



In Receivership

SCOTT J. KIPPER
Receiver

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

April 26, 2013

Dear Reinsurers:

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 v. 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, with the exclusion of reinsurance contracts, which shall remain in effect, 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 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 the 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).

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

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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.buildersinsurancereco.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@buildersinsurancereco.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 will be communicating with reinsurers and providing information and reports as they typically do, and we expect that the reinsurers will do the same. But if there are any questions, we would ask that you kindly contact the Special Deputy Receiver's representatives at (702) 678-6780.

Please note that as of the date of the receivership, March 15, 2013, all notices and other reinsurance correspondence issued to the Companies must be directed to the Companies at the following address:

CANTILO & BENNETT, L.L.P.
Special Deputy Receiver
Nevada Contractors Insurance Company, Inc.
Builders Insurance Company, Inc.
Attention: Mark F. Bennett
11401 Century Oaks Terrace, Suite 300
Austin, Texas 78758

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.buildersinsurancereco.com.

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

Sincerely yours,



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