

objections with the liquidator” and “[i]f no such filing is made, the claimant may not further object to the determination.” Id. “As soon as practicable” – i.e. after the Liquidator issues a determination and the objection period runs -- “the liquidator shall present to the court a report of the claims against the insurer with recommendations.” 8 V.S.A. § 7082(a) (report to include names, addresses, and amount recommended, if any). “The court may approve, disapprove, or modify the report on claims [filed] by the liquidator.” 8 V.S.A. § 7082(b)

2. On January 31, 2019, the Liquidator submitted his Status Report and First Report of Claims which provided an update on the status of the liquidation and submitted fifty-two finally determined claims, together with the Liquidator’s recommendations, for approval. See 8 V.S.A. §§ 7082(a) and 7082(b). The Court entered its Order Approving Liquidator’s First Report of Claims on February 1, 2019. Status Report, ¶ 6.

3. Since filing of the First Report of Claims on January 31, 2019, the Liquidator’s determination of an additional thirty POCs has become final. See 8 V.S.A. § 7078(a). These thirty POCs are submitted, together with the Liquidator’s recommendations, in the Liquidator’s Second Report of Claims attached to the Status Report as Exhibit A. See 8 V.S.A. § 7082(a).

4. The governing statute authorizes the Court to “approve, disapprove, or modify the report on claims by the liquidator.” 8 V.S.A. § 7082(b).

WHEREFORE, the Liquidator requests that the Court enter an order:

(a) Granting this Motion for Order Approving Liquidator's Second Report of Claims;

and,

(b) Granting such other and further relief as justice may require.

Dated in Montpelier, Vermont, this 29th day of August, 2019.

MICHAEL S. PIECIAK, COMMISSIONER
DEPARTMENT OF FINANCIAL REGULATION
AS LIQUIDATOR OF DOCTORS AND
SURGEONS NATIONAL RISK RETENTION
GROUP IC, INC.



Jennifer Rood
Assistant General Counsel and Special
Assistant Attorney General
89 Main Street
Montpelier, VT 05620
(802) 828-5672
jennifer.rood@vermont.gov

A proposed form of order accompanies this Motion.

STATE OF VERMONT
WASHINGTON COUNTY, SS

| | |
|---------------------------------|-------------------------|
| _____) | |
| COMMISSIONER OF THE) | |
| DEPARTMENT OF FINANCIAL) | |
| REGULATION) | |
| PLAINTIFF,) | |
|) | SUPERIOR COURT |
|) | DOCKET NO. 559-916 Wncv |
| v.) | |
|) | |
| DOCTORS AND SURGEONS) | |
| NATIONAL RISK RETENTION GROUP) | |
| IC, INC.) | |
| RESPONDENT.) | |
| _____) | |

**LIQUIDATOR'S STATUS REPORT, ANNUAL
ACCOUNTING, AND SECOND REPORT OF CLAIMS**

I, J. David Leslie, Special Deputy Liquidator, hereby submit this status report and annual accounting regarding the liquidation of Doctors and Surgeons National Risk Retention Group IC, Inc. ("DSNRRG" or the "Company") as well as the Second Report of Claims attached hereto as Exhibit A.

1. **Background.** DSNRRG was placed in rehabilitation by the Court's Order for Rehabilitation of Doctors and Surgeons National Risk Retention Group IC, Inc. ("Rehabilitation Order") entered on October 6, 2016. On August 10, 2017, the Court entered its Order of Liquidation ("Liquidation Order") that, among other things, appointed the Commissioner of the Department of Financial Regulation as Liquidator ("Liquidator"), authorized him to appoint a special deputy liquidator, and approved the Plan of Liquidation. See Order of Liquidation ¶¶ 1, 5, 6, and 7. The Liquidator appointed me to serve as Special Deputy Liquidator on August 17, 2017.

