

Amwest Surety Insurance Co.

5230 Las Virgenes Road
Calabasas, California 91302

NOTICE

To: All Policyholders, Principals, Obligees and Agents of
Amwest Surety Insurance Company, a Nebraska Insurer

Please be advised that Amwest Surety Insurance Company ("Amwest") became the subject of an **Order of Liquidation, Declaration of Insolvency, and Injunction** entered by the District Court of Lancaster County, Nebraska ("Court") on Thursday, June 7, 2001 under case number CI 01-2102 ("Order"). The Court found that Amwest is insolvent and appointed L. Tim Wagner, Director of Insurance of the State of Nebraska, as liquidator of Amwest to liquidate the business of Amwest (the "Liquidator"). The June 8, 2001 Notice of Legal Rights and Obligations is attached.

Cancellation of All Policies, including Bonds and Other Non-Cancellable Business

By issue of the Order, pursuant to Neb. Rev. Stat. 44-4818 and, further, pursuant to the terms of Neb. Rev. Stat. 44-4819, all policies, including bonds and other non-cancellable business in effect at the time of issuance of Order of Liquidation shall continue in force until the earliest of:

- (1) thirty days from the date of entry of liquidation order (i.e., July 6, 2001 at 12:00 p.m. CDT);
- (2) the expiration of the policy or bond coverage;
- (3) the date when the insured has replaced the insurance coverage with equivalent insurance with another insurer or otherwise terminated the policy; or
- (4) the Liquidator has effected a transfer of the policy obligation pursuant to subdivision (1)(j) of section 44-4821 (Reissue 1998).

If your bond contains a co-surety, in addition to Amwest Surety Insurance Company, or contains additional provisions for liability of another company by reason of endorsement, you are instructed to contact that company or those companies in regard to their liability, if any, to you under the terms of that bond. Otherwise, we urge you to attempt to obtain replacement insurance coverage or replacement surety bonds immediately.

You may wish to contact your state insurance guaranty association to determine whether your association has been activated.

Due to the Order, Amwest Surety Insurance Company will no longer defend or pay for the defense of its insureds and principals and, therefore, any insured or principal residing in such a situation should make arrangements to employ independent counsel to defend against any legal action which would otherwise be covered under an Amwest policy or bond.

The Liquidator will be petitioning the Court for an Order implementing a claims process and adopting a Proof of Claim form. All insureds, principals, obligees and agents of Amwest will be provided a Proof of Claim form for filing claims once this process has been implemented. Please keep the Liquidator informed of any address changes. The bar date (last day to file a timely Proof of Claim) is June 7, 2002.

During the interim any inquiries may be directed to Claimant Services at 5230 Las Virgenes Road, Calabasas, California 91302, toll free number (866) 789-8119 or direct telephone number (818) 871-3614. Additionally, Amwest Surety Insurance Company's web site (www.Amwest.com) is a source for news regarding the ongoing liquidation.

Listed below are the bond(s) or policy(ies)

June 8, 2001 Notice of Legal Rights and Obligations

Subject: Notice of Liquidation – Amwest Surety Insurance Company

An Order to Liquidate Amwest Surety Insurance Company ("Amwest Surety"), a Nebraska domiciled insurer with its principal office at Calabasas, California, was entered by the District Court of Lancaster County Nebraska, on Thursday, June 7, 2001, in CI 01-2102. The Order of Liquidation was entered under **Neb. Rev. Stat. §44-4818** (Reissue 1998) and appointed L. Tim Wagner, Director of Insurance for the State of Nebraska, the Liquidator. Michael J. FitzGibbons has been appointed as Special Deputy Liquidator.

Under an Order of Liquidation ("Order"), the Liquidator is authorized and directed to forthwith take possession and control of the assets of Amwest Surety and administer them under the general supervision of the Court. Pursuant to **Neb. Rev. Stat. §44-4818**, the Liquidator is directed to exercise any and all rights of Amwest Surety in connection with any collateral or other assets being held for the benefit of Amwest Surety by any person or entity. The Liquidator is vested by operation of law with title to all of the property, contracts, and rights of action and all of the books and records of Amwest Surety, wherever located, as of the entry of this Order of Liquidation and further succeeds to the title of all assets, claims and rights of the insurer.

Upon issuance of the Order, the rights and liabilities of Amwest Surety and its creditors, shareholders, and all other persons interested in this estate shall become fixed as of the date of the entry of the Order except as provided in **Neb. Rev. Stat. §44-4818** and **§44-4837** (Reissue 1998). The Liquidator exercises and is subject to all of the rights, powers and duties of a liquidator under **Neb. Rev. Stat. §44-4801 et seq.** (Reissue 1998).

