STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OREGON

In the Matter of the Certificate of Authority of MutualAid eXchange dba MAX INSURANCE COMPANY, Overland Park, Kansas	)))	SUSPENSION ORDER Case No. INS-FR 23-08-012

INTRODUCTION

The Insurance Commissioner of the State of Oregon (Commissioner) hereby issues a Suspension Order to MutualAid eXchange dba MAX INSURANCE COMPANY (MAX) under Oregon Revised Statutes (ORS) 731.256 and 731.418 because the Commissioner has reason to believe the following:

FINDINGS OF FACT

Since December 20, 2017, MAX, a Kansas corporation, has been issued a certificate of authority pursuant to ORS 731.402. It is currently authorized to transact Property, Casualty (excluding Workers Compensation), Marine and Transportation insurance within the state of Oregon.

On or about August 22, 2023, at the request of the Kansas Commissioner of Insurance, the Shawnee County District Court issued an order, SN-2023-CV-000494, placing MAX into liquidation.

Liquidation is a form of delinquency proceeding. Pursuant to ORS 731.418(2), without advance notice of a hearing thereon, the Commissioner may suspend immediately the certificate of authority of any insurer as to which proceedings for receivership, conservatorship, rehabilitation, or other delinquency proceedings, have been commenced in any state by the public insurance supervisory official of such state.

ULTIMATE FINDINGS OF FACT

The insurance supervisory official of the state of Kansas commenced a delinquency proceeding against MAX.

CONCLUSIONS OF LAW

The Commissioner may suspend MAX's Oregon certificate of authority without a hearing under

731.418 (2).

ORDER

Pursuant to ORS 731.418(2), the Oregon certificate of authority issued to MAX is suspended. The period of suspension shall be continuous from the date of this order until rescinded by further written order of the Commissioner, pursuant to ORS 731.426(1). Pursuant to ORS 731.426(2), during the period of suspension, MAX shall not solicit or issue new policies of insurance in this state or assume any Oregon risk. During the period of suspension, MAX shall also not issue renewal policies in this state. MAX shall file its annual financial statement and pay any fees and taxes required to be paid. MAX shall service any existing policies of insurance issued to persons residing in Oregon in accordance with Oregon Law.

Pursuant to ORS 731.422(2), the authority of all producers to represent MAX within the state of Oregon is also suspended. The period of suspension shall be for the same period that the certificate of authority issued to MAX is suspended. During the period of suspension, a producer may represent MAX only to the extent that MAX may service any existing policies of insurance issued to persons residing in Oregon and that MAX has authorized the producer to represent it.

MAX is hereby ordered to provide a copy of this suspension order to all appointed producers within 14 days of the date of this order. The company shall provide to the Commissioner within 21 days from the date of this order an affidavit certifying that notice to appointed producers has been provided.

Issued the 6th day of ~~August~~ September, 2023. TK

TK Keen
Administrator
Division of Financial Regulation

NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING

As provided by the Oregon Administrative Procedures Act, ORS Chapter 183, any person affected by the foregoing is entitled to a formal contested case hearing before an Administrative Law Judge assigned by the Office of Administrative Hearings.

In accordance with ORS 183.415, ORS 183.745 and 731.240, a party must file a written request for a contested case hearing within 21 days from the date the order was served personally, or served by registered or certified mail. An order that is served by registered or certified mail is complete and effective on the date it is mailed to the correct address, even if it is not received by the person to be notified or if that person fails or refuses to accept service of the order.

A written hearing request should be directed to:

Department of Consumer and Business Services
Division of Financial Regulation
350 Winter Street NE, Room 410
Salem, OR 97301-3881
Attn: Dorothy Bean
Dorothy.bean@oregon.gov

In accordance with OAR 137-003-0550(1), a party that is a natural person may submit a hearing request without the assistance of an attorney.

