

STATE OF VERMONT

SUPERIOR COURT
WASHINGTON UNIT

COMMISSIONER OF THE)
DEPARTMENT OF FINANCIAL)
REGULATION)
PLAINTIFF,)

v.)

DOCTORS AND SURGEONS)
NATIONAL RISK RETENTION GROUP)
IC, INC.)
RESPONDENT.)

CIVIL DIVISION
DOCKET NO. 559-916 Wncv

**AFFIDAVIT OF J. DAVID LESLIE, SPECIAL DEPUTY
LIQUIDATOR, IN SUPPORT OF MOTION FOR FINAL
DISTRIBUTION**

I, J. David Leslie, being sworn, hereby state as follows:

1. Doctors and Surgeons National Risk Retention Group IC, Inc. (“DSNRRG”) was originally placed in rehabilitation by the Court’s Order for Rehabilitation of Doctors and Surgeons National Risk Retention Group IC, Inc., entered on October 7, 2016. The rehabilitation proceeding was then converted to a liquidation proceeding by the Court’s Order of Liquidation entered on August 10, 2017 (“Liquidation Order”). The Commissioner of the Department of Financial Regulation was appointed as Liquidator (“Liquidator”) by that order and he, in turn, appointed me to serve as Special Deputy Liquidator.

2. The Plan of Liquidation required that the Liquidator “monitor DSNRRG’s financial condition and, as circumstances warrant, petition the Court to establish a distribution percentage for making interim payments on finally determined claims in priority class 3.” See *id.*, ¶ 2.d. Pursuant to that instruction, the Liquidator petitioned the Court in August 2019 for an order authorizing a 100% distribution on allowed claims in priority class 1 (administrative

expenses) and a 20% distribution on allowed claims in priority class 3 (policy-related claims). The Court granted that motion by its Order Authorizing Distributions on Allowed Priority Class 1 Claims and an Interim Distribution on Allowed Class 3 Claims entered September 6, 2019. When all but one of the claims filed in this proceeding had been determined, the Liquidator petitioned the Court for an increase in the distribution percentage on allowed priority class 3 claims -- from 20% to 42.9% -- so as to distribute substantially all estate assets not required for either administrative expenses or a reserve on the final remaining claim. The Court granted that motion on September 26, 2022, by its Entry Regarding Motion.

3. On September 12, 2024, the Liquidator filed his Status Report, Annual Accounting, and Eighth Report of Claims which advised the Court that, among other things, the final claim in this proceeding had been determined. By its Order Approving Liquidator's Eighth Report of Claims entered on September 17, 2024, the Court allowed the final remaining claim and completed the process of valuing the DSNRRG estate's obligations.

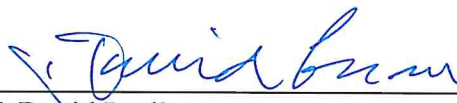
4. With all estate obligations valued, it is now possible for the Liquidator to make a final distribution and apply to the Court for discharge and termination of the proceeding. The Liquidator must first estimate the remaining costs of administration so that adequate funds may be retained for such payment. For this purpose, the Liquidator has developed a plan for termination of the proceeding and -- by his Motion for Approval of Plan of Termination ("Plan of Termination Motion") filed herewith -- requested approval from the Court. The Liquidator has also solicited cost estimates from service providers and established a \$45,000 budget for making the final distribution contemplated by this motion (including collecting payment instructions from creditors, issuing checks/wires, and disposing of unclaimed funds), making certain filings with the National Practitioner Data Bank and similar entities, preparing DSNRRG's final tax returns, destroying estate records, and taking the other steps necessary to

terminate DSNRRG's corporate existence and close this proceeding. These costs fall within priority class 1.

5. All estate assets remaining after establishing a reserve for the payment of priority class 1 expenses are available for distribution to allowed claims in priority class 3.¹ Those assets include both the cash remaining in DSNRRG's accounts after establishment of the administrative expense reserve (approximately \$878,000) as well as credits for earlier distributions from the estate. The Liquidator calculates that these assets are sufficient to support a 47.75% distribution on allowed priority class 3 claims.

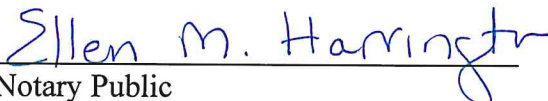
6. The Liquidator recommends that the Court increase the distribution percentage on allowed priority class 3 claims to 47.75% so as to distribute all estate assets not held in reserve to creditors in the residual priority class. This will constitute the final distribution from the estate.

Dated this 11th day of October, 2024,

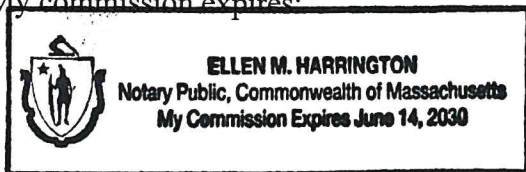


J. David Leslie
Special Deputy Liquidator

Subscribed and sworn to before me
this 11 day of October, 2024



Notary Public
My commission expires:



¹ Priority class 2 will necessarily be empty in this proceeding because it applies to the administrative expenses of guaranty associations (see 8 V.S.A. § 7081) and risk retention groups such as DSNRRG are prohibited by federal law from participating in the guaranty fund system.