

Update to Frequently Asked Questions

February 21, 2020

1. What is a liquidation?

Liquidation is similar to bankruptcy. When an insurance company is insolvent, the Kansas Insurance Department may petition the Shawnee County District Court for an Order appointing the Kansas Insurance 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 instructs 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 order and other information at <https://www.ksinsurance.org/department/LegalIssues/PSIC-Rehabilitation.php>.

2. What is a proof of claim?

A proof of claim 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>.

3. Why was I sent a notice about the proof of claim process?

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.

4. Do I have to fill out and file the proof of claim form?

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.

5. I am owed a refund for premium I paid to PSIC, what do I do?

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 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.

6. What is a Guaranty Association?

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

7. Will the Guaranty Association pay my claim in full?

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.

8. When will my claim be paid?

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.

9. What happens if my claim is denied?

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.

10. Can I contact the Department or Liquidator to get advice?

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.

11. Where can I get more information?

You can find the Order of Liquidation, other FAQs, and contact information at <https://www.ksinsurance.org/department/LegalIssues/PSIC-Rehabilitation.php>.

The Shawnee County District Court also has case information at <https://public.shawneecourt.org/PublicA/access/?agent=69396462&hu=143920>