In accordance with OAR 137-003-0550(2)-(4), subject to exceptions, any hearing request that is submitted on behalf of a corporation, partnership, limited liability company, unincorporated association, trust, or governmental body by a person that is not licensed to practice law in Oregon must be ratified, in writing, by a person that is allowed to practice law in Oregon within 28 days from the day the hearing request was received by the Director. In that circumstance, the filing date will be the date the hearing request was received, not the ratification date. A hearing request that is not properly ratified is invalid.

Any party that validly requests a hearing will be notified of the time and place of the hearing. If a party does request a hearing, additional information regarding rights of the party will be provided prior to the hearing. A legal aid organization may be able to assist a party with limited financial resources.

The Director may enter a final order by default against any party that: 1) does not file a request a hearing within 21 days from the date the order was served; 2) files a hearing request, but does not timely ratify it (if required); 3) withdraws the request for a hearing; or, 4) notifies the Director of the Department of Consumer and Business Services or the Administrative Law Judge that they will not appear, or fails to appear, at the scheduled hearing.

Under ORS 183.415, in the absence of a timely demand for a hearing, no person shall be entitled to judicial review of the order.

STATEMENT OF REASONABLE ACCOMMODATION

All proceedings will be conducted in a wheelchair accessible location. Written materials may be provided and/or graphic displays may be presented during the proceeding. For any other accommodation needed by individuals due to a disability, please contact the agency staff member noted below.

AGENCY CONTACT INFORMATION

Questions concerning the issues raised in this Order or Notice may be directed to Dorothy Bean, Oregon Department of Consumer and Business Services, Division of Financial Regulation, telephone 503-947-7485, email dorothy.bean@oregon.gov

NOTICE TO ACTIVE DUTY SERVICEMEMBERS

Active duty Servicemembers have a right to stay these proceedings under the federal Servicemembers Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 503-584-3571 or the nearest United States Armed Forces Legal Assistance Office through http://legalassistance.law.af.mil. The Oregon Military Department does not have a toll free telephone number.

ELECTRONICALLY FILED
2023 Aug 22 AM 10:35
CLERK OF THE SHAWNEE COUNTY DISTRICT COURT
CASE NUMBER: SN-2023-CV-000494
PII COMPLIANT

Court: Shawnee County District Court

Case Number: SN-2023-CV-000494

Case Title: Vicki Schmidt Commissioner of Insurance
vs.
MutualAid eXchange

Type: Final Order and Judgment of Liquidation of MutualAid Exchange

SO ORDERED.



/s/ Honorable Jay Befort, District Court Judge

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 15

VICKI SCHMIDT, COMMISSIONER OF INSURANCE, *In her Official Capacity,*	)	
Petitioner,	)	Case No. 2023 CV 494
vs.	)	
MUTUALAID EXCHANGE,	)	
Respondent.	)	

FINAL ORDER AND JUDGMENT OF LIQUIDATION OF MUTUALAID EXCHANGE

Vicki Schmidt, the Kansas Commissioner of Insurance ("Commissioner"), in her capacity as the rehabilitator ("Rehabilitator") of MutualAid eXchange ("MAX") has petitioned the Court for a final order and judgment of liquidation of MAX under the Kansas Insurers Supervision, Rehabilitation, and Liquidation Act ("Act"), K.S.A. 40-3605, *et seq.* The Court, having reviewed the pleadings, exhibits, and presentation of counsel, finds and concludes as follows:

1. **Venue and Jurisdiction.** The Court has jurisdiction and venue is proper under K.S.A. 40-3608(e), 40-3620, and 40-3621.

