

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

**STATUS REPORT**

I, J. David Leslie, Special Deputy Liquidator, hereby submit this status report concerning the liquidation of Doctors and Surgeons National Risk Retention Group IC, Inc. (“DSNRRG” or the “Company”).

1. DSNRRG was placed in rehabilitation pursuant to the Court’s Order for Rehabilitation of Doctors and Surgeons National Risk Retention Group IC, Inc. (“Rehabilitation Order”) entered on October 6, 2017. 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, approved the Plan of Liquidation, and ordered that the Liquidator provide creditors and others with notice of the Liquidation Order and a claim filing deadline no less than six months after the date of the Liquidation Order. See Order of Liquidation ¶¶ 1, 5, 6, and 7. The Liquidator appointed me to serve as Special Deputy Liquidator on August 17, 2017.

2. The Claim Filing Deadline. The Liquidator established February 12, 2018 – a date more than six months after the date of the Liquidation Order – as the claim filing deadline. See id. ¶ 6.B.

3. Provision of Notice. Pursuant to ¶ 6.A(i)-(iii) of the Liquidation Order, I caused notice of the Liquidation Order and February 12, 2018 claim filing deadline to be sent by first class mail, along with a blank proof of claim form and instructions for its submission, to the following:

- a. The chief insurance regulator and taxing authorities of each of the forty-two jurisdictions in which DSNRRG had business contacts;
- b. The nineteen insurance producers listed as brokers of record on in-force policies as of the date of the Rehabilitation Order);
- c. The 263 individuals and entities insured by DSNRRG under policies in-force at the time the Rehabilitation Order entered;
- d. The twenty former DSNRRG insureds with active reported incidents/claims as of the date the Liquidation Order entered;
- e. The forty-one individuals (or their attorneys) involved in active reported incidents/claims against DSNRRG insureds as of the date the Liquidation Order entered; and,
- f. Forty-three other individuals and entities known or reasonably expected to have claims against DSNRRG including vendors and former officers/employees.

4. Pursuant to ¶ 6.A(iii) of the Liquidation Order, I caused notice of the Liquidation Order to be sent by electronic mail to all attorneys through whom the Company was providing insureds with a defense under its policies as of the date the Liquidation Order entered.

5. Pursuant to ¶ 6.A(iv) of the Liquidation Order, I caused notice of the Liquidation Order and claim filing deadline to be published in the Burlington Free Press on September 28, 2017. In addition to traditional publication notice, DSNRRG's former website was replaced with a webpage ([www.dsnrrg.com](http://www.dsnrrg.com)) announcing entry of the Liquidation Order, advising of the claim filing deadline, and permitting the download of the proof of claim form, filing instructions, and related materials. This website will be maintained for at least six months after the claim filing deadline.

6. Receipt of Proofs of Claim. As of April 30, 2018, the Liquidator had received and acknowledged a total of 140 completed proofs of claim. (Incomplete proofs of claim were returned to their senders with instructions for resubmission.) Of these claims, 114 were timely submitted on or before February 12, 2018. The Liquidator will also deem as timely submitted those claims postmarked prior to February 12, 2018 as well as claims where the initial submission attempt was made prior to the claim filing deadline.

7. Considering the early stage of this proceeding, we have continued to accept, acknowledge, and investigate late-filed claims because doing so will not prejudice the orderly administration of the estate. 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.")

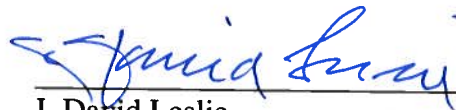
8. Engagement of Claims Adjudicator. On October 24, 2017, as contemplated by ¶ 2.c of the Plan of Liquidation, the Liquidator engaged Patrick M. McGrath of McGrath Associates Claims & Risk Services, Inc. (Merrimack, NH), to serve as claims adjudicator. Through April 30, 2018, the Liquidator had referred fifty-nine proofs of claim to the claims adjudicator for investigation and valuation.

9. DSNRRG Assets. As of April 30, 2018, DSNRRG held assets totaling \$3.54 million. Of these assets, \$2.02 million were in the form of cash or cash equivalents and \$1.42 million were held in government agency, municipal or corporate bonds.


10. Next Steps. The claims adjudicator has begun submitting reports to the Liquidator regarding proofs of claim reviewed, areas where additional investigation may be necessary, and claims for which a fair value can be reasonably identified. In reliance on these reports, the Liquidator has begun submitting requests for additional information to claimants. As responsive information is received, the Liquidator will evaluate the prospects for settlement and will consider issuing notices of determination. The Liquidator anticipates issuing the first notices of determination within the next thirty days.

11. The Liquidator proposes making his next report to the Court in approximately six months by which point a better assessment can be made of the Company's obligations for policy-related (priority class 3) claims. See 8 V.S.A. § 7081.

Dated this 9th day of May, 2018,

  
\_\_\_\_\_  
J. David Leslie  
Special Deputy Liquidator

Subscribed and sworn before me  
this 9th day of May, 2018

  
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Notary Public  
My commission expires:

