

IN THE CIRCUIT COURT OF THE FIRST CIRCUIT

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

NOTICE OF HEARING

TO: JOHN Y. YAMANO, ESQ.
McCorriston Miller Mukai MacKinnon
Five Waterfront Plaza
500 Ala Moana Blvd., 4th Floor
Honolulu, Hawaii 96813

Attorney for PrimeGuard Insurance Company, Inc.,
A Risk Retention Group, First Assured Warranty Company,
1SourceAutoWarranty.com, Inc. and WarranteeWise, Inc.

TO: All Persons Known to Have an Interest in the Estate of PrimeGuard Insurance Company, Inc.,

NOTICE IS HEREBY GIVEN that LIQUIDATOR'S PETITION FOR FINAL ORDER AND JUDGMENT APPROVING LIQUIDATOR'S SETTLEMENT WITH SHAREHOLDERS' FAMILY AND AFFILIATES AND PETITION FOR GOOD FAITH DETERMINATION OF SETTLEMENT shall come on for hearing before the Honorable Victoria S. Marks, Judge of the

above-entitled Court, in her courtroom at Kaahumanu Hale, 777 Punchbowl Street, Honolulu, Hawaii, on Wednesday, MAR 5 2008, 2008, at 8:30A.m., or as soon thereafter as counsel may be heard.

A copy of the Liquidator's Petition for Final Order and Judgment Approving Liquidator's Settlement with Shareholders' Family and Affiliates and Petition for Good Faith Determination of Settlement, along with a copy of the Settlement Agreement and Mutual Releases dated December 19, 2007 (the "Settlement Agreement"), is posted on the following website:

http://www.hawaii.gov/dcca/areas/ins/ins_div_actions/primeguard/

The Settlement Agreement is by and between J.P. Schmidt, in his capacities as Hawaii Insurance Commissioner and as Liquidator of PrimeGuard Insurance Company (collectively, the "Liquidator"); Marcy Morrison, Commissioner of Insurance of the State of Colorado, in her capacity as Ancillary Receiver of PrimeGuard Insurance Company ("Ancillary Receiver"); Warrantee Wise, Inc. ("Warrantee Wise"); First Assured Warranty Corporation ("First Assured"); 1SourceAutoWarranty.com, Inc. ("1Source"); and Ralph Holden, Nancy Perna, F. Mitchell Howell, Ronny Howell, Lisa Holden, Amy Sandifer and Joshua Howell (collectively, the "Holden Family") (collectively the "Parties"). The Settlement Agreement accomplishes the following, among others:

(1) The Settlement Agreement terminates the bankruptcy of First Assured Warranty Corporation ("First Assured") and permits First Assured and PrimeGuard's other affiliates, Warrantee Wise and 1Source, to be liquidated in the PrimeGuard Liquidation in the First Circuit Court of the First Circuit for the State of Hawaii (the "Liquidation Court").

(2) The Settlement Agreement resolves the dispute over possession and ownership of approximately \$3.5 million that was seized by the Hawaii Insurance Commissioner, with respect to which First Assured asserts an interest, and which was the subject of a pending adversary

proceeding pending in First Assured's bankruptcy while also ensuring that the Liquidator will take sole possession and ownership of such funds and administer them under the general supervision, and the sole and exclusive jurisdiction, of the Liquidation Court;

(3) The Settlement Agreement requires the Holden Family to pay \$150,000 to be used for the benefit of First Assured's creditors.

(4) The Settlement Agreement benefits the creditors in that it ensures that claims at the policyholder level will be resolved in the PrimeGuard liquidation, whether such claims were properly filed with the Liquidator or in the First Assured bankruptcy.

(5) The Settlement Agreement permits unsecured creditors to realize a share of \$140,000 by means of ancillary deposit distributed in accordance with the Colorado ancillary proceeding.

(6) The Settlement Agreement provides for mutual releases between and among the Parties, resolving pending litigation and potential litigation and resulting in substantial savings in the avoidance of future fees, costs and expenses and the accompanying delays associated with such potential litigation.

With its Petition, the Liquidator is seeking the following relief from the Court:

- (1) Entering an Order and Final Judgment approving the Settlement Agreement and authorizing the Liquidator to undertake all actions contemplated by the Settlement Agreement; and
- (2) Determining that the settlement entered into between the Parties under the Settlement Agreement was entered into in good faith in accordance with Haw. Rev. Stat., § 663-15.5.

If you desire to oppose the Liquidator's Petition at the hearing scheduled for ~~_____~~ MAR 5 2008 must file a written objection on or before pursuant to rules. The objection must clearly specify the grounds upon which objections are based, including the citation of supporting legal

authority, if any. General objections will not be considered and persons that fail to file specific objection by the deadline will not be permitted to present argument at the hearing.

DATED: Honolulu, Hawaii, January 11, 2008.

KOBAYASHI SUGITA & GODA



WENDELL H. FUJI
CLIFFORD K. HIGA
LANSON K. KUPAU

Attorneys for Petitioners

CERTIFICATE OF SERVICE

I hereby certify that on this date, a copy of the foregoing document was duly served upon the following person(s) by means of U.S. Mail Postage prepaid addressed as follows:

JOHN Y. YAMANO, ESQ.
McCorriston Miller Mukai MacKinnon
Five Waterfront Plaza
500 Ala Moana Blvd., 4th Floor
Honolulu, Hawaii 96813

Attorney for
First Assured Warranty Company,
I SourceAuto Warranty.com, Inc. and Warrantee Wise, Inc."

A copy of the foregoing Notice of Hearing Motion will be served on all persons known to have an interest in the Liquidation of PrimeGuard Insurance Company, Inc. at their last known address by means of U.S. mail, postage prepaid, as soon as possible after the date of the hearing has been set. The mailing will be coordinated with a similar notice from First Assured Warranty Corporation, in bankruptcy and a separate certificate of service will be filed with the Court after such mailing has been completed.

DATED: Honolulu, Hawaii, January 11, 2008.

KOBAYASHI SUGITA & GODA

A handwritten signature in cursive script, appearing to read "Lanson K. Kupa'u", is written over a horizontal line.

WENDELL H. FUJI
CLIFFORD K. HIGA
LANSON K. KUPAU

Attorneys for Petitioner