

1. On March 15, 2018, the Commissioner of the Department of Financial Regulation (“Commissioner”) filed an *ex parte* Petition for Seizure Order pursuant to 8 V.S.A. § 7042(b), seeking, among other things, authorization to take possession and control of ETRRG. The Court granted the Commissioner’s petition by entering the requested order (“Seizure Order”) on March 29, 2018. Following entry of the Seizure Order, the Commissioner further investigated the Company’s condition, concluded that rehabilitation would be futile, and filed a Petition for Order of Liquidation on April 20, 2018. On May 7, 2018, the ETRRG board of directors voted unanimously to assent to the proposed Order of Liquidation. On May 15, 2018, the Court entered its Order of Liquidation (“Liquidation Order”) that, among other things, appointed the Commissioner as Liquidator (“Liquidator”), authorized him to appoint a special deputy

liquidator, and approved the Plan of Liquidation. The Liquidator appointed me to serve as Special Deputy Liquidator on May 15, 2018.

2. The Liquidator's Prior Status Reports. On July 16, 2018, I submitted the Liquidator's First Status Report describing, among other things, the establishment of a claim filing deadline (May 15, 2019), the provision of notice to potential creditors of ETRRG, the consolidation of ETRRG's assets and administration, and next steps in the Liquidation. On October 31, 2018, I submitted the Liquidator's Second Status Report which provided (among other things) an update on the Company's assets, claims filed with the Liquidator, the Liquidator's analysis of historical member assessments, and next steps in the Liquidation. Additional detail regarding historical assessments and the Liquidator's plan for additional assessments was provided in the *Liquidator's Report: Financial Condition, Collectability of Outstanding Assessments and Options* ("Assessment Report") attached as Exhibit A to the Liquidator's Second Status Report. On January 14, 2019, I submitted the Liquidator's Third Status Report providing updated information on Company assets, claims, and administrative matters. The Court approved the Liquidator's request to extend the claim filing deadline to November 15, 2019. On December 23, 2019, I submitted the Liquidator's Annual Report and Status Report. I then submitted the Liquidator's Fifth Status Report on June 20, 2020 and the Liquidator's Sixth Status Report, Annual Accounting, and First Report of Claims ("First Report of Claims") on January 22, 2021. All of these filings have been publicly posted on the liquidation website ([www.etrrg.com](http://www.etrrg.com)).

#### STATUS REPORT

3. A simplified balance sheet reflecting ETRRG's financial condition as of June 30, 2020 is presented below in Table 1.

**Table 1 – Simplified ETRRG Balance Sheet as of June 30, 2021**

<b>ASSETS</b>		
Cash	\$	126,737
Cash Equivalents		2,255,666
Investments		4,465,929
Reinsurance Receivable		7,700,000
Total Assets	\$	14,548,332
<b>LIABILITIES</b>		
Priority Class 1 – Administrative Expenses	\$	318,688
Priority Class 3 – Claims under Policies		20,089,424
Total Liabilities	\$	20,408,112

4. Assets. The Company's cash, cash equivalents, and other liquid assets have been marshalled and consolidated in a Vermont banking institution. It should be noted that the cash figure includes proceeds of a settlement between the Liquidator and the Internal Revenue Service regarding ETRRG's pre-liquidation claims for tax refunds that was approved by the Court on October 12, 2020. The reinsurance receivable figure listed in Table 1 is more than thirty months old and is presented solely for purposes of context and scale.<sup>1</sup> The Liquidator anticipates that this receivable will start to be converted to cash in the coming months as high-value claims are determined, submitted to the Court for approval, and presented to the reinsurer for payment.

5. In addition to Company assets, the Liquidator is currently holding approximately \$528,000, in constructive trust as security against members' deductible obligations under the conditions described in the Liquidator's Plan for Administration of Prepaid Deductibles. (The Plan for Administration of Prepaid Deductibles was submitted as an exhibit to the Liquidator's Fifth Status Report and has been posted at [www.etrreg.com](http://www.etrreg.com).)

