

**Plan of Liquidation for Doctors and Surgeons
National Risk Retention Group IC, Inc.**

This Plan of Liquidation (the “Plan”) will govern the liquidation of Doctors and Surgeons National Risk Retention Group IC, Inc. (“DSNRRG”). The Superior Court, Washington County (the “Court”) entered the Order for Rehabilitation of DSNRRG on October 7, 2016 in Commissioner of the Department of Financial Regulation v. Doctors and Surgeons National Risk Retention Group IC, Inc., Docket No. 559-9-16 Wncv. This Plan was approved by the Court by the Order for Liquidation entered on August 10, 2017 (the “Liquidation Order”), based on the facts set forth in an Affidavit of J. David Leslie, Special Deputy Rehabilitator, filed with the Petition for Order of Liquidation for Doctors and Surgeons National Risk Retention Group IC, Inc.

1. Impact of Liquidation on Policyholders. The order to liquidate DSNRRG significantly affects policyholders. Most policyholders of insolvent insurance companies are eligible for guaranty fund coverage, e.g. 8 V.S.A. §3611-3626, but since DSNRRG is a risk retention group, it cannot participate in the guaranty fund system, 8 V.S.A. §6054(a); 15 US Code § 3902(a). Accordingly, as a result of the liquidation of DSNRRG, management of claims by DSNRRG has ceased and each policyholder is responsible for claims management and paying all defense costs. DSNRRG policyholders and other claimants are required to file claims in the liquidation. 8 V.S.A. §§ 7074 and 7075. Claimants may, therefore, be required to shift the venue for medical malpractice disputes from their home forum to Vermont. This presents the possibility of increased expense, inconvenience, and delay. All claimants will likely be paid at the same time, though this may not occur for several years if there is significant claim litigation.

2. Plan of Liquidation. To reduce the effect of DSNRRG’s liquidation on policyholders and other claimants, the Liquidator shall conduct the liquidation proceedings under the following conditions:

- a. The Liquidator will furnish notice of the Liquidation Order as provided in 8 V.S.A. § 7061. The notice will include a copy of the Proof of Claim (in the form attached hereto) and will specify a claim filing deadline not less than six months from the date of the Liquidation Order.

- b. The Liquidator will receive completed proofs of claim and make a determination as to priority classification pursuant to 8 V.S.A. § 7081. If the 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.
- c. If the claim falls within priority class 3 and relates to allegations of medical malpractice against a DSNRRG insured, the Liquidator shall refer the matter to an adjudicator. The adjudicator will be engaged by the Liquidator for the purpose of reviewing medical malpractice claims, conducting such investigation as may be necessary, identifying a fair value for the claim, and assisting in settlement discussions. If settlement cannot be promptly achieved, the Liquidator shall determine the claim pursuant to 8 V.S.A. § 7078 and claimants will be entitled to judicial review.
- d. The Liquidator will 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.
- e. Payment to creditors with claims in lower priority classes will be deferred, 8 V.S.A. § 7081 ("every claim in each class shall be paid in full ... before the members of the next class receive any payment.") If it appears that DSNRRG may have sufficient assets to pay such creditors, the Liquidator will petition the Court to authorize a distribution.

3. Vermont law. In all other respects, the Liquidation of DSNRRG will comply with the Order of Liquidation and 8 V.S.A. ch. 145. The Court retains jurisdiction of all matters arising under this Plan.