

INFORMATION ABOUT THE LIQUIDATION OF COLORADO WESTERN INSURANCE COMPANY

The District Court for the City and County of Denver ("Liquidation Court") entered an Order of Liquidation against Colorado Western Insurance Company on January 31, 2005. The Colorado Commissioner of Insurance was appointed the Liquidator of Colorado Western, and was ordered to take possession of Colorado Western's property and to liquidate its business. Franklin D. O'Loughlin and Brian J. Spano of Rothgerber Johnson & Lyons LLP were appointed to serve as Co-Liquidators of Colorado Western.

A Claim Bar Deadline of **September 30, 2005** has been established. All claimants, policyholders and other creditors of Colorado Western **must** file a Proof of Claim with the Liquidator no later than September 30, 2005.

What follows are answers to some of the most frequently asked questions concerning the liquidation of Colorado Western Insurance Company:

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

Liquidation is similar to bankruptcy. When an insurance company is liquidated, the Colorado Division of Insurance oversees the liquidation of the company by first gathering the company's assets and determining what liabilities, such as bills and claim obligations, exist. The Liquidator then develops a plan to distribute the company's assets according to law and submits the plan to the Liquidation Court for approval. The liquidation process is complex and is expected to take at least two years to complete.

2. Colorado Western has been ordered liquidated. Does this mean that my policy is worthless?

No. Although Colorado Western has been placed into liquidation, it is expected that the company will have assets to pay at least a percentage of its claims. In addition, depending upon your state of residency, coverage by a guaranty association may exist. Any claim or portion of a policy that is not covered by a guaranty association becomes a claim against the Colorado Western estate, and the amount deemed to be an allowed claim will be paid to the extent that funds are available, on an equal basis with all other claims in the same category.

3. Will my Colorado Western policy be cancelled because of the liquidation?

Yes. Under the terms of the Order of Liquidation entered against Colorado Western, all policies of Colorado Western terminated on March 2, 2005 at 12:01 a.m.

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 that state. Subject to statutory eligibility and claims payment limits, a guaranty association generally assumes the policyholder obligations of licensed insolvent insurers for residents of that specific state. A guaranty association obtains funds to meet its obligations by assessing its member companies.

5. Since Colorado Western 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. Claims that are not covered by a guaranty association or portions of claims which exceed the statutory obligations of the guaranty association become claims against the estate of Colorado Western and will be paid in the future to the extent funds are available.

6. Will my claim be covered by the guaranty associations?

You may be entitled to guaranty association coverage if you reside in Colorado, Montana, Oklahoma, Oregon, Pennsylvania, South Dakota, Utah or Wyoming. If you reside in one of these states, you need to contact the appropriate guaranty association listed below to determine the extent of coverage, if any, to which you may be entitled. All coverage by guaranty associations are subject to certain statutory limits set forth in the various state laws creating the guaranty associations. In addition, in no case will payments by the guaranty associations 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 placed into liquidation, the guaranty associations are typically activated to pay claims. Claim payments usually begin within 90 days after the Order of Liquidation 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. A list of the property and casualty guaranty associations can be found below:

For residents of Colorado, Montana and Wyoming:	Western Guaranty Fund Services, Inc. Tele: 303-759-5066 800-303-7565
For residents of Oklahoma:	Oklahoma P&C Insurance Guaranty Association Tele: (405) 843-5454
For residents of Oregon:	Oregon Insurance Guaranty Association Tele: (503) 641-7132
For residents of Pennsylvania:	Pennsylvania Property & Casualty Insurance Guaranty Association Tele: (215) 568-1007
For residents of South Dakota:	South Dakota Property & Casualty Insurance Guaranty Association Tele: (605) 336-0177
For residents of Utah:	Utah Property & Casualty Insurance Guaranty Association Tele: (801) 984-1850

9. Is there a deadline by which I must file a claim against Colorado Western?

Yes. The Liquidation Court established a Claim Bar Deadline of September 30, 2005, by which date all policyholders, creditors and claimants must file a proof of claim against Colorado Western or be forever barred from any recovery against the available assets of Colorado Western.

10. How do I file a claim against Colorado Western?

If you believe you have a claim against Colorado Western, prior to the Claim Bar Deadline, you must file a Proof of Claim with the Liquidator. The Proof of Claim form is available in PDF format to be downloaded on this website. Please mail all Proof of Claim forms to:

Colorado Western Insurance Company
P.O. Box 886
Wheat Ridge, Colorado 80034-0886

11. I am a policyholder who has been sued by a third party and am not entitled to guaranty association coverage. What steps can I take to protect my interests?

If you are a Colorado Western insured against whom a claim has been brought and if you reside in a state in which there is no guaranty association coverage, following the entry of the Order of Liquidation on January 31, 2005, Colorado Western is not permitted to continue to pay either attorneys' fees and costs in the defense of your case or the amount of any judgment or settlement. The Liquidator encourages you to consult with and consider retaining counsel to defend your interests. You may file a claim with Colorado Western for the amounts you pay in the defense and/or settlement of the case, subject to your policy limits and conditions. In addition, under such circumstances, the third party claimant may be permitted to present a claim against Colorado Western in an amount subject to the approval of the Liquidator and the Liquidation Court. The Liquidator will seek to assist you in negotiating a resolution of the claim with the third party claimant.

12. I am a third-party claimant or plaintiff against a Colorado Western insured. May I file a claim against Colorado Western?

Yes. You are a third-party claimant if you have a claim against a Colorado Western insured that may be covered by the insured's insurance policy. You may either file a claim with the 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, you must complete the Proof of Claim form and submit it to the Liquidator prior to the Claim Bar Deadline. Please be advised that filing this claim will operate as a release of the insured's liability to you with respect to the underlying cause of action.

13. I believe I have a claim against Colorado Western, but I am not a policyholder or a third-party claimant under a Colorado Western policy. How do I make a claim?

Claims filed against Colorado Western by general creditors, stockholders, governmental agencies, reinsurers, cedants, vendors, agents, former officers and directors and other persons interested in the affairs of Colorado Western are handled by the Liquidator. To file a claim for monies that you claim are owed to you by Colorado Western, you must file a Proof of Claim form with the Liquidator prior to the Claim Bar Deadline.

14. If I believe that Colorado Western owes me a return of unearned premium or other premium refund, do I need to submit a claim?

Yes. If you have a claim for the return of unearned premium or other premium refund, you will be required to complete a Proof of Claim form. If you have documentation to support your claim, you will be required to provide a copy of that documentation with your Proof of Claim. Your claim will be evaluated based on

Colorado Western records and the support you provide, and if approved, will be paid to the extent that funds are available for this purpose.

15. How do I file a claim against Colorado Western?

If you believe you have a claim against Colorado Western, you **must** file a Proof of Claim with the Liquidator on or before September 30, 2005. You may download a Proof of Claim from this website or contact Colorado Western directly to obtain a Proof of Claim. You should mail your Proof of Claim to:

Colorado Western Insurance Company
P.O. Box 886
Wheat Ridge, Colorado 80034-0886

If you fail to file a Proof of Claim by the Claim Bar Deadline of September 30, 2005, your claim may not be considered to be timely filed. Failure to file a timely claim may result in denial of your claim or consideration of your claim at a lower priority level.