2. On August 20, 2018, I submitted the Liquidator's Annual Accounting and Status Report ("2018 Annual Report") which presented the Company's assets, described the proofs of claim filed and the work of the claims adjudicator, and proposed that the Liquidator submit his first report of claims in January of 2019. (As with other status reports, the 2018 Annual Report was posted on the Company's former website, www.dsnrrg.com.) The Court entered an order accepting the 2018 Annual Report on August 22, 2018.

3. On January 31, 2019, I submitted the Liquidator's Status Report and First Report of Claims ("First Report of Claims") which provided an update on the status of the liquidation and submitted fifty-two finally determined claims, together with the Liquidator's recommendations, for approval. See 8 V.S.A. §§ 7082(a) ("[T]he liquidator shall present to the court a report... of the claims against the insurer with recommendations") and 7082(b) ("The court may approve, disapprove, or modify the report on claims [filed] by the liquidator."). The Court entered its Order Approving Liquidator's First Report of Claims on February 1, 2019.

ANNUAL ACCOUNTING

4. The Liquidator is required to file an annual accounting with the Court including the assets and liabilities of DSNRRG and all funds received or disbursed during the current period. See 8 V.S.A. § 7057(e); Liquidation Order ¶ 4. In the 2018 Annual Report, the Liquidator reported as to the Company's assets and advised that "liabilities cannot be similarly quantified because the circumstances necessary for sound actuarial analysis are not present." Id., ¶ 2. As discussed in greater detail in the Liquidator's Motion for an Order Authorizing Distributions on Allowed Priority Class 1 Claims and an Interim Distribution on Allowed Class 3 Claims filed herewith ("Motion for Interim Distributions"), there is significant potential for variability with regard to administrative expenses and it remains impossible to establish claim

reserves using actuarial techniques. See *id.*, ¶¶ 14 and 16. For purposes of evaluating the feasibility of an interim distribution, however, the Liquidator has established a conservative reserve for administrative expenses and received assistance from the claims adjudicator, Patrick McGrath of McGrath Associates Claims & Risk Services, Inc., in evaluating policyholder-level exposures on the basis of both a “best estimate” and a “pessimistic scenario”. See *id.* It is therefore possible to report DSNRRG’s assets and liabilities and a simplified balance sheet (as of July 31, 2019) is presented in Table 1.

Table 1 -- Simplified DSNRRG Balance Sheet as of July 31, 2019

| | |
|--|---------------------|
| ASSETS | |
| Cash & cash equivalents | \$ 690,547 |
| Short-term investments | 2,780,718 |
| Interest receivable | 17,359 |
| Credit for payments in rehabilitation ¹ | 275,000 |
| Total Assets | \$ 3,763,624 |
| LIABILITIES | |
| Priority class 1 | |
| POCs allowed/presented for allowance | \$ 30,490 |
| Reserve for administrative expense | 750,000 |
| Total class 1 claims | \$ 780,490 |
| Priority class 3 | |
| POCs allowed/presented for allowance | 1,401,609 |
| Undetermined/unliquidated ² | 6,500,000 |
| Total class 3 claims | \$ 7,901,609 |
| Total Class 1 & Class 3 liabilities | \$ 8,682,099 |

¹ As discussed in the Motion for Interim Distributions (see ¶¶ 9 and 20), when making distribution on certain priority class 3 claims, the estate will be entitled to credit for payments made during the course of DSNRRG’s rehabilitation. The extent to which such credits can be applied in setoff depends upon the distributions made from the estate. The Liquidator estimates that ultimate recovery will exceed \$275,000.

² For purposes of presenting DSNRRG’s general financial condition, the Liquidator relies on Mr. McGrath’s “best estimate” of undetermined/unliquidated policyholder-level claims. See Motion for Interim Distributions, p. 11, note 4 (The “best estimate” is equivalent to the reserve that Mr. McGrath would recommend DSNRRG carry if it were operating as a going concern). The Liquidator relied upon Mr. McGrath’s more conservative “pessimistic scenario” estimate of undetermined/unliquidated priority class 3 claims (\$9.1M) for purposes of evaluating the feasibility of an interim distribution. See *id.*, ¶ 16.

