

**LUMBERMENS MUTUAL CASUALTY COMPANY, In Liquidation**  
**AMERICAN MANUFACTURERS MUTUAL INSURANCE COMPANY, In Liquidation**  
**AMERICAN MOTORISTS INSURANCE COMPANY, In Liquidation**

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For purposes of these FAQ, Lumbermens Mutual Casualty Company, American Manufacturers Mutual Insurance Company, American Motorists Insurance Company are collectively referred to as “Lumbermens.”

**Q. When were these companies placed into liquidation ?**

Orders of Liquidation with findings of insolvency, effective May 10, 2013, were entered by the Circuit Court of Cook County, Illinois against each of the three Lumbermens companies on May 8, 2013.

You may obtain copies of the Orders of Liquidation by visiting The Office of the Special Deputy Receivers’ (“OSD”) website at [www.osdchi.com](http://www.osdchi.com) or Lumbermens website at [www.lmcco.com](http://www.lmcco.com).

**Q. What does liquidation mean?**

These companies can no longer meet their financial obligations and their continued operation would be harmful to their policyholders and other creditors.

**Q. What happens in liquidation?**

After the court issues the Order of Liquidation, the Receiver’s staff takes possession of Lumbermens’ offices, records, equipment and assets.

Lumbermens will no longer enter into any cost sharing agreements, pay any defense costs, or fund any settlements entered into on behalf of insureds.

A notice will be sent to all policyholders and claimants informing them of the liquidation of the Lumbermens Companies and the steps they must take in order to file a claim in the liquidation proceedings. The policyholders and claimants will also be informed that a Guaranty Fund may handle the future processing of their claims.

The Liquidator works to marshal the assets of the company, including the continued collection of contractual balances (i.e., deductibles, deferred premium, retrospective premium and dividend recaptures) due from policyholders.

If sufficient assets exist and when all claim liabilities have been finalized, the Liquidator will seek court approval to make a distribution of estate assets. Distributions are made by priority level and are made on a prorated basis, meaning that each allowed creditor at the same priority level receives payment at the same percentage of its claim.

**Q. Will a defense be provided to Lumbermens insureds?**

No, as of May 10, 2013, Lumbermens obligation to defend will cease. However, the Guaranty Fund of your state may provide a defense if the Lumbermens insured meets the statutory requirements of that particular state. If not, you will have to retain legal representation.

If your claim is currently in litigation and is covered by one of the various state guaranty funds be advised that each guaranty fund has an automatic stay on all court proceedings. The number of days the case may be stayed varies from state to state.

Examples:	California	45 Days
	Illinois	120 Days
	Texas	6 months

**Q. What is a Guaranty Fund?**

The Lumbermens companies were licensed to write business in 50 states and the District of Columbia. If you are a resident in one of these states or your loss occurred in one of these states, your claim may be covered by one of the various state Guaranty Funds.

The purpose of a state guaranty fund (or association) is to provide for the prompt payment of covered claims upon the insolvency of an insurance company. Each state operates in accordance with its own rules and regulations and coverage varies from state to state.

**Q. How and when will my claim be handled and/or paid?**

**Potential Guaranty Fund Coverage**

Your claim will be handled by the Guaranty Fund of the state in which you reside or where your accident occurred if your claim is a "Covered Claim" as defined by the laws governing that particular guaranty fund.

Until the Liquidator's office has had the opportunity to send claim records and other pertinent information to the Guaranty Funds, they will not be in a position to determine if your claim is a "Covered Claim." **Please allow the Guaranty Funds at least 30 business days to receive and process these records.**

Once the Guaranty Fund is in a position to make a determination regarding its coverage for your claim, you and/or your legal representative may be notified via mail. Please do not ignore this correspondence.

**No Guaranty Fund Coverage**

If your claim is **not** covered by one of the state Guaranty Funds, you will be able to pursue a claim against the assets of the estate within Lumbermens liquidation proceedings through the Office of the Special Deputy Receiver.

## Pursuing your Claim in the Liquidation Proceedings

All **policyholders, claimants, and other creditors** with open claims pending on the books and records of Lumbermens as of the date of liquidation will automatically be considered to have filed timely proofs of claim, are not required to file a proof of claim form in order to assert a claim against in the liquidation proceedings. The Liquidator's office will contact you about your claim at a later date.

**This does not include claims not previously reported or claims no longer pending or closed as of the date of liquidation.**

You may obtain a Proof of Claim Form from the OSD website at [www.osdchi.com](http://www.osdchi.com).

At a later date, the Supervisory Court will establish a deadline for the timely filing of all proof of claim forms. If your form is received by the filing deadline, your claim will be reviewed as part of the timely filed population and will participate in the distribution of estate assets, if any, that may be made on timely filed claims recommended for allowance. All claims properly filed by the filing deadline will be timely filed.

The distribution of estate assets is generally made on a prorated basis at a percentage rate approved by the Supervisory Court once liabilities have been finalized and to the extent sufficient assets are available. At this time, it cannot be determined when, or if, the Liquidator will be in a position to make a distribution or provide an estimate on the percentage of any future distribution.

**Q.** What if I need to report a new claim?

If you have already filed a claim with one of the Lumbermens companies you need not do anything now, unless there is additional information you wish to report or you wish to report a new claim, in which case follow standard claims filing procedures. Claims will continue to be accepted and processed until further notice.

**Q.** I received a check for my workers compensation claim. It states the check is for 8 weeks advance payments. Why did I receive the check?

The check was sent to avoid delays in your regular periodic payments during the transition of your claim to the Guaranty Fund or association in your state.

