

**THE PHYSICIANS ASSURANCE CORPORATION  
NOTICE OF LIQUIDATION ORDER**

**LIQUIDATION ORDER**

On August 18, 2009, The Physicians Assurance Corporation (“TPAC”) was determined to be insolvent and ordered liquidated by Judge Laurel Beatty of the Franklin County, Ohio, Court of Common Pleas in Case No. 09CVH 08-12492. Mary Jo Hudson, Ohio Superintendent of Insurance, was appointed as Liquidator pursuant to Ohio Revised Code Chapter 3903 (the “Liquidator”). It is the Liquidator’s responsibility to collect all of the assets of TPAC and distribute them to creditors of TPAC according to priorities established under Ohio law.

The Liquidation Order enjoins all persons from (1) instituting or continuing to prosecute any civil action or claim against TPAC or the Liquidator, (2) in any way interfering with the possession, control, title, rights, and interests of the Liquidator as provided by Ohio Revised Code Sections 3903.01 to 3903.99, inclusive, or (3) taking any action which tends to give rise to a waste of assets, preference, judgment, attachment, lien or the making of a levy against TPAC or its property or assets subject to the possession or control of the Liquidator.

**To: TPAC POLICYHOLDERS / SUBSCRIBERS / CERTIFICATE HOLDERS / ENROLLEES / MEMBERS / INSUREDS (collectively referred to as (“POLICYHOLDERS”))**

**Information about Guaranty Associations and Termination of Coverage**

TPAC was licensed to do business in the State of Ohio. Ohio has created a life and health guaranty association to provide important, but limited protection to policyholders and beneficiaries of insolvent insurance companies like TPAC, subject to statutory provisions in Ohio Revised Code Chapter 3956.

To the extent that a TPAC policy is in effect as of the date of liquidation and is a policy that is covered by a guaranty association, then the policy will remain in force for such period and under such terms as is provided by the guaranty association’s enabling statute and other applicable laws. However, the Liquidator has been advised that guaranty associations may cancel the policies for which they are responsible as permitted under the contract/policy or in accordance with the guaranty association’s statutes and other applicable law. The time period for this cancellation is no less than thirty (30) days and is expected to be 45 days for most TPAC policies. Moreover, during the time in which coverage is provided by a guaranty association, it will be subject to certain statutory caps and limitations that may be less than the benefits specified in the TPAC policy. The minimum guaranty association limit is the lesser of contracted obligations for which TPAC is liable or would have been liable if it were not insolvent or One Hundred Thousand Dollars (\$100,000) in covered health insurance benefits per Policyholder. If the TPAC policy is not covered by a guaranty association, the policy will automatically terminate at the earlier of (1) thirty (30) days from the date of entry of this Liquidation Order; (2) the expiration of the policy by the policy’s own terms; (3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or health insuring corporation or otherwise terminated the policy.

**In order to assure the continuation of any coverage to be provided by the guaranty association (or for the coverage provided after the Liquidation Order if the policy is not covered by a guaranty association), the TPAC insured must continue to pay premium in the same manner as prior to the Liquidation Order for the period of such coverage.**

The guaranty association will take responsibility for the processing and payment of any of your policyholders’ covered and unpaid health claim(s) up to its statutory cap and coverage limits. The guaranty association will be responsible also for handling claim appeals or claims in litigation. Some claim processing delays may occur, although every effort is being made to keep the process going

forward in a timely manner. Please do not resubmit claims you have already sent to TPAC as this will only delay the processing and payment of claims.

**Policyholders should promptly contact their agent, broker or another insurer to inquire in an effort to have TPAC policies transferred to or rewritten by another insurer or health insuring corporation.**

### **Information about Claims Procedure**

As explained above, the claims covered by a guaranty association will be processed in accordance with the policy terms by the applicable guaranty association subject to its statutory coverage limits.

Over the course of the next six (6) months, the guaranty associations (with respect to claims covered by guaranty associations) will work to resolve all claims arising out of TPAC policies, which will be cancelled as set forth above. If these claims cannot be finally or fully resolved in that time period, or of the policyholder's claim exceeds the statutory coverage limits of the guaranty association, the claimant will have the right to file a Proof of Claim and that claim will be, if necessary, adjudicated by the Liquidator.

