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1ST CIRCUIT COURT
STATE OF HAWAII
FILED

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S. TAMANAHA
CLERK

Attorneys for the Liquidator

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

J.P. SCHMIDT, in his capacity as Insurance
Commissioner of the State of Hawaii,

Petitioner,

vs.

PRIMEGUARD INSURANCE COMPANY,
INC., A RISK RETENTION GROUP.,

Respondent.

) S.P. No. 05-1-0443 RAN

) (Special Proceeding)

)

)

) LIQUIDATOR'S MOTION FOR: (1)

) APPROVAL TO AMEND

) RECOMMENDATIONS REGARDING FILED

) CLAIMS; AND (2) APPROVAL OF FINAL

) DISTRIBUTION; MEMORANDUM IN

) SUPPORT OF MOTION; DECLARATION OF

) PAUL S.K. YUEN; DECLARATION OF

) ANTHONY F. SUETSUGU; EXHIBITS "A"-

) "T"; NOTICE OF HEARING AND

) CERTIFICATE OF SERVICE

)

) HEARING:

) Date: Feb. 27, 2014

) Time: 9:30 AM

) Judge: Hon. Rhonda Nishimura

)

) No Trial Date Set

)

LIQUIDATOR'S MOTION FOR: (1) APPROVAL TO AMEND RECOMMENDATIONS
REGARDING FILED CLAIMS; AND (2) APPROVAL OF FINAL DISTRIBUTION

Petitioner Gordon I. Ito, in his capacity as Liquidator of PrimeGuard Insurance Company,

Inc. ("PrimeGuard), by and through his attorneys, Kobayashi, Sugita & Goda, hereby moves this

Court pursuant to Haw. Rev. Stat. Chapter 431, Article 15 for an Order providing for: (1) approval to amend the Liquidator's recommendations regarding filed claims; and (2) approval of the Final Distribution of assets in this liquidation proceeding as proposed herein.

This Motion is made pursuant to Rule 7 of the Hawaii Rules of Civil Procedure and Haw. Rev. Stat. Chapter 431, Article 15 and is supported by the Memorandum in Support of Motion, the Declarations and Exhibits attached hereto, and the records and files herein.

DATED: Honolulu, Hawaii, January 16, 2014.

KOBAYASHI SUGITA & GODA



WENDELL H. FUJI
CLIFFORD K. HIGA
ANTHONY F. SUETSUGU

Attorneys for the Liquidator

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

J.P. SCHMIDT, in his capacity as Insurance	)	S.P. No. 05-1-0443 VSM
Commissioner of the State of Hawaii,	)	(Special Proceeding)
)	
Petitioner,)	
)	
vs.)	
)	
PRIMEGUARD INSURANCE COMPANY,)	
INC., A RISK RETENTION GROUP.,)	
)	
Respondent.)	
)	

MEMORANDUM IN SUPPORT OF MOTION

I. INTRODUCTION

1. Respondent PrimeGuard Insurance Company, Inc., ("PrimeGuard") is a Hawaii domiciled insurance company organized as a Risk Retention Group. Although domiciled in Hawaii, PrimeGuard's offices were shared with the offices of affiliates First Assured Warranty Company, Inc., 1SourceAuto Warranty.com, Inc., and Warrantee Wise, Inc. (collectively "FAWC" or "Affiliates") located in Colorado. *See* Declaration of Paul S.K. Yuen.

2. J.P. Schmidt, in his capacity as Insurance Commissioner for the State of Hawaii (the "Commissioner") initiated formal proceedings against PrimeGuard in this Court. On November 14, 2005, this Court entered a Seizure Order regarding PrimeGuard. Thereafter, on December 19, 2005, the Court placed PrimeGuard under an Order of Liquidation with a finding of insolvency and appointed the Commissioner as Liquidator (hereinafter the "Liquidator"). *See* Declaration of Paul S.K. Yuen.

3. In May of 2006, a Proof of Claim ("POC") master claim list was compiled by using the computer systems of PrimeGuard and Affiliates which contained the most up to date names and addresses of warranty holders, dealers and agents of PrimeGuard and its Affiliates according to FAWC employees at the time of mailing. *See* Declaration of Paul S.K. Yuen.

4. On May 18, 2006 these POC notices were prepared and sent out from the FAWC offices in Colorado. *See* Declaration of Paul S.K. Yuen.

5. On May 23, 2006, the Liquidator filed a Motion for Leave to Add First Assured Warranty Corporation and 1SourceAutoWarranty.com, Inc. as Respondents (the "Consolidation Motion") in this Proceeding to which First Assured objected. A hearing on the Liquidator's Consolidation Motion was scheduled on June 19, 2006. *See* Declaration of Paul S.K. Yuen.

6. While the motion to add the affiliates was pending, on June 6, 2006, this Court entered an Order Granting Liquidator's Motion for Approval of Notice, Service and Claim Submittal Procedures and Claim Response Deadline Filed May 4, 2006 (the "Claims Submittal Order"). The Claims Submittal Order applied to known creditors of PrimeGuard, First Assured, and their affiliates. It approved the issuance of a Notice of Liquidation Order and a Claim Response Form, and set a Claim Response Deadline of November 30, 2006. The Claims Submittal Order also specifically provided that "any claims received by the Liquidator after the stated Deadline, with the exception of those provided for in the Liquidation Act, shall be and is forever barred from receiving a distribution from the PrimeGuard Estate." *Claim Submittal Order*, p. 2, ¶ 3, a copy of which is attached hereto as Exhibit "A".

7. On June 16, 2006, FAWC filed a voluntary petition for relief under Chapter 11, Title 11, United States Code, in the United States Bankruptcy Court for the District of Colorado (the "Bankruptcy Court"), Case No 06-13669 MER (the "Bankruptcy Case"). *See* Declaration of Paul S.K. Yuen.

8. During the pendency of the Appeal, FAWC and the Liquidator, as well as other parties, entered into a Settlement Agreement and Mutual Releases (the "Settlement Agreement") in order to resolve the pending litigation. The Settlement Agreement provided in pertinent part:

- a) FAWC would cease prosecution of its Plan of Reorganization and Disclosure Statement and seek dismissal of the Bankruptcy Case;
- b) All properties of FAWC's bankruptcy estate, including any and all assets of any type in which FAWC had, asserted, or might assert an ownership interest would be under the sole and exclusive jurisdiction of this Court and that this Court would have sole and exclusive jurisdiction over all of FAWC's property which would be administered and liquidated as part of the Liquidation Proceeding; and
- c) Most, if not all, claims would be addressed and administered in the Liquidation Proceeding.

See Declaration of Paul S.K. Yuen.

9. On May 30, 2008, the Bankruptcy Court dismissed the Bankruptcy Case and on June 4, 2008, the Appeal was dismissed. *See* Declaration of Paul S.K. Yuen.

10. On May 22, 2008, the Liquidator filed his Motion for Leave to Add First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc. as Respondents and Placing Them Under a Supplemental Order of Liquidation (the "Motion for Leave"). No opposition was filed to the Motion for Leave and on July 17, 2008, this Court entered a Supplemental Order of Liquidation which effectively added FAWC as Respondents to the Liquidation Proceeding. *See* Declaration of Paul S.K. Yuen.

11. As part of the Settlement Agreement entered into between FAWC and the Liquidator, the parties agreed that all claims that had been filed in the Bankruptcy Case would be administered in the Liquidation Proceeding. Specifically, the parties agreed that subject to the Liquidation Court's approval of the Settlement Agreement: (i) all FAWC creditors with claims arising under vehicle service contracts and who have filed a proof of claim in the Bankruptcy Case ("VSC Claims," individually referred to as a "VSC Claim"), regardless of whether such VSC Claims have been filed in the PrimeGuard Liquidation, shall be treated as if such VSC Claims were timely filed on an appropriate proof of claim form in the PrimeGuard Liquidation; and (ii) the Liquidator shall treat all such VSC Claims the same as similarly situated claims timely filed with the Liquidator or in the PrimeGuard Liquidation on proper forms. *See* Declaration of Paul S.K. Yuen.

12. The Settlement Agreement also provided for the administration of any "Allowed Unsecured Trade Creditors," "Secured Claims" and "Tax Claims" as defined in the Settlement Agreement. Essentially, the Settlement Agreement provided that with the exception of Tax Claims, all other claims not administered in the Bankruptcy Case would be addressed and administered in this Liquidation Proceeding. *See* Declaration of Paul S.K. Yuen.

13. On May 5, 2010, this court issued the Order Granting Liquidator's Motion for Approval of Recommendations Regarding Filed Claims, which set the class and amount of each Class 2 claim made against the PrimeGuard Liquidation estate and is attached for the Court's convenience as Exhibit "B".

14. Between November 2010 and October 2011, the Liquidator negotiated with the Insurance Commissioners of Wisconsin, Oklahoma, Louisiana, Virginia, and Arizona to obtain agreements for the release of PrimeGuard's statutory deposits held in these states. One condition

of these agreements, which were approved by this Court, was that the statutory deposits were only to be used to pay claimants from their respective states. Attached for the Court's convenience as Exhibits "C"-""G" are the state agreements.

15. On May 20 and 21, 2013, Liquidator provided due and proper notice of his application for approval of this Final Distribution to all Class 2 claimants in accordance with this Court's Order Granting Liquidator's Motion for Approval of Use of First Class Mail Regarding Notice of Motion for Approval of Final Distribution filed herein on March 8, 2011. Attached as Exhibit "H" is the notice form approved by this Court.

16. On May 24, 2013, this Court issued an Order Granting Liquidator's Motion for Approval of Supplemental Recommendations regarding filed claims, adding eight claimants as Class 2 claimants in the Liquidation. These new claimants received their statutory notice on the same days as all other claimants, May 20 and 21, 2013. *See Declaration of Paul S.K. Yuen.*

17. As the Liquidator was preparing his Motion for Approval of Final Distribution, the Liquidator noticed that 4 claimants with identical names had identical claim amounts. Upon further investigation, the Liquidator determined that four claimants had an incorrect value assigned to their claims. *See Declaration of Paul S.K. Yuen.*

18. Similarly, while reviewing the master claim list and Liquidator's recommendations, the Liquidator discovered that 63 claimants who had paid for their PrimeGuard policies using a third-party financing company, MEPCO, had claims against the PrimeGuard Estate. These 63 claimants properly filed their proof of claim forms before the deadline. However, when the Liquidator was making his original recommendations, he had not yet received MEPCO's files and records. Accordingly, these claimants were not listed in PrimeGuard or FAWC's records and their claims were adjusted by the Liquidator to zero. The Liquidator has since reviewed the MEPCO documents and records, and has assigned these 63 Class 2 claims their appropriate value. *See Declaration of Paul S.K. Yuen.*

19. The Liquidator has determined it is in the best interest of the Liquidation to amend these 67¹ Class 2 claims to reflect their rightful claim against the Liquidation Estate. *See Declaration of Paul S.K. Yuen.*

20. The Liquidator has further found that because the Liquidator is now confident that all claimants are receiving their rightful compensation from the Liquidation estate, it is in the

¹ The 4 identical name claimants combined with the 63 MEPCO claimants.

best interest of the Liquidation to make a final distribution at this time. In fact, the Liquidator has determined that not making a final distribution at this time would serve to unnecessarily delay the receipt of compensation by the claimants and burden the Liquidation with further needless expense. *See* Declaration of Paul S.K. Yuen.

21. The PrimeGuard Estate currently has \$4,363,415.40 in its accounts. The Liquidator, after reviewing each claim and the Liquidator's recommendations to confirm its value, plans to disburse \$4,354,673.41 to the Class 2 claimants, paying at least 72.05% of each claim (claimants from states with statutory deposits will receive a greater percentage). The Liquidator will hold \$8,741.99 in its reserve accounts to cover the final costs of wrapping up the Liquidation Estate. *See* Declaration of Paul S.K. Yuen.

22. PrimeGuard does not have enough funds to fully compensate all of the Class 2 claimants, therefore subsequent classes will not be receiving distributions. *See* Declaration of Paul S.K. Yuen.

23. As such, the Liquidator now seeks an order approving the amended Final Claim Report with filed claim amounts and adjusted claim amounts attached hereto as Exhibit "T"², and granting the Liquidator the authority to make a final distribution to the Class 2 claimants. *See* Declaration of Paul S.K. Yuen.

II. DISCUSSION

A. Pursuant to Haw. Rev. Stat. § 431:15-333, the Liquidator's Recommendations Should Be Amended to Reflect the True Value of All Class 2 Claims

1. The Liquidator Has a Duty to Further Investigate Claim Amounts as Necessary

Section 431:15-333, Haw. Rev. Stat., grants the Liquidator the authority to compromise and negotiate the amount of claims made by liquidation claimants and report such claims against the insolvent insurer along with the Liquidator's recommendations to this Court. This process requires the Liquidator to submit his recommendations once the claims process is complete. Accordingly, on May 5, 2010, this Court issued the Order Granting Liquidator's Motion for

² Exhibit "T" is filed under seal pursuant to the Order Granting Ex Parte Motion to File Creditor List Under Seal filed on September 6, 2006.

Approval of Recommendations Regarding Filed Claims, which set the class and amount of each Class 2 claim made against the PrimeGuard Liquidation estate.

Then, on May 24, 2013, this Court issued an Order Granting Liquidator's Motion for Approval of Supplemental Recommendations regarding filed claims, adding eight claimants as Class 2 claimants in the Liquidation. Using the claimant list and recommendations approved on May 24, 2013, the Liquidator began preparations to make a final distribution to all Class 2 claimants. While reviewing the claimant list, the Liquidator noticed that 4 claimants with identical names had identical claim amounts. Believing that this could not be merely a coincidence and pursuant to his ongoing duty under Haw. Rev. Stat. § 431:15-333 to "review all claims duly filed in the liquidation and . . . make such further investigation as the liquidator shall deem necessary[.]" the Liquidator reviewed the files and records of the Liquidation Estate and determined that these claim amounts were incorrect.

