

**UPDATE REGARDING DISTRIBUTION OF THE ASSETS OF
THE ESTATE OF RECIPROCAL OF AMERICA AND
THE ESTATE OF THE RECIPROCAL GROUP
(As of February 11, 2020)**

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 previous update posted on the receivership web site as of August 26, 2019.

Checks in full payment of approved claims of TRG creditors for whom we had received a W-9 and any additional required documentation, and for whom the receivership had an address not known to be inaccurate, were issued on September 11, 2019. For those TRG creditors, their final communication from the receivership should be an I.R.S. Form 1099 issued by the receivership in January of 2020.

On November 25, 2019, TRG assigned to ROA, and ROA assumed from TRG, all of TRG’s remaining assets (including the Reserve for TRG Final Expenses and Contingencies) and all of TRG’s remaining liabilities (subject to the amount of TRG assets assigned and assumed). This terminated TRG’s existence as a taxable entity.

On February 7, 2020, the receivership’s accountants determined that, excluding the Reserve for ROA Final Expenses and Contingencies and the liabilities that ROA had assumed from TRG, \$8,124,049.96 is available at this time for a pro rata distribution to withdrawn and current subscribers of ROA who, as of December 31, 2002, had positive Equity Account balances (“ROA Equity Account Distributees”). This exceeds the “Approx. \$6.5M” estimate included in the exhibit to the June 16, 2017, Application for Final Order Approving Various Wind-Down Matters (“Application”). This will result in a 10.48% pro rata distribution on equity account balances (versus the “Approx. 8.4%” estimate that was provided in the exhibit to the Application). As of the date of this Update, the receivership’s accountants are preparing to make that pro rata distribution to ROA Equity Account Distributees who have submitted W-9s and any additional required documentation.

Please note that, in addition to the above-described pro rata distribution, there might be an additional pro rata distribution to ROA Equity Account Distributees near the end of the receivership consisting of:

- * Any alternative minimum tax (“AMT”) credit refund to which ROA might be entitled in future tax years (currently estimated as likely to total \$1,974,224);
- * Future interest income on the Reserve for ROA Final Expenses and Contingencies; and
- * Any remainder of the \$10 million that is not needed prior to termination of the receivership.

Therefore, it is important that, until such time any final distribution is made and the receivership terminates, ROA Equity Account Distributees advise the receivership of any address changes (and providing other current contact information) by using the Change of Address Form available on the receivership web page, www.reciprocalgroup.com.

Approved TRG creditor claims, as well as ROA equity account distributions, for which a W-9 and any other required documentation is not timely submitted, or for which the receivership does not have an address for the payee not known to be inaccurate, will be remitted to the appropriate state unclaimed property fund as soon as permitted by the laws and practices applicable to the unclaimed property fund of the state of last known address.

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 the link to “Current Update”).