Because estate assets will not be sufficient to pay priority class 3 claims in full, no distribution will be possible on claims falling in priority classes 4-10 and the Liquidator has deferred making a determination as to the amount of such claims. See 8 V.S.A. § 7081.

5. A ledger showing all funds received or disbursed by DSNRRG between entry of the Liquidation Order and July 31, 2019, is attached as Exhibit B.

SECOND REPORT OF CLAIMS

6. Liquidator's First Report of Claims. The First Report of Claims, filed on January 31, 2019, included the Liquidator's recommendations regarding fifty-two finally determined proofs of claim ("POCs"). The Court approved the First Report of Claims on February 1, 2019.

7. Liquidator's Second Report of Claims. Since the First Report of Claims was filed, the Liquidator's determinations have become final with regard to thirty additional POCs. See 8 V.S.A. §§ 7078(a) ("Within 60 days from the mailing of the notice [of determination], the claimant may file objections with the liquidator" and "[i]f no such filing is made, the claimant may not further object to the determination") and 7082(a) ("[T]he liquidator shall present to the court a report... of the claims against the insurer with recommendations"). These thirty POCs are reported in the Liquidator's Second Report of Claims, attached as Exhibit A, together with the Liquidator's recommendations. See 8 V.S.A. § 7082(a). By his Motion for Order Approving Liquidator's Second Report of Claims (filed herewith), the Liquidator requests that the Court enter an order approving the Second Report of Claims. See 8 V.S.A. § 7082(b) ("The court may approve, disapprove, or modify the report on claims [filed] by the liquidator.").

STATUS REPORT

8. Filing of Proofs of Claim. The Liquidator established February 12, 2018 as the claim filing deadline. See Liquidation Order, ¶ 6.B. The Liquidator received 114 POCs before the February 12, 2018 deadline and has since received thirty-three late-filed claims for a total of 147 POCs received in this proceeding.

9. In the 2018 Annual Report (¶ 4), the Liquidator noted that the proceeding was no longer at an early stage and the acceptance of late-filed claims will become increasingly difficult as the liquidation process continues. See 8 V.S.A. § 7074(d) (“The Liquidator may consider any claim filed late” so long as doing so “does not prejudice the orderly administration of the estate.”). Two of the 147 POCs received to date were submitted after the 2018 Annual Report was filed. The Liquidator has included those POCs among the other claims being investigated and will periodically assess whether their consideration is prejudicing the orderly administration of the estate. Should any additional POCs be submitted, the Liquidator will evaluate whether substantive investigation is appropriate or if the claim should be assigned to priority class 8 and a determination issued solely as to priority. See 8 V.S.A. § 7081 (Class 8 includes “[c]laims filed late”); Plan of Liquidation, ¶ 2.b (“If a claim falls within priority classes 4 through 10, the Liquidator may decline to make a determination as to the amount of such claim and instead issue a determination solely as to priority.”)

10. Work of the Claims Adjudicator. On October 24, 2017, as contemplated by ¶ 2.c of the Plan of Liquidation, the Liquidator engaged Mr. McGrath to serve as claims adjudicator. Through July 31, 2019, the Special Deputy Liquidator has referred sixty-seven POCs to Mr. McGrath for investigation and valuation. Mr. McGrath reviews each claim and presents the Special Deputy Liquidator with an initial report providing background, analysis, and

recommendations. Mr. McGrath has now produced initial reports regarding all of the POCs presenting questions of medical malpractice.