2. **Grounds for Liquidation Asserted.** Under Kansas law, the Commissioner of Insurance may petition for an order of liquidation of an insurer (a) on "any grounds for an order of rehabilitation" under K.S.A. 40-3616,[1] regardless of whether any such order has been entered;

[1] K.S.A. 40-3616 authorizes the Commissioner to petition for an order of rehabilitation of an insurer "on any one or more of the following": (a) the insurer's transaction of business would be hazardous financially to its policyholders, creditors or the public; (b) embezzlement, wrongful sequestration, or diversion of the insurer's assets, forgery or fraud, or other illegal conduct that would endanger assets in an amount threatening the solvency of the insurer; (c) failure to cooperate with the Commissioner's request for examination of books and records; (d) control of the insurer is in an untrustworthy person; (e) an executive of an insurer refuses to submit to examination under oath and the insurer fails to terminate the affiliation with the executive; (f) the insurer has engaged in certain unauthorized transactions; (g) the insurer or its property is subject to another proceeding such that it may threaten the orderly

(b) when the "insurer is insolvent;" (c) when "the insurer is in such condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors or the public." K.S.A. 40-3621. The Rehabilitator seeks an order of liquidation of MAX on each of the grounds permitted under K.S.A. 40-3621.

3. In this case, the Court has already determined that grounds exist for an order of rehabilitation of MAX because (a) the company's condition is such that the further transaction of business would be hazardous financially to its policyholders, creditors, or the public, and (b) the board of directors of MAX consented to rehabilitation. Accordingly, the Court entered an Order of Rehabilitation of MAX on August 8, 2023.

4. The Court finds that each of the grounds for liquidation under K.S.A. 40-3621 is satisfied based on the evidence presented, as follows.

a. **MAX is Insolvent.** The court hereby finds and declares under K.S.A. 40-3622(c) that MAX is insolvent. Under Kansas law, an insurer is considered insolvent when it is "unable to pay its obligations when they are due, or when its admitted assets do not exceed it liabilities plus the greater of...[a]ny capital and surplus required by law... or the total par of stated value of its authorized and issued capital stock." K.S.A. 40-3607(k)(2)-(3). In making an insolvency determination, the term "liabilities" must include "reserves required by statute or by insurance department general regulations or specific requirements imposed by the commissioner upon a subject company at the time of admission or subsequent thereto." *Id.*

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delinquency proceeding in the state of Kansas; (h) failure to pay certain judgments; or (i) the board of directors of the insurer requests or consents.

b. The Court has reviewed the testimony relating to the financial condition of the company, which reflect that the company is insolvent as defined in K.S.A. 40-3607(k)(2). The Court further notes that no one has offered any evidence or argument contesting this insolvency determination. The determination that MAX is insolvent is sufficient grounds to order liquidation of MAX under K.S.A. 40-3621(b).

c. **The Further Transaction of Business Would be Hazardous to Policyholders, Creditors, and Others.** The Court has reviewed evidence indicating MAX's financial condition, including consistent underwriting losses, lack of reinsurance, and declining surplus poses a hazard to its policyholders, creditors, and others. This is an additional grounds supporting liquidation of MAX.

d. **Consent to Liquidation.** Finally, the Court notes that the Board of Directors of MAX consented to Rehabilitation effective August 7, 2023. Upon the entry of the Rehabilitation Order dated August 8, 2023, the Board of Director's authority was suspended and its power vested in the Rehabilitator. Thus, there is no board of directors to consent or object to liquidation.

5. **Appointment of Liquidator.** The Court appoints Vicki Schmidt, Commissioner of Insurance for the State of Kansas and her successors, as Liquidator of MAX. The Liquidator is directed to take possession of the assets of MAX and to administer such assets under the general supervision of this Court. The Liquidator is hereby vested by operation of law with the title to all of the property, contracts and rights of action, and all of the books and records of

MAX, including its wholly-owned subsidiaries MII Management, Inc. and Max Insurance Agency, Inc., wherever located, as of the entry of this Order.