All persons or other legal entities shall pay all sums or premiums due Amwest Surety in accordance with **Neb. Rev. Stat. §44-4833** (Reissue 1998) and deliver any and all property of Amwest Surety, personal or real, of every kind or nature, to the Liquidator or his designated representatives.

Please **TAKE NOTE THAT** all policies including bonds and other non-cancellable business in effect at the time of issuance of the Order of Liquidation shall continue in force until the earliest of:

- (1) thirty days from the date of entry of the liquidation order;
- (2) the expiration of the policy coverage;
- (3) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy, or
- (4) the liquidator has effected a transfer of the policy obligation pursuant to subdivision (1)(j) of section 44-4821 (Reissue 1998).

Pursuant to **Neb. Rev. Stat. §44-4824** (Reissue 1998), no action at law or in equity or in arbitration whether in this state or elsewhere, may be brought against Amwest Surety, or its Liquidator, nor shall any existing actions be maintained or further presented after issuance of the Order. The Liquidator may intervene in any pending action in order to protect the estate of the insurer at the expense of the estate of Amwest Surety.

The Liquidator may institute all actions and proceedings on behalf of Amwest Surety subject to **Neb. Rev. Stat. §44-4824**. Mutual debts or credits between Amwest Surety and another person in connection with this liquidation shall be subject to **Neb. Rev. Stat. §44-4830** (Reissue 1998). Any amount recoverable by the Liquidator from reinsurers shall not be reduced as a result of this Order regardless of any provision in the reinsurance contract or other agreement pursuant to **Neb. Rev. Stat. §44-4832** (Reissue 1998).

ATTENTION AGENTS: Every person who receives notice of this Order pursuant to **Neb. Rev. Stat. §44-4822 (Reissue 1998)** and who represents Amwest Surety as an agent shall, absent written waiver of this requirement by the Liquidator within fifteen days of such notice, give written notice of this Order by first class mail to the last address contained in the agent's records to each policyholder or other person named in any policy issued through the agent by Amwest Surety if such agent has a record of the address of the policyholder or other person. Such written notice shall include the name and address of the insurer, the name and address of the agent, identification of the policy impaired, and the nature of the impairment, including termination of coverage as provided by **Neb. Rev. Stat. §44-4819** which provides in the pertinent part as follows:

- (1) All policies including bonds and other noncancellable business in effect at the time or issuance of the order of liquidation shall continue in force until the earliest of:
 - (a) thirty days from the date of entry of the liquidation order;
 - (b) the expiration of the policy coverage;
 - (c) the date when the insured has replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy;
 - (d) the liquidator has effected a transfer of the policy obligation pursuant to subdivision (1) (j) of section 44-4821; or
 - (e) the date proposed by the liquidator and approved by the court to cancel coverage.

Notice by a general agent satisfies the notice requirement of this paragraph for any agents under contract to him or her. Each agent obligated to give notice pursuant to this paragraph shall file a report of compliance with the Liquidator. Any agent failing to give notice or file a report of compliance as required by **Neb. Rev. Stat. §44-4823 (Reissue 1998)** for whom the Liquidator has not waived such requirement may be subject to payment of a civil penalty of not more than \$1,000 and may have his or her license suspended.

All agents, brokers, premium finance companies and other persons, other than insureds, responsible for the payment of premiums shall be obligated to pay to the Liquidator any unpaid earned premium and all earned premium of Amwest Surety and all unearned commissions as of the date of the Order.

All insureds of Amwest Surety are obligated to pay to the Liquidator any earned premium due as of the date of the Order.

Any person failing to comply with the provisions of **Neb. Rev. Stat. §44-4833** is subject to the penalties provided therein, including imposition of civil penalties by the Director of Insurance of not more than \$1,000 for each act in violation of said statute.

The Liquidator will be petitioning the Court for an Order implementing a claims process and adopting a Proof of Claim form. All insureds of Amwest Surety will be provided a Proof of Claim form for filing claims once this process has been implemented. Please keep the Liquidator informed of any changes of address. The bar date (last day to file a timely Proof of Claim) is June 7, 2002.

If you have questions or need further information concerning the liquidation of Amwest Surety, any inquiries may be directed to claimant services Amwest Surety Insurance Company 5230 Las Virgenes Road, Calabasas, CA 91302. The claimant service department is also available for inquiries at their toll free number - (866) 789-8119 or direct number - (818) 871-3614. Additionally, Amwest Surety Insurance Company's web site (www.Amwest.com) is a source for news regarding the ongoing liquidation.