Further, while double checking the adjusted claim amounts to be paid with the most up to date records of PrimeGuard and its Affiliates, the Liquidator discovered that 63 claimants who had paid for their PrimeGuard policies using a third-party financing company, MEPCO, had claims against the PrimeGuard Estate. These 63 claimants properly filed their proof of claim forms before the deadline. However, at the time the Liquidator was making his original recommendations, he unknowingly had not yet received the MEPCO database. Accordingly, these claimants were not listed in the PrimeGuard records and their claims were adjusted to zero. The Liquidator then provided notice of the zero value assigned to these claims and followed the disputed claim procedure set forth in Haw. Rev. Stat. §431:15-329, for any of claimants objecting to this zero value. However, upon further investigation and using a database that was received after the Liquidator's consultants provided their original recommendations, the Liquidator is now able to determine the appropriate claim amounts for these 63 Class 2 claimants, who had timely submitted their proof of claim forms.

2. Equity Requires that 67 Claimants' Claim Amounts Be Amended to Reflect Their Actual Value Pursuant to the Records of Primeguard and its Affiliates

The Liquidator's investigation discovered that these 67 claimants'³ adjusted claim amounts were indeed incorrect, and they were actually entitled to receive a claim amount

³ The 4 claimants with the same names as other claimants and the 63 MEPCO claimants.

different than what was contained in the recommendations made by the Liquidator and approved by this Court. Accordingly, while the previous claim amounts were approved pursuant to the process outlined in Article 15 of the Insurance Code, the Liquidator has determined that equity now requires these claimants to receive the appropriate claim amount according the records of PrimeGuard and its Affiliates.

Therefore, as the Liquidator is required to "present to the court a report of the claims against the insurer with the liquidator's recommendations[,] the Liquidator now presents the Court with the final claimant list and recommended adjustments. Haw. Rev. Stat. § 431:15-333. A list of the 67 claimants who require changes to their recommended adjusted claim amount is attached as Exhibit "J", and filed under seal pursuant to the Order Granting Ex Parte Motion to File Creditor List Under Seal filed on September 6, 2006. Further, Exhibit "J" contains the new adjusted recommended claim amount for these claimants. These changes are reflected in the complete Final Claim Report with filed claim amounts and adjusted claim amounts attached hereto as Exhibit "I", and filed under seal pursuant to the Order Granting Ex Parte Motion to File Creditor List Under Seal filed on September 6, 2006.

As Exhibit "J" demonstrates, all 67 Class 2 claims affected by this amendment will receive in an increase in the value assigned to such claim. In other words, all 67 claimants affected will be receiving a larger distribution from Liquidation Estate than previously expected.

3. In Order to Efficiently and Effectively Liquidate Primeguard, this Court Should Approve the Liquidator's Amended Recommendations

After the Liquidator's recommendation is filed, Haw. Rev. Stat. § 431:15-333(b) grants this Court discretion to approve, disapprove or modify the Liquidator's recommendations. However, if the Court takes no action on the Liquidator's recommendations for a period of sixty (60) days following his submittal, then the Liquidator's recommendations, shall be deemed allowed. *Id.*

The impact on the other Class 2 claimants will be minimal. Because there are currently over 7,100 Class 2 claimants, a small increase to these 67 claimants' claims will have a nominal effect on the other Class 2 claimants. In fact, the Liquidator has enough funds in its reserve accounts to cover these increases to the 67 claimants, which will allow the Liquidator to pay the same percentage as previously calculated to all claimants. Further, because there will not be

enough assets to pay claimants beyond Class 2, the amendment of these 67 claims will have no effect on the other classes.

4. The Liquidator Used the Same Process to Determine the Value of the Recommended Claim Amount for the 67 Amended Claims

For the Class 2 claims, the Liquidator originally applied a methodology consistent with the warranty contract and the PrimeGuard Companies' prior practices to determine the recommended claim amount. The warranties were terminated consistent with this Court's order as of January 19, 2006. The duration of the contract was then converted to the number of days, identifying the number of days in-force along with the number of days remaining after termination. The premium was then pro-rated to arrive at a prorated refund amount. In those states where the law allows the amount of any claims to be subtracted from a prorated premium refund, the claims were accounted for. In the states where the law does not allow the claims to be subtracted, the amount of repairs was not applied to the pro rata refund amount. This is the same process the Liquidator has applied to these amended claims, thus ensuring that a consistent approach and calculation was utilized for all VSC claims, and no current Class 2 claimants will be prejudiced by the amended claims. Further, approving these amendments will allow the Liquidator to distribute funds to claimants in a timely manner. Accordingly, in order to efficiently and effectively liquidate Primeguard and its Affiliates, this Court should approve the Liquidator's recommendations and amend the 67 claims listed in Exhibit "J".

B. This Court Should Approve the Liquidator's Final Distribution

1. The Final Distribution Is Accordance With Haw. Rev. Stat. Chapter 431 Article 15

If this Court approves the Liquidator's complete Final Claim Report including the 67 amended Class 2 claims, this Court should also authorize the Liquidator to make a final distribution to the Class 2 claimants. The claimants of PrimeGuard have been waiting years to receive compensation for their claims, and the Liquidator has now reviewed each claim amount and confirmed it using the records of PrimeGuard and its Affiliates. Therefore, in an effort to make distributions "in a manner that will assure the proper recognition of priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims," the Liquidator has determined that it is in the best

interest of both the Liquidation and the claimants to make a final distribution at this time. *See* Haw. Rev. Stat. §334(a).

Haw Rev. Stat. § 431:15-332 provides in pertinent part as follows:

§ 431:15-332. Priority of distribution.

The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is herein set forth. Every claim in each class shall be paid in full or adequate funds retained for the payment before the members of the next class receive any payment. No subclasses shall be established within any class. The order of distribution of claims shall be:

(1) Class 1. the costs and expenses of administration, including but not limited to the following:

(A) The actual and necessary costs of preserving or recovering the assets of the insurer;

(B) Compensation for all services rendered in the liquidation;

(C) Any necessary filing fees;

(D) The fees and mileage payable to witnesses;

(E) Reasonable attorneys' fees; and

(F) The reasonable expenses of a guaranty fund or association, or foreign guaranty association in handling claims.

(2) Class 2. All claims under policies for losses incurred[.]

* * *

(3) Class 3. Claims of the federal government.

(4) Class 4. Debts due to employees for services performed[.]

* * *

(5) Class 5. Claims of general creditors.

(6) Class 6. Claims of any state or local government.

* * *

(7) Class 7. Claims filed late or any other claims other than claims under paragraphs 8 and 9.

(8) Class 8. Surplus or contribution notes, or similar obligations[.]

(9) Class 9. The claims of shareholders or other owners.

Haw Rev. Stat. § 431:15-332 (emphasis added).

The Liquidator hereby proposes that the Final Distribution of assets in this Liquidation be made as follows: (a) Class 2 claimants shall receive at least 72.05% of their claim (or approximately 72 cents on each Class 2 claim dollar) that had been admitted into the PrimeGuard Estate, totaling \$4,354,673.41 (hereinafter “Final Distribution”); and (b) keep the specified reserve amount (\$8,741.99) for the Class 1 claims representing the remaining costs and expenses of winding up the Liquidation Proceeding. Certain Class 2 claimants from states which required statutory deposits will receive a greater distribution based on the insurance laws in those states. Louisiana, Wisconsin, and Oklahoma will receive 100% of their claims due to the fact that the statutory deposit required to do business in those states covered all of the claims arising from those states. Similarly, Class 2 claimants from Virginia will receive 77.2% of their claims based on the size of the Virginia statutory deposit.

The Final Distribution sets forth a priority of distribution of assets that is in accordance with Haw. Rev. Stat. § 431:15-332, and also allows the Liquidator to distribute the assets of PrimeGuard in a manner that will assure the proper recognition of priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims, including third party claims, as required by Haw. Rev. Stat. § 431:15-334.

2. Class 2 Claimants received the proper notice required under Article 15

The Liquidator provided due and proper notice of his application for approval of this Final Distribution in accordance with this Court’s Order Granting Liquidator’s Motion for Approval of Use of First Class Mail Regarding Notice of Motion for Approval of Final

Distribution filed herein on March 8, 2011. The Liquidator sent the approved notice form to all claimants either on May 20 or 21, 2013.

Haw. Rev. Stat., § 431:15-324 requires that the Liquidator provide notice to the claimants and states:

Notice of the application shall be given to the classes affected, the guaranty fund or association in, and to the commissioners of insurance of, each of the states. Any such notice shall be deemed to have been given when deposited in the United States certified mail, first class postage prepaid, at least thirty days prior to submission of the application to the court. Action on the application may be taken by the court provided the above required notice has been given and provided further that the liquidator's proposal complies with subsections (b)(1) and (2).

Haw. Rev. Stat. § 431:15-324(e).

Therefore, section 324(e) imposes the following two requirements on the Liquidator: (1) provide notice of the application to the court for approval of a proposal to disburse assets out of marshaled assets to all affected classes, the guaranty fund/association, and the insurance commissioners of each of the states; and (2) provide said notice of application with at least thirty (30) days or more prior to submitting the application to the court.

Accordingly, the notice provided to the claimants satisfies these requirements by stating that the Liquidator intended to file a Motion for Approval of Final Distribution with the Liquidation Court, and provided the website where the claimants could view the present motion. In addition to this required information, the notice also provided further information, not required by the statute, including the value of the Class 2 claim for each claimant and the amount that each claimant would receive. While the 67 claimants whose claim values have been increased received a written notice which had an incorrect claim value, because Article 15 does not require that the notice contain the claim value, the notice still satisfied all requirements under Article 15 and remains valid. Further, for the 67 claimants whose claim values changed, the Liquidator has called each of these claimants attempting to provide them with notice of the increase in their claim value.

Additionally, reissuing the notice to the 67 claimants with amended claim values would only serve to further delay distributions to the over 7,000 other claimants and increase the administrative costs associated with the liquidation. Due to the reserve accounts being used to

cover the increase in claim values, any additional costs could reduce the amounts the Class 2 claimants are entitled to receive.

Therefore, because the May 20 and 21, 2013 notices are still valid under Article 15, and reissuing the 67 notices effected by the Liquidator's amended recommendations would result in unnecessary expense and delay, this Court should find that the May 20 and 21, 2013 notices satisfy the Article 15 notice requirements prior to distribution. As such, because these notices have been issued more than thirty days prior to the filing of this motion, the notice requirements are satisfied and this court should approve the Final Distribution.

3. The Amounts to be Distributed

The amounts to be to the Class 2 claimants (as well as those amounts to be held in reserve to pay for anticipated wind up matters) are as described in Exhibit "I." The Class 2 claimants will receive at least 72.05% of their final adjusted claim amount. The funds to be distributed to each Class 2 claimant shall be paid via United States first class mail at their last known address as indicated by the records of PrimeGuard in amounts as described in Exhibit "I".

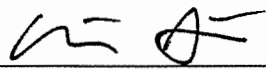
Any distribution made to a Class 2 claimant that is returned to the Liquidator because the claimant has since moved without leaving a forwarding address shall qualify such distribution as unclaimed funds pursuant to Haw. Rev. Stat. § 431:15-335. Said Class 2 claimants shall also qualify as unknown or cannot be found. *Id.* After all Class 1 Claims have been paid in full and at least 72.05% of Class 2 claims have been distributed, all remaining unclaimed funds in the possession of PrimeGuard will be immediately deposited with the Director of Finance, State of Hawaii, pursuant to Haw. Rev. Stat. § 431:15-335.

Unfortunately, because there are insufficient assets to fully compensate all Class 2 claimants, no other classes will receive a distribution.

CONCLUSION

For the reasons set forth herein, the Liquidator respectfully requests that the present Motion be granted.

DATED: Honolulu, Hawaii, January 16, 2014.



WENDELL H. FUJI
CLIFFORD K. HIGA
ANTHONY F. SUETSUGU
Attorneys for the Liquidator

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

J.P. SCHMIDT, in his capacity as Insurance Commissioner of the State of Hawaii,	) S.P. No. 05-1-0443 VSM
	) (Special Proceeding)
)
Petitioner,)
)
vs.	) DECLARATION OF SPECIAL DEPUTY
	) LIQUIDATOR PAUL S.K. YUEN
)
PRIMEGUARD INSURANCE COMPANY, INC., A RISK RETENTION GROUP.,)
)
)
Respondent.)
)
)
)

DECLARATION OF SPECIAL DEPUTY LIQUIDATOR PAUL S.K. YUEN

I, PAUL S.K. YUEN, pursuant to Circuit Court Rule 7(g), declare as follows:

1. I am the duly appointed Special Deputy Liquidator of PRIMEGUARD INSURANCE COMPANY, A RISK RETENTION GROUP ("PrimeGuard") in liquidation and hereby confirm that the statements contained in the present Motion are true and correct to the best of my knowledge and information. Declarant was appointed as special deputy liquidator by the Insurance Commissioner, in his capacity as Liquidator of Primeguard GMA.

2. Respondent PrimeGuard Insurance Company, Inc., ("PrimeGuard") is a Hawaii domiciled insurance company organized as a Risk Retention Group. Although domiciled in Hawaii, PrimeGuard's offices were shared with the offices of affiliates First Assured Warranty Company, Inc., 1SourceAuto Warranty.com, Inc., and Warrantee Wise, Inc. (collectively "FAWC" or "Affiliates") located in Colorado.

3. J.P. Schmidt, in his capacity as Insurance Commissioner for the State of Hawaii (the "Commissioner") initiated formal proceedings against PrimeGuard in this Court. On

November 14, 2005, this Court entered a Seizure Order regarding PrimeGuard. Thereafter, on December 19, 2005, the Court placed PrimeGuard under an Order of Liquidation with a finding of insolvency and appointed the Commissioner as Liquidator (hereinafter the "Liquidator").

4. In May of 2006, a Proof of Claim ("POC") master claim list was compiled by using the computer systems of PrimeGuard and Affiliates which contained the most up to date names and addresses of warranty holders, dealers and agents of PrimeGuard and its Affiliates according to FAWC employees at the time of mailing.

5. On May 18, 2006 these POC notices were prepared and sent out from the FAWC offices in Colorado.

6. On May 23, 2006, the Liquidator filed a Motion for Leave to Add First Assured Warranty Corporation and 1SourceAutoWarranty.com, Inc. as Respondents (the "Consolidation Motion") in this Proceeding to which First Assured objected. A hearing on the Liquidator's Consolidation Motion was scheduled on June 19, 2006.

7. On June 16, 2006, FAWC filed a voluntary petition for relief under Chapter 11, Title 11, United States Code, in the United States Bankruptcy Court for the District of Colorado (the "Bankruptcy Court"), Case No 06-13669 MER (the "Bankruptcy Case").