6. **Authority Granted to Liquidator.** The Liquidator is authorized and empowered to exercise all powers now held or hereafter conferred upon receivers by the laws of this state not inconsistent with the provisions of this act and to do all things permitted by K.S.A. 40-3605, *et seq.*, including, but not limited to, the following:

a. **Appoint a Deputy Liquidator.** The Liquidator may appoint special deputies or deputy liquidators and determine reasonable compensation for any such deputy. Any such deputy shall have all powers of the Liquidator granted by this section and shall serve at the pleasure of the Liquidator.

b. **Retain Employees, Agents, and Professionals.** The Liquidator may consult with and obtain the assistance, services, and advice of employees, agents, and other professionals (e.g., attorneys, actuaries, accountants, appraisers, and insurance consultants) as necessary to assist in the liquidation, and to fix the reasonable compensation of such firms and individuals, with the approval of the Court.

c. **Advisory Committee.** The Liquidator is authorized to appoint an advisory committee of policyholders, claimants or other creditors including guaranty associations should such a committee be deemed necessary in the discretion of the Liquidator. Such committee shall serve at the pleasure of the Liquidator and shall serve without compensation other than reimbursement for personal travel and per diem living expenses.

d. **Management of the Estate.** The Liquidator shall have all the powers of the officers, directors, trustees, managers, and employees, whose authority shall be suspended.

e. **Property.** The Court authorizes and further directs the Liquidator to secure and take possession of all the assets, property, books, records, accounts and other documents of MAX and to administer such assets under the general supervision of this Court. Pursuant to K.S.A. 40-3622(a), the Court hereby vests the Liquidator with the title to all of the property, contracts and rights of action, and all of the books and records of MAX, including its wholly-owned subsidiaries MII Management, Inc. and Max Insurance Agency, Inc., wherever located, as of the entry of this Liquidation Order.

f. **Compensation and Costs.** The Liquidator is authorized to pay reasonable compensation to persons appointed and to defray from the funds or assets of the insurer all expenses of taking possession of, conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and property of the insurer.

g. **Hearings and Subpoenas.** The Liquidator is authorized to hold hearings, to subpoena witnesses to compel their attendance, to administer oaths, to examine any person under oath, and to compel any person to subscribe to testimony of the person after the testimony has been correctly reduced to writing; and in connection therewith to require the production of any books, papers, records or other documents which are relevant to the

inquiry. Such hearings shall be held in accordance with the Kansas administrative procedure act.

h. **Audits.** The Liquidator may audit the books and records of all agents of the insurer insofar as those records relate to the business activities of the insurer.

i. **Debts Owed to MAX.** The Liquidator is authorized to collect all debts and moneys due and claims belonging to the insurer, wherever located, and for this purpose:

    i. To institute timely action in other jurisdictions, in order to forestall garnishment and attachment proceedings against such debts;

    ii. To do such other acts as are necessary or expedient to collect, conserve or protect such insurer's assets or property, including the power to sell, compound, compromise or assign debts for purposes of collection upon reasonable terms and conditions; and

    iii. To pursue any creditor's remedies available to enforce claims.

j. **Sales of Property.** The Liquidator is authorized to conduct public and private sales of the property of the insurer and its wholly-owned subsidiaries; to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon or otherwise dispose of or deal with, any property of the insurer at its market value or upon such terms and conditions as are fair and reasonable; and to execute, acknowledge and deliver any and all deeds, assignments, releases and other instruments necessary or proper to

effectuate any sale of property or other transaction in connection with the liquidation.

k. **Transfer of Policy Obligations.** The Liquidator may use assets of the estate of MAX to transfer policy obligations to a solvent assuming insurer, if the transfer can be arranged without prejudice to applicable priorities under K.S.A. 40-3641, and amendments thereto.

l. **Loans.** The Liquidator may borrow money on the security of MAX's assets or without security and execute and deliver all documents necessary to that transaction for the purpose of facilitating the liquidation. Any such funds borrowed may be repaid as an administrative expense and have priority over any other claims in class 1 under the priority of distribution.

