

*A Membership Corporation*

**In Receivership**

*Alfred W. Gross, Deputy Receiver*

*Melvin J. Dillon, Special Deputy Receiver*

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November 13, 2003

TO: To Policyholders, Subscribers, Creditors, and Other Parties Interested in the Affairs of Reciprocal of America ("ROA") and The Reciprocal Group ("TRG") (collectively, the "Companies")

Re: Plan of Liquidation of the Companies, Notice of Claim Bar Date, and the Proof of Claim Form and Instructions

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, Court File No. CH03-135, the Circuit Court of the City of Richmond, issued its Final Order Appointing Receiver for Rehabilitation or Liquidation (the "Receivership Order"), appointing the State Corporation Commission of the Commonwealth of Virginia (the "Commission"), 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.

On April 30, 2003, I filed an Application for Orders Setting Hearing on Liquidation of Reciprocal of America and The Reciprocal Group, Establishing Response Dates, Ordering Liquidation, Approving Claims Bar Dates, and Related Matters (the "Application") with the Commission in a case styled Commonwealth of Virginia, ex rel. State Corporation Commission v. Reciprocal of America and The Reciprocal Group, Case No. INS-2003-00024. The Commission entered an Order Setting Hearing on Liquidation of Reciprocal of America and The Reciprocal Group, Establishing Response Date, and Related Matters that set a "Liquidation" hearing for June 19, 2003, and an "Other Matters" hearing for September 17, 2003.

On June 20, 2003, after considering the merits of the Application, the Commission entered an Order of Liquidation with a Finding of Insolvency and Directing the Cancellation of Direct Insurance Policies (the "Liquidation Order") for the Companies. A copy of the Liquidation Order is available for review by contacting the Companies or via the internet at [www.reciprocalgroup.com](http://www.reciprocalgroup.com). The Liquidation Order declared that the Companies are insolvent and that the Companies should be liquidated in accordance with Title 38.2, Chapter 15 of the Virginia Code. The Commission ordered the cancellation of all direct insurance policies and contracts of insurance (hereinafter, "Insurance Policy" or "Insurance Policies") issued by ROA

on or before the date on which claims arising thereunder cease to be covered by the applicable state guaranty associations. However, pending further orders from the Commission, the Deputy Receiver was authorized to continue making workers' compensation Insurance Policy medical and disability payments ("Disability Payments") until the applicable guaranty associations could make the payments.

On September 17, 2003, the Commission held the Other Matters hearing to consider the plan of liquidation for the Companies ("Plan of Liquidation") proposed in the Application. On October 28, 2003, the Commission entered its Order Setting Final Bar Date and Granting Deputy Receiver Continuing Authority to Liquidate Companies (the "Order") approving the Plan of Liquidation and the Commission also approved the claim procedures and a Proof of Claim Form and Instructions proposed by the Deputy Receiver.

In addition, the Order also established bar dates for all claims against the Companies. Pursuant to that Order, all parties wishing to assert claims against the Companies, whether actual or contingent and whether or not liquidated, must complete and submit a Proof of Claim Form (or other form containing at least all of the same information) on or before the Final Bar Date. **Claims subject to, and not filed by, the Final Bar Date are precluded from sharing in the assets of the Companies in any manner until the timely-filed claims of all other creditors have been paid in full.**

#### **APPLICABLE BAR DATES**

There are two bar dates, the "Final Bar Date" (by which all claims must be filed - even if contingent and/or unliquidated) and a "Claims Liquidation Date" (by which all claims must be liquidated and made non-contingent). Although the Final Bar Date has been set by the Commission as explained below, it is expected that the Claims Liquidation Date will not be set for some time. There are two types of claims that are not subject to the Final Bar Date:

1. Claims arising under direct policies of insurance issued by ROA, including claims for Disability Payments (which do not include claims arising under reinsurance agreements) that have already been submitted properly to ROA or the Deputy Receiver as of October 28, 2003 (the "Pending Direct Claims"); and
2. Proper administrative expense claims against TRG or ROA (*e.g.*, claims for payment of services rendered, or goods supplied, to the Companies at the request of the Deputy Receiver after January 29, 2003 – the "Administrative Claims").

All other claims against the Companies (actual or contingent and whether or not liquidated), including those arising under direct policies of insurance, are subject to the Final Bar Date, and must be received by the Proof of Claim Department at the address listed below on or before the Final Bar Date of **September 30, 2004**.

Mailing Address:

or

Street Address:

Proof of Claim Department  
The Reciprocal Group/  
Reciprocal of America  
P.O. Box 85058  
Richmond, Virginia 23285-5058

Proof of Claim Department  
The Reciprocal Group/  
Reciprocal of America  
4200 Innslake Drive  
Glen Allen, Virginia 23060

If you believe that you may have an actual or contingent claim, you are strongly advised to file the proper claim form on or before the Final Bar Date. You may be permitted to supplement a timely filed contingent or unliquidated claim after the Final Bar Date. However, it is probable that you will not be permitted to supplement a claim after the Final Bar Date with information known to you before that date.

Please examine carefully the Summary of Plan of Liquidation for the Companies (Exhibit "A" hereto), the Proof of Claim Instructions and Proof of Claim Form (Exhibit "B" hereto), and the Proof of Claim Process Frequently Asked Questions (Exhibit "C" hereto) in order to determine how best to preserve your rights.

Additional information and other relevant documents, including the Proof of Claim Form and Proof of Claim Instructions, concerning the Companies' liquidation are available for review on the internet at [www.reciprocalgroup.com](http://www.reciprocalgroup.com). Thank you for your continued patience and understanding as work continues on the successful wind down of the Companies.

Very truly yours,

Alfred W. Gross  
Deputy Receiver of Reciprocal of America and  
The Reciprocal Group