

FREQUENTLY ASKED QUESTIONS

1. What does it mean when an insurance company is placed in Rehabilitation? (August 29, 2019).

In the case of Physicians Standard Insurance Company (“PSIC”), it means that the Kansas Commissioner of Insurance has provided sufficient evidence to the Shawnee County District Court that the company is in a hazardous financial condition under the Insurers Supervision, Rehabilitation, and Liquidation Act, K.S.A. 40-3605, *et seq.*, and its further transactions of business of business could be harmful to its policyholders, creditors or the public. The Commissioner was named Rehabilitator of PSIC and was given the authority to take actions deemed necessary or appropriate to stabilize and revitalize the financial condition of PSIC.

You can find the Petition for Rehabilitation, the Order of Rehabilitation, letter regarding cancellation of policies and contact information at <https://insurance.kansas.gov/legal-issues/>.

2. I was notified my policy is cancelled effective December 31, 2019, what should I do? (August 29, 2019).

You should immediately reach out to your insurance agent or to another professional liability insurance company to obtain coverage through another insurer. The Department cannot recommend specific companies.

3. I have extended reporting—*i.e.*, tail—coverage, what should I do? (August 29, 2019).

Just like other PSIC policies, your policy coverage will terminate on December 31, 2019. We suggest you reach out to your insurance agent or another company to obtain coverage.

If you received complimentary tail coverage because of your business with Physicians Standard Insurance Company, you will also need to obtain new insurance coverage.

4. Premium Payments (August 29, 2019).

The Kansas Insurance Department (Department) has received several inquiries about how insureds can pay their premium, and when automatic withdrawals of premiums will occur.

If you pay your premium via **check**, you can send your check to:

Physicians Standard Insurance Company
P.O. Box 8627
St. Louis, MO 63126

If you pay your premium via **automatic withdrawal** (such as an ACH transaction initiated by PSIC), please note that the Department is collecting and transitioning bank information at this time in order to compile the necessary information to continue to initiate ACH withdrawals.

Accordingly, if you sent in a check or have payment made via an ACH transaction, but have not seen it reflected in your bank account statement, please know that the Department will process the check and

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initiate ACH withdrawals as soon as possible. Future ACH withdrawals will be done on the schedule previously in place with insureds. Because of the delay in obtaining the necessary information for ACH withdrawals, it is possible you may have two payments drawn within a 30-day period (if payments are made on a monthly basis).

Importantly, if you have attempted to make your premium payment by check or an expected ACH transaction has not occurred, your insurance coverage will continue uninterrupted during the period where payment was not processed by the Department.

5. What is a liquidation? (Added December 1, 2019)

Liquidation is similar to bankruptcy. When the Commissioner of Insurance determine an insurance company cannot be rehabilitated and is insolvent as in the case of PSIC, the Commissioner may petition the Shawnee County District Court for an Order placing the company in Liquidation and appointing the Commissioner as the Liquidator. The Shawnee County District Court granted an Order for Liquidation against Physicians Standard Insurance Company (“PSIC”), effective December 1, 2019. That Order instructed the Liquidator to take or maintain possession of the insurer’s property, conduct the insurer’s business, and take steps to wind up the affairs of the business of the insurer as the Court directs. **You can find a copy of the Petition for Liquidation, Order and other information at <https://insurance.kansas.gov/legal-issues/>.**

6. Why was I sent a notice about the proof of claim process? (Added February 21, 2020)

PSIC records indicate you might have had a business relationship with PSIC. Accordingly, you are a potential creditor and the Liquidator was required to notify you of your right to assert a claim.

7. What is a proof of claim? (Added February 21, 2020)

A proof of claim (“POC”) is a form that a potential creditor fills out to assert any monetary claim against PSIC. This process allows the Liquidator to determine who is a proper creditor and their priority of payment under Kansas law. You can find the proof of claim form at <http://tiny.cc/POCF>.

8. Do I have to fill out and file the proof of claim form? (Added February 21, 2020)

You only have to complete the form if you have a monetary claim against PSIC for obligations incurred prior to the Liquidation date of December 1, 2019. If you do not file a claim by the bar date of May 15, 2020, you will not be eligible to participate in any distribution of PSIC assets.

9. If I believe I am owed a refund for premium paid for my policy to PSIC, what do I do? (Added February 21, 2020)

If you believe you are owed a refund of unearned premium that refund will come from the Guaranty Association of your state of residence. **The Department still recommends filing a proof of claim.** You do not need to file a proof of claim form to receive this refund. But if you believe that your refund

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may not be fully covered by the Guaranty Associations—for example, some state guaranty funds have limits of \$25,000—or if you believe you are owed more than just a refund of unearned premium, then you should file a proof of claim. You can direct any questions you have on the amount of your refund to the Missouri or Kansas Guaranty Associations.

10. What is a Guaranty Association? (Added February 21, 2020)

Guaranty Associations were created by state law to provide protection to policyholders and claimants in the event of a member insurance company's insolvency.

11. Will the Guaranty Association pay my claim in full? (Added February 21, 2020)

Some state insurance guaranty associations have maximum benefit limits. State law establishes these limits and can vary from state to state. You can access more information about specific state guaranty associations at www.ncigf.org.

12. When will my claim be paid? (Added February 21, 2020)

After May 15, 2020, the Liquidator will undertake the process of approving or rejecting claims. After that process, the Liquidator will seek Court approval to begin making distributions to the approved claimants from the assets of the Company. The timeline for this process will depend on the amount of claims received.

On September 22, 2022, the Liquidator sent a letter to all claimants who have filed a POC with the Department. This letter explains the process moving forward for claims being litigated by the Missouri Insurance Guaranty Association and claims which continue to be under review by the Liquidator. This letter provides an undated discussion of the current status of the PSIC Liquidation proceeding and the potential timeline for resolution. You can obtain a copy of the letter here: <https://insurance.ks.gov/documents/department/legal-issues/PSIC-Open-Ltr-Claimants.pdf>.

13. What happens if my claim is denied? (Added February 21, 2020)

Pursuant to K.S.A. 40-3639, written notice will be given to the claimant or their attorney when their claim is denied. Within 60 days of the mailing of that notice, you may file objection with the Liquidator. If the Liquidator still denies the claim, the Liquidator shall ask the court for a hearing as soon as practicable and give notice to the claimant or their attorney. Then, the Court or a court-appointed referee will submit findings of fact along with a recommendation.

14. Can I contact the Department or Liquidator to get advice? (Added February 21, 2020)

The Department and Liquidator will try to provide as much as help as possible during this process, but the Department and Liquidator cannot give you legal advice. If you need legal advice, you should contact a private attorney.

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15. How can I get a Loss Run Reports? (Updated April 23, 2021)

Pursuant to a court order dated April 16, 2021, the Kansas Insurance Department has discontinued providing loss run reports, claim history reports and credentialing verification reports for Physicians Standard Insurance Company.

All coverage of PSIC insureds ceased on December 31, 2019.

You can find the Order on Liquidator's Motion for Approval of Fees and to Discontinue Providing Loss Runs, Claims History Reports and Credentials on the Department website at <https://insurance.kansas.gov/legal-issues/>.

16. Where can I get more information?

You can find copies of various orders filed in the liquidation, communications with policyholders and claimants and status filings with the reports filed with the court in the Liquidation proceeding on the Department's website at <https://insurance.kansas.gov/legal-issues/>.

You can also send inquiries to kdoi.psic@ks.gov.