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Circular to Group Members

September 4, 2003

Dear Sirs:

**National Warranty Insurance Risk Retention Group (in official liquidation)
("NWIG")**

Update to Insured Members

The purpose of this letter is to provide you with an update on the issues that the joint official liquidators of NWIG ("the JOLs") have been considering since their appointment on August 1, 2003 and to notify you of the JOLs' intention on various significant matters going forward.

Claims Administration Function

1. As you will be aware, in addition to insuring the liabilities of its members ("Insured Members") to holders of vehicle service contracts ("VSC Holders"), NWIG also provided a claims administration service for the vast majority of Insured Members. That service included providing a call centre that would record and process claims information on behalf of the Insured Members. Prior to the appointment of joint provisional liquidators over NWIG, that function also included where applicable authorising the repairs and making payment.
2. As you know, since June 9, 2003 NWIG has ceased to authorise repairs and to pay claims on behalf of its Insured Members. Nonetheless, the function of recording and processing claims information continued throughout the period of NWIG's provisional liquidation. Following the appointment of the JOLs, the benefit of the claims administration process to NWIG's estate has been reviewed in the light of its cost and the feedback that has been received from Insured Members. The JOLs have decided that it is not in the best interests of NWIG's estate for NWIG to continue to record and process claims information on behalf of Insured Members. The JOLs are of the view that Insured Members should seek alternative arrangements for the administration of claims under the vehicle service contracts issued by them, either individually or acting in a group or groups. The JOLs are aware that a number of Insured Members have already made significant progress towards putting such arrangements in place.
3. The JOLs therefore intend to cause NWIG to cease to record and process claims information as soon as possible. We trust that Insured Members will agree that there is no viable alternative. It is intended that callers to the NWIG call centre will hear a brief recorded message that will refer them to NWIG's website for further details. The JOLs invite comments as to how long is reasonably required by Insured Members to put in place alternative arrangements. The JOLs' current intention is that NWIG should cease to record and process claims information at the earliest practicable time, but by the close of business on Friday October 10, 2003 at the latest.





Warranty and Claims Information

4. The JOLs appreciate that the process of putting in place a replacement claims administration procedure will involve Insured Members providing the replacement administrator with details of the relevant warranties and claims information. The JOLs also recognise that this information is currently in the possession of NWIG rather than the Insured Members themselves. The JOLs are of course prepared to provide whatever reasonable assistance is required by Insured Members in order to ensure as smooth a transition as is possible in the circumstances. The JOLs have been advised by their US lawyers that there may be certain legal risks inherent in disseminating details of VSC Holders. The JOLs do not want any such issues to delay the efficient transfer of information from NWIG to Insured Members.
5. In order to assist this process, the JOLs enclose an agreement and ask that those Insured Members requiring such information sign that agreement. If Insured Members have any doubts as to the meaning and effect of the agreement, they should seek separate legal advice. To complete the agreement, Insured Members should write their name in the space provided at the top of the agreement (after the number(3)), sign the agreement where marked "MEMBER/DEALER" on page 3, and return the original to the JOLs as soon as possible with a letter describing the information they require. Insured Members are asked not to date the agreement when they sign it. The JOLs will sign and date the agreement when it is returned to them and copies of the final, dated, agreements will be returned to Insured Members.

VSC Holders and Repairers

6. It has come to the JOLs' attention that certain Insured Members are referring VSC Holders to NWIG for payment of claims under vehicle service contracts issued by the Insured Members. The JOLs ask Insured Members to cease this practice immediately because it is potentially misleading to the VSC Holders. It also increases the administration costs of the NWIG estate, to the detriment of NWIG's general body of creditors.
7. For the avoidance of any doubt, it is the JOLs' position that the primary obligation to VSC Holders under the vehicle service contracts lies with the issuers of those contracts, ie the Insured Members. Insured Members may also have an obligation to repairers that have undertaken repairs for VSC Holders and are now out of pocket ("Repairers"). The lack of NWIG's ability to honour its obligations to the Insured Members does not alter the fact that the Insured Members have direct liabilities and obligations to VSC Holders and/or Repairers.
8. Insured Members should note that in order to clarify the position, the JOLs intend to post the enclosed statement on NWIG's website as soon as possible. Insured Members are requested to advise the JOLs of the contact telephone number that should be included on the statement in the event that VSC Holders or Repairers have queries in relation to vehicle service contracts.



US Bankruptcy Court

9. On August 19, 2003, Judge Mahoney of the US Bankruptcy Court for the District of Nebraska made permanent the terms of the temporary restraining order granted on June 20, 2003. In short, the effect of that order is that no proceedings may be commenced or continued against NWIG or property involved in the liquidation without the permission of the Grand Court of the Cayman Islands. The order of Judge Mahoney is of considerable assistance to the efficient and orderly winding down of NWIG's affairs by the JOLs, and the distribution of its assets to those entitled to them. It is understood however, that those objecting to that relief have appealed against Judge Mahoney's order.

