assets to pay its liabilities as they became due, and that further efforts to rehabilitate CastlePoint would not be feasible. The Court Found that CastlePoint is statutorily and legally insolvent and that it would be futile for the Commissioner to proceed as Conservator of CastlePoint and, therefore, sufficient grounds exist in accordance with Insurance Code section 1016 for entry of an order of liquidation of CastlePoint.

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

A. Most CastlePoint 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 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 a policyholder or claimant. That determination will be made by the guaranty association or fund. A listing of State Guaranty Funds with contact information can be found at [www.caclo.org/CastlePoint](http://www.caclo.org/CastlePoint).

**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 may access more information regarding specific state guaranty associations at [www.ncigf.org](http://www.ncigf.org).

**Q. Am I required to file a Proof of Claim with the Receiver by the Bar Date of December 31, 2017?**

A. If you have a claim against CastlePoint and wish to pursue that claim, you must file a Proof of Claim by the Bar Date of December 31, 2017 for your claim to be considered in one of the priority classes. **Policy claimants are not required to file a proof of claim since their claim is automatically deemed filed by the Liquidator. Additional information concerning the Proof of Claim process will be available around June, 2017 on our website at [www.caclo.org/CastlePoint](http://www.caclo.org/CastlePoint).**

**Q. What happens to my general creditor (“non-policy related”) claim against CastlePoint?**

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, CastlePoint is not able to pay its claims at this time. Over time the Receiver will liquidate the assets of **CastlePoint** and evaluate the claims against **CastlePoint**. Once the Receiver evaluates all claims, the Receiver will make recommendations to the Court. Once the process of liquidating **CastlePoint's** assets and determining **CastlePoint'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. Certain claims might qualify for coverage from a guaranty association.

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

A. No action at law or equity or in arbitration shall be brought against **CastlePoint** or the Receiver, whether in California 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 **CastlePoint** in order to protect **CastlePoint's** assets. If your lawsuit is against a policyholder of

**CastlePoint**, 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. Where can I find additional information regarding CastlePoint and/or the Liquidation Proceeding?**

A. Additional information regarding the CastlePoint receivership can be obtained by calling 877-813-8531. Documents related to the receivership will be posted at:

[www.caclo.org/CastlePoint](http://www.caclo.org/CastlePoint)

Dated: March 31, 2017