

Frequently Asked Questions About MutualAid eXchange in Liquidation ("MAX")

The District Court of Shawnee County, Kansas has declared MutualAid eXchange ("MAX") insolvent and has ordered the company into liquidation effective **August 22, 2023**. 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 Kansas Insurance Code authorizes the Commissioner of Insurance to ask the District Court of Shawnee County, Kansas (the "Court") for an Order directing the Commissioner to liquidate the insurance company.

A Liquidation Order directs the Commissioner, in her capacity as 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 MAX during Liquidation?

A. The Liquidator is in charge of MAX during Liquidation. On August 8, 2023, the Court signed an Order of Rehabilitation appointing the Commissioner as Rehabilitator of MAX. On August 22, 2023, the Court signed a Liquidation Order with a Bar Date of August 23, 2024, which continued the Commissioner's appointment as Liquidator. The Liquidator appointed Jodi Adolf and Bruce Baty as the Special Deputy Receivers ("SDRs") to carry out the responsibilities of the Liquidator with respect to the liquidation of MAX. Norton Rose Fulbright US LLP will serve as Counsel to the Liquidator. The SDRs will appoint other persons to assist with the Liquidation. Only persons appointed by the Liquidator or SDRs to assist in liquidating MAX will have authority to act on behalf of MAX.

Q. Why was MAX placed into Liquidation?

A. Based upon the financial records of MAX, the Liquidator determined that MAX was insolvent, that it did not have sufficient liquid assets to pay its liabilities as they became due, and that further efforts to rehabilitate MAX would not be feasible. After a hearing before the Court, the Court found that MAX 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 **August 23, 2024**.

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

A. Certain MAX policy claims may 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 Liquidator 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 list of the state guaranty associations can be found at: <https://www.ncigf.org/resources/links-and-contacts> Additional information about the guaranty associations can be found at <https://www.ncigf.org/resources/insolvencies-an-overview/>

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 <https://www.ncigf.org/resources/links-and-contacts>.

Q. Am I required to file a Proof of Claim with the Receiver by the Bar Date of August 23, 2024?

A. If you have a claim against MAX and wish to pursue that claim, you must file a Proof of Claim by the Bar Date of **August 23, 2024**, for your claim to be considered in one of the priority classes.

Q. Am I required to file a Proof of Claim if I have a claim for unearned premium or a claim under an insurance policy?

A. The Liquidator will transfer all claims for 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 claims arising out of damage to your covered property, to the appropriate guaranty association or fund.

You are not required to file a Proof of Claim **unless** your claim exceeds or may exceed the statutory maximum that the guaranty association or fund will pay for “Covered Claims” as defined in the guaranty association or fund’s enabling statute. In many states, that amount is \$300,000, but it can vary. Some state guaranty associations or funds may also exclude or limit coverage for unearned premium. The Liquidator strongly suggests that you file a Proof of Claim if you believe your claim will exceed guaranty association or fund coverage. A comparison of state guaranty fund laws by provisions, including “Covered Claims” and “Unearned Premium” information, may be accessed at <https://www.ncigf.org/industry/comparison-of-guaranty-fund-laws-by-provision/>. 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 MAX?

A. A Proof of Claim must be submitted by the Bar Date which is **August 23, 2024**. 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.maxinsurance.com

All Proofs of Claim must be signed and submitted to the SDR at the address on the Proof of Claim. Alternatively, Proofs of Claim may be submitted electronically to MAXLiquidation@maxinsurance.com.

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.

Provide as much detail as needed to support your claim on your Proof of Claim.

The Liquidator 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 **August 23, 2024**, Bar Date.

Q. What happens to my claim against MAX?

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, MAX is not able to pay its claims at this time. Over time the Liquidator will liquidate the assets of MAX and evaluate the claims against MAX. Once the Liquidator evaluates all claims, the Liquidator will make recommendations to the Court. Once the process of liquidating MAX’s assets and determining MAX’s liabilities is complete, the remaining available assets will be distributed to classes of claimants in the priority order established in the Kansas 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 MAX?

A. No action at law or equity or in arbitration shall be brought against MAX or the Liquidator, whether in Kansas or elsewhere, nor shall any such existing actions be maintained or further presented after issuance of the Liquidation Order. The Liquidator may intervene in any action against MAX in order to protect MAX’s assets. If your lawsuit is against a policyholder of MAX, 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 MAX?

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

Q. May I file a contingent claim?

A. Yes. Under Kansas 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 MAX and/or the Liquidation Proceeding?

A. You call 877-971-6300 or send an email to MAXLiquidation@maxinsurance.com or write to:

MutualAid eXchange in Liquidation
c/o Kansas Department of Insurance
1300 SW Arrowhead Rd.
Topeka, KS 66604

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

www.maxinsurance.com

Dated: September 24, 2024