

INTREPID INSURANCE COMPANY

The Intrepid Insurance Company (IIC) was domiciled and licensed in West Virginia as an aviation and ocean marine insurer in late 1988. Although, it was licensed only in West Virginia, it wrote coverage (Ocean Marine, Yacht and Aviation) in almost all other states, but there were no policyholders in West Virginia. Under the lines Intrepid was licensed to write, they erroneously included small airport liability, hot air balloons, small fishing boats, ski boats, etc., all lines that were not authorized under their Certificate of Authority. Since IIC was not licensed in any state other than West Virginia, no guaranty fund coverage was available to the policyholders and claimants. Intrepid maintained a nominal office in Martinsburg, West Virginia, but their primary office was in North Carolina in the offices of their managing general agent.

On January 11, 1991, the Insurance Commissioner of the State of West Virginia placed Intrepid into Administrative Supervision pursuant to the West Virginia Insurance Code. The Administrative Supervision Order was entered immediately after a director of Intrepid informed the Insurance Commissioner that assets of the Company were being diverted to other officers, directors, and shareholders.

The Kanawha County Circuit Court, on January 24, 1991, appointed the Insurance Commissioner as Receiver and placed IIC in Rehabilitation. The board of directors of IIC unanimously consented to the Order of Rehabilitation. At the date of the Administration Supervision Order, the company's only assets were approximately \$20,000 in unencumbered cash and reinsurance recoverable from a known fraudulent off-shore reinsurer.

As a result of the findings contained in the Insurance Department's Final Report of Examination, on March 13, 1991, the Receiver applied to the Court for an Order of Liquidation and Injunction, which was issued by the Court on March 14, 1991. The Order of Liquidation was essentially a joint liquidation, directed to North American Insurance Managers, Inc. (NAIM), as well as IIC. NAIM was a North Carolina domiciled insurance agency that operated as exclusive managing agent for IIC. The two company's affairs, ownership and operations were so intertwined that the Court found NAIM and IIC to be one in the same. The Receiver located and recovered certain assets belonging to the insurer and sold the mailing list of policyholders to another legitimate insurer. Some of the shareholders and officers of IIC were later indicated and convicted on federal fraud charges relating to some of their other insurance operations.

The Receiver completed the adjudication or settlement of all Class II (former employees) and Class III (policyholder claims) in the Estate. The Receiver requested that the remaining claim objections be referred to a Court-appointed referee for resolution. On February 23, 1999, the Receivership Court appointed a Special Commissioner to hear the outstanding disputed claims. On March 3, 1999, a hearing was scheduled before the Special Commissioner on every pending objection. On February 28, 2000, the Special Commissioner made recommended decisions on the outstanding claim objections. The Receiver, as directed by the Receivership Court, advised each objecting claimant of the recommendations. On August 17, 2000, a hearing was held on the two objections to the Special Commissioner's recommended orders and the Receivership Court adopted the recommendations. No appeals were filed from these orders dated September 1, 2000.

On May 1, 2001, the Receiver filed an "Application of Receiver for Approval of Receiver's Recommendations with Respect to Determination of Class III claims and for Authority to make Distribution." The Receivership Court approved \$588,370.17 in recommended Class III claims and granted authority to pay each Class III claimant 60.50% of their approved claim amount as the first and final

distribution from the assets of the Estate. The Receivership Court entered its Order approving the requested distribution and the Receiver issued checks totaling \$355,964.03 to all approved claimants on September 7, 2001.

The Receiver made a diligent effort to locate updated addresses for all claimants whose distribution checks were returned due to a bad address, and reissued checks where appropriate. In December 2002, a Final Report on Operations and Motion for Order Approving Final Account and Dissolution of Corporation Existence; Disposition of Assets and Records and Final Discharge of Receiver were filed with the Receivership Court. The Receivership Court approved the application in an order entered March 7, 2003. All uncashed checks were escheated with the West Virginia State Treasurer.

Questions and Answers:

Question: Can I have an old Intrepid (outdated or account closed) check reissued?

All checks of the Intrepid Estate that were issued and remained uncashed have been escheated to the West Virginia State Treasurer as unclaimed property. If a party believes they were due money from the Intrepid Estate and never received and cashed (or lost) their check, then they should contact the West Virginia State Treasurer (see <http://www.wvsto.com>).