The Liquidator will mail to the attention of policyholders and other claimants with unresolved claims within the next eight (8) months a proof of claim form, along with an explanation of how to submit a timely proof of claim form. At that time, claimants will also receive notice of the absolute final bar date (deadline) for submitting claims in order for the claim to be considered by the Liquidator as a possible claim against the TPAC Liquidation Estate. To the extent you are a TPAC insured or health care provider whose claims have been paid by a guaranty association prior to your receipt of the proof of claim form, there will be no need for you to file a proof of claim form. However, if you are a TPAC insured, health care provider or other creditor of TPAC and you believe upon receipt of the proof of claim form that you still have a claim against TPAC, then you must timely file the proof of claim form in accordance with the instructions and procedure that will be set forth in the proof of claim form or your claim will be forever barred.

**To: TPAC BROKERS, AGENTS, AGENCIES, EMPLOYEES, AND OTHER CREDITORS KNOWN OR REASONABLY EXPECTED TO HAVE CLAIMS AGAINST THE PHYSICIANS ASSURANCE CORPORATION**

If the records of TPAC indicate that you are a general creditor or other person who is not a policyholder that is owed money from TPAC, you must file your claims with the Liquidator on a Proof of Claim Form prior to the absolute final bar date in order to be considered for any distribution or payment of claims from the Liquidator. The Liquidation Court has not established an absolute final bar date, and the Liquidator has not issued Proof of Claim Forms. An absolute final bar date will be established in approximately seven (7) months. At that time, the Liquidator will send a notice to you informing you of the absolute final bar date and the procedures for submitting a timely Proof of Claim Form.

TPAC agents are not permitted to credit or refund unearned premium resulting from cancellations with effective dates after August 18, 2009.

If you have any questions about this Notice or other matters related to TPAC or the liquidation proceeding, please call (614) 487-9200 or write to TPAC@ohliq.com.

Lynda G. Loomis  
Chief Deputy Liquidator  
The Physicians Assurance Corporation, in Liquidation

<p style="text-align:center"><b>THE PHYSICIANS ASSURANCE CORPORATION, IN LIQUIDATION</b> <b>NOTICE TO PROVIDERS</b></p>
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On August 18, 2009, The Physicians Assurance Corporation (“TPAC”) was determined to be insolvent and ordered liquidated by Judge Laurel Beatty of the Franklin County, Ohio, Court of Common Pleas in Case No. 09CVH 08-12492. Mary Jo Hudson, Ohio Superintendent of Insurance, was appointed as Liquidator pursuant to Ohio Revised Code Chapter 3903 (the “Liquidator”). It is the Liquidator's responsibility to collect all of the assets of TPAC and distribute them to policyholders and other creditors of TPAC according to priorities established under Ohio law.

You are being sent this notice because you have been identified as a provider that has served The Physicians Assurance Corporation insureds in the past. As a provider you may have outstanding claims for those insureds. As a result of the Liquidation Order, the Ohio Life & Health Insurance Guaranty Association (OLHIGA) or other applicable IGA will assume responsibility for the payment of covered health claims up to its statutory and coverage limits. The guaranty association will fund the covered medical claims as soon as state statutes allow, subject to applicable statutory and coverage limits.

**Continuation of Services.** To the extent not already set forth in Defendant TPAC’s contracts, any physician, hospital, pharmacy benefits manager, or other health care facility or health professional who or which, at the time of this Order, has a contract in effect with Defendant TPAC to furnish medical or hospital services and or other health benefits and services to policyholders, certificate holders, enrollees or persons covered under individual or group contracts with Defendant TPAC under the terms of an applicable TPAC health benefits plan, policy or certificate (“network provider”) and all non-network providers who are providing medical or hospital services and or other health benefits or services to policyholders, certificate holders, enrollees or persons covered under individual or group contracts with Defendant TPAC under the terms of an applicable TPAC health benefits plan, policy or certificate, are hereby estopped pursuant to R.C. 3903.05(A)(11) from discontinuing covered health services and from cancelling provider contracts. All network and non-network providers are directed to continue to provide covered health services to policyholders, certificate holders, enrollees and insureds as needed to complete any medically necessary procedures commenced but unfinished at the time of this Order up to the sum of the benefits for which the Ohio Life and Health Insurance Guaranty Association or other applicable IGA may become liable, which sum shall not exceed the lesser of contracted obligations for which Defendant TPAC is liable or would have been liable if it were not insolvent or One Hundred Thousand Dollars (\$100,000) in covered health insurance benefits including any net cash surrender and net cash withdrawal values. The completion of a medically necessary procedure shall include the rendering of all covered health services that constitute medically necessary follow-up care for that procedure. If a policyholder, certificate holder, enrollee or person persons covered under individual or group contracts, policies or certificates with defendant TPAC is receiving necessary inpatient care at a hospital, the provider may limit the required provision of covered health care services relating to that inpatient care until the earliest occurrence of any of the following:

- (a) The enrollee's, policyholders, certificate holder's, or person covered under individual or group contracts with Defendant TPAC is discharge from the hospital;
- (b) The determination by the enrollee's policyholder's, certificate holder's, or person covered under individual or group contracts with Defendant TPAC attending physician that inpatient care is no longer medically indicated for the enrollee; however, nothing in this Order precludes the Rehabilitator or the applicable IGA from engaging in utilization review as described in the evidence of coverage;
- (c) The policyholder, certificate holder, enrollee or person covered under individual or group contracts with Defendant TPAC reaching the limit for contractual benefits;
- (d) The effective date of any new coverage;
- (e) The policyholder's, certificate holder's, enrollee's or person covered under individual or group contracts with Defendant TPAC reaching the sum of the benefits for which the Ohio Life and Health Insurance Guaranty Association or other applicable IGA may become liable.

All network and non-network providers are further estopped from billing, charging, collecting a deposit from, seeking remuneration or reimbursement from, or having any recourse against, a subscriber, enrollee, person to whom covered health services have been provided, or person acting on behalf of the covered person, for covered health services provided pursuant to this Order. This does not prohibit the provider from collecting co-insurance, deductibles, or copayments as specifically provided in the evidence of coverage, or fees for uncovered health services delivered to persons referenced above.

**Billing.** Please continue to mail your claims to the same address you did prior to the Liquidation Order. **Do not send duplicates of previously submitted unpaid claims as this will only slow down the adjudication process.** Claims processing and payments may be delayed for a short period of time, but will soon be underway and your continued patience and understanding is respectfully requested.

**Claims Processing.** The guaranty association will take responsibility for the processing and payment of any of covered and unpaid health claim(s) up to its statutory cap and coverage limit. The claims covered by a guaranty association will be processed by the guaranty association in accordance with the policy terms by the guaranty association subject to its statutory coverage limits. The guaranty association will be responsible also for handling claim appeals or claims in litigation. Some claim processing delays may occur, although every effort is being made to keep the process going forward in a timely manner. Please do not resubmit claims you have already sent to TPAC as this will only delay the processing and payment of claims.

**Information About Guaranty Associations and Termination of Coverage.** TPAC was licensed to do business in the State of Ohio. Ohio has created a life and health guaranty association to provide important, but limited protection to policyholders and beneficiaries of insolvent insurance companies like TPAC, subject to statutory provisions in Ohio Revised Code Chapter 3956.

To the extent that a TPAC policy is in effect as of the date of liquidation and is a policy that is covered by a guaranty association, then the policy will remain in force for such period and under such terms as is provided by the guaranty association's enabling statute and other applicable laws. However, the Liquidator has been advised that guaranty associations may cancel the policies for which they are responsible as permitted under the contract/policy or in accordance with the guaranty association's statutes and other applicable law. The time period for this cancellation is no less than thirty (30) days and is expected to be 45 days for most TPAC policies. During this time, coverage is provided by a guaranty association, subject to certain statutory caps and limitations that may be less than the benefits specified in the TPAC policy. The minimum guaranty association limit is the lesser of contracted obligations for which TPAC is liable or would have been liable if it were not insolvent or One Hundred Thousand Dollars (\$100,000) in covered health insurance benefits per Policyholder. If the TPAC policy is not covered by a guaranty association, the policy will automatically terminate at the earlier of (1) thirty (30) days from the date of entry of this Liquidation Order; (2) the expiration of the policy by the policy's own terms; (3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or health insuring corporation or otherwise terminated the policy.

**Contact Information.** The Liquidator is ready to respond to providers. If you have any questions or concerns about this, please feel free to call TPAC at (614) 310-0555, or the Liquidator at 614-487-9200. You may also email inquiries to [TPAC@ohliq.com](mailto:TPAC@ohliq.com).

