

July 16, 2009 Notice of Legal Rights and Obligations

Subject: Notice of Liquidation – Transportation Liability Insurance Company, a RRG

An Order to Liquidate Transportation Liability Insurance Company, a RRG (“Translico”), a South Carolina domiciled captive insurer with its principal office formerly at Somerville, New Jersey, was entered by the Court of Common Pleas Fifth Judicial Circuit Richland County, South Carolina, on Tuesday, June 30, 2009, in 09-CP-40-1908. The Order of Liquidation was entered under South Carolina Code of Laws 38-27-360 and 38-27-370 and appointed Scott H. Richardson, Director of Insurance for the State of South Carolina, the Liquidator. Michael J. FitzGibbons has been appointed as Special Deputy Liquidator.

Under an Order of Liquidation (“Order”), the Liquidator is authorized and directed to forthwith take possession and control of the assets of Translico and administer them under the general supervision of the Court. Pursuant to South Carolina Code of Laws 38-27-370, the Liquidator is directed to exercise any and all rights of Translico in connection with any assets being held for the benefit of Translico by any person or entity. The Liquidator is vested by operation of law with title to all of the property, contracts, and rights of action and all of the books and records of Translico, wherever located, as of the entry of this Order of Liquidation and further succeeds to the title of all assets, claims and rights of the insurer.

Upon issuance of the Order, the rights and liabilities of Translico and its creditors, shareholders, and all other persons interested in the estate shall become fixed as of the date of the entry of the Order except as provided in South Carolina Code of Laws 38-27-380 and 38-27-560. The Liquidator exercises and is subject to all of the rights, powers and duties of a Liquidator under South Carolina Code of Laws 38-27-10 et seq.

All persons or other legal entities shall pay all sums and premiums due Translico in accordance with South Carolina Code of Laws 38-27-520 and deliver any and all property of Translico, personal or real, of every kind or nature, to the Liquidator or his designated representatives.

Please TAKE NOTE THAT all policies in effect at the time of issuance of the Order of Liquidation shall continue in force only for the lesser of:

- (1) a period of thirty days from the date of entry of the Liquidation Order;
- (2) the expiration of the policy coverage;
- (3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy; or
- (4) the liquidator has effected a transfer of the policy obligation pursuant to item (8) of subsection (a) of 38-27-400.

Pursuant to South Carolina Code of Laws 38-27-430, no action at law or equity whether in this state or elsewhere, may be brought against Translico, or its Liquidator, nor shall any existing actions be maintained or further presented after issuance of the Order. The Liquidator may intervene in any pending action in order to protect the estate of the insurer at the expense of the estate of Translico.

The Liquidator may institute all actions and proceedings on behalf of Translico subject to South Carolina Code of Laws 38-27-430. Mutual debts or credits between Translico and another person in connection with this liquidation shall be subject to South Carolina Code of Laws 38-27-490. Any amount recoverable by the Liquidator from reinsurers shall not be reduced as a result of this Order regardless of any provision in the reinsurance contract or other agreement pursuant to South Carolina Code of Laws 38-27-510.

ATTENTION AGENTS: Every person who received notice of this Order pursuant to Section 38-27-410 and who represents Translico as an agent shall, absent written waiver of this requirement by the Liquidator within fifteen days of such notice, give written notice of this Order by first class mail to the last address contained in the agent's records to each policyholder or other person named in any policy issued through the agent by Translico if such agent has a record of the address of the policyholder or other person. Such written notice shall include the name and address of the insurer, the name and address of the agent, identification of the policy impaired, and the nature of the impairment, including termination of coverage as described in Section 38-27-380 which provides in the pertinent part as follows:

- (1) All policies in effect at the time of issuance of the order of liquidation continue in force only for the lesser of :
 - (a) a period of thirty days from the date of entry of the liquidation order;
 - (b) the expiration of the policy coverage;
 - (c) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated policy;
 - (d) the liquidator has effected a transfer of the policy pursuant to item (8) of subsection (a) of 38-27-400.

Notice by a general agent satisfies the notice requirement of this paragraph for any agents under contract to him or her. Each agent obligated to give notice pursuant to this paragraph shall file a report of compliance with the Liquidator. Any agent failing to give notice or file a report of compliance required by South Carolina Code of Laws 38-27-420 for whom the Liquidator has not waived such requirement may be subject to the penalty provisions of Section 38-2-10.

All agents, brokers, premium finance companies or other persons, other than insureds, responsible for the payment of premiums shall be obligated to pay to the Liquidator any unpaid earned premium and all earned premium of Translico and all unearned commissions as of the date of the Order.

All insureds of Translico are obligated to pay to the Liquidator any earned premium due as of the date of the Order.

Any person failing to comply with the provisions of South Carolina Code of Laws 38-27-520 is subject to the penalties provided therein, including imposition of civil penalties by the Director of Insurance of not more than \$1,000 for each act in violation of said statute.

The Liquidator will be implementing a claims process and adopting a Proof of Claim form. All insureds of Translico will be provided a Proof of Claim form for filing claims once this process has been implemented. Please keep the Liquidator informed of any changes of address. The bar date (last date to file a timely Proof of Claim) is November 30, 2009.

If you have questions or need further information concerning the liquidation of Translico, any inquiries may be directed to claimant services, Transportation Liability Insurance Company, a RRG in Liquidation, 8300 N. Hayden Road, Suite A-100, Scottsdale, AZ 85258. The claimant service department is also available for inquiries at (480) 596-6992. Additionally, Transportation Liability Insurance Company's website (www.translico.com) is a source for news regarding the ongoing liquidation.