m. **Contracts.** The Liquidator is authorized to enter into such contracts as are necessary to carry out the order to liquidate, and to affirm or disavow any contracts to which the insurer is a party, except that no liquidator shall have the power to disavow, reject or repudiate:

    i. Any federal home loan bank security agreement; or

    ii. Any pledge, security, collateral or guarantee agreement or any other similar arrangement or credit enhancement relating to such security agreement.

n. **Claims, Legal Proceedings, and Enforcement of Rights and Defenses.**

    i. The Liquidator is authorized to continue to prosecute and to institute in the name of the insurer or in the Liquidator's name any

and all suits and other legal proceedings, in this state or outside this state, and to abandon the prosecution of unprofitable claims.

ii. The Liquidator is authorized to prosecute any action which may exist on behalf of the creditors, members, policyholders or shareholders of the insurer against any officer of the insurer, or any other person; to assert all defenses available to the insurer as against third persons, including statutes of limitation, statutes of frauds and the defense of usury. A waiver of any defense by the insurer after a petition in liquidation has been filed shall not bind the Liquidator. Whenever a guaranty association or foreign guaranty association has an obligation to defend any suit, the Liquidator shall give precedence to such obligation and may defend only in the absence of a defense by such guaranty associations;

iii. The Liquidator is authorized to exercise and enforce all the rights, remedies and powers of any creditor, shareholder, policyholder or member; including any power to avoid any transfer or lien that may be given by the general law and that is not included with K.S.A. 40-3629 through 40-3631, and amendments thereto;

iv. The Liquidator is authorized to intervene in any proceeding wherever instituted that might lead to the appointment of a receiver or trustee, and to act as the receiver or trustee whenever the appointment is offered.

o. **Removal and Access to MAX's Books, Records, and Property.** The Liquidator is authorized to remove any or all records and property of the insurer to the offices of the Commissioner or to such other place as may be convenient for the purposes of efficient and orderly execution of the liquidation. Guaranty associations and foreign guaranty associations shall have such reasonable access to the records of the insurer as is necessary for them to carry out their statutory obligations.

p. **Bank Accounts.** The Liquidator is authorized to deposit in one or more banks in this state such sums as are required for meeting current administration expenses and dividend distributions;

q. **Investments.** The Liquidator is authorized to invest all sums not currently needed, unless the Court orders otherwise.

r. **Deeds and Other Recorded Items.** The Liquidator is authorized to file any necessary documents for record in the office of any register of deeds or record office in this state or elsewhere where property of the insurer is located.

s. **Coordination with Other Regulators.** The Liquidator may enter into agreements with any receiver or commissioner of any other state relating to the rehabilitation, liquidation, conservation or dissolution of an insurer doing business in both states.

7. **Permanent Injunction and Prohibition Against Former MAX Affiliated Individuals and Entities.**

a. **Directors, Officers, Employees, and Agents.** The Court directs and specifically orders that all officers, directors, employees, or agents of MAX, or any other persons with authority over or in charge of any segment of MAX's affairs, are to cooperate with the Liquidator or her designee and must make available and promptly disclose to the Liquidator or her designee the nature, amount, and location of MAX's property, and immediately surrender all such property to the Liquidator or her designee.

b. The Court prohibits all officers, directors, employees, or agents of MAX, individually or through any of their affiliated business entities, from the following:

   i. Disposing, using, transferring, wasting, removing or concealing any property of MAX, without the express written authority of the Liquidator;

   ii. Doing, operating, or conducting MAX's business or exercising any direction, control, or influence over MAX's business, except through authority of the Liquidator or her designee;

   iii. Using, releasing, transferring, selling, assigning, cancelling, hypothecating, withdrawing, allowing to be withdrawn, offsetting, asserting ownership of, concealing, in any manner, or removing from this Court's jurisdiction any of MAX's property, wherever located, except through the authority of the Liquidator or her designee;

iv. Releasing, transferring, selling, assigning, or asserting ownership, in any manner, any claim, account receivable, or cause of action belonging to MAX, whether asserted or not, except through the authority of the Liquidator or her designee;

v. Obstructing or interfering in any way, directly or indirectly, with the Liquidator's access to MAX's property, or any other property, books, documents, records, or other materials concerning MAX's business, under whatever name they may be found;

vi. Obstructing or interfering in any way, directly or indirectly, with the conduct of this proceeding or any related proceeding.