11. The Special Deputy Liquidator reviews Mr. McGrath's reports and takes such further action as may be appropriate. These actions may include asking that claimants/policyholders produce supplemental information, monitoring the progress of underlying medical malpractice litigation, authorizing Mr. McGrath to initiate settlement discussions, or issuing notices of determination where settlement either is agreed or proves impractical. Mr. McGrath updates his reports and analysis regularly as additional information is received.

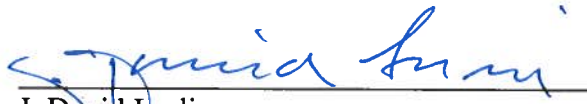
12. Claim Resolution Strategy. As discussed in prior status reports, the claims determined to date all reflect negotiated compromises or turn on issues other than the substantive merits of an open medical malpractice claim. For example, the Liquidator has issued notices of determination regarding coverage disputes but has not issued notices of determination assigning a value to a controverted tort claim. The Liquidator has pursued this strategy because the alternative is to issue claim determinations that assign an expected value to ongoing lawsuits and trigger the objection, re-determination, and hearing process. See 8 V.S.A. § 7078(a) (if the Liquidator "does not alter his... denial of the claim as the result of the objection... the matter may be heard by the court or by a court-appointed referee..."). Litigation regarding the merits of outstanding tort claims would duplicate proceedings elsewhere in the country (or shift them entirely to Vermont) and require significant time and administrative expense. For this reason, the Liquidator has preferred to await developments in the underlying proceedings and pursue negotiated resolutions.

13. This process has not moved as quickly as the Liquidator had hoped. One factor slowing the resolution of claims has been that some creditors are hesitant to agree to a less-than-limits settlement when the Liquidator cannot “guarantee” the eventual estate distribution rate or a date by which payment will be made. To reduce some of this hesitation and encourage the prompt resolution of policyholder-level claims, the Liquidator has submitted the Motion for Interim Distributions which requests authority to make a 20% interim distribution on allowed priority class 3 claims. The Liquidator continues to believe that the current claim resolution strategy -- awaiting developments in the underlying litigation and negotiating resolutions where possible -- remains the most appropriate option and is hopeful that the incentive of an interim distribution will help to accelerate the resolution of claims.

14. Disputed Claims. Two claimants filed objections regarding the Liquidator’s determination of their claims. See 8 V.S.A. § 7082(a). The Liquidator did not alter his determination in response to these objections so, in connection with the First Report of Claims, the Liquidator advised that he would be reporting those disputed claims to the Court and requesting a hearing. See 8 V.S.A. § 7082(b). Both claimants have subsequently withdrawn their objections and those claims are included in the Second Report of Claims. The Liquidator has not received any other objections to notices of determination.


15. Next Steps. Over the coming months the Liquidator, assisted by Mr. McGrath, will investigate the proofs of claim submitted, analyze the supplemental materials received, and pursue resolution of claims. In addition, if the Motion for Interim Distributions is granted, the Liquidator will work with the United States Department of Justice to secure a suitable federal priority act release and then complete the interim distribution on allowed priority class 3 claims. The Liquidator proposes making his next status report in February of 2020.

Dated this 26th day of August, 2019.



J. David Leslie
Special Deputy Liquidator

Subscribed and sworn before me
this 26th day of August, 2019.



Notary Public
My commission expires:

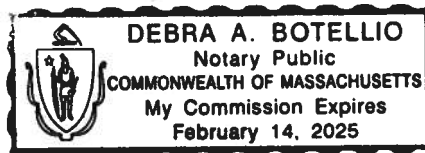


EXHIBIT A

Liquidator's Second Report of Claims
August 26, 2019

Claims Recommended for Allowance in Priority Class 1

| <u>POC No.</u> | <u>Claimant Name</u> | <u>Claimant Address</u> | <u>Priority Class</u> | <u>Amount Allowed</u> | <u>Prior Payments</u> |
|----------------|-----------------------|---|-----------------------|---------------------------|-----------------------|
| 126 | Leahy & Johnson, P.C. | 120 Wall Street, New York, NY 10005 | 1 | \$ 2,640.00 | - |
| | | Previously Allowed (First Report of Claims) | | \$ 27,850.39 ¹ | - |
| | | Total: Priority Class 1 | | \$ 30,490.39 | - |

