

## Exhibit A

### **Plan for Administration of Prepaid Deductibles**

Certain commercial automobile insurance policies issued by Elite Transportation Risk Retention Group, Inc., (“ETRRG” or the “Company”) included member deductible obligations and, in some circumstances, the Company received funds from its members as security for the payment of those deductibles (“Prepaid Deductibles”). This Plan for Administration of Policy Deductibles (“Plan”) sets forth the understanding and intention of the Liquidator regarding the manner in which he will hold, return, and draw from the Prepaid Deductibles.

1. **Status of the Prepaid Deductibles.** ETRRG received the Prepaid Deductibles subject to an informal agreement that they were to be held as security for the payment of certain deductible obligations. The Prepaid Deductibles contributed by each member are, therefore, the property of that member that the Liquidator views as being held in constructive trust until such time as they are needed to satisfy the member’s deductible obligations or the exposure they secure is eliminated.

2. **Retention of the Prepaid Deductibles.** Generally speaking, ETRRG policies with deductible features provided first dollar coverage, contemplated that ETRRG may make payments directly to third parties to settle claims, and required the member to reimburse ETRRG for any payments within the deductible. (The terms of the underlying policies are controlling and nothing in this Plan is intended to or shall be construed as modifying the applicable policy language.) The Prepaid Deductibles were received and retained to secure ETRRG’s right to reimbursement. Entry of the Order of Liquidation did not eliminate the need for the Prepaid Deductibles because third-party claims submitted pursuant to 8 V.S.A. § 7077(a) present the possibility of ETRRG obligations running to third parties for amounts that fall within member deductibles. The Company will be entitled to reimbursement in relation to these obligations so the Liquidator will continue to hold the Prepaid Deductibles until the risk they secure is extinguished.

3. **Management of Prepaid Deductibles.** The Prepaid Deductibles were held in an interest bearing account while ETRRG operated as a going concern and the Company tracked each member’s balance and accrued interest. The Prepaid Deductibles were transferred to a Vermont financial institution when the Company was placed in liquidation and the Liquidator

has continued to track member balances and accrued interest on the same basis. The Liquidator will continue to do so until such time as the Prepaid Deductibles for an individual member is returned or drawn down.

4. Return of Excess Prepaid Deductibles. Following the approval of each report of claims (or more frequently if the Liquidator deems it appropriate under the circumstances), the Liquidator will calculate the maximum deductible exposure presented by third-party claims submitted in this proceeding with respect to the policies of each ETRRG member. If the Liquidator determines that a member's Prepaid Deductible balance (principal and interest) exceeds that member's maximum deductible exposure, the Liquidator shall continue to hold Prepaid Deductibles equal to the member's maximum deductible exposure and return the excess to the member. If a member disputes the Liquidator's calculation of the required security, the member will be invited to file an objection with the Liquidator. If the Liquidator does not alter his calculation and the member remains dissatisfied, the Liquidator shall refer the matter to the Court for hearing in a manner similar to that of a disputed claim. If any Prepaid Deductible balances remain after the final distribution from the estate, the Liquidator will return those funds to the relevant members.

5. Draw Down of Prepaid Deductible. When the Court orders distributions on policyholder-level claims (i.e. priority class 3), the Liquidator will determine the portion of any distribution made to third-party claimants to which a policy deductible applies. The Liquidator will then notify the member and draw the determined amount from the relevant member's Prepaid Deductible in satisfaction of the reimbursement obligations. If a member disputes the Liquidator's determination as to the amount of the Prepaid Deductible to be drawn down with regard to a distribution, the member will be invited to file an objection with the Liquidator. If the Liquidator does not alter his determination and the member remains dissatisfied, the Liquidator shall refer the matter to the Court for hearing in a manner similar to that of a disputed claim.