

FREQUENTLY ASKED QUESTIONS

GENERAL QUESTIONS

1. What is a Receivership?

A receivership is a court proceeding. The Texas Insurance Code authorizes the Commissioner of Insurance (Commissioner) to initiate a receivership to rehabilitate or liquidate an insurance company. In a receivership, the Commissioner is the Receiver of the insurance company, and the Receiver can appoint a Special Deputy Receiver (SDR).

2. Why is Gramercy Insurance Company (Gramercy) in Liquidation?

Gramercy was placed in receivership on December 4, 2012. After determining that Gramercy could not be rehabilitated, the SDR requested authority to liquidate Gramercy. The Travis County District Court entered an order of liquidation on August 26, 2013.

3. How can I contact the SDR?

If you have a claims question, contact the SDR's claims staff at:
Phone: 888-202-0422 / Fax: 210-764-5548 / Email: RPinon@rocsdr.com

You may contact the SDR's counsel at: rstroud@stroudmarrerowelch.com.

4. How can I obtain information about the receivership?

Information is available on the SDR's website: www.gicreceivership.com. Pleadings and orders are posted on the website after they are filed.

TERMINATION OF POLICIES

5. I received a notice of termination. When is my policy cancelled?

All Gramercy policies are terminated on the *earlier* of:

- the policy expiration date;
- the date of replacement coverage; or
- September 25, 2013.

If you have not obtained a new policy, you should do so *immediately!* Your Gramercy policy cannot be renewed. If you have a question about your policy, contact the SDR's claims staff at 888-202-0422.

6. How should I obtain replacement coverage?

To avoid a gap in coverage, the new policy effective date should be before September 25, 2013. If you have an agent, you should contact the agent as soon as possible. If you are in Texas, you can obtain information comparing insurance companies' rates at www.helpinsure.com.

7. I have obtained replacement coverage. How do I cancel my Gramercy policy?

Your agent should notify the SDR of the replacement coverage as soon as possible. Policy cancellation requests are processed as they are received. A delay in cancelling coverage could reduce any claim you may have for a refund of unearned premium.

POLICY CLAIMS

8. Now that Gramercy is in liquidation, who will handle my claim?

When the Liquidation Order was entered on August 26, 2013, Gramercy stopped paying claims. Claims are now payable as follows:

- Insurance guaranty associations (Guaranty Associations) will pay "covered claims" under Gramercy's policies. Covered Claims are subject to payment limits and other conditions or exclusions. The law in each state will determine whether a claim qualifies as a Covered Claim.
- Claims that are *not* payable in whole or in part by Guaranty Associations can be filed in the receivership. Information regarding the claim filing process will be available in the near future. Claims that are approved in the receivership are payable from Gramercy's funds. The timing of any distribution of funds cannot be estimated.

9. Which Guaranty Association is responsible for my claim? How do I contact it?

The Guaranty Association for the state of the policyholder's residence will usually handle the claim. Information regarding the Texas Property and Casualty Insurance Guaranty Association (TPCIGA) is available at www.tpciga.org. Contact information for other Guaranty Associations is available on the National Conference of Insurance Guaranty Funds website at: <http://ncigf.org/public/guarantyfunds>.

10. How do I make a claim that has not yet been reported to Gramercy?

All new claims should be reported to the SDR. The SDR will forward the claim to the appropriate Guaranty Association. Contact the SDR Claims Staff at 888-202-0422.

11. Is there a deadline for filing a claim with the Guaranty Association?

Some state laws impose a deadline for making a claim with a Guaranty Association. In Texas, there is an 18 month deadline beginning August 26, 2013 for claims on policies issued by Gramercy. If you filed a claim with Gramercy, you do not need file another claim with TPCIGA.

The deadline for filing claims with *other* state Guaranty Association is determined by that state's law. You should contact the state's Guaranty Association for information.

12. I have a claim against an insured of Gramercy. What do I do?

In Texas, there is a stay of pending lawsuits against Gramercy and persons insured by Gramercy under § 462.309 of the Texas Insurance Code. This stay does not extend the time to file a lawsuit; you must file a suit by the applicable statute of limitations. Lawsuits in other states may be stayed under applicable law.

13. I was insured by Gramercy, and have a lawsuit pending against me. What do I do?

If the lawsuit is in Texas, TPCIGA will defend the insured party if Gramercy was obligated to provide a defense, and the lawsuit is for a Covered Claim. TPCIGA will contact attorneys who are representing insured parties after receiving information about the lawsuit. If the lawsuit is in another state, your attorney should be contacted by the appropriate Guaranty Association.

14. What should I do with a claim check issued by Gramercy?

You should cash the check as soon as possible. As the Liquidation Order allows the account to remain open for up to sixty (60) days after the order was issued, the account will close by October 25, 2013. The SDR cannot re-issue the check.

15. What if all or part of my claim is not payable by a Guaranty Association?

While many policy claims will be covered by a Guaranty Association, some claims may not be covered. A claim that is not covered by a Guaranty Association can be made in the receivership by filing a Proof of Claim (POC) by the claim filing deadline, which will be set by the Court. The POC form and the claim filing deadline will be posted on the SDR's website. You should provide any change of address to the SDR so that you receive the notice of the claim filing deadline.

16. When will claims filed in the receivership be paid?

Claims that are filed in the receivership can be paid only after the claim is approved, and a distribution from Gramercy Insurance Company's funds is ordered by the Court. It is not known if there will be enough funds available to pay claims against the receivership estate.

UNEARNED PREMIUMS

17. What is unearned premium?

Unearned premium is the amount of premium paid for your policy for which you did not receive insurance coverage because of the cancellation of your policy.

18. Are there any requirements for the payment of unearned premiums?

Unearned premium claims are covered by most Guaranty Association, subject to limits and other exclusions. In some states, unearned premium claims are automatically processed and paid by the Guaranty Association. If any part of an unearned premium claims is not a Covered Claim, it can be filed in the receivership.

AGENTS

19. How is a claim for unpaid commissions handled?

If an agent is due unpaid commission, the agent may file a POC in the receivership. Guaranty Associations do not cover an agent's claim for unpaid commissions.

20. If Gramercy was my only appointment, will my license be suspended?

If Gramercy was your only active appointment, your license will not expire unless you fail to renew it by the expiration date.

21. What do I do with funds owed to Gramercy?

If you have funds that are owed to Gramercy, you are obligated to remit and provide an accounting for those funds as required under your contract and the Texas Insurance Code. Send payments to Gramercy Insurance Company, P.O. Box 2077, San Antonio, Texas 78297-2077, and provide any necessary documentation.