

Frequently Asked Questions About Key Insurance Company in Rehabilitation ("Key")

The Board of Directors of Key Insurance Company ("Key") consented to an Order of Rehabilitation entered on March 3, 2025 (the "Order") entered by the District Court of Shawnee County, Kansas (the "Court") pursuant to a petition filed by the Commissioner of Insurance of the State of Kansas, Vicki Schmidt (the "Commissioner"). The Commissioner took action after determining that Key is in such a condition that the further transaction of business would be hazardous financially to its policyholders, creditors or the public.

The Court appointed the Commissioner as Rehabilitator of Key. The Rehabilitator has appointed Jodi Adolf and Bruce Baty to serve as Special Deputy Receivers to oversee the day-to-day operations of Key and the rehabilitation process.

Q. What is the financial condition of Key?

A. The Order, and the Board of Director's Consent to Rehabilitation, was a joint proactive measure to preserve the assets of Key for the protection of policyholders.

In accordance with the Order, the Rehabilitator has taken possession of all known assets of Key. The Rehabilitator is currently evaluating Key's in-force policies, investments, and reinsurance to determine the feasibility of a successful rehabilitation of Key.

Q. How long will rehabilitation take?

A. At this time, we do not know how long the rehabilitation will last.

Q. What is the purpose of a rehabilitation order?

A. Under the Order, the Special Deputy Receivers will manage all operations of Key including the administration of investments and review of all administrative and service contracts. Attorneys retained by Key to represent policyholders in legal actions have been instructed to move to stay, or postpone, those actions. This is all being done to safeguard the assets of Key and to continue services in a cost-effective manner. The primary goal is to protect and treat all policyholders and claimants equitably.

Q. Who is running Key?

A. Vicki Schmidt, Commissioner of the Kansas Department of Insurance, as Court appointed Rehabilitator, has replaced the Board and management of Key. The Rehabilitator has hired Jodi Adolf and Bruce Baty with the law firm Norton Rose Fulbright US LLP, to act as Special Deputy Receivers to oversee daily operations. Adolf and Baty will utilize their expertise and the expertise of consultants and the staff already in place to continue uninterrupted customer service.

Q. Will my claims be paid?

A. Yes, within policy limits. The Rehabilitation Order imposes a moratorium on the payment by Key of any claim in an amount that exceeds the policy limits of the applicable policy. In other words, Key may only pay claims within policy limits.

Q. What happens to my policy?

A. Your policy will continue in force while Key is in rehabilitation, but the Rehabilitation Order prohibits Key from renewing policies. You should contact your agent to find replacement coverage with another insurance carrier.

Q. Will my agent remain appointed by Key?

A. All existing agent appointments have been terminated. Agents will still have administrative access to their client's contract information to assist with client needs.

Q. Is Key in receivership or liquidation? What is the difference?

A. Key is in rehabilitation, which is a form of insurance receivership. Rehabilitation is a court ordered safeguard used to extend protections that are not available to insurance companies within the normal course of business.

Rehabilitation is a statutory process to try and revitalize insurance companies and eliminate the reasons for a court ordered receivership.

The purpose of rehabilitation is to revitalize Key and avoid liquidation for the protection of policyholders. However, if the rehabilitation is, for any reason unsuccessful, then Key would be placed into Court ordered liquidation.

Key is not in liquidation, which is a different form of receivership. If the rehabilitation is, for some reason, not successful, then Key would be placed into Court ordered liquidation.

Q. Will I receive notification regarding change in status of the rehabilitation?

A. Notice regarding a change in status of the rehabilitation will be posted on Key's and the Department's websites in the event of a change of Key's status.

Q. What is the success rate of insurance rehabilitation?

A. Each insurance rehabilitation is unique. Success depends on working out the unique problems of the particular company in rehabilitation.

Q. Where can I get more information?

A. For further questions, contact Key at (877) 539-4672.

Additional information regarding the Key receivership will be posted from time to time at:

www.keyinsco.com

Dated: March 3, 2025