8. During the pendency of the Appeal, FAWC and the Liquidator, as well as other parties, entered into a Settlement Agreement and Mutual Releases (the "Settlement Agreement") in order to resolve the pending litigation. The Settlement Agreement provided in pertinent part:

- a) FAWC would cease prosecution of its Plan of Reorganization and Disclosure Statement and seek dismissal of the Bankruptcy Case;
- b) All properties of FAWC's bankruptcy estate, including any and all assets of any type in which FAWC had, asserted, or might assert an ownership interest would be under the sole and exclusive jurisdiction of this Court and that this Court would have sole and exclusive jurisdiction over all of FAWC's property which would be administered and liquidated as part of the Liquidation Proceeding; and

- c) Most, if not all, claims would be addressed and administered in the Liquidation Proceeding.

9. On May 30, 2008, the Bankruptcy Court dismissed the Bankruptcy Case and on June 4, 2008, the Appeal was dismissed.

10. On May 22, 2008, the Liquidator filed his Motion for Leave to Add First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc. as Respondents and Placing Them Under a Supplemental Order of Liquidation (the "Motion for Leave"). No opposition was filed to the Motion for Leave and on July 17, 2008, this Court entered a Supplemental Order of Liquidation which effectively added FAWC as Respondents to the Liquidation Proceeding.

11. As part of the Settlement Agreement entered into between FAWC and the Liquidator, the parties agreed that all claims that had been filed in the Bankruptcy Case would be administered in the Liquidation Proceeding. Specifically, the parties agreed that subject to the Liquidation Court's approval of the Settlement Agreement: (i) all FAWC creditors with claims arising under vehicle service contracts and who have filed a proof of claim in the Bankruptcy Case ("VSC Claims," individually referred to as a "VSC Claim"), regardless of whether such VSC Claims have been filed in the PrimeGuard Liquidation, shall be treated as if such VSC Claims were timely filed on an appropriate proof of claim form in the PrimeGuard Liquidation; and (ii) the Liquidator shall treat all such VSC Claims the same as similarly situated claims timely filed with the Liquidator or in the PrimeGuard Liquidation on proper forms.

12. The Settlement Agreement also provided for the administration of any "Allowed Unsecured Trade Creditors," "Secured Claims" and "Tax Claims" as defined in the Settlement Agreement. Essentially, the Settlement Agreement provided that with the exception of Tax

Claims, all other claims not administered in the Bankruptcy Case would be addressed and administered in this Liquidation Proceeding.

13. On May 24, 2013, this Court issued an Order Granting Liquidator's Motion for Approval of Supplemental Recommendations regarding filed claims, adding eight claimants as Class 2 claimants in the Liquidation. These new claimants received their statutory notice on same days as all other claimants, May 20 and 21, 2013.

14. As the Liquidator was preparing his Motion for Approval of Final Distribution, the Liquidator noticed that 4 claimants with identical names had identical claim amounts. Upon further investigation, the Liquidator determined that four claimants had an incorrect value assigned to their claims.

15. Similarly, while reviewing the master claim list and Liquidator's recommendations, the Liquidator discovered that 64 claimants who had paid for their PrimeGuard policies using a third-party financing company, MEPCO, had claims against the PrimeGuard Estate. These 64 claimants properly filed their proof of claim forms before the deadline. However, when the Liquidator was making his original recommendations, he had not yet received MEPCO's files and records. Accordingly, these claimants were not listed in the PrimeGuard records and their claims were adjusted by the Liquidator to zero. The Liquidator has since reviewed the MEPCO documents and records, and has assigned these 64 Class 2 claims their appropriate value.

16. The Liquidator has determined it is in the best interest of the Liquidation to amend these 67 Class 2 claims to reflect their rightful claim against the Liquidation Estate.

17. The Liquidator has further found that because the Liquidator is now confident that all claimants are receiving the correct level of compensation from the Liquidation estate, it is in


the best interest of the Liquidation to make a final distribution at this time. To not make a final distribution at this time would merely serve to unnecessarily delay the receipt of compensation by the claimants and burden the Liquidation with further needless expense.

18. The PrimeGuard Estate currently has \$4,363,415.40 in its accounts. The Liquidator, after reviewing each claim and the Liquidator's recommendations to confirm its value, plans to disburse \$4,354,673.41 to the Class 2 claimants, paying at least 72.05% of each claim (claimants from states with statutory deposits will receive a greater percentage). The Liquidator will hold \$8,741.99 in its reserve accounts to cover the final costs of wrapping up the Liquidation Estate.

19. PrimeGuard does not have enough funds to fully compensate all of the Class 2 claimants, therefore subsequent classes will not be receiving distributions.

I declare under penalty of law that the foregoing is true and correct.

Dated: Honolulu, Hawaii, January 16, 2014.



PAUL S.K. YUEN
SPECIAL DEPUTY LIQUIDATOR

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DECLARATION OF ANTHONY F. SUETSUGU

I, ANTHONY F. SUETSUGU, declare as follows:

1. I am an attorney with the law firm of Kobayashi, Sugita & Goda, attorneys for

2. Attached as Exhibit A to the Motion is a true and correct copy of the Order

Granting Liquidator's Motion for Approval of Notice, Service and Claim Submittal Procedures and Claim Response Deadline Filed May 4, 2006.

3. Attached Exhibit B to the Motion is a true and correct copy of the Order Granting Liquidator's Motion for Approval of Recommendations Regarding Filed Claims, filed on May 5, 2010.

4. Attached Exhibit C to the Motion is a true and correct copy of the Agreement to the Release of Statutory Deposit in Wisconsin.

5. Attached Exhibit D to the Motion is a true and correct copy of the Agreement to the Release of Statutory Deposit in Oklahoma.

6. Attached Exhibit E to the Motion is a true and correct copy of the Agreement to the Release of Statutory Deposit in Louisiana.

7. Attached as Exhibit F to the Motion is a true and correct copy of the Agreement to the Release of Statutory Deposit in Virginia.

8. Attached Exhibit G to the Motion is a true and correct copy of the Agreement to the Release of Statutory Deposit in Arizona.

9. Attached Exhibit H to the Motion is a true and correct copy of the Notice of Motion for Approval of Final Distribution filed on March 8, 2011.

10. Exhibits I and J are filed under seal pursuant to the Order Granting Ex Parte Motion to File Creditor List Under Seal, filed on September 6, 2006.

I declare under penalty of law that the foregoing is true and correct.

Dated: Honolulu, Hawaii, January 16, 2014.



ANTHONY F. SUETSUGU

EXHIBIT A

KOBAYASHI, SUGITA & GODA
WENDELL H. FUJI #4222
CLIFFORD K. HIGA #2950
LANSON K. KUPAU #5687
First Hawaiian Center
999 Bishop Street, Suite 2600
Honolulu, Hawaii 96813
Telephone: 539-8700

FIRST CIRCUIT COURT
STATE OF HAWAII
FILED
2006 JUN -6 AM 10: 59

H. CHING
CLERK

Attorneys for Liquidator

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

J.P. SCHMIDT, in his capacity as Insurance Commissioner of the State of Hawaii,	)	CIVIL NO. S.P. No. 05-1-0443 VSM
	)	(Special Proceeding)
Petitioner,)	
vs.	)	ORDER GRANTING LIQUIDATOR'S
	)	MOTION FOR APPROVAL OF NOTICE,
	)	SERVICE AND CLAIM SUBMITTAL
	)	PROCEDURES AND CLAIM RESPONSE
PRIMEGUARD INSURANCE COMPANY, INC., A RISK RETENTION GROUP,	)	DEADLINE FILED MAY 4, 2006; EXHIBITS
	)	"A" – "C"
	)	<u>HEARING</u>
Respondent.	)	Date: May 24, 2006
	)	Time: 9:30 a.m.
	)	Judge: Victoria S. Marks
)	
	)	No Trial Date Set

ORDER GRANTING LIQUIDATOR'S MOTION FOR APPROVAL OF NOTICE, SERVICE AND CLAIM SUBMITTAL PROCEDURES AND CLAIM RESPONSE DEADLINE FILED MAY 4, 2006

Petitioner J. P. SCHMIDT'S, in his capacity as Liquidator of PrimeGuard Insurance Company, Inc., a Risk Retention Group ("Liquidator"), Motion for Approval of Notice, Service and Claim Submittal Procedures and Claim Response Deadline filed herein on May 4, 2006, having come on for hearing before the Honorable Victoria S. Marks on May 24, 2006 at 9:30 a.m., and Lanson K. Kupau, Esq. having appeared on behalf of the Liquidator and there being no

opposition to said Motion, and the Court having reviewed the Motion and attached memorandum, declaration and exhibits and there being good cause shown;

IT IS HEREBY ORDERED that the Liquidator's Motion for Approval of Notice, Service and Claim Submittal Procedures and Claim Response Deadline filed herein on May 4, 2006 is granted.

IT IS FURTHER HEREBY ORDERED that:

1. The Court approves of the issuance of the proposed Notice of Liquidation Order, attached hereto as Exhibit "A."
2. The Court approves of the issuance of the proposed Claim Response Form, attached hereto as Exhibit "B."
3. The Court approves of the setting of the Claim Response Deadline of **NOVEMBER 30, 2006**, and specifically orders that any claims received by the Liquidator after the stated Deadline, with the exception of those provided for in the Liquidation Act, shall be and is forever barred from receiving a distribution from the PrimeGuard Estate.
4. Notice and service of motions or other pleadings, which only seek specific relief from or pertain only to specific individuals or entities, shall be served via U.S. First Class Mail, postage prepaid, only upon those specific individuals or entities.
5. The Court approves of the issuance of the proposed Notice of Filed Pleading, attached hereto as Exhibit "C," at the Liquidator's sole discretion, for all other motions or pleadings, except *ex parte motions* and those certain filings in accordance with Haw. Rev. Stat., Chapter 431, Article 15, to all persons referenced in Haw. Rev. Stat., § 431:15-311 by any of the following means: (1) by posting the Notice of Filed Pleading on the PrimeGuard Estate website: www.primeguard.hawaii.gov; (2) by transmitting the Notice of Filed Pleading via email; OR (3) by U.S. First Class Mail. Following the expiration of the Claims Response Form Deadline, Notice as provided in this paragraph shall be limited to only those individuals or entities who have filed a timely Claim Response Form with the Liquidator.
6. The procedures and forms approved herein shall be effective as of May 4, 2006.

JUN 6 2006

DATED: Honolulu, Hawaii, _____.

VICTORIA S. MARKS

SEAL

JUDGE OF THE ABOVE-ENTITLED COURT

J.P. Schmidt, in his capacity as Liquidator of PrimeGuard Insurance Company, Inc. vs. PrimeGuard Insurance Company, Inc., S.P. No. 05-1-0443 VSM; ORDER GRANTING LIQUIDATOR'S MOTION FOR APPROVAL OF NOTICE, SERVICE AND CLAIM SUBMITTAL PROCEDURES AND CLAIM RESPONSE DEADLINE FILED MAY 4, 2006; EXHIBITS "A" – "C"

EXHIBIT A

PRIMEGUARD INSURANCE COMPANY IN LIQUIDATION
C/O J.P. Schmidt, Liquidator of PrimeGuard Insurance Company
P.O. Box 3614, Honolulu, Hawaii 96811
Toll Free (800) 860-3843 / Website: www.primeguard.hawaii.gov

**NOTICE OF LIQUIDATION ORDER AND PROCEDURES FOR FILING CLAIMS IN
THE PRIMEGUARD INSURANCE COMPANY LIQUIDATION**

IMPORTANT NOTICE

**YOUR CLAIM RESPONSE FORM MUST BE RECEIVED BY WITH THE
LIQUIDATOR NO LATER THAN NOVEMBER 30, 2006 OR YOU MAY BE BARRED
FROM ANY MONETARY DISTRIBUTION FROM THE ESTATE**

MAY __, 2006

Re: J.P. Schmidt vs. PrimeGuard Insurance Company, Inc.; S.P. No. 05-1-0443 VSM

To All Insurance Commissioners and All Agents, Policyholders and Potential Claimants of PrimeGuard Insurance Company, A Risk Retention Group, and of any PrimeGuard Affiliates, including First Assured Warranty Corporation and 1SourceAutoWarranty.com, Inc.

Pursuant to Haw. Rev. Stat., § 431:15-311, you are hereby provided with the following notice. PrimeGuard Insurance Company, a Risk Retention Group ("PrimeGuard") was licensed by the State of Hawaii Insurance Division as a risk retention captive insurance company. PrimeGuard provided insurance coverage to various companies, including First Assured Warranty Corporation ("First Assured"), 1SourceAutoWarranty.com, Inc. ("1Source"), and WarranteeWise, Inc. ("WarranteeWise"), for their respective obligations arising from automobile service contracts and extended warranties that they sold and issued to consumers and automobile dealers for cars, motorcycles and other vehicles.

On December 19, 2005, the Circuit Court of the First Circuit, State of Hawaii, issued an Order of Liquidation of PrimeGuard. The court declared PrimeGuard insolvent as defined in the Hawaii Liquidation Act. The court further appointed the Insurance Commissioner of the State of Hawaii, J.P. Schmidt, and his successors in office, as Liquidator and ordered him to take possession and title of all of PrimeGuard's assets and liquidate PrimeGuard in accordance with the Hawaii Liquidation Act under the general supervision of the court. The Liquidator is seeking to add First Assured and 1Source into the Liquidation Proceedings so that claims of all creditors of PrimeGuard, First Assured and 1Source can be addressed in the same proceeding.

Information concerning the liquidation of PrimeGuard, as well as a copy of the Liquidation Order, may be obtained from the Hawaii Insurance Division's website noted above. Pursuant to the Liquidation Order, all warranty contracts insured by PrimeGuard are ordered cancelled the earlier of: (1) a period of thirty days from the date of the entry of the Liquidation

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EXHIBIT A

Order; (2) the expiration of the warranty contract; or (3) the date when the warranty contract holder has replaced the warranty contract with an equivalent warranty contract or otherwise terminated by the warranty contract.

In addition to the foregoing, enclosed with this Notice is a Claim Response Form and Instructions on completing the form. Please read the Instructions carefully and complete the Claim Response Form. You will also be required to provide the Liquidator with documentation to support your claim. Keep a copy of the all documents submitted to the Liquidator for your files. Please be aware that all Claim Response Forms along with all supporting documents must be received by the Liquidator no later than **NOVEMBER 30, 2006**. If you fail to file your Claim Response Form with all supporting documents with the Liquidator by the stated deadline, you may be forever barred from receiving any monetary distribution for your claim from the PrimeGuard Estate.

