

Frequently Asked Questions Regarding Cameron Mutual Rehabilitation and MutualAid eXchange (MAX) Liquidation

These FAQs were prepared as of Aug. 24, 2023. Note that both the Cameron rehabilitation and MAX liquidation are still in the early stages, and some answers are not known yet, and others will change as the carriers' financial positions become clearer. It is recommended you check online often for the latest updates on Cameron (<https://insurance.mo.gov/companies/receiv.php>) and MAX (<https://maxinsurance.com/>). You can also call Cameron at 816-632-6511 ext. 336, or MAX at 877-971-6300 to address any questions not listed here or in their FAQs.

1. What is rehabilitation?

Rehabilitation is a court-supervised process intended to remedy the company's financial deterioration for the benefit of policyholders and creditors. A rehabilitator is named and is charged with the protection of the company's policyholders, creditors and the public. The rehabilitator's actions are dictated by the laws and regulations of the state in which the company is domiciled.

2. What is the difference between rehabilitation and liquidation?

Should a company not be able to be rehabilitated back to a stable financial condition, it is possible it may be placed into liquidation, a process whereby a state insurance department gathers the company's assets and determines what liabilities, such as bills and claim payments, it has. A liquidator then develops a plan to distribute the company's assets according to law and submits the plan to the court for approval. The liquidation process is very complex and often takes several years.

3. If we move policies mid-term, will my insureds receive their return premium?

- a. Cameron: Cameron's FAQs do not address the question. If the rehabilitations should result in a liquidation, the requests for unearned premiums will be turned over to the guaranty association.
- b. MAX: Most insureds will receive return premium; the applicable state's guaranty association should provide each insured information regarding claims for return premium.

4. Do I have coverage until the end of the policy period?

- a. Cameron: At this time, policies are still in force and insureds should continue to pay their premiums when due.
- b. MAX: According to the liquidation order, policies will be cancelled 30 days after the Final Order and Judgement of Liquidation, which is Aug. 22, 2023.

5. If a claim occurs, will the claim be paid?

- a. Cameron: Claims should continue to be submitted to Cameron. If the rehabilitation should result in a liquidation, the claims will be turned over to the guaranty association to pay.
- b. MAX: Now that MAX is in liquidation, claims can be submitted via the process listed on MAX's website. Claims will be turned over to the guaranty association to pay.

6. If the company goes into liquidation, are there limits on how much the guaranty association will pay?

Yes. In Missouri the limit per claim is \$300,000, and the limit for return premium is \$25,000 per policy. No claim will be paid if the insured has a net worth of \$25 million or higher. Other states may have different limits, so if your insured is a resident in another state or has property in other states, you will need to determine what that state's limit is.

7. Do I need to contact all of my insureds with these carriers to let them know of the change?

- a. Since both Cameron and MAX are no longer rated carriers by either A.M. Best or Demotech, most carriers will likely view this the same as a rating downgrade, and it is recommended you contact your insureds to notify them of this change.
- b. Make sure to contact all insureds, and not just those with limits above what the guaranty association will pay.

8. If I move an insured's coverage to another carrier, and their coverage isn't as broad, am I opening myself up to an E&O claim?

This should be viewed much as any remarketed account is. If there are differences in coverage, they need to be identified and explained to the insured so they are aware of any differences.

9. If I renew policies with a carrier in rehabilitation (if allowed) and the carrier is now unrated, do I have E&O coverage?

Many carriers (including Swiss Re and Utica) exclude coverage placed with any carriers below a certain rating, which would include any unrated carriers. Generally, if the carrier met the rating requirement at the time coverage was placed, the exclusion does not apply for the remainder of that policy period. Check your policy to make sure you understand how your carrier will handle this situation.

The information above is for informational purposes only, and should not be taken as legal advice. It is recommended you contact your attorney for legal advice for specific situations. It is also recommended that you review your E&O policy, as well as the information and FAQs provided by the rehabilitators for each carrier.