



In Receivership

SCOTT J. KIPPER
Receiver

CANTILO & BENNETT, L.L.P.
Special Deputy Receiver

April 26, 2013

Dear Outside Counsel:

This letter will advise you of important receivership developments for Nevada Contractors Insurance Company, Inc. and Builders Insurance Company, Inc. (together, the "Companies"). In this regard, please note that on March 15, 2013, in a case styled State of Nevada ex rel. Commissioner of Insurance, in his Official Capacity as Statutory Receiver for Delinquent Domestic Insurer vs. Nevada Contractors Insurance Company Inc. and Builders Insurance Company Inc., Case No. A-13-678046, Dept. No. XI, the Eighth Judicial District Court of Nevada ("Court") issued its Order Granting Temporary Injunctive Relief Pursuant to NRS 696B.270(1) appointing the Commissioner of Insurance for the state of Nevada ("Commissioner") as Temporary Receiver for the Companies.

Further, on April 18, 2013, the Court entered its Order Appointing Commissioner as Permanent Receiver for Nevada Contractors Insurance Company Inc. and Builders Insurance Company Inc. and Granting Other Permanent Relief (the "Permanent Order"). The firm of CANTILO & BENNETT, L.L.P. has been appointed Special Deputy Receiver of the Companies. As provided by the Permanent Order, the Receiver and Special Deputy Receiver are authorized to conduct the business of the Companies and to administer their affairs for the protection of all secured creditors, policyholders, and creditors.

In placing the Companies in permanent receivership, the Court ordered, among other things, the following:

- 1) **that all of the Companies' insurance policies and contracts of insurance are terminated/canceled effective as of May 18, 2013;**
- 2) **the Receiver and Special Deputy Receiver are prohibited from paying any secured claims, insurance policy claims, or creditor claims of the Companies for a time period of forty-five (45) days from the date of the Permanent Order or until further order of the Court;**
- 3) **all persons are enjoined from commencing, bringing, maintaining, or further prosecuting any action at law, suit in equity, arbitration, or special or other proceeding, either on behalf of, or against, the Companies, Receiver, or Special Deputy Receiver; and**
- 4) **both legal and equitable title in the Companies' property, including its affairs, business assets, books, records, and all other property of any kind or nature, as well as the sole right to conduct business of the Companies, is vested in the Permanent Receiver and the Special Deputy Receiver.**

Please note that claims under workers' compensation insurance policies issued by Builders Insurance Company, Inc. may and should be eligible for payment by the Nevada Insurance Guaranty Association, with such payments limited by eligibility and other exclusions to coverage (*i.e.*, as provided by the Guaranty Association Act provisions of Title 57 of the Nevada Revised Statutes). For questions about eligibility of coverage by the Nevada Insurance Guaranty Association, you may contact the guaranty association at:

Nevada Insurance Guaranty Association
3821 W. Charleston Boulevard, Suite 100
Las Vegas, Nevada 89102
(702) 368-0607 Telephone
(800) 964-7882 Toll Free
(702) 368-2455 Fax
E-mail: service@niga-pc.org
Web Site: www.niga-pc.org

9075 W. Diablo Drive, Suite 200, Las Vegas, NV 89148
(702) 678-6780 ♦ (702) 678-6781 Fax

Claims (other than workers' compensation claims) against the Companies will be subject to a Receivership Claims and Appeals Procedure (the "RCAP") that will be subject to approval by the Court, and this procedure will describe the method for filing a claim, process for claim decisions, and appeal rights for any denied claims. The handling of workers' compensation claims is described in the next paragraph. The RCAP will be posted in the coming weeks on the Companies' web site as follows: www.buildersinsuranceco.com. Before adoption of the RCAP, however, all claims should be filed with the Receiver or Special Deputy Receiver at the following address:

Builders Insurance Company, Inc.
Claims Department
9075 W. Diablo Drive, Suite 200
Las Vegas, Nevada 89148
(702) 678-6780 Telephone
(702) 678-6781 Fax
E-mail: claims@buildersinsuranceco.com

Workers' compensation claims (now incurred or incurred in the future) before the Nevada Department of Business and Industry, Nevada Division of Industrial Relations, will continue against Builders Insurance Company, Inc. just as they did before receivership. Claims before the Nevada Division of Industrial Relations will not be subject to the RCAP at this time, and these claims will proceed before the Nevada Division of Industrial Relations pursuant to the usual rules and regulations.

The Receiver's representatives are reviewing the books and records of the Companies, evaluating ways to collect and marshal assets of the Companies, and will work on the partial resumption of claim payments in the future. We will be working on corrective measures for the Companies and will keep you advised of further key developments in the receivership.

In regard to litigation matters that you may be defending on behalf of the Companies or its insureds, please feel free to contact us if you would like to discuss the handling of these matters. Presently, however, the Companies are not paying defense costs of attorneys for the handling of litigation matters that were filed against the Companies or its insureds, unless the Special Deputy Receiver has specifically (and in writing) engaged such outside counsel. Notice of the Permanent Order and its stay of litigation should be filed in litigation matters against the Companies.

If you would like to access a copy of the Permanent Order, or if you are interested in additional information regarding the Companies' receivership, you may obtain this information from the following web site: www.buildersinsuranceco.com. You may also call (702) 678-6780 or write our office with any questions. We apologize for the hardship caused by the receivership and will be working our hardest to achieve the best outcome for the Companies' claimants.

Thank you in advance for your patience and cooperation during the receivership process.

Sincerely yours,



Mark F. Bennett
Representative of CANTILLO & BENNETT, L.L.P.,
Special Deputy Receiver