**Q.** What about my prescriptions during the eight week period?

Benefits administered by Broadspire Services, Inc. (with the exception of those receiving benefits in Illinois and Alaska) will continue to use First Script to process your prescriptions until the guaranty fund has had an opportunity to receive your records.

All other beneficiaries with claims not administered by Broadspire Services, Inc. should contact the Liquidator at 312-836-9500 or Lumbermens at 847-320-2711 for further instructions.

**Q. What will happen if I have a pending bond claim?**

The following guaranty funds may provide coverage for bond claims:

Arkansas	501-371-2776
Kansas (Western Guaranty Fund Services)	303-759-5066
Kentucky	502-327-0819
Maine (Guaranty Fund Management Services)	617-227-7020
Maryland	410-296-1620
Michigan	248-482-0381
Minnesota	952-831-1908
New York	212-341-6525
Puerto Rico	787-775-1122

If your state of residence is **not** listed above, there is no Guaranty Fund coverage for your bond claim. However, your claim will be reviewed by the Liquidator's office for possible allowance in the liquidation proceedings for the Lumbermens companies.

**Q. What if I have posted a letter of credit or cash as collateral?**

With respect to surety bonds, no collateral will be released until the issuing company has been exonerated (released, discharged, etc.) from its obligations under the bond and any open claims against the bond have been resolved. Prior to Lumbermens releasing collateral, Lumbermens needs to confirm that all bonds supported by the collateral have been exonerated, any amounts owed to Lumbermens have been paid, and that there is no possibility that a valid claim can be made against the bonds. Once Lumbermens has confirmed that there is excess collateral, disposition of the excess shall be handled as follows: (a) excess non-cash collateral shall be released by Lumbermens; and (b) excess collateral in the form of a cash deposit with Lumbermens shall give rise to a claim in the liquidation estate at level (d) of the statutory schedule of priorities. For further information on surety collateral, please contact Steve Squatrito at 847-320-2353 or by Email at [Steve.Squatrito@lmcco.com](mailto:Steve.Squatrito@lmcco.com).

For all other collateral, the review process will continue during liquidation. The calculations will be done on an annual basis. For further information, please send an email to [Deductibles@lmcco.com](mailto:Deductibles@lmcco.com).

**Q. Will my policy of insurance remain in effect?**

**A & H Policies**

All direct policies and/or certificates of insurance which are covered policies or certificates of insurance within the meaning of the Illinois Life and Health Insurance Guaranty Association Law or any similar life, accident and health insurance guaranty association law of any other state, for which the obligation to assure payment exists, shall remain in full force and effect until cancelled, or until they expire in accordance with their terms.

### **All Other Policies – With Guaranty Fund Coverage**

All direct policies and/or certificates of insurance, and bonds issued by Lumbermens which may give rise to “covered claims” as defined by the Illinois Insurance Guaranty Fund or as defined by the law of a similar organization in any other state shall be cancelled:

- At 12:01 a.m., local time of the insured, policyholder, or principal of any such direct policy and/or certificate of insurance, or bond on the thirty-first (31<sup>st</sup>) day following the effective date of the Order of Liquidation; or
- Upon the expiration date of any such direct policy and/or certificate of insurance, or bond if the expiration date is less than thirty-one (31) days after the effective date of the Order of Liquidation; or
- Upon the date the insured, policyholder, or principal of any such direct policy and/or certificate of insurance, or bond replaces the direct policy and/or certificate of insurance, or bond or upon the date the policyholder, insured, or principal on request effects cancellation, if the insured, policyholder, or principal does so prior to the thirty-first (31<sup>st</sup>) day following the effective date of the Order of Liquidation, whichever is earlier;

### **All Other Policies – No Guaranty Fund Coverage**

All other direct policies and/or certificates of insurance, and bonds issued by Lumbermens shall be cancelled effective upon the entry date of the Order of Liquidation.

#### **Q. Will unearned premium be returned to me?**

Yes, unless your policy was financed through a third party.

#### **In force Policies:**

If your policy was **in force** on the date of liquidation and the line of business is covered by your state Guaranty Fund, your refund will come from that state Guaranty Fund, less any applicable statutory deductible. You will be able to pursue a claim in the liquidation proceedings for the reimbursement of any statutory deductible applied by the Guaranty Fund.

If your policy’s line of business is **not** covered by your state Guaranty Fund, you will be able to pursue a claim in the liquidation proceedings against the assets of the Lumbermens companies. No Proof of Claim Form will need to be filed as your claim will automatically be considered timely filed in the liquidation proceedings. The Liquidator’s office will contact you about your claim at a later date.

**Q. What is the impact to MMSEA Section 111 Medicare Secondary Payer Mandatory Reporting?**

Lumbermens will continue to have Ongoing Responsibility for Medicals (ORM) on claims subject to a cut-through agreement, and for claims under “unbundled accounts” that have not breached their workers compensation large deductible, where the policyholder elects and continues to fund claims under 215 ILCS5/205.1(e). Lumbermens will send a record terminating any open Ongoing Responsibility for Medicals (ORM) effective 5/10/2013 on all other claims. Lumbermens will file any required Total Payment Obligation to the Claimant (TPOC) amounts and dates when an estate distribution is made related to a particular claim. Any entity that assumes the Ongoing Responsibility for Medicals as a result of Lumbermens liquidation is potentially a Responsible Reporting Entity (RRE) under MMSEA Section 111. An entity that fails to comply with the requirements of MMSEA Section 111 could be subject to a civil money penalty of \$1,000 for each day of noncompliance for each individual for which the information should have been submitted. Please reference <http://www.cms.gov/MandatoryInsRep> for more information regarding these requirements.