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Missouri insurance regulators put Florida-based Lumbermen's Underwriting Alliance into rehabilitation

Jefferson City, Mo. - A judge recently placed a Florida-based insurance company into rehabilitation and turned it over to regulators at the Missouri Department of Insurance. Department Director John M. Huff has been named receiver of Lumbermen's Underwriting Alliance (LUA), which allows the Director, as receiver, to take over operations of the company.

LUA specializes in providing property and casualty insurance to the forest products industry, generally consisting of lumber and sawmill operations. Over time, LUA expanded its offerings, and therefore its membership, to a broader range of industries and insurance coverages. By 2014, LUA was providing property allied lines, inland marine, earthquake, and workers' compensation coverage to assisted living facilities and the food processing industry, as well as the forest products industry. LUA also issued large deductible workers' compensation plans for professional employer organizations ("PEOs"). Lumbermen's faced financial difficulty when one of its largest PEO insureds, TS Employment, failed to fully fund collateral obligations and filed Chapter 11 bankruptcy. The company, through its attorney-in-fact, U.S. Epperson, consented to the rehabilitation judgment.

Rehabilitation is a legal step taken by the Court to protect policyholders by preserving the company's assets. The Director as the Rehabilitator assumes management of the company, attempts to correct existing problems, continues operations, maintains policyholder accounting and develops a plan of rehabilitation or petitions the Court for liquidation.

With a rehabilitation, the Director's priority will be to process existing claims. Policies will continue pursuant to their terms and conditions. Policyholders must continue making their premium payments to keep their insurance coverage intact. Payments should continue to be sent to LUA.

"Putting Lumbermen's into rehabilitation allows us to ensure the company's assets are handled properly, so that claims are paid as fully as possible," said Huff.

The company had approximately 3,000 policyholders (subscribers) and 6,080 open workers compensation claims with the largest number of claims being in the State of California. Policyholders with questions can call Lumbermen's at (561) 994-1900, the Missouri Department of Insurance Receivership Section at 573-522-6115, or contact the department online at insurance.mo.gov. A list of Frequently Asked Questions pertaining to this rehabilitation may also be found on LUA's Web site, www.lumbermensunderwriting.com/.

About the Missouri Department of Insurance, Financial Institutions & Professional Registration

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