Lynda G. Loomis  
Chief Deputy Liquidator  
The Physicians Assurance Corporation, in Liquidation

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Office of the Ohio Insurance Liquidator, 50 W. Town St., Third Floor, Suite 350, Columbus, OH  
43215, (614) 487-9200

**THE PHYSICIANS ASSURANCE CORPORATION, IN LIQUIDATION  
NOTICE TO BROKERS, AGENTS AND AGENCIES**

On August 18, 2009, The Physicians Assurance Corporation (“TPAC”) was determined to be insolvent and ordered liquidated by Judge Laurel Beatty of the Franklin County, Ohio, Court of Common Pleas in Case No. 09CVH 08-12492. Mary Jo Hudson, Ohio Superintendent of Insurance, was appointed as Liquidator pursuant to Ohio Revised Code Chapter 3903 (the “Liquidator”). A copy of the Final Order and Judgment of Liquidation can be viewed at [www.ohliq.com](http://www.ohliq.com). It is the Liquidator's responsibility to collect all of the assets of TPAC and distribute them to policyholders and other creditors of TPAC according to priorities established under Ohio law.

**TPAC Commissions Will Not Be Paid.** Any unpaid commissions due you on TPAC policies will now be a claim in the liquidation proceedings. If you have a claim for unpaid commissions or any other amounts due from TPAC, you may file a Proof of Claim form in the liquidation proceeding.

**Insurance Guaranty Fund Coverage.** The Order of Liquidation triggered (or will trigger) certain obligations of state life and health insurance guaranty associations, including primarily the Ohio Life & Health Insurance Guaranty Association. These guaranty associations were established by the laws each state to provide important, but limited protection to policyholders against an insolvent insurance company's failure to perform its contractual obligations under its policies of insurance.

**Cancellation of TPAC’s Policies and Need to Arrange New Coverage.** The Court ordered that all brokers, agents or agencies of TPAC are enjoined from, and ordered to cease, issuing policies, contracts, certificates, renewals and commitments on behalf of TPAC. All of TPAC’s policies as to which a notice of cancellation was not given on or prior to the date of the Order of Liquidation and which are covered by a guaranty association or foreign guaranty association shall continue in force for such period of time and under such terms as are provided for by the applicable guaranty associations, which is typically not later than the earlier of the next renewal date under such policies or contracts or forty-five days, but in no event less than thirty days, after the date on which the association becomes obligated with respect to such policies. All policies not covered by a guaranty association or foreign guaranty association shall terminate pursuant to Ohio Revised Code 3903.19 upon the occurrence of the lesser of:

- (a) A period of 30 days from the date of the entry of the Order of Liquidation;
- (b) The expiration of the policy coverage;
- (c) The date when the insured has replaced insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy; or
- (d) The Liquidator has effected a transfer of the policy obligations pursuant to Ohio Revised Code 3903.21.

**Brokers, agents and agencies are to use their best efforts to assist TPAC policyholders in securing new coverage with another insurance company within the next 30 to 45 days**, or as soon thereafter as possible. If coverage is secured with another carrier, please send a copy of the certificate of coverage showing the effective date of the new policy to The Office of the Ohio Insurance Liquidator, Attn: TPAC, 50 W. Town Street, Third Floor, Suite 350, Columbus, Ohio 43215.

**Premium Remittance.** All premiums in your possession from or for the benefit of TPAC policyholders must now be immediately forwarded to The Physicians Assurance Corporation, in Liquidation, 50 W. Town St., Third Floor, Suite 350, Columbus, OH, 43215. Pursuant to the Liquidation Order, you are not permitted to retain premiums, or provide credits or refunds of premiums to TPAC policyholders. You are not permitted to offset premiums. For example:

- (a) If a broker, agent or agency (collectively the “Agent”) received a customer’s premium payment for TPAC coverage prior to the August 18, 2009 Order of Liquidation, all TPAC premium in the Agent’s

possession or control must be immediately forwarded to the Liquidator. Agents are not permitted to hold **any premium, whether earned or unearned**, or use any portion of such paid premium for purposes of now paying for new or replacement coverage from another insurance company. New or replacement coverage must be purchased with other funds and all TPAC premiums must be immediately forwarded to the Liquidator.