c. **Financial Institutions.** The Court prohibits any bank, savings and loan association or other financial institution or other legal entity from disposing of, allowing to be withdrawn, or concealing in any manner any property or assets of MAX, except under the express authorization of the Liquidator or by the further order of this Court.

8. To insure the prompt and efficient administration of this estate, the Court clarifies that if the Liquidator requests any party, wherever located, to voluntarily surrender and/or turnover property or books or records of MAX and such party refuses to do so, then such party shall be deemed to be in violation of this Order. To avoid violating this Order, a party who believes it is entitled to the property in question must promptly turn it over to the Liquidator upon request where it will be deemed to be held in trust by the Liquidator. Within thirty (30) days of such turnover, the party must then seek relief from this Court for a determination as to whom the property rightly belongs.

9. **Automatic Injunction and Stay of All Actions.** The Court immediately enjoins and stays all actions against MAX, whether at law, equity or arbitration and wherever pending or located, including, but not limited to, any of the following actions:

a. The commencement or continuation of any judicial, administrative, arbitration or other action or proceeding against MAX, either before or after the commencement of this action;

b. The enforcement, against MAX or its property, of a judgment obtained before the commencement of this case;

c. Any act to obtain possession of property (including, but not limited to, real property, personal property and intangible property such as lien rights) of MAX or to exercise control over property of MAX;

d. Any act to create, perfect or enforce any lien against property of MAX;

e. Any act to avoid, void, invalidate, impair, destroy or otherwise alter (i) any lien (whether contractual or statutory), security interest, mortgage or deed of trust of MAX in any real or personal property which secures any indebtedness owed to MAX, or (ii) the proceeds of the sale of any real or personal property in which any lien, security interest, mortgage or deed of trust transferred or attached by operation of law or court order to any indebtedness owed to MAX;

f. Any act to create, perfect or enforce against property of MAX any lien to the extent that such lien secures a claim that arose before the commencement of this case;

g. Any act to collect, assess, or recover a claim against MAX that arose before the commencement of this case; and

h. The setoff of any debt owing to MAX that arose before the commencement of this case against any claim against MAX.

10. The Court notes that, pursuant to the Act (which has been adopted by Kansas and many other states), the courts of other states shall give full faith and credit to injunctions against the liquidator or the debtor insurance company or the continuation of existing actions against the liquidator or the insurance company. See, *e.g.*, K.S.A. § 40-3627(a). The Court understands that the courts of other states shall honor these statutory requirements.

11. In addition to the injunction set forth above, the Court orders that, to the extent allowed by applicable law, all actions (including law, equity or arbitration) wherever located that are pending against MAX or which implicate any property interest of MAX shall be transferred to this Court for further adjudication. The Liquidator is directed to inform all state, federal, administrative or other arbitral tribunals presently overseeing any actions against MAX of this Order and seek to transfer such matter to this Court as allowed by applicable law.

12. This Liquidation Order shall be liberally and broadly construed to the fullest extent allowed by state and federal law and provides that the enumeration of the powers and authority of the Liquidator shall not be construed as a limitation upon the Liquidator, nor shall it exclude in any manner the right to do such other acts not specifically enumerated or otherwise provided for, as may be necessary or appropriate for the accomplishment of or in aid of the purpose of the liquidation. Furthermore, the Liquidator shall be authorized and empowered to take whatever additional actions are deemed necessary to accomplish the full and complete liquidation of MAX.

