

**UPDATE REGARDING DISTRIBUTION OF THE ASSETS OF THE
ESTATE OF RECIPROCAL OF AMERICA AND THE ESTATE OF
THE RECIPROCAL GROUP
(As of March 7, 2019)**

The following is a summary description of some of the significant events regarding the liquidation of Reciprocal of America (“ROA”) and The Reciprocal Group (“TRG”). The principal documents referenced herein are available in the Documents section of this web site. **NOTHING HEREIN CONSTITUTES A BINDING LEGAL STATEMENT OR TIMETABLE BY THE RECEIVER, THE DEPUTY RECEIVER, OR THEIR REPRESENTATIVES. NOR ARE THE STATEMENTS CONTAINED HEREIN INTENDED AS COMPLETE LEGAL DESCRIPTIONS OF THE EVENTS OR MATTERS TO WHICH THEY RELATE. THE MATERIAL PROVIDED HEREIN IS OFFERED ONLY FOR THE PURPOSE OF GENERAL INFORMATION. FOR FULL LEGAL INFORMATION, INTERESTED PARTIES SHOULD REVIEW THE SOURCE DOCUMENTS AND APPLICABLE LEGAL AUTHORITIES.**

This update covers developments through the date noted above, subsequent to the September 8, 2017, Final Order on the Deputy Receiver’s June 16, 2017, Application for Final Order Approving Various Wind-Down Matters (“Final Order Approving Various Wind-Down Matters”), in the Virginia State Corporation Commission, Case No. INS-2017-00155.

Thirty days after the Final Order Approving Various Wind-Down Matters was entered, it became non-appealable and the Deputy Receiver began its implementation.

Requests for W-9s were mailed to approximately 1,800 distributees beginning on October 11, 2017, with the bulk of those requests having been mailed by November 2, 2017. Completed W-9s are processed as received, including follow-up correspondence as necessary.

Prior to making the distribution to each priority level of creditor in the sequence approved by the Final Order Approving Various Wind-Down Matters, the accountants must determine the funds available for distribution to that level of creditor subject to the Reserve for ROA Final Expenses and Contingencies and the Reserve for TRG Final Expenses and Contingencies and, if insufficient funds remain to pay 100% of the next priority level of distribution, must determine what percentage pro rata distribution can be made at that level.

Distributions of the full approved amounts of ROA general creditor claims began on November 8, 2017, to those who had submitted complete W-9s.

On January 5, 2018, in Case No. INS-2017-00250, the Commission entered its Order Appointing Scott A. White as Deputy Receiver for Rehabilitation or Liquidation, appointing Scott A. White, Commissioner of Insurance, as Deputy Receiver for ROA and TRG.

The bulk of approved ROA general creditor distributions were made by February 1, 2018. Those that had not yet been made as of that date, because a properly completed W-9 had not yet been received, were reserved for and are paid as acceptable W-9s are received, or will eventually be remitted to the appropriate state unclaimed property funds. Approved ROA general creditor claims payable to TRG were reserved for in February 2018, but transferred to TRG later as described below.

Next, the approved timely-filed and late-filed claims that were timely liquidated for the return of funds advanced to ROA by certain hospitals pursuant to the ROA Capital Call were paid in full on February 2, 2018. Pursuant to the October 7, 2011, Order Assigning to Trust, ROA Hospital Policyholder Class Members' Capital Call Proofs of Claim and Rights to Distribution of any ROA Subscriber Equity, entered by the United States District Court for the Western District of Tennessee, in In Re Reciprocal of America (ROA) Sales Practices Litigation (Consolidated Hospital Actions), Case No. 2:10-cv-02726-JDB-tmp, those funds were paid to the ROA Hospital Settlement Trust. The return of funds advanced by TRG to ROA pursuant to promissory notes, which was the same priority level of distribution as the return of funds advanced to hospitals, and the payment of contractual interest by ROA to TRG under those promissory notes (which was the next priority of distribution) were reserved for in February 2018 but transferred to TRG later as described below.

Effective April 13, 2018, the Deputy Receiver issued his Thirteenth Directive of Deputy Receiver Appointing Successor Special Deputy Receiver, appointing Donald C. Beatty, Deputy Commissioner for the Commission, to succeed John O. Cox in the capacity of Special Deputy Receiver of the Companies.

The receivership continued destroying warehoused documents in accordance with Records Retention Schedule approved by the Final Order Approving Various Wind-Down Matters, ultimately vacating the warehouse that had been leased by ROA and terminating the lease for the warehouse effective May 31, 2018. Those documents that could not yet be destroyed were transferred to the Deputy's Receiver's counsel.

On July 2, 2018, the receivership successfully undertook to obtain the return from two states (Georgia and Tennessee) of statutory deposits that ROA had been required to post when it was doing business in those states. No such deposits remain with other states.

In late January of 2019, ROA completed all distributions to TRG previously reserved for approved ROA general creditor funds, for the return of funds advanced to ROA by TRG under promissory notes, and for contractual interest on those TRG advances.

Preparations are underway for distributions to TRG creditors and to withdrawn and current subscribers of ROA who, as of December 31, 2002, had positive Equity Account balances ("ROA

Equity Account Distributees”). Prior to such distributions being mailed to distributees who have submitted W-9s, the Deputy Receiver intends to file an application seeking (among other things) prior approval for the aggregate dollar amount and pro rata proposed percentage for each of the next two priorities of distributions in order; from TRG’s estate to TRG creditors, and from ROA’s estate to ROA Equity Account Distributees. It is anticipated that such an application will be filed in March of 2019. After the Commission enters a scheduling and procedural order on the application, the receivership will provide mailed and publication notice of that order and the application.

The Deputy Receiver appreciates the patience of TRG creditors and ROA Equity Account Distributees as the complex liquidation process continues. As material developments warrant, the Deputy Receiver will cause additional updates to be posted periodically at www.reciprocalgroup.com (click on “Current Update”).