EVEN IF YOU HAVE PREVIOUSLY CONTACTED THE LIQUIDATOR'S OFFICE OR INSURANCE COMMISSIONER'S OFFICE AND BELIEVE THAT YOU HAVE ALREADY SUBMITTED A CLAIM, THE LIQUIDATOR MUST RECEIVE YOUR ENCLOSED CLAIM RESPONSE FORM WITH ALL SUPPORTING DOCUMENTS BY THE STATED DEADLINE TO BE ELIGIBLE TO RECEIVE A DISTRIBUTION OF THE PRIMEGUARD ESTATE.

Pursuant to Haw. Rev. Stat., § 431:15-329(b), if your claim is denied by the Liquidator, in whole or in part, you will be issued a Notice of Determination informing you of the denial and will be given an opportunity to object to the Liquidator's determination within 60 days from the mailing of the Notice of Determination. If you fail to object to the Liquidator's Notice of Determination, you may not further object. If an objection is timely filed, and the Liquidator's Determination is not altered, the Liquidator may request that the court decide the matter or appoint a referee to decide the matter.

At the moment, PrimeGuard does not possess sufficient assets to pay all of the anticipated claims. Any additional monies to pay claims will have to come from available insurance policies and/or lawsuits / settlements with other individuals or entities. Because litigation is time-consuming and uncertain, the Liquidator cannot predict what assets will be available to pay claims. Therefore, the Liquidator cannot, at this point, make any assurances as to when or how much of a distribution will be made to any claimant.

Because you are not a named party in the above-referenced liquidation but only a potential claimant, various motions, papers, notices and other documents filed in the liquidation proceedings are not required to be served on you under Hawaii's Liquidation Act. With over 40,000 potential claimants, the costs of providing copies of various court documents to each claimant will significantly deplete PrimeGuard's remaining assets. Despite this, the Liquidator recognizes that certain developments in the liquidation may be of interest to claimants. As a result, the Liquidator, at his sole discretion, may provide you with notice of a filed pleading in the liquidation in one of the following manners: (1) by posting a Notice of Filed Pleading on the PrimeGuard Estate website: www.primeguard.hawaii.gov; (2) by transmitting the Notice of Filed Pleading via email; OR (3) by U.S. First Class Mail. The Liquidator's Notice of Filed Pleading will provide you with a summary of the filed document and permit you an opportunity to receive

a copy of the document and voice your position, if any. Therefore, it is important for you to often check the PrimeGuard website for any updates.

However, if a particular document filed in the liquidation pertains to you specifically, as opposed to a class of claimants generally, you will be provided with notice and service of that particular document.

The Liquidator appreciates your patience as the liquidation process may take several years to conclude. Above all, the Liquidator and his staff will do everything possible to insure that all those affected by the liquidation of PrimeGuard will be treated fairly and equally in accordance with the Hawaii Liquidation Act.

J.P. Schmidt, Liquidator
PrimeGuard Insurance Company



EXHIBIT B

CLAIM RESPONSE FORM

**J.P. Schmidt vs. PrimeGuard Insurance Company, Inc., a Risk Retention Group
S.P. No. 05-1-0443 VSM, First Circuit Court, State of Hawaii**

CLAIMANT'S NAME: _____
CLAIMANT'S ADDRESS: _____

**PLEASE READ ENCLOSED INSTRUCTIONS CONCERNING CLAIM
RESPONSE FORM BEFORE COMPLETING THIS FORM.**

1. If you believe that you have a claim against PrimeGuard Insurance Company, Inc., First Assured Warranty Corporation or 1SourceAutoWarranty.com, Inc., you must print your name and sign in the spaces provided below and provide (in the space below or on additional sheets of paper, if necessary) a full and complete description of your claim, including the amount of the claim and the circumstances under which the claim arose, and documentary evidence in support of your claim.

I state, under penalty of perjury, that I have a claim against the PrimeGuard Insurance Company, Inc., First Assured Warranty Corporation or 1SourceAutoWarranty.com, Inc.; that a full and complete description of my claim, including the amount of the claim and the circumstances under which the claim arose is set forth below; and that true and accurate documentary evidence in support of my claim is attached to this Claim Response Form.

Print Name

Current Address, if different from above

Email Address

Phone Number

Signature of Claimant

Date

DESCRIPTION OF CLAIM(S):

EXHIBIT B

2. If you believe that you do NOT have a claim against PrimeGuard Insurance Company, Inc., First Assured Warranty Corporation or 1SourceAutoWarranty.com, Inc., please complete this section.

I state, under penalty of perjury, that I have read the Notice of Liquidation Order and Procedures for Filing Claims in the PrimeGuard Insurance Company Liquidation and this form and that I do NOT have a claim against PrimeGuard Insurance Company, Inc., First Assured Warranty Corporation or 1SourceAutoWarranty.com, Inc.

Print Name

Signature

Date

IMPORTANT

THIS COMPLETED CLAIM RESPONSE FORM (AND ANY DOCUMENTARY EVIDENCE, IF APPLICABLE) **MUST BE RECEIVED** AT THE FOLLOWING ADDRESS, BY **NOVEMBER 30, 2006**:

**PRIMEGUARD INSURANCE COMPANY IN LIQUIDATION
C/O J.P. Schmidt, Liquidator of PrimeGuard Insurance Company
P.O. Box 3614
Honolulu, Hawaii 96811**

IF YOU FAIL TO COMPLETE AND RETURN THIS CLAIM RESPONSE FORM (AND ANY SUPPORTING DOCUMENTARY EVIDENCE, IF APPLICABLE), SO THAT IT IS **RECEIVED** BY **NOVEMBER 30, 2006**, ANY CLAIM YOU MAY HAVE IN THIS LIQUIDATION PROCEEDING SHALL BE DISALLOWED AND FOREVER BARRED.

PLEASE BE ADVISED THAT THE LIQUIDATOR CANNOT GIVE ANY ASSURANCES RESPECTING WHETHER OR WHEN A DISTRIBUTION WILL BE MADE, OR WHAT AMOUNTS WILL BE DISTRIBUTED. BECAUSE THE FUNDS AVAILABLE TO PAY CLAIMS ARE LIMITED, THERE IS A POSSIBILITY YOU MAY NOT RECOVER ANY PART OF YOUR CLAIM. THE PURPOSE OF THIS FORM IS TO ASCERTAIN AND CONFIRM THE CLAIMS AGAINST 1SOURCEAUTOWARRANTY.COM, INC., FIRST ASSURED WARRANTY CORPORATION AND PRIMEGUARD INSURANCE COMPANY, INC. IN ORDER TO FACILITATE DISTRIBUTION TO THOSE HOLDING CLAIMS AGAINST 1SOURCEAUTOWARRANTY.COM, INC., FIRST ASSURED WARRANTY CORPORATION AND PRIMEGUARD INSURANCE COMPANY, INC. IF AND WHEN A DISTRIBUTION IS MADE. COMPLETING THE FORM DOES NOT GUARANTEE THAT YOUR CLAIM, OR ANY PART THEREOF, WILL BE PAID.

INSTRUCTIONS CONCERNING CLAIM RESPONSE FORM

**J.P. Schmidt vs. PrimeGuard Insurance Company, Inc., a Risk Retention Group
S.P. No. 05-1-0443 VSM, First Circuit Court, State of Hawaii**

1. Please complete the Claim Response Form by printing legibly or typewriting.
2. If any document in support of your claim has been lost or destroyed or cannot be provided, you must explain the circumstances on an additional sheet of paper and attach it to the Claim Response Form.
3. If you are not the original claimant whose name appears on the Claim Response Form (for example, if the original claimant is deceased), you must explain on an additional sheet of paper your relationship to the stated claimant and attach that sheet of paper, together with documentary evidence establishing your entitlement, to the Claim Response Form.
4. If the form does not accurately state your current address, please cross out the address provided on the Claim Response Form, and write in your current address. If your address changes in the future, it is your responsibility to give written notice to Mr. J.P. Schmidt, Liquidator of PrimeGuard Insurance Company, Inc., at the address provided in the Claim Response Form.
5. **If you do not complete and return the enclosed Claim Response Form, so that it is received by NOVEMBER 30, 2006, any claim you may have against PrimeGuard Insurance Company, Inc. shall be disallowed and forever barred.**

EXHIBIT C

**NOTICE OF FILED PLEADING TO ALL AGENTS, INSUREDS, POLICYHOLDERS,
CREDITORS, CLAIMANTS AND ALL OTHER INTERESTED INDIVIDUALS OR
ENTITIES OF PRIMEGUARD INSURANCE COMPANY, INC.**

NOTICE IS HEREBY GIVEN that J.P. SCHMIDT, in his capacity as Liquidator ("Liquidator") of PrimeGuard Insurance Company, Inc. has filed his [Title of Motion] in the liquidation proceeding entitled *J.P. Schmidt vs. PrimeGuard Insurance Company, Inc.* S.P. No. 05-1-0443 VSM, Circuit Court of the First Circuit, State of Hawaii. The Liquidator's Motion requests [Description of Motion].

NOTICE IS FURTHER HEREBY GIVEN that the Liquidator's Motion will come on for hearing before the Honorable Victoria S. Marks, in her courtroom located at Kaahumanu Hale, 777 Punchbowl Street, Honolulu, Hawaii, on _____ at _____, or as soon thereafter as counsel can be heard.

PLEASE TAKE FURTHER NOTICE that this Notice is only a summary of the Motion filed therein. A complete copy of the Motion is available for inspection in the office of the Clerk of Court at the above address during regular business hours. If you do not oppose the Motion, you are not required to take any action. If you wish to oppose or comment on the Motion, you must file a written statement with the Court, setting forth your position in detail no later than eight (8) business days prior to the hearing and serve a copy of your position upon the Liquidator's counsel, Kobayashi, Sugita & Goda, First Hawaiian Center, 999 Bishop Street, Suite 2600, Honolulu, Hawaii 96813.

The hearing may be adjourned without further notice other than by announcement at the scheduled date and time of the hearing or by posting on the Court's bulletin board. At the hearing, the Court may also consider any other matters which are properly presented to it.

DATED: Honolulu, Hawaii, _____.

J.P. SCHMIDT, Liquidator
PrimeGuard Insurance Company, Inc.

Exhibit C

EXHIBIT B

10:00 a.m. Lanson K. Kupau appeared on behalf of the Liquidator. No opposition was filed. No other appearances were made.

The Court having reviewed the Motion and attached memorandum, declaration and exhibits and having been apprised in the premises;

IT IS HEREBY ORDERED that the Liquidator's Motion For Approval Of Recommendations Regarding Filed Claims is granted as follows:

(i) A hearing is set for July 1, 2010 at 9:30 a.m. in the above referenced court, in accordance with the Liquidation Act in order to consider all objections identified in Exhibits C-1 through C-5 of the motion;

(ii) The claim amount and priority of all Class 2 claims (VSC claims) are established and confirmed as set forth in Exhibit D of the motion;

(iii) The priority but not amount of all Other Creditors (including Classes 3 through 9 except for Class 7) are established and confirmed as set forth in Exhibit E of the motion;

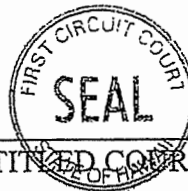
(iv) The priority (but not amount) of all Class 7 Late Filed Claims are established and confirmed as set forth in Exhibit F of the motion;

(v) The amount of claims for all creditors beyond Class 2, including claimants in Classes 3 through 9, are to be determined only after such time as the Liquidator determines that sufficient assets will be available to distribute at the respective priority level.

DATED: Honolulu, Hawaii, May ____, 2010. MAY 05 2010

RHONDA A. NISHIMURA

JUDGE OF THE ABOVE ENTITLED COURT



J.P. SCHMIDT, in his capacity as Insurance Commissioner of the State of Hawaii v. PrimeGuard Insurance Company, Inc.; S.P. No. 05-1-0443 RAN; **ORDER GRANTING** Liquidator's Motion For Approval Of Recommendations Regarding Filed Claims

EXHIBIT C

**Agreement for the Release of Statutory Deposit in Wisconsin
Involving**

PrimeGuard Insurance Company,
First Assured Warranty Corporation,
1SourceAutoWarranty.com, Inc., and
Warrantee Wise, Inc.

This Agreement for the Release of Statutory Deposit in Wisconsin ("Agreement") is executed on the dates indicated below on the signature page. This Agreement is between and among the following Parties:

Liquidator:

J.P. Schmidt, Insurance Commissioner of the State of Hawaii in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.; and

Commissioner:

Sean Dilweg, Insurance Commissioner, State of Wisconsin.

ARTICLE 1 RECITALS

1.1. Pursuant to an Order of Liquidation dated December 19, 2005 and a Supplemental Order of Liquidation dated July 17, 2008, J.P. Schmidt, Insurance Commissioner of the State of Hawaii, was appointed as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

1.2. As of the Contract Date, a Deposit was in existence in the amount of approximately \$138,951.03 held by the Commissioner pursuant to Wisconsin Statutes (Wis. Stat.) § 616.72 as a statutory deposit ("Deposit") specifically to assure faithful performance of its obligations to Wisconsin Contract Holders.

1.3. On May 5, 2010, the Liquidation Court entered its Order Approving Liquidator's Motion for Approval of Recommendations Regarding Filed Claims, including a determination of the claim amounts for the Wisconsin Contract Holders.

1.4. The purposes of this Agreement are (i) to confirm the Agreement as between the Liquidator and the Commissioner with respect to the release and payment of the Deposit; and (ii) to authorize release of the Deposit to the Liquidator in order to permit the Liquidator to pay the Deposit to the Wisconsin Contract Holders in accordance herewith.

AGREEMENTS

NOW THEREFORE, in consideration of the mutual covenants set forth in this Agreement, the Parties agree as follows:

ARTICLE 2 DEFINITIONS

Capitalized terms when used in this Agreement and the Recitals shall have the meanings set forth below. As used throughout this Agreement, references to defined terms that are singular include the plural and that are plural include the singular, as appropriate.

