

**NOTICE TO NEW JERSEY POLICYHOLDERS AND CLAIMANTS OF:
MIIX INSURANCE COMPANY**

On April 9, 2008, the Superior Court of Mercer County, New Jersey (the "Court") entered an *Order of Liquidation* (the "Order") terminating the rehabilitation phase and the September 28, 2004 Order, and appointing the Commissioner of the New Jersey Department of Banking and Insurance as liquidator of MIIX Insurance Company ("MIIX"), with all the powers and authority expressed or implied by N.J.S.A. 17:30C-1, to liquidate MIIX pursuant to N.J.S.A. 17:30C-1 et seq. and to establish procedures governing the payment of claims by MIIX. Pursuant to the Order, MIIX is declared to be insolvent, and the Order permanently enjoins all persons and entities from pursuing litigation against MIIX or from interfering with the Commissioner's efforts to liquidate MIIX. Under the terms of the Order, there will be no further payment of claims; all claims against MIIX must be asserted no later than one year from the date of the Liquidation (or by April 9, 2009) (the "Bar Date"), in a form established by the Commissioner, or such claims will be forever barred.

In order to be eligible for Guaranty Association protection under the Guaranty Association Act, N.J.S.A. 30A-1, et seq., all policyholders and claimants seeking statutory benefits from the Guaranty Association must submit their claims to the Liquidator or the Guaranty Association by the Bar date, unless the claimant demonstrates unusual hardship as set forth below.

Pursuant to N.J.S.A. 17:30A-1, et seq., the Guaranty Association hereby notifies all New Jersey insureds of MIIX, all New Jersey residents having claims against such insureds, and any other interested parties of: (a) the determination of insolvency with respect to the MIIX; (b) entry of the Order of Liquidation; (c) notice of the injunction against all actions as set forth in the Order; and (d) a summary of their rights under the Guaranty Association Act as set forth below.

The Guaranty Association is a private, non-profit, unincorporated legal entity operating to minimize financial loss to certain claimants and certain policyholders when certain insurance companies become insolvent. The Guaranty Association is obligated to the extent of the "covered claims," as defined in the Guaranty Association Act, against an insolvent insurer incurred, in the case of private passenger automobile insurance, prior to or after the determination of insolvency, but before the policy expiration date or the date upon which the insured replaces the policy or causes its cancellation, or in the case of insurance other than private passenger automobile insurance, covered claims against such insolvent insurer incurred prior to or 90 days after the determination of insolvency, or before the policy expiration date, if less than 90 days after said determination, or before the insured replaces the policy or causes its cancellation, if he does so within 90 days of the determination, but such obligation shall include only that amount of each covered claim which is less than \$300,000 and subject to any applicable deductible and self-insured retention contained in the policy, except that the \$300,000 limitation shall not apply to a covered claim arising out of insurance coverage mandated by Section 4 of P.L. 1972, c.70 (C. 39:6A-4). Claims which do not constitute "covered claims" pursuant to the Guaranty Association Act may be asserted by the Bar Date against the Liquidator.

In addition to the foregoing limitations, each "covered claim" is subject to any applicable deductible and self-insured retention contained in the policy.

A “covered claim” is defined by the Guaranty Association Act to mean an unpaid claim, including one of unearned premiums, which arises out of and is within the coverage, and not in excess of the applicable limits of any insurance policy to which the Act applies, issued by an insolvent insurer; and

1. the claimant or insured is a resident of New Jersey at the time of the insured event, or
2. the property from which the claim arises is permanently located in New Jersey.

“Covered claims” do not include lines of insurance excluded from coverage by the terms of the Guaranty Association Act. The lines of insurance excluded from the Guaranty Association Act are: life insurance, accident and health insurance, workers’ compensation insurance, title insurance, annuities, surety bonds, credit insurance, mortgage guaranty insurance, municipal bond coverage, fidelity insurance, investment return assurance, ocean marine insurance and pet health insurance. Surplus lines coverages are not protected under the terms of the Guaranty Association Act.

A “covered claim” shall also not include any amount due any reinsurer, insurer, insurance pool, or underwriting association (as subrogation recoveries or otherwise), amounts for interest on unliquidated claims, punitive damages unless covered by the policy, counsel fees for prosecuting suits for claims against the Guaranty Association, and assessments or charges for failure of the insolvent insurer to have expeditiously settled claims, counsel fees and other claim expenses incurred prior to the date of insolvency, and any first party claim by an insured whose aggregate consolidated net worth (*i.e.*, net worth of insured plus that of any and all affiliates) exceeds \$25 million on December 31 of the year prior to the year in which the insurer becomes an insolvent insurer.

A “covered claim” shall also not include a claim filed with the liquidator or Guaranty Association after any Bar Date set by the Court for the filing of claims against the Liquidator of the MIIX, unless the claimant demonstrates unusual hardship and the Commissioner approves of treatment of the claim as a “covered claim.”

Any persons having a “covered claim” which may be recovered from more than one insurance guaranty association or its equivalent shall seek recovery first from the association at the place of residence of the insured at the time of the insured event, except that if there is a first party claim for damage to property with a permanent location, he shall seek recovery first from the association at the location of the property. Any recovery under the Guaranty Association Act shall be reduced by the amount of recovery from any other guaranty association or its equivalent. However, if recovery is denied or deferred by the Guaranty Association, a person may seek recovery from any other insurance guaranty association or its equivalent from which recovery may be legally sought.

Further, in addition to the stay of proceedings provided in the Liquidation Order, the Guaranty Association Act provides that all proceedings in which the insolvent insurer is a party or is

obligated to defend a party in any court in this State shall, subject to full or partial waiver by the Guaranty Association in specific cases involving “covered claims,” be stayed for 120 days, and such additional time thereafter as may be determined from the date of the Liquidation Order or any ancillary proceeding initiated in the State, whichever is later, to permit proper defense by the Guaranty Association of all pending causes of action.

Finally, the Guaranty Association requires exhaustion of coverage under solvent insurers’ policies before statutory benefits may be sought from the Guaranty Association under the policy of an insolvent insurer such as the MIIX. Any amount otherwise payable on a “covered claim” shall be reduced by the amount of recovery under any solvent insurer’s policy.

N.J.S.A. 17:30A-1 et seq. For the full provisions of the Guaranty Association Act, reference should be made to

All inquiries and communications regarding any “covered claim” arising under a policy of insurance issued by MIIX should be directed promptly to the New Jersey Property-Liability Insurance Guaranty Association’s Claim Office, located at 222 Mount Airy Road, Basking Ridge, New Jersey 07920 (telephone: (908) 382-7100).

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