Liquidation Committee

10. The JOLs are taking steps to establish a liquidation committee to assist the JOLs generally and to act as a sounding board for the JOLs to obtain views pertaining to the liquidation of NWIG. The JOLs are currently liaising with those who have expressed an interest in participating on the committee. If any recipients of this letter are interested in finding out about the duties and responsibilities of committee members, they are invited to contact the JOLs.

Yours faithfully

K.D. Blake
For and on behalf of
G.T.L. Bullmore
Joint Official Liquidator

AGREEMENT FOR RELEASE OF CONTRACT INFORMATION

This Agreement for Release of Contract Information ("Agreement") between (1) National Warranty Insurance Risk Retention Group (in Official Liquidation) ("National Warranty") (2) Simon Lovell Clayton Whicker and George Theodore Lanyon Bullmore of KPMG in the Cayman Islands, the joint official liquidators of National Warranty ("JOLs"), and (3) _____ ("the Member/Dealer") is entered into this day of _____ 2003.

RECITALS

A. The Member/Dealer previously entered into Vehicle Service Contracts ("VSCs") with certain customers ("VSC Holders"), and obtained information from the VSC Holders that could be subject to the Gramm-Leach-Bliley Act;

B. National Warranty contracted with the Member/Dealer to provide administrative services for vehicle service and repair claims under the VSCs;

C. The Member/Dealer obtained certain information from the VSC Holders. The Member/Dealer provided that information to National Warranty to facilitate National Warranty's performance of administrative services on behalf of the Member/Dealer under the VSC;

D. National Warranty may have, as a result of its performance of administrative services on behalf of the Member/Dealer, gathered and generated additional information relating to various VSCs and VSC Holders;

E. National Warranty is now in official liquidation by Order of the Grand Court of the Cayman Islands and is no longer performing administrative services on behalf of the Member/Dealer; and

F. The Member/Dealer now desires to obtain from National Warranty all information relating to the VSCs sold by the Member/Dealer in order to provide administrative services relating to those VSCs and, through this Agreement, expressly requests the release by National Warranty of such information.

TERMS AND CONDITIONS

In consideration of the above premises and the promises herein contained, it is hereby agreed as follows:

1. National Warranty shall provide, as soon as practicable and at National Warranty's own cost, to the Member/Dealer all information relating to the VSCs sold by the Member/Dealer, including the information originally obtained from the relevant VSC Holders by the Member/Dealer and transferred to National Warranty, and any additional information that was gathered or generated by

National Warranty through its administration of the VSCs on behalf of the Member/Dealer (collectively "Information").

2. National Warranty shall use reasonable endeavours to identify and compile all such Information for the Member/Dealer as expeditiously as possible, but neither National Warranty nor the JOLs can warrant or guarantee the accuracy or completeness of the Information. The format in which the Information shall be provided to the Member/Dealer shall be in the sole discretion of National Warranty. It is anticipated that National Warranty shall provide the Information in electronic form and in the format readily available to National Warranty. National Warranty assumes no obligation to re-format or otherwise collate the Information to meet any specific requirements of the Member/Dealer.
3. The Member/Dealer acknowledges that some or all of the Information may be subject to the provisions of the Gramm-Leach-Bliley Act (the "Act") and that improper disclosure or release of the Information could result in liability under the Act.
4. The Member/Dealer agrees to maintain the Information in accordance with the Act, to disclose it to any other parties only for the purposes authorized by the Act, and to comply with the Act in every respect with regard to the Information.
5. The Member/Dealer further agrees to indemnify and hold National Warranty, and the JOLs, including their agents, attorneys, employees, members, partners, shareholders, parent and subsidiary corporations, and affiliates (collectively "Indemnitees"), harmless from and defend Indemnitees against any and all claims, damages, costs and expenses, including reasonable attorneys' fees, that might be incurred as a result of National Warranty's disclosure to the Member/Dealer of the Information.
6. The laws of the State of Nebraska shall govern this Agreement.
7. Disputes arising out of this Agreement shall be resolved in the section 304 ancillary proceedings pending in the Nebraska Bankruptcy Court ("the Court") and the parties hereto consent to the jurisdiction of the Court for the purposes of implementing, enforcing and resolving any disputes arising out of this Agreement. The Member/Dealer shall not assert that the JOLs, or either of them, or any of their attorneys have waived the immunity afforded to the JOLs by section 306 of the United States Bankruptcy Code in negotiating or executing this Agreement, or in taking any action hereunder.
8. The undersigned represent that they have read this Agreement, that they understand its terms and provisions, and that they have authority to execute the Agreement on behalf of their respective entities. It is acknowledged that the JOLs are entering into this Agreement as agents of National Warranty and incur no personal liability whatsoever in relation thereto.

National Warranty Insurance Risk Retention
Group (in Official Liquidation) acting by its
Joint Official Liquidators.

By _____

MEMBER/DEALER

By _____

Its _____

S.L.C. WHICKER

By _____

G.T.L. BULLMORE

By _____