

**THE PROTECTIVE NATIONAL  
INSURANCE COMPANY OF OMAHA,  
IN LIQUIDATION**

IN THE DISTRICT COURT OF LANCASTER  
COUNTY, NEBRASKA, Case No. CI 04-502

L. Tim Wagner  
Liquidator  
Theodore L. Kessner  
Special Deputy Liquidator  
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**NOTICE OF LIQUIDATION  
OF  
THE PROTECTIVE NATIONAL INSURANCE  
COMPANY OF OMAHA**

To: Policyholders, Third-Party Claimants, Cedent/Reinsured Companies, Reinsurers, Creditors, Shareholder, Debtors, Attorneys, Agents, and All Other Persons interested in the affairs of The Protective National Insurance Company of Omaha

**On February 12, 2004, an Order of Liquidation, Declaration of Insolvency and Injunction was entered in the District Court of Lancaster County, Nebraska (“Liquidation Court”), Case No. CI04-502, for The Protective National Insurance Company of Omaha (“Protective National”).** L. Tim Wagner, Director of Insurance, State of Nebraska, was appointed Liquidator. Theodore L. Kessner has been appointed Special Deputy Liquidator.

The Order of Liquidation enjoins all persons from instituting or further prosecuting any actions or proceedings against Protective National, the obtaining of judgments or attachments against Protective National and the levying of execution against Protective National. All persons indebted to or having any property of Protective National are notified to tender an account of the indebtedness or property, and pay the same or deliver the property to the Liquidator.

**The Order of Liquidation requires that all potential claimants file proper Proofs of Claim with the Liquidator on or before February 12, 2005 (“Bar Date”).** A Proof of Claim form and Instructions are enclosed. This form **MUST** be used. A separate Proof of Claim form must be filed on each Protective National policy under which the Claimant claims an entitlement to benefits.

The rights of each claimant shall be considered fixed as of the date of the entry of the Order of Liquidation on February 12, 2004. Only claims for losses actually incurred or reasonably expected to be incurred, based upon facts and circumstances existing and known by the claimant as of the entry of the Order of Liquidation, will be considered in determining the allowable amount of a claim. No loss will be considered unless properly substantiated by information and data that the amount requested is reasonable. Claims will be evaluated on the basis of customary loss standards in the community and industry for similar events and circumstances. No consideration will be given to other than actual incurred losses.

The Liquidator will analyze each timely-filed Proof of Claim and make a determination as to its validity and priority class. Claimants will be informed in writing of the determination of the Liquidator and the review procedures available. Valid claims will be submitted for approval by the Liquidation Court. Claims will be paid from available funds. Under Nebraska law, all claims of a higher priority class must be paid in full before any claims in a lower priority class will be paid. The priority of payment of claims is generally described below:

1. Costs of administration;
2. Most claims under insurance policies written on an admitted or surplus line basis, including third-party claims against insurance policies written on an admitted or surplus line basis and claims of guaranty associations;
3. Claims of the federal government other than those claims in 2. above;
4. Reasonable compensation to employees;
5. Claims of general creditors. This includes claims of ceding insurers, assuming insurers;
6. Claims of state and local governments other than those claims in 2. above;
7. Late filed claims;
8. Surplus note holders; and
9. Claims of shareholders.

**NOTICE TO POLICYHOLDERS WITH CLAIMS AND THIRD PARTY CLAIMANTS  
ASSERTING CLAIMS AGAINST POLICYHOLDERS**

A Proof of Claim must be filed even if a claim was made or a lawsuit initiated against Protective National prior to the date of Order of Liquidation.

Some claims against Protective National may be covered by guaranty associations in the state of residence of the claimant or in the state of the residence of the policyholder. Guaranty associations are created by state law to provide protection to some insureds and claimants in the case of liquidation of an insurer. The various state laws governing the guaranty associations include eligibility requirements and limits on the amount of coverage available. Upon receipt of a Proof of Claim, the Liquidator will determine if the claim may be covered by a guaranty association. If the Liquidator determines that a guaranty association may be involved in the administration of the claim, the Proof of Claim will be provided to the guaranty association.

If the policy was written in Alaska, Maine, Massachusetts, New York, New Jersey or Texas, then the policy may be a surplus lines policy and a claim under the policy is not likely to be covered by a guaranty association. A claim based on a surplus lines policy will be analyzed by the Liquidator and processed in the Liquidation Proceedings. Some claims based on surplus lines policies may be funded by special deposits.

You are a third party claimant if you have a claim against a Protective National policyholder. **You may either file a Proof of Claim in the Liquidation Proceedings or pursue a claim directly against the policyholder through litigation or otherwise.** If you elect to file a claim in the Liquidation Proceedings, filing of the claim will effect a release of the policyholder's liability to you on that cause of action **in the amount of applicable policy limits.** If your claim is denied in the Liquidation Proceedings, the release will not be effective.

**NOTICE TO CLAIMANTS WITH CONTINGENT CLAIMS**

Under Nebraska law, a claimant may file a Proof of Claim even if the claim is a “contingent claim.” A “contingent claim” is one where liability depends upon some future event or contingency and such contingency does not relate solely to the amount which may be recovered but also to uncertainty whether the future event will occur. A contingent claim is entitled to participate in distributions in the Liquidation Proceedings if its allowance does not prejudice the orderly administration of the Liquidation Proceedings.

In some policies of insurance issued by Protective National, insureds may have coverage if an insured loss occurred during the policy period, regardless of when a claim is made against a loss or is discovered by the insured. Insureds under an “occurrence” policy may have a claim made against them or have a loss discovered in the future, but the basis for the claim occurred during the policy period. Such claimants are entitled to file a Proof of Claim in the Liquidation Proceedings at any time prior to the Bar Date. All contingencies must be resolved by the Bar Date.

**NOTICE TO CEDENT/REINSURED COMPANIES, REINSURERS, BROKERS/AGENTS, VENDORS, OTHER GENERAL CREDITORS**

Cedent/reinsured companies, reinsurers, brokers/agents, vendors and other general creditors must file a Proof of Claim. Such claims include claims for reinsurances receivable and claims for payment for goods and services provided. Payment of these claims will be made only if sufficient assets are available to pay all higher priority classes of claimants.

The completed Proof of Claim must be mailed to:

**Office of the Liquidator  
The Protective National Insurance Company of Omaha  
P.O. Box 45546  
Omaha, NE 68145-0546**

Do not send the Proof of Claim to the Liquidation Court.

If you have questions regarding this Notice or the Proof of Claim form, please direct your written inquiries to the Office of the Liquidator at the address stated above.

Theodore L. Kessner  
Special Deputy Liquidator

April 5, 2004