

NEVADA CONTRACTORS INSURANCE COMPANY, INC.



In Receivership

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SCOTT J. KIPPER
Receiver

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

[Date]

[Name, Address]

Re: Policyholders, Creditors, and Other Interested Parties Who May Have Claims Against Nevada Contractors Insurance Company, Inc. and Builders Insurance Company, Inc.

Dear [Name]:

As explained in Exhibit A attached to this letter, Nevada Contractors Insurance Company, Inc. (“NCIC”) and Builders Insurance Company, Inc. (“BIC”) (collectively, the “Companies”) have been placed into permanent receivership by the Eighth Judicial District Court of Nevada (“Court”). The Commissioner of Insurance for the state of Nevada (“Commissioner”) has been appointed Permanent Receiver and CANTILLO & BENNETT, L.L.P. has been appointed Special Deputy Receiver for the Companies.

If you have claims, potential claims, bills, past due invoices, or monies owed to you (or claimed to be due you) from the Companies, this letter provides more information about the receivership and how to submit claims to the Special Deputy Receiver of the Companies. You should submit your claims, if any, to the Special Deputy Receiver by following the instructions of this letter.

Please note that if you are receiving this letter and formerly acted (or currently act) as defense counsel or legal representative to insureds of one or both of the Companies, this letter again informs that the Companies, in receivership, are not providing an insurance defense or paying defense costs of attorneys for the handling of litigation matters that have been (or may be) filed against the Companies or their insureds, and/or any other individuals or entities. Insureds, and other individuals and/or entities, receiving this letter should also be aware that because of the financial condition of the Companies, the Companies, in receivership, are not providing and/or paying for an insurance defense, or any other defense, of the Companies’ insureds, and/or any other individuals or entities, who may be named as parties in litigation or threatened litigation. But if an insured’s insurance defense costs or insurance policy claims are being paid by another insurer or party, this letter does not change this relationship or have any effect on it, and you may contact our office for further information if there are any questions.

In placing the Companies into permanent receivership, the Court ordered, among other things, that 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, and this deferral of claim payments has been extended indefinitely until further order of the Court. All persons are enjoined from commencing, bringing, maintaining, pursuing or

further prosecuting any action at law, suit in equity, arbitration, or special or other proceeding against the Companies, Receiver, or Special Deputy Receiver, except through the receivership claims process as described in the next paragraph.

All claims submitted to the Companies will be subject to the Receivership Claims and Appeal Procedure that has been approved by the Court for the Companies, and a copy of this procedure is attached as Exhibit B for your review. As explained on the attached Exhibit B, paragraph 2, all claims submitted to the Special Deputy Receiver shall set forth in reasonable detail the amount of the claim, the facts and basis for the claim, and the priorities asserted for the claim (*i.e.*, “priorities” mean a secured creditor, policyholder, or other creditor priority claim being submitted to the Special Deputy Receiver). All documentation in support of the claim should also be submitted as part of this claims procedure. All submitted claims must be verified by the affidavit of the claimant, or it may be verified by the affidavit of someone who is authorized to act, on behalf of the claimant, and who has knowledge of the facts.

To assist you in submitting a claim with the Special Deputy Receiver, we have attached, as Exhibits C and D, proof of claim forms that you may use for filing a claim in the Companies’ receivership (and the proof of claim form includes a place for the claimant to sign as a verified affidavit). The Exhibit C form pertains to claims (and should be used) against BIC, while the Exhibit D form applies to claims (and should be used) against NCIC.

The Companies do not have receivership estate assets with which to pay insurance policy or creditor claims (including insurance defense cost claims), and there is no timetable, at present, as to when assets will become sufficient, if ever, to pay these claims. The payment of NCIC’s and BIC’s claims will be dependent on asset recoveries and asset marshaling activities in the receivership. As noted in paragraph 1 of the attached claims procedure (see Exhibit B, paragraph 1), there are currently insufficient assets to process claims of the Companies other than expenses of administration. Thus, the adjudication (*i.e.*, “adjudication” means a claim that is processed and determined by the Special Deputy Receiver) of the next classes of claimants (*i.e.*, “classes of claimants” refers to secured creditors, policyholders, and then other creditors) in the receivership will be deferred, at this time, to save receivership costs until sufficient asset gathering is made by the Companies, in receivership, to justify the adjudication of these claims. That said, the Special Deputy Receiver may adjudicate certain policyholder or creditor claims if necessary to pursue reinsurance or other asset recoveries for the receivership Companies.

Presently, you should assume that if you submit a claim, it will not be adjudicated unless and until (1) sufficient assets are gathered for at least a partial payment of claims, or (2) the adjudication of your claim is necessary to pursue other asset recoveries for the potential benefit of the receivership estate. We will let you know as and when your claim (if any claim is submitted to us) is adjudicated by the Special Deputy Receiver of the Companies, and we will also let you know as and when receivership assets become available for payment distributions to claimants in the receivership estate.

Please also note that the Nevada Insurance Guaranty Association (“NIGA”) may accept claims for BIC’s workers’ compensation claims, as the association’s obligations have been triggered for the

payment of BIC's insurance policy claims. BIC insureds would need to contact NIGA for further information in this regard. Below is the contact information for NIGA.

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

Workers' compensation claim matters against BIC will follow the administrative claims process authorized by the Nevada Department of Business and Industry, Nevada Division of Industrial Relations, and the workers' compensation claims of BIC will be adjudicated by NIGA.

All submitted claims against the Companies should be submitted to the Special Deputy Receiver (at P.O. Box 400460, Las Vegas, Nevada 89113-9998). Please note, however, that the mere mailing of this notice to you should not be taken as an admission or representation that the Companies owe any money or obligations to you as a potential claimant, and this letter is just notice of the process on how to submit a claim (if you believe that you have one against the Companies) with the Special Deputy Receiver. Third-party claimants (*i.e.*, who have brought or may bring claims against NCIC insureds or individuals or entities that they believe are NCIC insureds) may also submit their claims to the Special Deputy Receiver by submitting a proof of claim.

You may also feel free to contact our office if you would like to discuss these matters in further detail. You may also access additional information (to monitor the progress of the Companies' receivership) through the Companies' web site as follows: www.buildersinsuranceco.com. Thank you for your patience and understanding as we continue our effort to gather assets and pay claims of the receivership estate.

Sincerely,

Mark F. Bennett
Authorized Representative of CANTILLO & BENNETT, L.L.P.,
Special Deputy Receiver of Nevada Contractors Insurance
Company, Inc. and Builders Insurance Company, Inc.

MFB:jmw
Attachments