

QUANTA

May 17, 2005

Via Certified Mail- R.R.R
Workers' Compensation Court
1625 Eleventh Avenue
Helena, MT 59624

FILED

MAY 31 2005

OFFICE OF
WORKERS' COMPENSATION JUDGE
HELENA, MONTANA

RE: Caption: Flynn and Miller vs. Montana State Fund
Docket #: WCC No. 2000-0222

Dear Sir/Madam:

Quanta Indemnity Company ("Quanta") is in receipt of the Summons, filed on May 4, 2005, issued to numerous insurers and self-insurers, including Quanta. Pursuant to Paragraph 4 of the Summons, Quanta disputes the entitlement of claimants allegedly insured by it to additional benefits under the Flynn decision. The remainder of this letter sets forth the reasons for Quanta's position.

Quanta is a specialty lines insurer that does not write, nor has ever written, any workers' compensation coverage. Quanta was formed on December 22, 2003, when its parent company, Quanta U.S. Holdings Inc., completed the acquisition of all the outstanding capital stock of National Farmers Union Standard Insurance Company ("NFU Standard"), a Colorado domestic insurance company. All of the existing business, renewals and liabilities of the acquired company were retained by National Farmers Union Property Casualty Company ("NFU Property"), the parent company of NFU Standard. Concurrent with the close of the transaction, NFU Standard was renamed Quanta Indemnity Company.

Therefore, because Quanta Indemnity Company does not write, and has never written any workers' compensation policies, and furthermore, because the liabilities for any workers' compensation policies written by NFU Standard are retained by NFU Property, Quanta maintains that it can have no liability to anyone for anything related to workers' compensation coverage.

Thank you for your attention to this. If you have any questions or comments about this matter, please feel free to contact the undersigned at (212) 373-1828.

Very truly yours,


Barry Gerstein