Claims Recommended for Allowance in Priority Class 3

| <u>POC No.</u> | <u>Claimant Name</u> | <u>Claimant Address</u> | <u>Priority Class</u> | <u>Amount Allowed</u> | <u>Prior Payments</u> |
|----------------|--|--|-----------------------|-----------------------|-----------------------|
| 3 | Tarik J. Wasfie, M.D. | 1127 Villa LInde, Ste. 41, Flint, Michigan 48532 | 3 | \$ 121,727.01 | \$ - |
| 5 | Dearborn Orthopedics & Sports Medicine | 23550 Park St., Suite 100 Dearborn, Michigan 48124 | 3 | 24,846.00 | 8,696.10 |
| 15 | Louis D. Cole, MD | 6315 Amherst Court, Norcross, Georgia 30092 | 3 | 11,459.88 | 5,729.94 |
| 16 | Linda Bach, MD | 660 N.E. 95 Street, Suite 1 Miami Shores, Florida 33138 | 3 | 1,958.00 | 685.30 |
| 20 | Daniel Carpio | 236 Valencia Ave., Coral Gables, Florida 33134 | 3 | 250,000.00 | 87,500.00 |
| 26 | Jose R. Quinones, Jr., MD | 6410 Veterans Ave., Suite 103, Brooklyn, NY 11234 | 3 | 265.43 | 132.72 |
| 35 | G. E. Marin, MD | 6700 192nd Street, Suite 1905 Fresh Meadows, NY 11365 | 3 | 7,075.00 | 2,476.25 |
| 67 | Diana Aldape | 3752 Rosewood Ave, Los Angeles, California 90066 | 3 | 40,967.12 | - |
| 68 | SuSrap Song, MD | 3975 Jackson St., Suite 110 Riverside, California 92503 | 3 | 54,548.72 | - |
| 72 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 3,147.77 | 1,266.65 |
| 73 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 35,692.00 | 12,492.20 |

¹ Due to an arithmetic error, the First Report of Claims stated that the total value of the seven priority class 1 claims recommended for allowance was \$27,490.39. The true sum of the allowed amounts for those seven claims is actually \$27,850.39.

| <u>POC No.</u> | <u>Claimant Name</u> | <u>Claimant Address</u> | <u>Priority Class</u> | <u>Amount Allowed</u> | <u>Prior Payments</u> |
|---|-----------------------------|---|-----------------------|-----------------------|-------------------------------|
| 74 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | \$ 5,207.88 | \$ 2,157.40 |
| 75 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 1,297.38 | 583.45 |
| 76 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 1,668.39 | 1,034.51 |
| 77 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 469.11 | 322.45 |
| 78 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 5,950.00 | 2,082.50 |
| 79 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 4,861.14 | 1,701.40 |
| 80 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 729.47 | 564.02 |
| 81 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 2,528.45 | 1,177.05 |
| 82 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 2,759.61 | 1,634.15 |
| 83 | Premium Assignment Corp. | PO Box 8800, Tallahassee, Florida 32314 | 3 | 2,089.06 | 821.52 |
| 121 | Manuel DelCharco, Jr., M.D. | 2801 SE 1 st Ave., Suite 101, Ocala, Florida 34471 | 3 | 86,889.03 | - |
| 137 | Jeffrey J. Smith, MD | 3101 Lakeshire Ridge Way Edmond, Oklahoma 73034 | 3 | \$ 1,262.01 | 441.70 |
| Recommended for Allowance (Second Report of Claims) | | | | \$ 667,398.46 | \$ 131,499.31 |
| Previously Allowed (First Report of Claims) | | | | <u>733,328.97</u> | <u>263,479.55²</u> |
| Total: Priority Class 3 | | | | \$ 1,400,727.43 | \$ 394,978.86 |