13. Notwithstanding the powers of the Liquidator as set forth above, the Liquidator shall have no obligation to defend claims or to continue to defend claims subsequent to the entry of a Liquidation Order.

14. **Accounting.** Pursuant to K.S.A. 40-3622(d), the Liquidator shall provide on a semi-annual basis an accounting/report to the Court with the first report being due six-months from the date of this Liquidation Order.

15. **Notice and Bar Date.** Pursuant to K.S.A. 40-3626, the Liquidator is directed to give notice of this Liquidation Order as soon as reasonably possible to the parties specified therein, with a claim deadline ("Bar Date") of **August 23, 2024**. The *Notice of Liquidation of Insurer & Deadline to File Proof of Claim* attached hereto as Exhibit A and the *Notice of Liquidation- Policyholders of MutualAid eXchange*, attached hereto as Exhibit B are approved for use.

16. **Effective Date of this Order.** In order to provide clarity regarding the date of termination of coverage as addressed below in Section 17 ("Continuation of Coverage"), the effective date of this Final Order and Judgment of Liquidation shall be **August 22, 2023** (the "Effective Date").

17. **Continuation of Coverage.** Pursuant to K.S.A. 40-3623, all policies and insurance contracts issued by MAX in effect at the time of the Effective Date of this Order, shall continue in force only until the earlier of any of the following:

a. A period of 30 days from the date of entry of this Final Order and Judgment of Liquidation of MAX;

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; or

d. The Liquidator has effected a transfer of the policy obligation pursuant to K.S.A. 40-3625(a)(9)

18. **Final Judgment.** This is a final judgment subject to an immediate right of appeal, except that this Court shall retain jurisdiction to issue further orders pursuant to the Act that may be necessary during any appeal, including ,but not limited to, an appeal pendency plan pursuant to K.S.A. 40-3622(e)(1).

19. This Court shall have exclusive jurisdiction over this proceeding or relief relating to this proceeding pursuant to the Act, and of MAX's property, wherever located.

It is so ordered.

This Order is effective as of the date and time shown on the electronic file stamp.

Prepared by:

/s/Justin L. McFarland
Justin L. McFarland, KS#24247
Philip R. Michael KS#26072
Kansas Insurance Department
1300 SW Arrowhead Road
Topeka, KS 66604
785-296-7847
785-338-0959 (cell)
Justin.L.McFarland@ks.gov
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ATTORNEYS FOR PETITIONER

EXHIBIT A

IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 15

VICKI SCHMIDT, COMMISSIONER OF INSURANCE, *In her Official Capacity,* Petitioner,	)	Case No. 2023 CV 494
vs.	)	
MUTUALAID EXCHANGE, Respondent.	)	

NOTICE OF LIQUIDATION OF INSURER &
DEADLINE TO FILE PROOF OF CLAIM

TO ALL CLAIMANTS HAVING CLAIMS AGAINST THE RECEIVERSHIP ESTATE OF MUTUALAID EXCHANGE.

PLEASE REVIEW THIS NOTICE CAREFULLY, AS IT SETS OUT IMPORTANT INFORMATION CONCERNING YOUR RIGHTS AND RESPONSIBILITIES AS A POTENTIAL CLAIMANT.

Please take note that on August 22, 2023, the District Court of Shawnee County, Kansas, Judge Befort presiding, ordered that MutualAid eXchange ("MAX") be liquidated and that all remaining distributable assets of MAX be distributed to approved claimants of record.

The records of MAX indicate that you may have a claim against MAX. You may print a Proof of Claim at www.maxinsurance.com. Alternatively, you may request a Proof of Claim by contacting the Special Deputy Receiver at the phone number and address below. **Please read the instructions carefully and complete a Proof of Claim if you believe you have a claim. Failure to fully complete the Proof of Claim and to submit supporting documents, narratives, exhibits or evidence could result in your claim being denied.**

THE DEADLINE FOR SUBMITTING YOUR PROOF OF CLAIM IS **August 23, 2024**. If you wish to have an opportunity to share in the distribution of the available liquidated assets, **your Proof of Claim must be postmarked by August 23, 2024.** Proofs of Claim postmarked after **August 23, 2024** will be considered "late-filed." Late-filed claims will in all likelihood receive no distribution, given the insolvent financial position of MAX.

