

IMPORTANT NOTICE: The following Frequently Asked Questions and answers are intended to provide an overview of information regarding the liquidation of Santa Fe Auto Insurance Company. CANTILO & BENNETT, L.L.P. as Special Deputy Receiver of Santa Fe reserves the right to provide updated and new information that may affect the interests of Santa Fe. **Nothing herein constitutes a binding legal statement by the Commissioner of Insurance of the State of Texas, the Special Deputy Receiver, or their representatives. Nor are the statements contained herein intended as legal advice or complete legal descriptions of the events or matters to which they relate. The material provided herein is offered only for the purpose of general information. For full legal information, interested parties should review the source documents and applicable legal authorities.**

FREQUENTLY ASKED QUESTIONS

Q1. Is Santa Fe Auto Insurance Company still operating its insurance business?

- A. No. On March 8, 2013, Santa Fe Auto Insurance Company (“Santa Fe”) was placed into rehabilitation at the request of the Commissioner of Insurance for the State of Texas (the “Commissioner”). The 419th Judicial District Court of Travis County, Texas (the “Court” or “Receivership Court”), issued an Order Appointing Rehabilitator and Permanent Injunction and placed Santa Fe into rehabilitation pursuant to Insurance Code Chapter 443, the Insurer Receivership Act.

CANTILO & BENNETT, L.L.P. was appointed by the Commissioner as the Special Deputy Receiver (“SDR”) of Santa Fe effective March 8, 2013. The SDR is responsible for the day-to-day administration of Santa Fe.

On April 5, 2013, at the request of the SDR, the Court issued an Order Appointing Liquidator and Permanent Injunction (the “Liquidation Order”), appointing the Commissioner as Liquidator. The SDR remains responsible for the day-to-day administration of Santa Fe.

Effective April 5, 2013, the Commissioner issued an Order of Impairment. This, coupled with the Liquidation Order, triggers the Texas Property and Casualty Insurance Guaranty Association’s (“TPCIGA”) handling of “covered claims.” “Covered claims” are defined in the TPCIGA statute, referred to as the Texas Property and Casualty Insurance Guaranty Act, which is located at Chapter 462 of the Texas Insurance Code. For more information on the TPCIGA and how to contact it, please visit <http://www.tpciga.org>.

Q2. What is the status of my client’s policy?

All policies issued by Santa Fe were canceled on the earliest of the following dates:

1. May 5, 2013;
2. The date of expiration of the policy coverage; or
3. The date your client replaced the insurance coverage or otherwise terminated the policy.

Q3. What if my client didn't find new coverage before the policy termination date?

- A. Failure to obtain replacement coverage means your client will be uninsured until a new policy is purchased for the vehicle. There will not be coverage for any loss that occurs during that period. This means your client will have to pay the full cost of repairs and any liability to others. Your client may also be in violation of some states' laws which require minimum levels of insurance coverage for all drivers.

Q4. Why is Santa Fe in liquidation?

- A. This action was initiated in order to protect claimants, creditors, and the public from further harm which might be caused by Santa Fe's continued operation. The SDR determined that a run-off of all of Santa Fe's liabilities cannot be achieved due to the lack of assets and the present and projected expenses of litigation. As the company will not be able to pay all policy claims as they come due, continuing the rehabilitation efforts would increase substantially the risk of loss to policyholders and claimants.

The Court considered the SDR's application. It determined that Santa Fe is insolvent as defined in Texas Insurance Code section 443.004(a)(13), and that grounds exist to place Santa Fe into liquidation under Texas Insurance Code section 443.057. Thus, the Court entered the Liquidation Order.

Q5. My client has a claim check issued by Santa Fe, will it be paid?

- A. The Liquidation Order granted the SDR permission to keep the claims account open for up to sixty (60) days after the Liquidation Order was issued, to minimize the impact on consumers. Accordingly, the claims account was closed on June 6, 2013. If you or your client have a claim check issued by Santa Fe in your possession please do not attempt to cash it, as it will not be honored.

During liquidation, claims not paid by the SDR that are covered by state insurance guaranty acts will be transferred to the appropriate state insurance guaranty funds/associations. The guaranty association should contact your client if there is any portion of the claim not covered by the relevant guaranty act.

Q6. Is my client's claim covered by a guaranty association?

- A. State guaranty associations are responsible for paying "covered claims" under Santa Fe's insurance policies, subject to applicable state law. Under Texas law, a claim should be made first with the guaranty association of the state in which the insured resides, with some exceptions. If an insured has a claim for property damage, a claim should be made with the guaranty association of the state in which the property is permanently located. If a person has a workers' compensation claim, the claim should be made with the guaranty association of the state of the claimant's residence.

The Texas Property & Casualty Insurance Guaranty Association (“TPCIGA”) pays covered policy claims up to a maximum of \$300,000, and claims for unearned premiums up to \$25,000. Further information regarding TPCIGA can be found at <http://www.tpciga.org>. You may contact TPCIGA at:

Phone: (512) 345-9335 or (800) 856-0298
Fax: (512) 345-9341
Mail: 9120 Burnet Road, Austin, Texas 78758-5204
Email: info@tpciga.org

Information about other state guaranty associations may be found at the National Conference of Insurance Guaranty Funds web site, www.ncigf.org. Contact information for each state guaranty fund is available at <http://ncigf.org/public/guarantyfunds>.

Q7. My client provided goods/services to Santa Fe but has not been paid. What is the procedure for a claim against Santa Fe that is unrelated to an insurance policy?

A. All claims against Santa Fe that are not related to insurance policies should be submitted to the SDR in the Proof of Claim (“POC”) process. If your client has unpaid bills for services provided to Santa Fe (a vendor), it will need to file a POC. The POCs will be reviewed by the SDR Claims Staff. After all required documentation is received and the POC has been reviewed by the SDR Claims Staff, your client will be notified regarding the classification of the claim. It is unknown at this time if there will be assets available for the payment of any POCs filed against the assets of the estate. Once approved by the Receivership Court, the POC form and instructions will be posted on this web site under the “Proof of Claim Form and Instructions” tab. A copy of the application and the Receivership Court’s approval of the claim filing process will be posted on this web site under the “Documents” tab.

Q8. What if my client has a claim related to an insurance policy that is not a “covered claim” that will be paid by the guaranty association in my state?

A. All claims against Santa Fe which are related to insurance policies, but denied coverage by a state insurance guaranty association/fund should be submitted to the SDR in the POC process.

Q9. What is the POC process?

A. The POC process is the mechanism by which all claims against Santa Fe that are not covered in whole or in part by a guaranty association should be submitted to the SDR. This includes claims that are related to insurance policies but denied coverage by a guaranty association, and claims for goods or services provided to Santa Fe unrelated to insurance policies.

On July 19, 2013, the Receivership Court issued its order approving the SDR’s POC forms and instructions. That same order established October 5, 2014, as the POC filing deadline. In August 2013, the SDR will provide notice of the POC deadline to known creditors,

publish notice in newspapers, and post the POC form and instructions on the SDR web site.

IT IS IMPERATIVE TO SUBMIT YOUR POC SO THAT IT IS RECEIVED BY THE SDR BEFORE THE OCTOBER 5, 2014, FILING DEADLINE. POCs submitted after the filing deadline will not be eligible to share in the assets of the Santa Fe receivership estate unless or until all timely presented claims have been paid in full.

Q10. Will my client receive notice of the POC filing deadline?

- A. Notice of the POC process will be provided to known creditors, and published in newspapers. Additional details, including claim forms and instructions will be available on the SDR's web site.

Q11. What if my client has a policy claim that accrued after March 8, 2013?

- A. All new claims should be reported to Santa Fe as usual by calling (888) 886-3376 or reporting the claim on www.InsuranceDepot.com. If your client has any bills for repairs or estimates of damages, this information should be sent to the claims department at Santa Fe. New claims that are potentially covered by TPCIGA or another state's guaranty association will be transferred to the appropriate guaranty association. Links to the relevant state property and casualty insurance guaranty associations (where available) are posted on the "Links" page of the SDR web site.

Q12. What is a Liquidation Order?

- A. A Liquidation Order is a final order that gives the Commissioner of Insurance as Liquidator, among other powers and duties, the authority to take control over Santa Fe, marshal its assets, and liquidate them. The Liquidator collects the assets belonging to Santa Fe as the company that is in receivership (also referred to as the "receivership estate"). Assets are then used to reduce estate debts and pay claims as outlined in Texas Insurance Code Chapter 443.

Q13. What does the SDR do for Santa Fe in liquidation?

- A. The SDR administers the day-to-day affairs of Santa Fe. The SDR's responsibilities include obtaining control of Santa Fe's operations; identifying and securing company property and records; marshaling and evaluating the assets of the company; handling litigation filed by and against Santa Fe; operating the company's information systems and extracting data; investigating liability of parties responsible for the company's financial problems and identifying preferential transfers; providing notice of the liquidation to claimants and interested parties; distributing assets to creditors with approved claims; and filing pleadings, financial statements, and reports with the Liquidator and the Court.

The SDR will also coordinate with TPCIGA and other states' property and casualty insurance guaranty funds or associations to ensure an orderly transition of claims handling.

Q14. How do I keep up with what is going on in the receivership?

- A. All pleadings filed in the Santa Fe estate, as well as relevant notices, will be posted on the SDR's web site.

Q15. What is the automatic stay and why was it created?

- A. As part of the Court proceedings placing Santa Fe into liquidation, a permanent injunction has been issued to stop Santa Fe from conducting any business as an insurance company that could harm policyholders, claimants, and other creditors. In addition, an automatic stay of all litigation is in effect so that the SDR can review records, determine priorities, and work to resolve any claims and transfer covered claims to TPCIGA or other states' guaranty associations. All persons are permanently stayed from pursuing a claim against the Santa Fe estate except through a POC form and the claims process set out in the Texas Insurance Code and the court orders entered by the Receivership Court.

Q16. How do I receive notice of the actions taken by the SDR and the orders of the Court?

- A: All pleadings will be posted on the SDR's web site and you can keep up with them as you would like. If you have an e-mail address that allows you to receive e-mails with very large attachments, you may request to be added to the service list for the pleadings filed by the SDR by sending an e-mail to cfuller@fullerlaw.org.

Further, the SDR will be providing status reports to the Receivership Court regarding the status of the Santa Fe estate on a quarterly basis. The Special Master assigned to this receivership holds quarterly status conferences, which are normally scheduled for January, April, July, and October. The report provided to the Court for each status conference will be posted on the SDR's web site.

Q17. Whom should I contact for additional information regarding the SDR or with questions regarding Santa Fe?

- A. CANTILO & BENNETT, L.L.P.
Special Deputy Receiver
Santa Fe Auto Insurance Company, in Liquidation
11401 Century Oaks Terrace, Suite 300
Austin, Texas 78758
(512) 478-6000
(512) 404-6550 Fax
santafesdr@cb-firm.com