Claims Recommended for Allowance in Priority Classes 4-9

| <u>POC No.</u> | <u>Claimant Name</u> | <u>Claimant Address</u> | <u>Priority Class</u> | <u>Amount Allowed</u> | <u>Prior Payments</u> |
|-----------------------------|---------------------------------|--|-----------------------|-----------------------|-----------------------|
| 1 | Georgia Department of Insurance | 2 Martin Luther King, Jr. Dr., Suite 916 Atlanta, Georgia 30334 | 6 | n/a | n/a |
| 14 | Risk Strategies Company | 160 Federal Street, Boston, MA 02110 | 6 | n/a | n/a |
| Total: Priority Classes 4-9 | | | | \$ -- | \$ -- |

² Due to an arithmetic error, the First Report of Claims stated that the sum of "Prior Payments" for the allowed priority class 3 claims was \$260,880.45. The true sum of the "Prior Payments" for the listed claims is actually \$263,479.55.

Claims Denied or Withdrawn

| <u>POC No.</u> | <u>Claimant Name</u> | <u>Claimant Address</u> | <u>Priority Class</u> | <u>Amount Allowed</u> | <u>Prior Payments</u> |
|----------------|----------------------------|---|-----------------------|-----------------------|-----------------------|
| 84 | Aida Pellegrino | 4 Topanga Court, Manalapan, New Jersey 07725 | n/a | n/a | n/a |
| 95 | Robert Burke, M.D. | 1 Oxford Rd., #200, New Hartford, NY 13413 | n/a | n/a | n/a |
| 141 | Cleibi Minaya | 820 Second Avenue, 10th Floor New York, NY 10017 | n/a | n/a | n/a |
| 144 | Estate of Susan A. Salerno | 111 Ridge Rd., Utica, NY 13502 | n/a | n/a | n/a |

EXHIBIT BAll Deposits and Distributions from DSNRRG's Accounts
between August 10, 2017 and July 31, 2019

| Date | Payee/Payor | Description | Amount |
|-------------|------------------------------------|-------------------------------------|---------------|
| 9/8/2017 | Abbi Smith | Vendor -- Credentialing Requests | \$ 300.00 |
| 9/8/2017 | Compu-Tecs, LLC | IT/Communication Fees | \$ 1,390.99 |
| 9/8/2017 | Merlinos & Associates, Inc. | Actuarial Services | \$ 1,428.75 |
| 9/8/2017 | Rackemann Sawyer & Brewster | Professional Services | \$ 10,347.50 |
| 9/8/2017 | Western Litigation | Indemnity Settlement (Mirvis Claim) | \$ 7,000.00 |
| 10/4/2017 | Mark Barwick | Vendor -- Underwriting Support | \$ 1,225.00 |
| 10/30/2017 | Abbi Smith | Vendor -- Credentialing Requests | \$ 400.00 |
| 10/30/2017 | Abbi Smith | Vendor -- Credentialing Requests | \$ 487.50 |
| 10/30/2017 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 10/30/2017 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 10/30/2017 | Rackemann Sawyer & Brewster | Professional Services | \$ 4,974.19 |
| 11/6/2017 | Abbi Smith | Vendor -- Credentialing Requests | \$ 287.50 |
| 11/6/2017 | Western Litigation | TPA Services | \$ 75,396.47 |
| 11/29/2017 | Agee Fisher Barrett | Tax Preparation Services (2016) | \$ 8,052.00 |
| 11/29/2017 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 11/29/2017 | Western Litigation | TPA Services | \$ 66,243.22 |
| 11/29/2017 | Western Litigation | TPA Services | \$ 11,704.41 |
| 1/3/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 350.00 |
| 1/3/2018 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 1/3/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 5,675.00 |
| 1/3/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 6,060.83 |
| 1/3/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 4,602.78 |
| 1/3/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 6,723.86 |
| 1/3/2018 | Western Litigation | TPA Services | \$ 49,853.84 |
| 1/17/2018 | CT Corporation | Services of Process Fees | \$ 66.00 |
| 1/17/2018 | CT Corporation | VT Registered Agent Service | \$ 439.00 |
| 1/17/2018 | Western Litigation | TPA Services | \$ 20,000.00 |
| 1/24/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 937.50 |
| 1/24/2018 | Western Litigation | TPA Services | \$ 52,462.86 |
| 1/25/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 50.00 |
| 1/31/2018 | CT Corporation | Services of Process Fees | \$ 380.00 |
| 1/31/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 3,040.15 |
| 1/31/2018 | Western Litigation | TPA Services | \$ 6,217.06 |
| 1/31/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 1/31/2018 | Western Litigation | Maine/Nevada Fees | \$ 489.25 |
| 2/6/2018 | CT Corporation | Maine/Nevada State fees | \$ 489.25 |
| 2/6/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 1,237.50 |
| 3/20/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 200.00 |

| Date | Payee/Payor | Description | Amount |
|-----------|------------------------------------|----------------------------------|--------------|
| 3/20/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 225.00 |
| 3/20/2018 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 3/20/2018 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 3/20/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 3,225.00 |
| 3/20/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 2,669.33 |
| 3/20/2018 | Western Litigation | ALAE -- 1.1.18 to 2.15.18 | \$ 4,278.21 |
| 3/20/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 4/20/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 200.00 |
| 4/20/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 4,775.00 |
| 4/20/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 8,418.51 |
| 4/20/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 11,781.61 |
| 4/20/2018 | Western Litigation | ALAE -- 2.15.18 to 3.15.18 | \$ 5,094.95 |
| 4/20/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 6/13/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 9,737.50 |
| 6/15/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 375.00 |
| 6/15/2018 | Alterna, LLC | Management Fees -- 2018 | \$ 12,500.00 |
| 6/15/2018 | Alterna, LLC | Management Fees -- 2017 | \$ 12,500.00 |
| 6/15/2018 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 6/15/2018 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 6/15/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 3,843.98 |
| 6/15/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 2,258.25 |
| 6/15/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 6/15/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 7/23/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 150.00 |
| 7/23/2018 | Compu-Tecs, LLC | IT/Communication Fees | \$ 985.00 |
| 7/23/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 3,750.00 |
| 7/23/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 5,122.10 |
| 7/23/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |

Distributions 9/8/17 through 7/31/18 \$ 454,281.85

| | | | |
|------------|------------------------------------|----------------------------------|--------------|
| 8/14/2018 | Alterna, LLC | Management Fees -- 2018 | \$ 12,500.00 |
| 8/14/2018 | Compu-Tecs, LLC | IT/Communication | \$ 2,955.00 |
| 8/14/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 8,200.50 |
| 8/14/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 9/20/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 412.50 |
| 9/20/2018 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 9/20/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 2,226.21 |
| 9/20/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 18,548.26 |
| 9/20/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 10/18/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 250.00 |
| 10/18/2018 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 10/18/2018 | Johnson Lambert & Co | Tax Return Preparation | \$ 4,500.00 |

