PRIMEGUARD INSURANCE COMPANY IN LIQUIDATION
C/O J.P. Schmidt, Liquidator of PrimeGuard Insurance Company
P.O. Box 3614, Honolulu, Hawaii 96811
Toll Free (800) 406-6144 / Website: www.primeguard.hawaii.gov

NOTICE OF LIQUIDATION ORDER AND PROCEDURES FOR FILING CLAIMS IN THE PRIMEGUARD INSURANCE COMPANY LIQUIDATION

IMPORTANT NOTICE

YOUR CLAIM RESPONSE FORM MUST BE RECEIVED BY THE LIQUIDATOR NO LATER THAN NOVEMBER 30, 2006 OR YOU MAY BE BARRED FROM ANY MONETARY DISTRIBUTION FROM THE ESTATE

MAY 18, 2006

Re: J.P. Schmidt vs. PrimeGuard Insurance Company, Inc.;
S.P. No. 05-1-0443 VSM

To All Insurance Commissioners and All Agents, Policyholders and Potential Claimants of PrimeGuard Insurance Company, A Risk Retention Group, and of any PrimeGuard Affiliates, including First Assured Warranty Corporation and 1SourceAutoWarranty.com, Inc.

Pursuant to Haw. Rev. Stat., § 431:15-311, you are hereby provided with the following notice. PrimeGuard Insurance Company, a Risk Retention Group ("PrimeGuard") was licensed by the State of Hawaii Insurance Division as a risk retention captive insurance company. PrimeGuard provided insurance coverage to various companies, including First Assured Warranty Corporation ("First Assured"), 1SourceAutoWarranty.com, Inc. ("1Source"), and WarranteeWise, Inc. ("WaranteeWise"), for their respective obligations arising from automobile service contracts and extended warranties that they sold and issued to consumers and automobile dealers for cars, motorcycles and other vehicles.

On December 19, 2005, the Circuit Court of the First Circuit, State of Hawaii, issued an Order of Liquidation of PrimeGuard. The court declared PrimeGuard insolvent as defined in the Hawaii Liquidation Act. The court further appointed the Insurance Commissioner of the State of Hawaii, J.P. Schmidt, and his successors in office, as Liquidator and ordered him to take possession and title of all of PrimeGuard's assets and liquidate PrimeGuard in accordance with the Hawaii Liquidation Act under the general supervision of the court. The Liquidator is seeking to add First Assured and 1Source into the Liquidation Proceedings so that claims of all creditors of PrimeGuard, First Assured and 1Source can be addressed in the same proceeding.

Information concerning the liquidation of PrimeGuard, as well as a copy of the Liquidation Order, may be obtained from the Hawaii Insurance Division's website noted above. Pursuant to the Liquidation Order, all warranty contracts insured by PrimeGuard are ordered cancelled the earlier of: (1) a period of thirty days from the date of the entry of the Liquidation Order; (2) the expiration of the warranty contract; or (3) the date when the warranty contract holder has replaced the warranty contract with an equivalent warranty contract or otherwise terminated by the warranty contract.

In addition to the foregoing, enclosed with this Notice is a Claim Response Form and Instructions on completing the form. Please read the Instructions carefully and complete the Claim Response Form. You will also be required to provide the Liquidator with documentation to support your claim. Keep a copy of the all documents submitted to the Liquidator for your files. Please be aware that all Claim Response Forms along with all supporting documents must be received by the Liquidator no later than **NOVEMBER 30, 2006**. If you fail to file your Claim Response Form with all supporting documents with the Liquidator by the stated deadline, you may be forever barred from receiving any monetary distribution for your claim from the PrimeGuard Estate.

EVEN IF YOU HAVE PREVIOUSLY CONTACTED THE LIQUIDATOR'S OFFICE OR INSURANCE COMMISSIONER'S OFFICE AND BELIEVE THAT YOU HAVE ALREADY SUBMITTED A CLAIM, THE LIQUIDATOR MUST RECEIVE YOUR ENCLOSED CLAIM RESPONSE FORM WITH ALL SUPPORTING DOCUMENTS BY THE STATED DEADLINE TO BE ELIGIBLE TO RECEIVE A DISTRIBUTION OF THE PRIMEGUARD ESTATE.

Pursuant to Haw. Rev. Stat., § 431:15-329(b), if your claim is denied by the Liquidator, in whole or in part, you will be issued a Notice of Determination informing you of the denial and will be given an opportunity to object to the Liquidator's determination within 60 days from the mailing of the Notice of Determination. If you fail to object to the Liquidator's Notice of Determination, you may not further object. If an objection is timely filed, and the Liquidator's Determination is not altered, the Liquidator may request that the court decide the matter or appoint a referee to decide the matter.

At the moment, PrimeGuard does not possess sufficient assets to pay all of the anticipated claims. Any additional monies to pay claims will have to come from available insurance policies and/or lawsuits / settlements with other individuals or entities. Because litigation is time-consuming and uncertain, the Liquidator cannot predict what assets will be available to pay claims. Therefore, the Liquidator cannot, at this point, make any assurances as to when or how much of a distribution will be made to any claimant.

Because you are not a named party in the above-referenced liquidation but only a potential claimant, various motions, papers, notices and other documents filed in the liquidation proceedings are not required to be served on you under Hawaii's Liquidation Act. With over 40,000 potential claimants, the costs of providing copies of various court

documents to each claimant will significantly deplete PrimeGuard's remaining assets. Despite this, the Liquidator recognizes that certain developments in the liquidation may be of interest to claimants. As a result, the Liquidator, at his sole discretion, may provide you with notice of a filed pleading in the liquidation in one of the following manners: (1) by posting a Notice of Filed Pleading on the PrimeGuard Estate website: www.primeguard.hawaii.gov; (2) by transmitting the Notice of Filed Pleading via email; OR (3) by U.S. First Class Mail. The Liquidator's Notice of Filed Pleading will provide you with a summary of the filed document and permit you an opportunity to receive a copy of the document and voice your position, if any. Therefore, it is important for you to often check the PrimeGuard website for any updates.

However, if a particular document filed in the liquidation pertains to you specifically, as opposed to a class of claimants generally, you will be provided with notice and service of that particular document.

The Liquidator appreciates your patience as the liquidation process may take several years to conclude. Above all, the Liquidator and his staff will do everything possible to insure that all those affected by the liquidation of PrimeGuard will be treated fairly and equally in accordance with the Hawaii Liquidation Act.

J.P. Schmidt, Liquidator
PrimeGuard Insurance Company