

THE RECIPROCAL GROUP®

A Membership Corporation

In Receivership

Jacqueline K. Cunningham, Deputy Receiver

4200 Innslake Drive
Glen Allen, VA 23060
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(804) 747-8600
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August 30, 2013

**IMPORTANT NOTICE TO PERSONS INTERESTED IN RECIPROCAL OF AMERICA
AND THE RECIPROCAL GROUP**

**RE: NOTICE OF HEARING ON THE APPLICATION SEEKING APPROVAL
TO INCREASE CLAIM PAYMENTS FROM 95% TO 100%, AND THE
TRANSFER OF RECIPROCAL OF AMERICA'S WORKERS'
COMPENSATION BUSINESS**

**Dear persons interested in the affairs of Reciprocal of America ("ROA") and The
Reciprocal Group ("collectively, the "Companies"):**

On July 6, 2012, the Deputy Receiver entered into a Loss Portfolio Transfer Agreement (the "Agreement") with Providence Washington Insurance Company ("PWIC") under which PWIC would assume and accept from ROA liability for, and the management of, all existing and future claim liabilities of ROA arising under, or in connection with, ROA's Workers' Compensation Book, subject to the terms, conditions, and limitations of the Agreement.

On August 2, 2013, the Deputy Receiver filed with the State Corporation Commission of the Commonwealth of Virginia ("Commission") in Case No. INS-2013-00190, an Application for Orders Setting Hearing, Approving Notice Procedures, Establishing Response Date, and Approving Increased Payment Percentage, Proposed Loss Portfolio Transfer and Related Matters (the "Application").

By scheduling order dated August 29, 2013 ("Scheduling Order"), the Commission set a hearing on the Application for December 4, 2013, at 10:00 a.m., Eastern Time, at 1300 East Main Street, 2nd Floor, Richmond, Virginia ("Hearing").

All persons who expect to appear at the Hearing for the purpose of opposing the Application shall file with the Commission, and serve upon the Deputy Receiver and all other parties of record no later than October 11, 2013, a "Notice of Objection," which shall contain (i) a precise statement of the interest of the respondent; (ii) a statement of the specific relief sought, to the extent then known; and (iii) the factual and legal basis for the relief sought.

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All persons who timely file a Notice of Objection, and who desire to participate in the Hearing, shall file with the Commission and deliver a copy to each of the Deputy Receiver, and counsel for the Deputy Receiver, no later than October 28, 2013, the prepared testimony and exhibits of each witness expecting to present direct testimony in opposition to any relief sought by the Deputy Receiver.

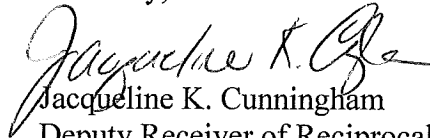
All Notices of Objection and all other pleadings or related documents shall be filed with the Commission electronically in the manner prescribed by the Commission's Guidelines for Electronic Filing: <http://scc.virginia.gov/clk/efiling/Guidelines.aspx>, or by delivering the original and fifteen (15) copies to Joel H. Peck, Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Service on the Deputy Receiver shall be made by delivering one (1) copy of any required filing to both (1) Michael R. Parker, Special Deputy Receiver, Reciprocal of America and The Reciprocal Group, in Receivership for Liquidation, 4200 Innslake Drive, Suite 102, Glen Allen, Virginia 23060; and (2) Patrick H. Cantilo, Counsel to the Deputy Receiver, Cantilo & Bennett, L.L.P., 11401 Century Oakes Terrace, Suite 300, Austin, Texas 78758; and (3) electronically to service@cb-firm.com, on or before the required date for filing with the Commission.

These proceedings shall be subject to the Commission's Rules of Practice and Procedure to the extent not modified by order of the Commission.

Enclosed with this letter please find copies of the Scheduling Order and the Application (which includes a copy of the Loss Portfolio Transfer Agreement without schedules). These same documents, as well as the schedules to the Agreement, can be viewed at any time on the Companies' web site: www.reciprocalgroup.com. Hard copies can also be requested, at the requester's expense of \$13.00 for domestic mailings, by writing to Reciprocal of America and The Reciprocal Group, in Receivership for Liquidation, 4200 Innslake Drive, Suite 102, Glen Allen, Virginia 23060, or P.O. Box 85058, Richmond, Virginia 23285-5058, or by calling 1-804-565-1519. Additional questions may also be directed to 1-804-565-1519.

This is an important development in the liquidation of the Companies. Thank you for your attention to this matter.

Sincerely,



Jacqueline K. Cunningham

Deputy Receiver of Reciprocal of America and
The Reciprocal Group, in Receivership

Enclosures