Proofs of Claim, questions and other requests for information should be submitted to:

MutualAid eXchange in Liquidation
Special Deputy Receiver
9225 Indian Creek Parkway, Suite 840
Overland Park, Kansas 66210
Telephone: 800-xxx-xxxx
MAXLiquidation@maxinsurance.com

BY ORDER OF THE COURT

Jodi M. Adolf, Special Deputy Receiver
Bruce E. Baty, Special Deputy Receiver
MutualAid eXchange in Liquidation

Exhibit B

NOTICE OF LIQUIDATION - POLICYHOLDERS of MUTUALAID EXCHANGE ("MAX")

Schmidt v. MutualAid eXchange, Case No. 2023 CV 494,
District Court of Shawnee County, Kansas

To: policyholders and subscribers who may have claims against MAX:

On August 22, 2023, a Judgment, Decree and Order of Liquidation with Finding of Insolvency (the "Judgment") was entered against MAX, by the District Court of Shawnee County, Kansas (the "Court") in Case No. 2023 CV 494.

The Judgment found MAX to be insolvent, terminated the rehabilitation proceedings concerning MAX that had been pending since August 8, 2023, and appointed Vicki Schmidt, the Kansas Commissioner of Insurance, as Liquidator of MAX and Jodi M. Adolf and Bruce E. Baty as Special Deputy Receivers of MAX. The Liquidator was directed to take possession of the property, books, records and assets of MAX and to administer them under the supervision of the Court. The Liquidator is vested by operation of law with title to all of the property, contracts and rights of action, and all books and records of MAX, wherever located, and all other authority granted to the Liquidator under the Kansas Insurers Supervision, Rehabilitation and Liquidation Act, K.S.A. 40-3605 *et seq*. A copy of the Judgment can be found at the website: www.maxinsurance.com.

Consistent with K.S.A. 40-3627, the Judgment enjoins the commencement, prosecution or further prosecution of any suit, action or other proceeding against or involving MAX, its property or assets, the Liquidator or its former Rehabilitator, other than claims asserted as part of the Liquidation proceeding.

Policy Cancellation

Pursuant to the Liquidation Order and K.S.A. 40-3623, all policies in effect at the time of issuance of an order of liquidation shall be cancelled the sooner of (1) **30 days from the date of entry of the liquidation orders**, (2) the expiration of the policy coverage, or (3) the date when you have replaced the insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy.

Information as to Guaranty Associations and Coverage

Each state in which MAX was licensed to do business has created a property and casualty guaranty association to provide protection for policyholders and beneficiaries of insolvent insurance companies, like MAX, subject to certain statutory limitations. To the extent your policy is covered by a guaranty association, you may have coverage. Coverage provided by the guaranty associations will be subject to certain statutory caps and limitations applicable to each guaranty association.

Claims Procedure

If you are a MAX policyholder or subscriber and have a claim arising under a MAX policy, those claims will be transferred to the guaranty association of the state of your residence.

Pursuant to the Judgment, policyholders, subscribers and beneficiaries need *not* file a proof of claim for benefits and other amounts due under MAX policies.

If you have any questions regarding this Notice, other matters related to MAX, or the liquidation proceeding, please call 800-xxx-xxxx or write to the address set forth below:

MutualAid eXchange
Attention: Special Deputy Receiver
9225 Indian Creek Parkway, Suite 840
Overland Park, Kansas 66210

BY ORDER OF THE COURT dated August 22, 2023.

Jodi M. Adolf
Bruce E. Baty
Special Deputy Receivers of MutualAid eXchange