

Plan of Liquidation for Elite Transportation Risk Retention Group, Inc.

This Plan of Liquidation (the “Plan”) will govern the liquidation of Elite Transportation Risk Retention Group, Inc. (“Elite RRG”). The Superior Court, Washington County (the “Court”) entered the Order of Liquidation for Elite RRG and approved this Plan on May 15, 2018 in Commissioner of the Department of Financial Regulation v. Elite Transportation Risk Retention Group, Inc., Docket No. 175-3-18 Wncv. Elite RRG was previously the subject of a seizure order entered on an *ex parte* basis in the same proceeding on March 29, 2018.

1. Impact of Liquidation on Policyholders. The Order of Liquidation 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 Elite RRG is a risk retention group, it cannot participate in the guaranty fund system. 8 V.S.A. §6054(a); 15 US Code § 3902(a). In the liquidation, management of claims by the risk retention group will cease and each policyholder will be responsible for claims management and paying all defense costs. Elite RRG policyholders and other claimants will be required to file claims in the liquidation and await a distribution of Elite RRG’s assets, possibly years from now. 8 V.S.A. §§ 7074 and 7075.

2. Plan of Liquidation. To reduce the effect of Elite RRG’s liquidation on policyholders and other claimants, the Liquidator shall conduct the liquidation proceedings as follows:

- a. The Liquidator shall pay the costs and expenses of administering the Elite RRG proceeding in the normal course. See 8 V.S.A. § 7081(1).
- b. 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 120 days from the date of the Liquidation Order.
- c. The Liquidator will receive completed proofs of claim, conduct such investigation as he deems necessary, 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.

- d. If the claim falls within priority class 3 the Liquidator shall conduct such further investigation as he deems necessary and determine the claim pursuant to 8 V.S.A. § 7078. Claimants dissatisfied with the Liquidator's determination shall file objections with the Special Deputy Liquidator. The Liquidator shall then issue a redetermination. If the Liquidator does not alter his initial determination, the claimant may request judicial review by submitting a further objection to the Special Deputy Liquidator. The Special Deputy Liquidator shall then request a hearing and issue notice pursuant to 8 V.S.A. § 7078(b).
- e. The Liquidator shall monitor Elite RRG'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.
- f. 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 Elite RRG may have sufficient assets to pay such creditors, the Liquidator will determine claims in the relevant priority classes as to amount and petition the Court to authorize a distribution.

3. Vermont law. In all other respects, the Liquidation of Elite RRG 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.