- 2.1. "Agreement" means this Agreement for the Release of Statutory Deposit in Wisconsin.
- 2.2. "Contract Date" means the date on which this Agreement has been signed by all parties.
- 2.3. "Deposit" means the statutory deposit in the approximate amount of \$138,951.03 being held by the Commissioner for the benefit of the Wisconsin Contract Holders.
- 2.4. "Deposit Claims" means the total amount of all claims of the Wisconsin Contract Holders against First Assured Warranty Corporation and/or PrimeGuard Insurance Company. The Deposit Claims are identified in Exhibit 3.1.
- 2.5. "Commissioner" means Sean Dilweg, Commissioner of Insurance for the State of Wisconsin.
- 2.6. "Effective Date" means the date on which this Agreement becomes effective. The "Effective Date" will be the first business day after this Agreement has been approved by the Liquidation Court and any appeal period has expired without an appeal being filed.
- 2.7. "Estate" means the liquidation estate of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc., under the jurisdiction of the Liquidation Court.
- 2.8. "Wisconsin Contract Holders" mean the Wisconsin residents with claims under Vehicle Service Contracts against First Assured Warranty Corporation and/or PrimeGuard Insurance Company. The Wisconsin Contract Holders are identified in Exhibit 3.1.
- 2.9. "Liquidator" means J.P. Schmidt, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc., including his successors in office, if any.
- 2.10. "Liquidation Court" means the Circuit Court of the First Circuit, State of Hawaii, S.P. No. 05-1-0443 (RAN) with jurisdiction over the Estate and the insolvency proceedings of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

ARTICLE 3 RELEASE OF DEPOSIT AND PAYMENT OF CLAIMS

3.1. Deposit Claims. The Deposit Claims are set forth, identified and calculated in Exhibit 3.1, which claims were submitted to the Liquidation Court and approved by the Liquidation Court in its May 5, 2010 order.

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3.2. Deposit. The amount of the Deposit is approximately \$138,951.03 as of the Contract Date. As of the Contract Date, no payments or disbursements have been made from the Deposit.

3.3. Transfer of Deposit to Liquidator. Within ten (10) business days after the Effective Date, the Commissioner will cause the Deposit to be transferred to the Liquidator in order for the Liquidator to disburse the funds from the Deposit pursuant to this Agreement. The Liquidator shall deliver wire or other transfer instructions to the Commissioner. To the extent any additional documentation is necessary in order to transfer the Deposit to the Liquidator, the Commissioner and the Liquidator agree to execute such documents so long as such documents are reasonable and appropriate under the circumstances.

3.4. Liquidator Use of Deposit To Pay Deposit Claims. The Liquidator will cause the Deposit, plus any interest earned thereon, to be paid to the Wisconsin Contract Holders on a pro rata basis in accordance with Exhibit 3.1 as soon as reasonably practicable after receipt of the funds from the Commissioner and, if possible, by combining the payment with a payment of general assets to avoid multiple mailings. In any event, the Liquidator will cause payments from the Deposit to be mailed to the holders of the Deposit Claims on or before February 28, 2011.

3.5. Allocation of Deposit Balance to General Assets. As indicated in Exhibit 3.1, the amount of the Deposit is sufficient to pay in full all claims of the Wisconsin Contract Holders and leaving a balance of \$50,280.11. After the Deposit has been paid pro rata to satisfy the Deposit Claims, the Liquidator shall deposit the amount of the balance with the Estate as a general asset and subject to distribution to all other creditors of the Estate in accordance with the Hawaii Liquidation Act.

3.6. Report to the Commissioner. At or about the time the Deposit is paid to the Wisconsin Contract Holders, the Liquidator will report to the Commissioner the payment amount made to the Wisconsin Contract Holders.

ARTICLE 4 MISCELLANEOUS PROVISIONS

4.1. Notice. Any notice required or permitted to be given hereunder shall be deemed to be given if delivered by hand or if mailed by first class or certified mail, postage prepaid, or by postal or a commercial express delivery service which issues an individual delivery receipt to the address information below. While emails may be sent as copies in addition to the specific methods identified as satisfying notice requirements, emails, alone, are not sufficient.

4.1.1. Address information for the Liquidator:

First Assured Warranty Corporation – In Liquidation
c/o State of Hawaii
DCCA Insurance Division
P.O. Box 3614
Honolulu, Hawaii 96811
Attn: Paul Yuen
Phone: (808) 586-2790
Fax: (808) 586-2806

4.1.2. Address information for the Commissioner

Robert R. Luck
Attorney
Office of the Commissioner of Insurance
125 South Webster Street
Madison, WI 53703-3474
Phone: (608) 266-0082
Email: Robert.Luck@wisconsin.gov

4.1.3. Changes. Each Party shall be responsible for notifying, in writing, the other Parties promptly of any change in addressee or address.

4.2. Liquidation Court Approval. This Agreement is subject to the approval of the Liquidation Court and will not become effective until after the Liquidation Court has approved this Agreement and the appeal period for such order has expired without appeal. The Parties agree to take reasonable steps and work cooperatively to request and secure Liquidation Court approval as soon as reasonable practicable after the Contract Date.

4.3. Settlement and Compromise. This Agreement is a compromise resolution of disputed claims for the purpose of mitigating the costs, uncertainties, and burdens of resolving such dispute by means other than a settlement. This Agreement does not constitute an acknowledgment or admission in any way on the part of the Parties hereto.

4.4. Cooperation in Implementing Settlement. The Parties shall cooperate in the preparation and execution of any petitions, agreements, orders, or other documents necessary to accomplish the terms, purposes and intent of this Agreement and consummating the transactions herein.

4.5. Entire Understanding, Waiver and Modification. This Agreement contains the entire understanding among the Parties with respect to the matters described herein and supersedes all preexisting or simultaneous agreements, oral or written. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Agreement may not be changed, modified or amended except by a written agreement executed by the Parties.

4.6. Counterparts and Originals. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same document.

4.7. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto, their successors-in-interest, heirs, assigns, officers, employees, agents and representatives.

4.8. No Third Party Beneficiaries. This Agreement creates no third party beneficiaries and shall not create any rights or benefits that may be enforced by any persons not party to this Agreement.

4.9. No Interpretation Against Drafter. Because each Party has had the opportunity to draft, review and edit the language in this Agreement, no presumption for or against any Party arising out of the drafting of all or any part of this Agreement will be applied in any action or other proceedings relating to, arising out of, or invoking this Agreement and each Party waives the benefit of any statute or rule of law providing otherwise.

4.10. Inclusion of Recitals, Definitions and Exhibits. The provisions in the Recitals and Definitions section of this Agreement are valid, binding and enforceable. The exhibits are incorporated herein by reference as if set forth in the text hereof.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement for the Release of Statutory Deposit in Wisconsin on the dates indicated:

THE LIQUIDATOR:

Gordon I. Ito

J.P. Schmidt, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

By: Gaulfuer

Name: Paul Yuen

Title: Special Deputy Liquidator

Date: 11/8/10

THE COMMISSIONER:

Sean Dilweg, Insurance Commissioner

Office of the Commissioner of Insurance

By: SD

Name: Sean Dilweg

Title: Commissioner of Insurance

Date: November 5, 2010

EXHIBIT 3.1 – Deposit Claims

**Filed Separately and Under Seal
Pursuant to Order Granting Ex Parte Motion
to File Creditor List Under Seal filed on September 6, 2006**

**Amendment to Agreement to the Release of Statutory Deposit in Wisconsin
Involving**

PrimeGuard Insurance Company,
First Assured Warranty Corporation,
1SourceAutoWarranty.com, Inc. and
Warrantee Wise, Inc.

This Amendment to the Agreement to the Release of Statutory Deposit in Wisconsin (the "Agreement") is executed on the dates indicated below on the signature page. This Amendment is between and among the following Parties:

Liquidator:

Gordon Ito, Insurance Commissioner of the State of Hawaii, in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc.; and

Director:

Theodore K. Nickel, Insurance Commissioner, the State of Wisconsin.

RECITALS

WHEREAS, the Liquidator and Director entered into the Agreement on November 5, 2010 wherein the parties agreed to the release the statutory Deposit (as defined in the Agreement) to pay the Wisconsin Contract Holders (as defined in the Agreement), pursuant to the terms of said Agreement;

WHEREAS, the parties now desire to amend the terms of the Agreement;

NOW, THEREFORE, in consideration of the foregoing, the covenants and agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby mutually promise, covenant and agree as follows:

1. Definitions. Unless inconsistent with or contrary to the context of the Agreement, the defined terms used in the Agreement shall have the same meanings in this Amendment.
2. Paragraph 3.4. Paragraph 3.4 of the Agreement shall be amended to state as follows, with the amended language in **bold**:

The Liquidator will cause the Deposit, plus any interest earned thereon, to be paid to the Wisconsin Contract Holders on a pro rata basis in accordance with Exhibit 3.1 as soon as reasonably practicable after receipt of the funds from the Director and, if possible, by combining the payment with a payment of general assets to avoid multiple mailings. In any event, the Liquidator will cause payments from

the Deposit to be mailed to the holders of the Deposit Claims on or before July 31, 2011.

However, if any of the following events make it impossible for the Liquidator to mail payments to the holders of Deposit Claims on or before July 31, 2011, the Liquidator will use his best efforts to cause payments to be mailed to the holders of Deposit Claims as soon as practicable:

- (a) the Liquidation Court does not approve the Agreement;
- (b) the Liquidation Court approves the Agreement, and someone appeals the approval; or
- (c) if the Liquidation Court for any other reason beyond the control of the Liquidator, delays in entering an order or final judgment approving the Agreement.

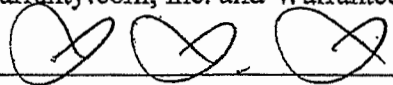
3. No Further Amendment. Except as amended herein, the Agreement remains unamended and unaltered and in full force and effect.

4. Counterparts; Facsimile Signature. This Amendment may be executed in several counterparts, or by facsimile (telecopy) copies, each of which shall be deemed an original, but all of which shall constitute one and the same instrument, binding on both parties hereto, notwithstanding that both of the parties are not signatory to the original or the same counterparts. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page. If any party signs by means of facsimile (telecopy) copy, such facsimile (telecopy) copy shall be deemed to be an original and effective as of the time and date of such signing, and the signer agrees to promptly forward to the other party the signed original hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment the day and year first above written.

The Liquidator:

Gordon Ito, Insurance Commissioner of the State of Hawaii, in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc.

By:  _____

Name: Gordon Ito


Title: Insurance Commissioner

Date: 4-18-2011

The Director:

Theodore K. Nickel, Insurance Commissioner

Office of the Commissioner of Insurance for the State of Wisconsin

By: 

Name: Theodore K. Nickel

Title: Commissioner of Insurance

Date: 4-18-2011

Amendment to Agreement to the Release of Statutory Deposit in Wisconsin
Involving
PrimeGuard Insurance Company,
First Assured Warranty Corporation,
1SourceAutoWarranty.com, Inc. and
Warrantee Wise, Inc.

This Amendment to the Agreement to the Release of Statutory Deposit in Wisconsin (the "Agreement") is executed on the dates indicated below on the signature page. This Amendment is between and among the following Parties:

Liquidator:

Gordon Ito, Insurance Commissioner of the State of Hawaii, in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc.; and

Director:

Theodore K. Nickel, Insurance Commissioner, the State of Wisconsin.

RECITALS

WHEREAS, the Liquidator and Director entered into the Agreement on November 5, 2010 wherein the parties agreed to the release the statutory Deposit (as defined in the Agreement) to pay the Wisconsin Contract Holders (as defined in the Agreement), pursuant to the terms of said Agreement;

WHEREAS, the parties now desire to amend the terms of the Agreement;

NOW, THEREFORE, in consideration of the foregoing, the covenants and agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby mutually promise, covenant and agree as follows:

1. Definitions. Unless inconsistent with or contrary to the context of the Agreement, the defined terms used in the Agreement shall have the same meanings in this Amendment.
2. Paragraph 3.4. Paragraph 3.4 of the Agreement shall be amended to state as follows, with the amended language in **bold**:

The Liquidator will cause the Deposit, plus any interest earned thereon, to be paid to the Wisconsin Contract Holders on a pro rata basis in accordance with Exhibit 3.1 as soon as reasonably practicable after receipt of the funds from the Director and, if possible, by combining the payment with a payment of general assets to avoid multiple mailings. In any event, the Liquidator will cause payments from

the Deposit to be mailed to the holders of the Deposit Claims on or before July 31, 2011.

However, if any of the following events make it impossible for the Liquidator to mail payments to the holders of Deposit Claims on or before July 31, 2011, the Liquidator will use his best efforts to cause payments to be mailed to the holders of Deposit Claims as soon as practicable:

- (a) the Liquidation Court does not approve the Agreement;
- (b) the Liquidation Court approves the Agreement, and someone appeals the approval; or
- (c) if the Liquidation Court for any other reason beyond the control of the Liquidator, delays in entering an order or final judgment approving the Agreement.

3. No Further Amendment. Except as amended herein, the Agreement remains unamended and unaltered and in full force and effect.

4. Counterparts; Facsimile Signature. This Amendment may be executed in several counterparts, or by facsimile (telecopy) copies, each of which shall be deemed an original, but all of which shall constitute one and the same instrument, binding on both parties hereto, notwithstanding that both of the parties are not signatory to the original or the same counterparts. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page. If any party signs by means of facsimile (telecopy) copy, such facsimile (telecopy) copy shall be deemed to be an original and effective as of the time and date of such signing, and the signer agrees to promptly forward to the other party the signed original hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment the day and year first above written.

The Liquidator:

Gordon Ito, Insurance Commissioner of the State of Hawaii, in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc.

By:  _____

Name: Gordon Ito

Title: Insurance Commissioner

Date: 4-18-2011

The Director:

Theodore K. Nickel, Insurance Commissioner

Office of the Commissioner of Insurance for the State of Wisconsin

By: _____

Name: Theodore K. Nickel

Title: Commissioner of Insurance

Date: 4-18-2011

EXHIBIT D

Agreement for the Release of Statutory Deposit in Oklahoma
Involving
PrimeGuard Insurance Company,
First Assured Warranty Corporation,
1SourceAutoWarranty.com, Inc., and
Warrantee Wise, Inc.

This Agreement for the Release of Statutory Deposit in Oklahoma ("Agreement") is executed on the dates indicated below on the signature page. This Agreement is between and among the following Parties:

Liquidator:

J.P. Schmidt, Insurance Commissioner of the State of Hawaii in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.; and

Commissioner:

Kim Holland, Insurance Commissioner, State of Oklahoma.

ARTICLE 1 RECITALS

1.1. Pursuant to an Order of Liquidation dated December 19, 2005 and a Supplemental Order of Liquidation dated July 17, 2008, J.P. Schmidt, Insurance Commissioner of the State of Hawaii, was appointed as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

1.2. As of the Contract Date, a Deposit was in existence in the amount of approximately \$51,501.46 held by the Commissioner pursuant to Oklahoma Statutes Section 3102 of Title 36 (36 O.S. § 3102) as a statutory deposit ("Deposit") specifically to assure faithful performance of its obligations to Oklahoma Contract Holders.

1.3. On May 5, 2010, the Liquidation Court entered its Order Approving Liquidator's Motion for Approval of Recommendations Regarding Filed Claims, including a determination of the claim amounts for the Oklahoma Contract Holders.

1.4. The purposes of this Agreement are (i) to confirm the Agreement as between the Liquidator and the Commissioner with respect to the release and payment of the Deposit; and (ii) to authorize release of the Deposit to the Liquidator in order to permit the Liquidator to pay the Deposit to the Oklahoma Contract Holders in accordance herewith.

AGREEMENTS

NOW THEREFORE, in consideration of the mutual covenants set forth in this Agreement, the Parties agree as follows:

ARTICLE 2 DEFINITIONS

Capitalized terms when used in this Agreement and the Recitals shall have the meanings set forth below. As used throughout this Agreement, references to defined terms that are singular include the plural and that are plural include the singular, as appropriate.

2.1. "Agreement" means this Agreement for the Release of Statutory Deposit in Oklahoma.

2.2. "Contract Date" means the date on which this Agreement has been signed by all parties.

2.3. "Deposit" means the statutory deposit in the approximate amount of \$51,501.46 being held by the Commissioner for the benefit of the Oklahoma Contract Holders.

2.4. "Deposit Claims" means the total amount of all claims of the Oklahoma Contract Holders against First Assured Warranty Corporation and/or PrimeGuard Insurance Company. The Deposit Claims are identified in Exhibit 3.1.

2.5. "Commissioner" means Kim Holland, Commissioner of Insurance for the State of Oklahoma.

2.6. "Effective Date" means the date on which this Agreement becomes effective. The "Effective Date" will be the first business day after this Agreement has been approved by the Liquidation Court and any appeal period has expired without an appeal being filed.

2.7. "Estate" means the liquidation estate of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc., under the jurisdiction of the Liquidation Court.

2.8. "Oklahoma Contract Holders" mean the Oklahoma residents with claims under Vehicle Service Contracts against First Assured Warranty Corporation and/or PrimeGuard Insurance Company. The Oklahoma Contract Holders are identified in Exhibit 3.1.

2.9. "Liquidator" means J.P. Schmidt, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc., including his successors in office, if any.

2.10. "Liquidation Court" means the Circuit Court of the First Circuit, State of Hawaii, S.P. No. 05-1-0443 (RAN) with jurisdiction over the Estate and the insolvency proceedings of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

ARTICLE 3 RELEASE OF DEPOSIT AND PAYMENT OF CLAIMS

3.1. Deposit Claims. The Deposit Claims are set forth, identified and calculated in Exhibit 3.1, which claims were submitted to the Liquidation Court and approved by the Liquidation Court in its May 5, 2010 order.

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3.2. Deposit. The amount of the Deposit is approximately \$51,501.46 as of the Contract Date. As of the Contract Date, no payments or disbursements have been made from the Deposit.

3.3. Transfer of Deposit to Liquidator. Within ten (10) business days after the Effective Date, the Commissioner will cause the Deposit to be transferred to the Liquidator in order for the Liquidator to disburse the funds from the Deposit pursuant to this Agreement. The Liquidator shall deliver wire or other transfer instructions to the Commissioner. To the extent any additional documentation is necessary in order to transfer the Deposit to the Liquidator, the Commissioner and the Liquidator agree to execute such documents so long as such documents are reasonable and appropriate under the circumstances.

3.4. Liquidator Use of Deposit To Pay Deposit Claims. The Liquidator will cause the Deposit, plus any interest earned thereon, to be paid to the Oklahoma Contract Holders on a pro rata basis in accordance with Exhibit 3.1 as soon as reasonably practicable after receipt of the funds from the Commissioner and, if possible, by combining the payment with a payment of general assets to avoid multiple mailings. In any event, the Liquidator will cause payments from the Deposit to be mailed to the holders of the Deposit Claims on or before December 1, 2010.

3.5. Allocation of Deposit Balance to General Assets. As indicated in Exhibit 3.1, the amount of the Deposit is sufficient to pay in full all claims of the Oklahoma Contract Holders and leaving a balance of \$12,227.92. After the Deposit has been paid pro rata to satisfy the Deposit Claims, the Liquidator shall deposit the amount of the balance with the Estate as a general asset and subject to distribution to all other creditors of the Estate in accordance with the Hawaii Liquidation Act.

3.6. Report to the Commissioner. At or about the time the Deposit is paid to the Oklahoma Contract Holders, the Liquidator will report to the Commissioner the payment amount made to the Oklahoma Contract Holders.

ARTICLE 4 MISCELLANEOUS PROVISIONS

4.1. Notice. Any notice required or permitted to be given hereunder shall be deemed to be given if delivered by hand or if mailed by first class or certified mail, postage prepaid, or by postal or a commercial express delivery service which issues an individual delivery receipt to the address information below. While emails may be sent as copies in addition to the specific methods identified as satisfying notice requirements, emails, alone, are not sufficient.

4.1.1. Address information for the Liquidator:

First Assured Warranty Corporation – In Liquidation
c/o State of Hawaii
DCCA Insurance Division
P.O. Box 3614
Honolulu, Hawaii 96811
Attn: Paul Yuen
Phone: (808) 586-2790
Fax: (808) 586-2806

4.1.2. Address information for the Commissioner

Kelley Callahan
Oklahoma Division of Insurance
3625 NW 56th Street, Suite 100
Oklahoma City, OK 73112
Phone: (405) 521-2828
Email: Kelley.callahan@oid.ok.gov

4.1.3. Changes. Each Party shall be responsible for notifying, in writing, the other Parties promptly of any change in addressee or address.

4.2. Liquidation Court Approval. This Agreement is subject to the approval of the Liquidation Court and will not become effective until after the Liquidation Court has approved this Agreement and the appeal period for such order has expired without appeal. The Parties agree to take reasonable steps and work cooperatively to request and secure Liquidation Court approval as soon as reasonable practicable after the Contract Date.

4.3. Settlement and Compromise. This Agreement is a compromise resolution of disputed claims for the purpose of mitigating the costs, uncertainties, and burdens of resolving such dispute by means other than a settlement. This Agreement does not constitute an acknowledgment or admission in any way on the part of the Parties hereto.

4.4. Cooperation in Implementing Settlement. The Parties shall cooperate in the preparation and execution of any petitions, agreements, orders, or other documents necessary to accomplish the terms, purposes and intent of this Agreement and consummating the transactions herein.

4.5. Entire Understanding, Waiver and Modification. This Agreement contains the entire understanding among the Parties with respect to the matters described herein and supersedes all preexisting or simultaneous agreements, oral or written. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Agreement may not be changed, modified or amended except by a written agreement executed by the Parties.

4.6. Counterparts and Originals. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same document.

4.7. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto, their successors-in-interest, heirs, assigns, officers, employees, agents and representatives.

4.8. No Third Party Beneficiaries. This Agreement creates no third party beneficiaries and shall not create any rights or benefits that may be enforced by any persons not party to this Agreement.

4.9. No Interpretation Against Drafter. Because each Party has had the opportunity to draft, review and edit the language in this Agreement, no presumption for or against any Party arising out of the drafting of all or any part of this Agreement will be applied in any action or other proceedings relating to, arising out of, or invoking this Agreement and each Party waives the benefit of any statute or rule of law providing otherwise.

4.10. Inclusion of Recitals, Definitions and Exhibits. The provisions in the Recitals and Definitions section of this Agreement are valid, binding and enforceable. The exhibits are incorporated herein by reference as if set forth in the text hereof.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement for the Release of Statutory Deposit in Oklahoma on the dates indicated:

THE LIQUIDATOR:

J.P. Schmidt, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

By: (Paul Yuen)
Name: Paul Yuen
Title: Special Deputy Liquidator
Date: 7/2/10

THE COMMISSIONER:

Kim Holland

Oklahoma Commissioner of Insurance

By: _____
Name: _____
Title: _____
Date: _____

IN WITNESS WHEREOF, the undersigned have executed this Agreement for the Release of Statutory Deposit in Oklahoma on the dates indicated:

THE LIQUIDATOR:

J.P. Schmidt, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

By: _____

Name: _____

Title: _____

Date: _____

THE COMMISSIONER:

Kim Holland

Oklahoma Commissioner of Insurance

By: Darren Ellingsen

Name: Darren Ellingsen

Title: Deputy Insurance Commissioner

Date: July 13, 2010

Amendment to Agreement to the Release of Statutory Deposit in Oklahoma

Involving

PrimeGuard Insurance Company,
First Assured Warranty Corporation,
1SourceAutoWarranty.com, Inc. and
Warrantee Wise, Inc.

This Amendment to the Agreement to the Release of Statutory Deposit in Oklahoma (the "Agreement") is executed on the dates indicated below on the signature page. This Amendment is between and among the following Parties:

Liquidator:

Gordon Ito, Insurance Commissioner of the State of Hawaii, in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc.; and

Insurance Commissioner:

John D. Doak, Insurance Commissioner for the State of Oklahoma.

RECITALS

WHEREAS, the Liquidator and Commissioner entered into the Agreement on July 13, 2010 wherein the parties agreed to the release the statutory Deposit (as defined in the Agreement) to pay the Oklahoma Contract Holders (as defined in the Agreement), pursuant to the terms of said Agreement;

WHEREAS, the parties now desire to amend the terms of the Agreement;

NOW, THEREFORE, in consideration of the foregoing, the covenants and agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby mutually promise, covenant and agree as follows:

1. Definitions. Unless inconsistent with or contrary to the context of the Agreement, the defined terms used in the Agreement shall have the same meanings in this Amendment.

2. Paragraph 3.4. Paragraph 3.4 of the Agreement shall be amended to state as follows, with the amended language in **bold**:

The Liquidator will cause the Deposit, plus any interest earned thereon, to be paid to the Oklahoma Contract Holders on a pro rata basis in accordance with Exhibit 3.1 as soon as reasonably practicable after receipt of the funds from the Commissioner and, if possible, by combining the payment with a payment of general assets to avoid multiple mailings. In any event, the Liquidator will cause

payments from the Deposit to be mailed to the holders of the Deposit Claims on or before **July 31, 2011**.

However, if any of the following events make it impossible for the Liquidator to mail payments to the holders of Deposit Claims on or before July 31, 2011, the Liquidator will use his best efforts to cause payments to be mailed to the holders of Deposit Claims as soon as practicable:

- (a) the Liquidation Court does not approve the Agreement;
- (b) the Liquidation Court approves the Agreement, and someone appeals the approval; or
- (c) if the Liquidation Court for any other reason beyond the control of the Liquidator, delays in entering an order or final judgment approving the Agreement.

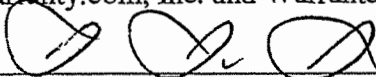
3. No Further Amendment. Except as amended herein, the Agreement remains unamended and unaltered and in full force and effect.

4. Counterparts; Facsimile Signature. This Amendment may be executed in several counterparts, or by facsimile (telecopy) copies, each of which shall be deemed an original, but all of which shall constitute one and the same instrument, binding on both parties hereto, notwithstanding that both of the parties are not signatory to the original or the same counterparts. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page. If any party signs by means of facsimile (telecopy) copy, such facsimile (telecopy) copy shall be deemed to be an original and effective as of the time and date of such signing, and the signer agrees to promptly forward to the other party the signed original hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment.

The Liquidator:

Gordon Ito, Insurance Commissioner of the State of Hawaii, in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc.

By:  _____

Name: Gordon Ito

Title: Insurance Commissioner of the State of Hawaii

Date: August 3, 2011

Date: 8/11/11

Insurance Commissioner:

John D. Doak

Insurance Commissioner for the State of Oklahoma.

By: Joel L. Sander

Name: Joel L. Sander

Title: Deputy Commissioner of Finance

Date: 8/11/11

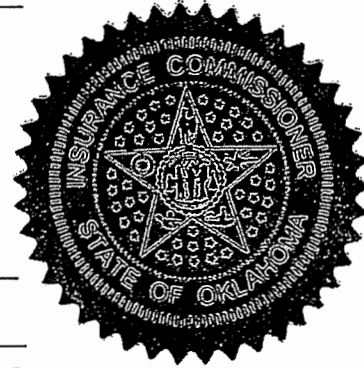


EXHIBIT E

**Agreement for the Release of Statutory Deposit in Louisiana
Involving**

**PrimeGuard Insurance Company,
First Assured Warranty Corporation,
1SourceAutoWarranty.com, Inc., and
Warrantee Wise, Inc.**

This Agreement for the Release of Statutory Deposit in Louisiana ("Agreement") is executed on the dates indicated below on the signature page. This Agreement is between and among the following Parties:

Liquidator:

Gordon I. Ito, Insurance Commissioner of the State of Hawaii in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.; and

Commissioner:

James J. Donelon, Insurance Commissioner, State of Louisiana.

ARTICLE 1 RECITALS

1.1. Pursuant to an Order of Liquidation dated December 19, 2005 and a Supplemental Order of Liquidation dated July 17, 2008, J.P. Schmidt, Insurance Commissioner of the State of Hawaii,¹ was appointed as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

1.2. As of the Contract Date, a Deposit was in existence in the amount of approximately \$152,649.59 held by the Commissioner pursuant to Louisiana Revised Statutes ("L.R.S.") § 22:365 as a statutory deposit ("Deposit") specifically to assure faithful performance of its obligations to Louisiana Contract Holders.

1.3. On May 5, 2010, the Liquidation Court entered its Order Approving Liquidator's Motion for Approval of Recommendations Regarding Filed Claims, including a determination of the claim amounts for the Louisiana Contract Holders.

1.4. The purposes of this Agreement are (i) to confirm the Agreement as between the Liquidator and the Commissioner with respect to the release and payment of the Deposit; and (ii) to authorize release of the Deposit to the Liquidator in order to permit the Liquidator to pay the Deposit to the Louisiana Contract Holders in accordance herewith.

AGREEMENTS

NOW THEREFORE, in consideration of the mutual covenants set forth in this Agreement, the Parties agree as follows:

¹ J.P. Schmidt has since been succeeded by Gordon I. Ito, who currently serves as the Insurance Commissioner for the State of Hawaii and was appointed Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc., by order of the Circuit Court of the First Circuit of the State of Hawaii, dated August 17, 2010.
Document ID: 465934_1_AFS

ARTICLE 2 DEFINITIONS

Capitalized terms when used in this Agreement and the Recitals shall have the meanings set forth below. As used throughout this Agreement, references to defined terms that are singular include the plural and that are plural include the singular, as appropriate.

2.1. "Agreement" means this Agreement for the Release of Statutory Deposit in Louisiana.

2.2. "Contract Date" means the date on which this Agreement has been signed by all parties.

2.3. "Deposit" means the statutory deposit in the approximate amount of \$152,649.59 being held by the Commissioner for the benefit of the Louisiana Contract Holders.

2.4. "Deposit Claims" means the total amount of all claims of the Louisiana Contract Holders against First Assured Warranty Corporation and/or PrimeGuard Insurance Company. The Deposit Claims are identified in Exhibit 3.1.

2.5. "Commissioner" means James J. Donelon, Commissioner of Insurance for the State of Louisiana.

2.6. "Effective Date" means the date on which this Agreement becomes effective. The "Effective Date" will be the first business day after both (i) Statutory Notice has been given, and (ii) this Agreement has been approved by the Liquidation Court and any appeal period has expired without an appeal being filed.

2.7. "Estate" means the liquidation estate of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc., under the jurisdiction of the Liquidation Court.

2.8. "Louisiana Contract Holders" mean the Louisiana residents with claims under Vehicle Service Contracts against First Assured Warranty Corporation and/or PrimeGuard Insurance Company. The Louisiana Contract Holders are identified in Exhibit 3.1.

2.9. "Liquidator" means Gordon I. Ito, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc., including his successors in office, if any.

2.10. "Liquidation Court" means the Circuit Court of the First Circuit, State of Hawaii, S.P. No. 05-1-0443 (RAN) with jurisdiction over the Estate and the insolvency proceedings of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

2.11. "Statutory Notice" means the notice required for the release of deposits in accordance with L.R.S. § 22:341.C.

ARTICLE 3 RELEASE OF DEPOSIT AND PAYMENT OF CLAIMS

3.1. Deposit Claims. The Deposit Claims are set forth, identified and calculated in Exhibit 3.1, which claims were submitted to the Liquidation Court and approved by the Liquidation Court in its May 5, 2010 order.

3.2. Deposit. The amount of the Deposit is approximately \$152,649.59 as of the Contract Date. As of the Contract Date, no payments or disbursements have been made from the Deposit.

3.3. Transfer of Deposit to Liquidator. After internal procedures are completed and approvals are obtained, the Commissioner will cause the Deposit to be transferred to the Liquidator in order for the Liquidator to disburse the funds from the Deposit pursuant to this Agreement. The Liquidator shall deliver wire or other transfer instructions to the Commissioner. To the extent any additional documentation is necessary in order to transfer the Deposit to the Liquidator, the Commissioner and the Liquidator agree to execute such documents so long as such documents are reasonable and appropriate under the circumstances.

3.4. Liquidator Use of Deposit To Pay Deposit Claims. The Liquidator will cause the Deposit, plus any interest earned thereon, to be paid to the Louisiana Contract Holders on a pro rata basis in accordance with Exhibit 3.1 as soon as reasonably practicable after receipt of the funds from the Commissioner and, if possible, by combining the payment with a payment of general assets to avoid multiple mailings. In any event, the Liquidator will cause payments from the Deposit to be mailed to the holders of the Deposit Claims on or before June 30, 2011.

3.5. Allocation of Deposit Balance to General Assets. As indicated in Exhibit 3.1, the amount of the Deposit is sufficient to pay in full all claims of the Louisiana Contract Holders and leaving a balance of \$50,727.70. After the Deposit has been paid pro rata to satisfy the Deposit Claims, the Liquidator shall deposit the amount of the balance with the Estate as a general asset and subject to distribution to all other creditors of the Estate in accordance with the Hawaii Liquidation Act.

3.6. Report to the Commissioner. At or about the time the Deposit is paid to the Louisiana Contract Holders, the Liquidator will report to the Commissioner the payment amount made to the Louisiana Contract Holders.

ARTICLE 4 MISCELLANEOUS PROVISIONS

4.1. Statutory Notice. By execution of this Agreement, the Liquidator is making application to the Commissioner for the release of the Deposit subject to the terms and provisions of this Agreement in accordance with L.R.S. § 22:341.C. First Assured Warranty Corporation and PrimeGuard Insurance Company are in liquidation in Hawaii and are not currently licensed to transact business in any state. Notwithstanding anything herein to the contrary, the Liquidator acknowledges and agrees that the Commissioner may remove \$40 from the Deposit before transferring the proceeds to the Liquidator in order pay for the costs of publication as specified in L.R.S. § 22:341. The Commissioner agrees to commence the four

week notification process contemplated under L.R.S. § 22:341.C. as soon as possible after this Agreement has been signed. The Commissioner shall send the Liquidator written notice of the dates that the Statutory Notice period commences and terminates, along with a copy of the notice published and the dates and sources of publication.

4.2. Notice. Any notice required or permitted to be given hereunder shall be deemed to be given if delivered by hand or if mailed by first class or certified mail, postage prepaid, or by postal or a commercial express delivery service which issues an individual delivery receipt to the address information below. While emails may be sent as copies in addition to the specific methods identified as satisfying notice requirements, emails, alone, are not sufficient.

4.2.1. Address information for the Liquidator:

First Assured Warranty Corporation – In Liquidation
c/o State of Hawaii
DCCA Insurance Division
P.O. Box 3614
Honolulu, Hawaii 96811
Attn: Paul Yuen
Phone: (808) 586-2790
Fax: (808) 586-2806

4.2.2. Address information for the Commissioner

Allan Pursnell
Deputy Commissioner
Louisiana Department of Insurance
1702 N. 3rd St.
Baton Rouge, LA 70802
Phone: (225) 219-6024
Fax: (225) 219-7872

4.2.3. Changes. Each Party shall be responsible for notifying, in writing, the other Parties promptly of any change in addressee or address.

4.3. Liquidation Court Approval. This Agreement is subject to the approval of the Liquidation Court and will not become effective until after the Liquidation Court has approved this Agreement and the appeal period for such order has expired without appeal. The Parties agree to take reasonable steps and work cooperatively to request and secure Liquidation Court approval as soon as reasonable practicable after the Contract Date.

4.4. Settlement and Compromise. This Agreement is a compromise resolution of disputed claims for the purpose of mitigating the costs, uncertainties, and burdens of resolving such dispute by means other than a settlement. This Agreement does not constitute an acknowledgment or admission in any way on the part of the Parties hereto.

4.5. Cooperation in Implementing Settlement. The Parties shall cooperate in the preparation and execution of any petitions, agreements, orders, or other documents necessary to

accomplish the terms, purposes and intent of this Agreement and consummating the transactions herein.

4.6. Entire Understanding, Waiver and Modification. This Agreement contains the entire understanding among the Parties with respect to the matters described herein and supersedes all preexisting or simultaneous agreements, oral or written. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Agreement may not be changed, modified or amended except by a written agreement executed by the Parties.

4.7. Counterparts and Originals. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same document.

4.8. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto, their successors-in-interest, heirs, assigns, officers, employees, agents and representatives.

4.9. No Third Party Beneficiaries. This Agreement creates no third party beneficiaries and shall not create any rights or benefits that may be enforced by any persons not party to this Agreement.

4.10. No Interpretation Against Drafter. Because each Party has had the opportunity to draft, review and edit the language in this Agreement, no presumption for or against any Party arising out of the drafting of all or any part of this Agreement will be applied in any action or other proceedings relating to, arising out of, or invoking this Agreement and each Party waives the benefit of any statute or rule of law providing otherwise.

4.11. Inclusion of Recitals, Definitions and Exhibits. The provisions in the Recitals and Definitions section of this Agreement are valid, binding and enforceable. The exhibits are incorporated herein by reference as if set forth in the text hereof.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement for the Release of Statutory Deposit in Louisiana on the dates indicated:

THE LIQUIDATOR:

Gordon I. Ito, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

By: 

Name: Gordon I. Ito

Title: Insurance Commissioner of the State of Hawaii

Date: April 28, 2011

THE COMMISSIONER:

James J. Donelon

Louisiana Commissioner of Insurance

By: 

Name: S. Denise Brignac

Title: Chief of Staff

Date: 1-9-14

EXHIBIT F

Agreement for the Release of Statutory Deposit in Virginia

Involving

PrimeGuard Insurance Company,
First Assured Warranty Corporation,
1SourceAutoWarranty.com, Inc., and
Warrantee Wise, Inc.

This Agreement for the Release of Statutory Deposit in Virginia ("Agreement") is executed on the dates indicated below on the signature page. This Agreement is between and among the following Parties:

Liquidator:

Gordon I. Ito, Insurance Commissioner of the State of Hawaii in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.; and

VDACS:

Virginia Department of Agriculture and Consumer Services, acting through its Commissioner, Matthew J. Lohr.

ARTICLE 1 RECITALS

1.1. Pursuant to an Order of Liquidation dated December 19, 2005 and a Supplemental Order of Liquidation dated July 17, 2008, J.P. Schmidt, Insurance Commissioner of the State of Hawaii,¹ was appointed as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

1.2. As of the Contract Date, a Deposit is in existence in the amount of approximately \$111,150.00 held by the VDACS pursuant to Virginia Code § 59.1-437 as a statutory deposit ("Deposit") specifically to assure faithful performance of its obligations to Virginia Contract Holders.

1.3. On May 5, 2010, the Liquidation Court entered its Order Approving Liquidator's Motion for Approval of Recommendations Regarding Filed Claims, including a determination of the claim amounts for the Virginia Contract Holders.

1.4. The purposes of this Agreement are (i) to confirm the Agreement as between the Liquidator and the VDACS with respect to the release and payment of the Deposit; and (ii) to authorize release of the Deposit to the Liquidator in order to permit the Liquidator to pay the Deposit to the Virginia Contract Holders in accordance herewith.

AGREEMENTS

¹ J.P. Schmidt has since been succeeded by Gordon I. Ito, who currently serves as the Insurance Commissioner for the State of Hawaii and was appointed Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc., by order of the Circuit Court of the First Circuit of the State of Hawaii, dated August 17, 2010.

NOW THEREFORE, in consideration of the mutual covenants set forth in this Agreement, the Parties agree as follows:

ARTICLE 2 DEFINITIONS

Capitalized terms when used in this Agreement and the Recitals shall have the meanings set forth below. As used throughout this Agreement, references to defined terms that are singular include the plural and that are plural include the singular, as appropriate.

2.1. "Agreement" means this Agreement for the Release of Statutory Deposit in Virginia.

2.2. "Contract Date" means the date on which this Agreement has been signed by all parties.

2.3. "Deposit" means the proceeds of a letter of credit filed with the Commissioner of VDACS pursuant to Virginia Code § 59.1-437 in favor of the Commonwealth of Virginia for the benefit of purchasers of extended service contracts in the approximate amount of \$111,150.00 being held by the VDACS for the benefit of the Virginia Contract Holders.

2.4. "Deposit Claims" means the total amount of all claims of the Virginia Contract Holders against First Assured Warranty Corporation and/or PrimeGuard Insurance Company. The Deposit Claims are identified in Exhibit 3.1.

2.5. "Effective Date" means the date on which this Agreement becomes effective. The "Effective Date" will be the first business day after this Agreement has been approved by the Liquidation Court and any appeal period has expired without an appeal being filed.

2.6. "Estate" means the liquidation estate of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc., under the jurisdiction of the Liquidation Court.

2.7. "Liquidator" means Gordon I. Ito, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc., including his successors in office, if any.

2.8. "Liquidation Court" means the Circuit Court of the First Circuit, State of Hawaii, S.P. No. 05-1-0443 (RAN) with jurisdiction over the Estate and the insolvency proceedings of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

2.9. "VDACS" means the Virginia Department of Agriculture and Consumer Services, acting through its Commissioner, Matthew J. Lohr.

2.10. "Virginia Contract Holders" mean the Virginia residents with claims against First Assured Warranty Corporation and/or PrimeGuard Insurance Company. The Virginia Contract Holders are identified in Exhibit 3.1.

ARTICLE 3 RELEASE OF DEPOSIT AND PAYMENT OF CLAIMS

3.1. Deposit Claims. The Deposit Claims are set forth, identified and calculated in Exhibit 3.1, which claims were submitted to the Liquidation Court and approved by the Liquidation Court in its May 5, 2010 order.

3.2. Deposit. The amount of the Deposit is approximately \$111,150.00 as of the Contract Date. As of the Contract Date, no payments or disbursements have been made from the Deposit.

3.3. Transfer of Deposit to Liquidator. Within ten (10) business days after the Effective Date, the VDACS will cause the Deposit to be transferred to the Liquidator in order for the Liquidator to disburse the funds from the Deposit pursuant to this Agreement. The Liquidator shall deliver wire or other transfer instructions to the VDACS. To the extent any additional documentation is necessary in order to transfer the Deposit to the Liquidator, the OCA and the Liquidator agree to execute such documents so long as such documents are reasonable and appropriate under the circumstances.

3.4. Liquidator Use of Deposit To Pay Deposit Claims. The Liquidator will cause the Deposit, plus any interest earned thereon, to be paid to the Virginia Contract Holders on a pro rata basis in accordance with Exhibit 3.1 as soon as reasonably practicable after receipt of the funds from the VDACS and, if possible, by combining the payment with a payment of general assets to avoid multiple mailings. In any event, the Liquidator will cause payments from the Deposit to be mailed to the holders of the Deposit Claims on or before May 1, 2011.

3.5. Virginia Contract Holders Entitled to Share in General Assets. After the Deposit has been paid pro rata to satisfy partially the Deposit Claims, the Virginia Contract Holders shall still be entitled to share pro rata in the distribution of general assets of the Estate, so long as their pro rata recovery from the Deposit and the general assets does not exceed the pro rata recovery of other creditors in the same priority class of the Estate.

3.6. Deposit Not a General Asset of the Estate. The Deposit is not a general asset of the Estate even after transfer of such Deposit from the VDACS to the Liquidator. The Liquidator agrees to maintain such funds in a separate bank account that is not commingled with general assets of the estate. The Liquidator agrees to hold such funds specially for the benefit of the Virginia Contract Holders in accordance with the terms and provisions of this Agreement. Notwithstanding the foregoing, reasonable administrative costs of mailing the Deposit payments to the Virginia Contract Holders may, in the Liquidator's discretion, and with notice to and the advance consent of the Commissioner of VDACS as to amounts, be paid from the Deposit. By signing this Agreement the Commissioner of VDACS agrees that the administrative costs of mailing the Deposit payments, up to and not exceeding the amount of \$600.00 (Six hundred dollars) may be paid out of the Deposit. This consent and authorization for the administrative costs of mailing shall be effective as of the Effective Date and shall remain valid for the period of one (1) year.

3.7. Report to the VDACS. At or about the time the Deposit is paid to the Virginia Contract Holders, the Liquidator will report to the VDACS the: balance of the Deposit amount, including any interest earned thereon and any administrative expenses paid there from; and the payment amount made to the Virginia Contract Holders.

ARTICLE 4 MISCELLANEOUS PROVISIONS

4.1. Notice. Any notice required or permitted to be given hereunder shall be deemed to be given if delivered by hand or if mailed by first class or certified mail, postage prepaid, or by postal or a commercial express delivery service which issues an individual delivery receipt to the address information below. While emails may be sent as copies in addition to the specific methods identified as satisfying notice requirements, emails, alone, are not sufficient.

4.1.1. Address information for the Liquidator:

First Assured Warranty Corporation – In Liquidation
c/o State of Hawaii
DCCA Insurance Division
P.O. Box 3614
Honolulu, Hawaii 96811
Attn: Paul Yuen
Phone: (808) 586-2790
Fax: (808) 586-2806

4.1.2. Address information for the VDACS

Virginia Department of Agriculture and Consumer Affairs
c/o J. Michael Wright, Manager
Regulatory Programs Unit
Office of Consumer Affairs
P.O. Box 1163
Richmond, VA 23218
Phone: (804) 225-3924
Fax: (804) 225-2666
Email: michael.wright@vdacs.virginia.gov

4.1.3. Changes. Each Party shall be responsible for notifying, in writing, the other Parties promptly of any change in addressee or address.

4.2. Liquidation Court Approval. This Agreement is subject to the approval of the Liquidation Court and will not become effective until after the Liquidation Court has approved this Agreement and the appeal period for such order has expired without appeal. The Parties agree to take reasonable steps and work cooperatively to request and secure Liquidation Court approval as soon as reasonable practicable after the Contract Date. Among other things the Liquidation Court approval must include language confirming that the Deposit is not a general asset of the Estate and that the Deposit and its proceeds may only be paid to the Virginia Contract Holders and the Liquidator for reasonable administrative costs of mailing as provided for herein.

4.3. Settlement and Compromise. This Agreement is a compromise resolution of disputed claims for the purpose of mitigating the costs, uncertainties, and burdens of resolving such dispute by means other than a settlement. This Agreement does not constitute an acknowledgment or admission in any way on the part of the Parties hereto.

4.4. Cooperation in Implementing Settlement. The Parties shall cooperate in the preparation and execution of any petitions, agreements, orders, or other documents necessary to accomplish the terms, purposes and intent of this Agreement and consummating the transactions herein.

4.5. Entire Understanding, Waiver and Modification. This Agreement contains the entire understanding among the Parties with respect to the matters described herein and supersedes all preexisting or simultaneous agreements, oral or written. No breach of any provision hereof can be waived unless in writing. Waiver of any one breach shall not be deemed to be a waiver of any other breach of the same or any other provision hereof. This Agreement may not be changed, modified or amended except by a written agreement executed by the Parties.

4.6. Counterparts and Originals. This Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same document.

4.7. Binding Effect. This Agreement shall be binding upon, and shall inure to the benefit of, the Parties hereto, their successors-in-interest, heirs, assigns, officers, employees, agents and representatives.

4.8. No Third Party Beneficiaries. This Agreement creates no third party beneficiaries and shall not create any rights or benefits that may be enforced by any persons not party to this Agreement.

4.9. No Interpretation Against Drafter. Because each Party has had the opportunity to draft, review and edit the language in this Agreement, no presumption for or against any Party arising out of the drafting of all or any part of this Agreement will be applied in any action or other proceedings relating to, arising out of, or invoking this Agreement and each Party waives the benefit of any statute or rule of law providing otherwise.

4.10. Inclusion of Recitals, Definitions and Exhibits. The provisions in the Recitals and Definitions section of this Agreement are valid, binding and enforceable. The exhibits are incorporated herein by reference as if set forth in the text hereof.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the undersigned have executed this Agreement for the Release of Statutory Deposit in Virginia on the dates indicated:

THE LIQUIDATOR:

Gordon I. Ito, Insurance Commissioner of the State of Hawaii in his capacity as Liquidator of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc., and Warrantee Wise, Inc.

By: _____

Gordon I. Ito

Name: _____

Title: Liquidator of PrimeGuard Insurance Co., etal
March 24, 2011

Date: _____

VIRGINIA DEPARTMENT OF AGRICULTURE AND CONSUMER SERVICES

By: _____

Name: Matthew J. Lohr

Title: Commissioner

Date: 3-22-11

Exhibit 3.1 – Deposit Claims

EXHIBIT G

Amendment to Agreement to the Release of Statutory Deposit in Arizona
Involving
PrimeGuard Insurance Company,
First Assured Warranty Corporation,
1SourceAutoWarranty.com, Inc. and
Warrantee Wise, Inc.

This Amendment to the Agreement to the Release of Statutory Deposit in Arizona (the "Agreement") is executed on the dates indicated below on the signature page. This Amendment is between and among the following Parties:

Liquidator:

Gordon Ito, Insurance Commissioner of the State of Hawaii, in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc.; and

Director:

Christina Urias, Director of Insurance for the State of Arizona.

RECITALS

WHEREAS, the Liquidator and Director entered into the Agreement on June 29, 2010 wherein the parties agreed to the release the statutory Deposit (as defined in the Agreement) to pay the Arizona Contract Holders (as defined in the Agreement), pursuant to the terms of said Agreement;

WHEREAS, the parties now desire to amend the terms of the Agreement;

NOW, THEREFORE, in consideration of the foregoing, the covenants and agreements set forth below, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby mutually promise, covenant and agree as follows:

1. Definitions. Unless inconsistent with or contrary to the context of the Agreement, the defined terms used in the Agreement shall have the same meanings in this Amendment.
2. Paragraph 3.4. Paragraph 3.4 of the Agreement shall be amended to state as follows, with the amended language in **bold**:

The Liquidator will cause the Deposit, plus any interest earned thereon, to be paid to the Arizona Contract Holders on a pro rata basis in accordance with Exhibit 3.1 as soon as reasonably practicable after receipt of the funds from the Director and, if possible, by combining the payment with a payment of general assets to avoid multiple mailings. In any event, the Liquidator will cause payments from the

Deposit to be mailed to the holders of the Deposit Claims on or before **June 30, 2011**.

However, if any of the following events make it impossible for the Liquidator to mail payments to the holders of Deposit Claims on or before June 30, 2011, the Liquidator will use his best efforts to cause payments to be mailed to the holders of Deposit Claims as soon as practicable:

(a) the Liquidation Court approves the Agreement, and someone appeals the approval; or

(b) if the Liquidation Court for any other reason beyond the control of the Liquidator, delays in entering an order or final judgment approving the Agreement.

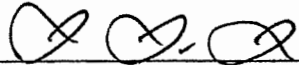
3. No Further Amendment. Except as amended herein, the Agreement remains unamended and unaltered and in full force and effect.

4. Counterparts; Facsimile Signature. This Amendment may be executed in several counterparts, or by facsimile (telecopy) copies, each of which shall be deemed an original, but all of which shall constitute one and the same instrument, binding on both parties hereto, notwithstanding that both of the parties are not signatory to the original or the same counterparts. All of such counterpart signature pages shall be read as though one, and they shall have the same force and effect as though all of the signers had signed a single signature page. If any party signs by means of facsimile (telecopy) copy, such facsimile (telecopy) copy shall be deemed to be an original and effective as of the time and date of such signing, and the signer agrees to promptly forward to the other party the signed original hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment the day and year first above written.

The Liquidator:

Gordon Ito, Insurance Commissioner of the State of Hawaii, in his capacity as "Liquidator" of PrimeGuard Insurance Company, First Assured Warranty Corporation, 1SourceAutoWarranty.com, Inc. and Warrantee Wise, Inc.

By: 

Name: Gordon I. Ito

Title: Insurance Commissioner

Date: January 19, 2011

The Director:

Christina Urias

Director of Insurance for the State of Arizona.

By: Dean Ehler

Name: Dean Ehler

Title: Assistant Director

Date: 1/14/2011

EXHIBIT H

KOBAYASHI SUGITA & GODA

WENDELL H. FUJI 4222-0
CLIFFORD K. HIGA 2950-0
BRUCE A. NAKAMURA 6518-0
ANTHONY F. SUETSUGU 9404-0
First Hawaiian Center
999 Bishop Street, Suite 2600
Honolulu, Hawaii 96813
Telephone No.: (808) 539-8700

Attorneys for the Liquidator

1ST CIRCUIT COURT
STATE OF HAWAII
FILED

2011 MAR -8 AM 11:42

PETER J. SKA
CLERK

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

STATE OF HAWAII

GORDON I. ITO, in his capacity as Insurance Commissioner of the State of Hawaii,	) S.P. No. 05-1-0443 RAN
	) (Special Proceeding)
Petitioner,)
)
vs.	) ORDER GRANTING LIQUIDATOR'S
	) MOTION FOR APPROVAL OF USE OF
	) FIRST CLASS MAIL REGARDING NOTICE
PRIMEGUARD INSURANCE COMPANY, INC., A RISK RETENTION GROUP.,	) OF MOTION FOR APPROVAL OF FINAL
	) DISTRIBUTION
)
Respondent.	) Hearing:
	) Date: March 2, 2011
	) Time: 2:15 p.m.
	) Judge: Honorable Rhonda A. Nishimura
)
)
)

ORDER GRANTING
LIQUIDATOR'S MOTION FOR APPROVAL OF USE OF FIRST CLASS
MAIL REGARDING NOTICE OF MOTION FOR APPROVAL OF FINAL DISTRIBUTION

Petitioner Gordon I. Ito's, in his capacity as Liquidator of PrimeGuard Insurance Company, Inc. ("PrimeGuard), Motion for Approval of Use of First Class Mail regarding Notice of Motion for Approval of Final Distribution came on for hearing before the Honorable Rhonda

A. Nishimoto on January 11, 2011 at 2:15 p.m. Anthony F. Suetsugu appeared on behalf of the Liquidator. No opposition was filed.

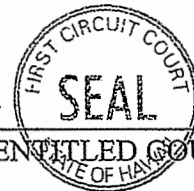
The Court having reviewed the Motion and attached memorandum, declaration and exhibits and having been apprised in the premises;

IT IS HEREBY ORDERED that the Liquidator's Motion for Approval of Use of First Class Mail regarding Notice of Motion for Approval of Final Distribution is granted

IT IS HEREBY FURTHER ORDERED that the Liquidator's Notice of Motion for Approval of Final Distribution, attached to the Motion as Exhibit "A," is approved and that said Notice may be issued pursuant to Haw. Rev. Stat., § 431:15-324 via U.S. First Class mail.

MAR - 3 2011
DATED: Honolulu, Hawaii, March _____, 2011.

RHONDA A. NISHIMURA
JUDGE OF THE ABOVE ENTITLED COURT



GORDON I. ITO, in his capacity as Insurance Commissioner of the State of Hawaii v. PrimeGuard Insurance Company, Inc.; S.P. No. 05-1-0443 RAN; **ORDER GRANTING LIQUIDATOR'S MOTION FOR APPROVAL OF USE OF FIRST CLASS MAIL REGARDING NOTICE OF MOTION FOR APPROVAL OF FINAL DISTRIBUTION**

EXHIBIT I

EXHIBIT I – Claimant Listing

**Filed Separately and Under Seal
Pursuant to Order Granting Ex Parte Motion
to File Creditor List Under Seal filed on September 6, 2006**

EXHIBIT J

EXHIBIT J – Claimant Listing

**Filed Separately and Under Seal
Pursuant to Order Granting Ex Parte Motion
to File Creditor List Under Seal filed on September 6, 2006**

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

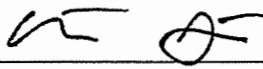
STATE OF HAWAII

J.P. SCHMIDT, in his capacity as Insurance Commissioner of the State of Hawaii,	) S.P. No. 05-1-0443 VSM
	) (Special Proceeding)
)
Petitioner,	) NOTICE OF HEARING AND
	) CERTIFICATE OF SERVICE
vs.)
)
PRIMEGUARD INSURANCE COMPANY, INC., A RISK RETENTION GROUP.,)
)
Respondent.)
)
)

NOTICE OF HEARING OF MOTION

NOTICE IS HEREBY GIVEN that the LIQUIDATOR'S MOTION FOR: (1) APPROVAL TO AMEND RECOMMENDATIONS REGARDING FILED CLAIMS; AND (2) APPROVAL OF FINAL DISTRIBUTION, shall come on for hearing before the Honorable Rhonda A. Nishimura, Judge of the above-entitled Court, in her courtroom at Kaahumanu Hale, 777 Punchbowl Street, Honolulu, Hawaii, on Feb. 27, 2014, at 9:30 Am., or as soon thereafter as counsel may be heard.

DATED: Honolulu, Hawaii, January 16, 2014.



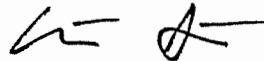
WENDELL H. FUJI
CLIFFORD K. HIGA
ANTHONY F. SUETSUGU

Attorneys for the Liquidator

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing notice of hearing will be posted on the following website: www.primeguard.hawaii.gov, on the date of filing.

DATED: Honolulu, Hawaii, January 16, 2014.



WENDELL H. FUJI
CLIFFORD K. HIGA
ANTHONY F. SUETSUGU

Attorneys for the Liquidator