

Alfred W. Gross, Receiver  
Melvin J. Dillon, Special Deputy Receiver

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January 29, 2003

**GENERAL NOTICE TO POLICYHOLDERS, SUBSCRIBERS, CREDITORS  
AND OTHER INTERESTED PERSONS**

**Re: Reciprocal of America and its Attorney-In-Fact, The Reciprocal Group, (collectively, the "Companies"), In Receivership**

On January 29, 2003, in a case styled Commonwealth of Virginia, ex rel. State Corporation Commission v. Reciprocal of America, The Reciprocal Group, and Jody M. Wagner, Treasurer of Virginia, the Circuit Court of the City of Richmond, Virginia, found that Reciprocal of America ("ROA") and The Reciprocal Group ("TRG") are in a condition, as a single insurance business enterprise, where any further transaction of their business will be hazardous to the policyholders, creditors, members, subscribers, and the public. Therefore, the Court issued its Final Order Appointing Receiver for Rehabilitation or Liquidation (the "Receivership Order"), appointing the State Corporation Commission (the "Commission") of the Commonwealth of Virginia, as Receiver, Alfred W. Gross, the Commissioner of the Commission's Bureau of Insurance, as Deputy Receiver, and Melvin J. Dillon as Special Deputy Receiver of the Companies, in accordance with Title 38.2, Chapters 12 and 15 of the Virginia Code. Enclosed is a copy of the Receivership Order.

The Receivership Order and Virginia law vest title in the Receiver to all of the Companies' assets, books, records, and all other property of any kind or nature, and gives the Receiver, Deputy Receiver, and Special Deputy Receiver (collectively, the "Receiver") the sole right to conduct the business of the Companies and their subsidiaries. The Receivership Order also enjoins and restrains all persons, from among other things: transacting any business of the Companies; disposing of any of their property; interfering with the Receiver's action or possession of the property; obtaining preferences, judgments, foreclosures or attachments; and commencing, maintaining or further prosecuting, any new or pending lawsuits, arbitration or other proceedings (collectively, the "Litigation Proceedings") against any of the Companies, except that this restriction on Litigation Proceedings will not apply to claims arising from ROA's insurance contracts or policies of insurance (collectively, the "Insurance Policy" or "Insurance Policies").

In accordance with authority granted in the Receivership Order, the Deputy Receiver has issued his First Directive Continuing Insurance Policy Payments and Imposing Suspension and Moratorium on Other Claim Payments (the "First Directive"). The First Directive has ordered a continuation of all payments to policyholders, subscribers, and third-party claimants whose claims arise under Insurance Policies issued by ROA, including the continued payment of administrative expenses and secured claims of the Companies. The First Directive also ordered a moratorium upon the payment of all other claims of any nature, including the payment of all creditor claims which are subordinate to Insurance Policy claims. The aforementioned suspension and moratorium on claim payments has been imposed because of the Companies' financial condition. The suspension and moratorium on claim payments has also been imposed to avoid improper preferences of creditor claims until the Deputy Receiver has further evaluated the Companies' financial condition. Enclosed is a copy of the First Directive.

*Members:*

Reciprocal of America™ • The Reciprocal Alliance (Risk Retention Group)®  
Doctors Insurance Reciprocal (Risk Retention Group)® • American National Lawyers Insurance Reciprocal (Risk Retention Group)™  
The Premium Company of America • The Reciprocal Insurance Agency, Ltd. • Healthcare Providers, Inc. • Southeastern Liability Purchasing Group, Inc.

renewal Insurance Policies by ROA. New Insurance Policies will be allowed and issued by ROA if the contract or policy was legally bound by ROA before January 29, 2003. Based on the Second Directive, this is notice that if your Insurance Policy expires on or after January 29, 2003, the Insurance Policy will not be renewed by ROA.

The Second Directive also imposes a moratorium on the reinsurance of new and renewal contracts of insurance on and after January 29, 2003, but this aspect of the Second Directive will not affect the insurance coverage of ROA's policyholders and subscribers.

The decision not to issue new and renewal Insurance Policies has been a difficult one, but it is necessary to protect subscribers and policyholders because ROA is in a condition where any further transaction of its business will be hazardous to the policyholders, creditors, members, subscribers, and the public. Enclosed for your review is a copy of the Second Directive.

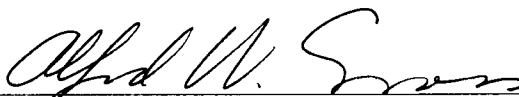
In accordance with the Receivership Order, the Deputy Receiver has adopted a Receivership Appeal Procedure for appeals or challenges of any decision made by the Deputy Receiver or Special Deputy Receiver regarding non-Insurance Policy Claims. Non-Insurance Policy Claims include, but are not limited to, administrative expenses, secured creditor claims, or general creditor claims. The Receivership Appeal Procedure will be conducted under the sole jurisdiction of the Commission. The approval, rejection or determination of all non-Insurance Policy Claims shall continue, as and when such determinations can reasonably be made by the Deputy Receiver or Special Deputy Receiver, but the First Directive's suspension and moratorium on the payment of creditor claims will remain in effect. Enclosed for your review is a copy of the Third Directive of Deputy Receiver Adopting Receivership Appeal Procedure (the "Third Directive").

Claims should continue to be submitted to the Companies in the normal course of business. As noted above, ROA is continuing to pay all claims and obligations arising under its Insurance Policies. All premium payments for Insurance Policies of ROA should continue to be paid to the Companies in the normal course of business. You are required to pay your insurance premiums, as may be due, to continue your insurance coverage.

The Receiver and his staff are reviewing the books and records of the Companies and are evaluating what can be done to remove the causes of the receivership. The Receiver will be working on corrective measures for the Companies and will keep you advised of further developments.

Thank you in advance for your patience and cooperation during the receivership process.

Sincerely yours,



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Alfred W. Gross, Commissioner of Insurance, Bureau of Insurance,  
State Corporation Commission, Commonwealth of Virginia,  
and Deputy Receiver