| Date | Payee/Payor | Description | Amount |
|-------------|------------------------------------|----------------------------------|---------------|
| 10/18/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 1,175.00 |
| 10/18/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 10/22/2018 | Alterna, LLC | Management Fees – 2018 | \$ 12,500.00 |
| 10/22/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 11/20/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 175.00 |
| 11/20/2018 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 11/20/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 3,837.50 |
| 11/20/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 5,979.52 |
| 11/20/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 12/21/2018 | Abbi Smith | Vendor -- Credentialing Requests | \$ 250.00 |
| 12/21/2018 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 12/21/2018 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 3,000.00 |
| 12/21/2018 | Rackemann Sawyer & Brewster | Professional Services | \$ 3,520.07 |
| 12/21/2018 | Western Litigation | Administrative Services | \$ 1,000.00 |
| 1/8/2019 | Alterna, LLC | Management Fees – 2018 | \$ 12,500.00 |
| 1/8/2019 | Compu-Tecs, LLC | IT/Communication | \$ 235.00 |
| 1/11/2019 | Abbi Smith | Vendor -- Credentialing Requests | \$ 125.00 |
| 1/11/2019 | Compu-Tecs, LLC | IT/Communication | \$ 750.00 |
| 1/11/2019 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 2,088.50 |
| 2/12/2019 | Abbi Smith | Vendor -- Credentialing Requests | \$ 150.00 |
| 2/12/2019 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 2/12/2019 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 2,888.50 |
| 2/12/2019 | Rackemann Sawyer & Brewster | Professional Services | \$ 12,392.52 |
| 3/8/2019 | Abbi Smith | Vendor -- Credentialing Requests | \$ 200.00 |
| 3/8/2019 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 5,687.50 |
| 3/26/2019 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 3/26/2019 | Rackemann Sawyer and Brewster | Professional Services | \$ 2,779.73 |
| 4/12/2019 | Abbi Smith | Vendor -- Credentialing Requests | \$ 150.00 |
| 4/12/2019 | Alterna, LLC | Management Fees – 2019 | \$ 12,500.00 |
| 4/12/2019 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 4/12/2019 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 2,950.00 |
| 5/13/2019 | Abbi Smith | Vendor -- Credentialing Requests | \$ 137.50 |
| 5/13/2019 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 5/13/2019 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 62.50 |
| 5/13/2019 | Rackemann Sawyer & Brewster | Professional Services | \$ 5,000.13 |
| 6/3/2019 | Rackemann Sawyer & Brewster | Professional Services | \$ 8,127.32 |
| 6/21/2019 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 2,200.00 |
| 6/21/2019 | Rackemann Sawyer and Brewster | Professional Services | \$ 3,888.10 |
| 6/24/2019 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| 7/22/2019 | Abbi Smith | Vendor -- Credentialing Requests | \$ 175.00 |
| 7/22/2019 | Johnson Lambert & Co | Tax Return Preparation | \$ 4,600.00 |

| Date | Payee/Payor | Description | Amount |
|---|------------------------------------|----------------------------|----------------------|
| 7/22/2019 | McGrath Assoc. Claims & Risk Serv. | Claim Adjudicator Services | \$ 4,800.00 |
| 7/22/2019 | Rackemann Sawyer & Brewster | Professional Services | \$ 6,406.20 |
| 7/29/2019 | Compu-Tecs, LLC | IT/Communication | \$ 985.00 |
| Distributions 12 months ending 7/31/19 | | | \$ 186,673.06 |

STATE OF VERMONT
WASHINGTON COUNTY, SS

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

v.)

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

SUPERIOR COURT
DOCKET NO. 559-916 Wncv

[PROPOSED]
ORDER APPROVING LIQUIDATOR'S SECOND REPORT OF CLAIMS

This matter having come before the Court by motion of the Commissioner of the Vermont Department of Financial Regulation in his capacity as Liquidator ("Liquidator") of Doctors and Surgeons National Risk Retention Group IC, Inc. ("DSNRRG"), for an order approving his Second Report of Claims, attached as Exhibit A to the simultaneously filed Liquidator's Status Report, Annual Accounting, and Second Report of Claims, pursuant to 8 V.S.A. § 7082, it is ORDERED that the Liquidator's Second Report of Claims is hereby APPROVED, and the claims presented therein at Exhibit A are ALLOWED against the DSNRRG estate in the recommended amounts and priority classes.

Dated in Montpelier, Vermont, _____, 2019.

Superior Court Judge