

RECEIVED

JAN 03 2022



ATLANTIC SPECIALTY INSURANCE COMPANY

One State Street Plaza, 31st Floor
New York, NY 10004
Intactspecialty.com

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

A Member of Intact Insurance Specialty Solutions

December 30, 2021

BY OVERNIGHT MAIL

Mr. Cody Chambliss
South Dakota Public Utilities Commission
500 E. Capitol Avenue
Pierre, SD 57501

RE: CLAIMANT: State of South Dakota
CLAIM NO: 0AB338475
BOND NO. 800020222 / 962019614
PRINCIPAL: Pipeline Foods, LLC
SURETY: Atlantic Specialty Insurance Company

Dear Mr. Chambliss:

As previously discussed, I have been assigned to handle the claim made by the State of South Dakota ("the State") against the surety bond issued by Atlantic Specialty Insurance Company ("Atlantic") on behalf of its bond principal, Pipeline Foods, LLC ("Pipeline"). The bond is designated as bond no. 800020222 / 962019614 and is in the penal sum of \$50,000.00 ("the Bond"). The Bond was issued to and is made payable to the State in accordance with Chapter 49-45 of the South Dakota Codified Laws.

Pursuant to the State's correspondence of August 12, 2021 and subsequent communications between the State and Atlantic, the State asserts a claim to the full proceeds of the Bond. In support, the State has submitted documentation relating to underlying losses sustained by South Dakota commodities producers, which losses have been verified by Pipeline and which exceed the penal sum of the Bond.

RECEIVED

JAN 03 2022

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

In light of the above, Atlantic honors the State's claim and hereby encloses a check payable to the State of South Dakota in the amount of \$50,000.00. This remittance is submitted to the State subject to the following:

- 1) the State shall use the Bond proceeds for the purpose of compensating commodities producers sustaining a loss due to the default of Pipeline, and Atlantic shall have no duty to allocate the Bond proceeds or administer the underlying claims brought by the commodities producers;
- 2) the State shall provide Atlantic with a final accounting of the application of the Bond proceeds, including identification of specific payees and amounts paid;
- 3) negotiation of the enclosed check shall fully and finally discharge all obligations owed by Atlantic under the Bond; and
- 4) in the event any of the Bond proceeds are not fully disbursed upon the administration of all claims, any such undisbursed Bond proceeds shall be returned to Atlantic.

Should you have any questions regarding this correspondence, please do not hesitate to contact the undersigned directly.

Very truly yours,

James O'Halloran

James O'Halloran

Surety Claims Attorney

T: 312.821.4727

johalloran@intactinsurance.com