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<sup>1</sup> In 2018, the Liquidator commissioned actuarial reports from Merlinos & Associates, Inc., ("Merlinos") and Casualty Actuarial Consultants, Inc., for purposes of analyzing the Company's historical assessments and the feasibility of a future assessment at the close of this proceeding. Figures from the Merlinos report, including an estimate of reinsurance receivable, were presented in the *Liquidator's Report: Financial Condition, Collectability of Outstanding Assets* ("2018 Analysis") that was attached as Exhibit A to the Liquidator's Second Status Report, filed October 31, 2018. The "reinsurance receivable" figure presented in Table 1 is drawn directly from the 2018 Analysis and has not been updated since October of 2018.

6. Liabilities. The liquidation statutes require that payments on claims be made in accordance with the statutory priorities and that all claims in a class be paid in full (or adequate reserves established for such payment) before claims in subsequent classes receive any distribution. 8 V.S.A. § 7081. Accordingly, in Table 1 the Liquidator presents the Company's estimated liabilities in terms of priority classification rather than the annual statement format that would be presented by an insurer operating as a going concern. The figure presented for priority class 1 reflects a conservative estimate of the total expense of liquidating the Company set forth for illustrative purposes in the 2018 Analysis (\$1 million) less \$681,312.19 in expenses paid through June 30, 2021.<sup>2</sup> With regard to claims falling in priority class 3, the Liquidator's best estimate of total value remains the \$20,089,424 estimate of policyholder level claims developed by Merlinos for use in the 2018 Analysis. This figure includes case reserves plus IBNR (losses that have been incurred but not reported), net of deductibles for the years 2005-2018.

7. Filing of Proofs of Claim. The Liquidator established May 15, 2019 as the claim filing deadline. See Liquidation Order, ¶ 6(b). The Liquidator thereafter requested a six month extension which the Court granted on May 24, 2019. See Order Extending Claim Filing Deadline. All claims in the ETRRG estate, therefore, were to have been filed on or before November 15, 2019. The Liquidator received 378 proof of claim forms ("POCs") before the November 15, 2019 deadline. (Incomplete POCs have been returned to their senders with instructions for resubmission.) As of July 31, 2021, the Liquidator has received and acknowledged an additional nine completed POCs. See 8 V.S.A. § 7074(d) ("The liquidator may

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<sup>2</sup> Administrative expenses totaled \$243,973.41 in 2018, \$146,235 in 2019, and \$225,662 in 2020. More than half of the expenses incurred in 2018 consisted of non-recurring costs such as actuarial analysis and payments under the now-terminated TPA agreement while significant non-recurring expenses were incurred in 2020 relating to tax litigation. The Liquidator believes, therefore, that (absent the need for substantial claim or assessment litigation) the administrative reserve estimate remains conservative and notes that administrative expense disbursements in the first half of 2021 were less than \$65,000 even as we ramped-up the claim determination process.



consider any claim filed late... and permit it to receive distributions... if the payment does not prejudice the orderly administration of the estate.”). The Liquidator will review any POCs submitted during the remainder of the proceeding but the claim determination process is now at a fairly advanced stage such that it is unlikely such claims could be considered without prejudicing the orderly administration of the estate.