- (b) TPAC's Agents are enjoined and restrained from returning any unearned premium, or any money in their possession collected for premium or any other obligation due to TPAC, to policyholders or their assigns or to any person other than the Liquidator, and all premium finance companies that have entered into contracts to finance a premium for a policy which was issued by TPAC are enjoined and restrained from returning any such premiums or monies due on an obligation of or to TPAC and in their possession to anyone other than the Liquidator, and all such persons shall immediately turn over such funds in their possession to the Liquidator.
- (c) Transactions where an Agent issued a commitment for TPAC coverage prior to the August 18, 2009 Order of Liquidation, but a premium payment for a TPAC policy occurred after the August 18, 2009 Order of Liquidation, violate the Liquidation Order. The Liquidation Order prohibited TPAC and its Agents from placing insurance with TPAC. A TPAC policy cannot be issued. If you have not done so already, you should use your best efforts to obtain new coverage from another eligible carrier.

**Notice to Policyholders.** As an Agent who placed insurance with TPAC, **you are instructed to contact your customers to advise them of TPAC's liquidation and the need to obtain new coverage.**

**Continued Stay of Litigation.** The Liquidation Order permanently enjoins all persons who have claims against TPAC from instituting or continuing to prosecute any lawsuit or take any other action that would interfere with the Liquidation proceeding or the possession, control, title, rights and interests of the Liquidator, as provided by Sections 3903.01 to 3903.59, inclusive of the Ohio Revised Code.

**Proofs of Claim** Seven months after the date of the Liquidation Order, the Liquidator will file with the Court a Proof of Claim process and establish an absolute final bar date for the filing of such claims against the TPAC estate.

Inquiries regarding the liquidation should be addressed to: The Office of the Ohio Insurance Liquidator, Attn: TPAC, 50 W. Town Street, Third Floor, Suite 350, Columbus, OH 43215, (614) 487-9200 or sent by email to [TPAC@ohliq.com](mailto:TPAC@ohliq.com).

We appreciate and thank you for your anticipated cooperation and early attention to these matters.

Lynda G. Loomis  
Chief Deputy Liquidator  
The Physicians Assurance Corporation, in Liquidation

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**Office of the Ohio Insurance Liquidator, 50 W. Town St., Third Floor, Suite 350, Columbus, OH 43215,  
(614) 487-9200**

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NOTICE TO POLICYHOLDERS / SUBSCRIBERS / CERTIFICATE HOLDERS /  
ENROLLEES / MEMBERS / INSUREDS**

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The enclosed bulletins, "What Happens When an Insurance Company Fails" and "Seven Key Questions About Guaranty Associations" explain insolvency related procedures and answer basic questions about guaranty association coverage for policyholders of insolvent insurance companies.

The guaranty associations are ready to respond to policyholders' claim needs. If you have any questions or concerns about this, please feel free to call TPAC's policyholder service number (614) \_\_\_\_\_. Specific guaranty association information is attached. Any changes in policyholder service phone numbers will be forwarded to you in the future.

**Policyholders should promptly contact their agent, broker or another insurer to inquire in an effort to have TPAC policies transferred to or rewritten by another insurer or health insuring corporation.**

### **Information about Claims Procedure**

As explained above, the claims covered by a guaranty association will be processed in accordance with the policy terms by the applicable guaranty association subject to its statutory coverage limits.

Over the course of the next six (6) months, the guaranty associations (with respect to claims covered by guaranty associations) will work to resolve all claims arising out of TPAC policies, which will be cancelled as set forth above. If these claims cannot be finally or fully resolved in that time period, or if the policyholder's claim exceeds the statutory coverage limits of the guaranty association, the claimant will have the right to file a Proof of Claim and that claim will be, if necessary, adjudicated by the Liquidator.

The Liquidator will mail to the attention of policyholders and other claimants with unresolved claims within the next eight (8) months a proof of claim form, along with an explanation of how to submit a timely proof of claim form. At that time, claimants will also receive notice of the absolute final bar date (deadline) for submitting claims in order for the claim to be considered by the Liquidator as a possible claim against the TPAC Liquidation Estate. To the extent you are a TPAC insured or health care provider whose claims have been paid by a guaranty association prior to your receipt of the proof of claim form, there will be no need for you to file a proof of claim form. However, if you are a TPAC insured, health care provider or other creditor of TPAC and you believe upon receipt of the proof of claim form that you still have a claim against TPAC, then you must timely file the proof of claim form in accordance with the instructions and procedure that will be set forth in the proof of claim form or your claim will be forever barred.

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Chief Deputy Liquidator  
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