

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA *ex rel.*
STATE CORPORATION COMMISSION,

Applicant,

v.

RECIPROCAL OF AMERICA and
THE RECIPROCAL GROUP,

Respondents.

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Case No. INS-2003-00024

**NINTH DIRECTIVE REGARDING INCREASED PAYMENT PERCENTAGE
AND CANCELLATION OF EIGHTH DIRECTIVE**

1. On March 28, 2007, in a case styled Application of Reciprocal of America and The Reciprocal Group for Approval to Increase Payment Percentage from 17% to 25%, Case No. INS-2007-00065, the State Corporation Commission of the Commonwealth of Virginia (the "Commission") entered its Final Order which, among other things, (1) authorized payment by the Deputy Receiver of Reciprocal of America and The Reciprocal Group (together, "ROA") of certain approved claims at the increased payment percentage of 25%, (2) authorized the payment of an additional 8% to all claimants who have received a 17% distribution on their claims, and (3) approved the modification or cancellation of the Eighth Directive Regarding Claim Payments (the "Eighth Directive") so as to permit payments to be made at the increased percentage.

2. Pursuant to authority granted by the Commission's December 13, 2005, Final Order issued in a case styled Application of Reciprocal of America and The Reciprocal Group for Approval of Agreement to Stay Proceedings and Tolling Agreement, Case No. INS-2004-00244, the Deputy Receiver issued the Eighth Directive which, among other things, (1) directed payment of 17% of policyholder-level claims against ROA, in an aggregate amount not to exceed \$77,511,000, and (2) directed that the percentage and aggregate amount of such payments could be increased when, and to the extent that, increased payments were authorized by further orders of the Commission. As the Commission's March 28, 2007, Final Order authorized an increased payment percentage without specifying an aggregate cap on the amount to be paid, the Eighth Directive is no longer necessary and may now be cancelled.

THEREFORE, in accordance with the powers granted to the Deputy Receiver in the Commission's March 28, 2007, Final Order and other applicable authority, THE DEPUTY RECEIVER HEREBY DIRECTS:

1. ROA shall make payments at the increased payment percentage of 25% to policyholders, subscribers, third-party claimants, and guaranty associations having made payments to such policyholders and claimants, for approved claims arising under workers' compensation or other ROA insurance policies which have not yet been paid.
2. ROA shall make payment of an additional 8% to all claimants who have received a 17% distribution on their claims.
3. The percentage of such payments may be increased when, and to the extent that, an increased payment percentage is authorized by further orders of the Commission.
4. ROA shall continue to pay administrative expenses in full and pay secured claims against ROA at 100%, to the extent of applicable security.
5. The Eighth Directive is no longer necessary and is hereby cancelled.
6. In all other respects, the Fifth Directive effective as of April 30, 2003, shall remain in full force and effect.

This Ninth Directive shall take effect whenever the Commission's March 28, 2007, Final Order becomes final and non-appealable. All of the foregoing is subject to further directives of the Deputy Receiver and orders of the Commission.

It is so directed on this 11 day of May 2007:

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