8. A POC may present a single claim (e.g. recovery for loss resulting from a single motor vehicle accident) or multiple claims (e.g. the form encloses a schedule listing multiple motor vehicle accidents). Accordingly, the Liquidator has assigned separate control numbers to each claim presented in a POC -- e.g. POC No. 277 has been subdivided into sixty-five subclaims assigned POC Nos. 277a through 277bm. Counted in this manner, the Liquidator has received a total of 560 claims

9. Because the insurance statutes permit third parties to file claims directly against the estate, a single incident may give rise to numerous related claims that may seek overlapping recovery (e.g. a tort-claimant asserting the insured’s liability, another insurer asserting rights of subrogation/contribution, and a policyholder seeking indemnity). This means that raw POC and claim counts are not a reliable metric for evaluating estate exposure or the amount of work remaining to crystalize ETRRG’s obligations and close the proceeding. The Liquidator has therefore attempted to group POCs and claims by incident – determining the number of motor vehicle accidents requiring investigation and the number of disputes to be resolved. This number has increased slightly as the Liquidator investigated and determined claims such that it now appears that there were 318 separate incidents to be reviewed.

10. Discussions with Reinsurer. ETRRG’s reinsurance agreements contemplate that communications will flow through an intermediary (the reinsurance broker). In light of the

circumstances, however, the reinsurer contacted the Liquidator directly to discuss the liquidation process and its implications for the reinsurance relationship. As part of those discussions, the Liquidator requested the members' assistance in generating (and updating) a survey of known or suspected claims. The Liquidator has also responded to various information requests and kept the reinsurer informed regarding potential resolution of large claims.

11. Communication with Members. The Liquidator has consistently advised ETRRG's member insureds that the time and expense required to complete the proceeding can be minimized if they engage directly with third-party claimants to resolve disputes. All members have been informed of the third-party claims submitted to the Liquidator that seek payment under their policies and has emphasized the importance of direct engagement with third-party claimants.

12. Claim Strategy. The Liquidator has completed initial review of nearly all POCs filed in the proceeding and communicated with the policyholder and/or the claimant regarding their status. This has included issuance of 242 notices of determination of which 214 are final and have been reported to the Court. (Four claims have also been withdrawn). There are, accordingly, 314 claims that remain to be resolved.

13. Many of the claims filed by ETRRG members appear to be "placeholders" submitted to preserve policyholder rights against the emergence of new claims or the revival of dormant matters. The Liquidator has contacted most of the members submitting such "placeholder" claims and discussed the need to issue determinations shortly so as to bring the liquidation proceeding to a close. The Liquidator therefore expects that a very large number of outstanding claims (perhaps as much as half those remaining) can be determined in the coming weeks. Indeed, the Liquidator estimates that there are only approximately 75 incidents that will

require additional investigation, outreach to members/claimants, and other substantive work. The Liquidator consequently remains hopeful, that all (or nearly all) of these claims will have been determined by the end of 2021.

### SECOND REPORT OF CLAIMS

14. As noted above, the Liquidator has issued a total of 242 notices of determination. (Four additional claims have been withdrawn.) “Within 60 days from the mailing of notice [of determination] the claimant may file objections with the liquidator” and “[i]f no such filing is made, the claimant may not further object to the determination.” 8 V.S.A. § 7078(a).

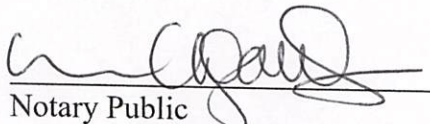
15. When the First Report of Claims was submitted on January 22, 2021 the 60 day objection period had run or been waived with regard to 171 notices of determination. Since that filing, the objection period has run or been waived regarding an additional 43 notices of determination in a total amount of more than \$4.9 million. (Two additional claims were withdrawn during that period.)<sup>3</sup> Those 43 finally determined claims and two withdrawn claims are reported in the Liquidator’s Second Report of Claims, attached as Exhibit A, together with the Liquidator’s recommendations. See 8 V.S.A. § 7082(a) (“As soon as practicable, the liquidator shall present to the Court a report of the claims against the insurer with recommendations.”) By his Motion for Order Approving Liquidator’s Second Report of Claims (filed herewith), the Liquidator requests that the Court enter an order approving the Second Report of Claims. See to 8 V.S.A. § 7082(b) (“The court may approve, disapprove, or modify the report on claims [filed] by the liquidator.”).

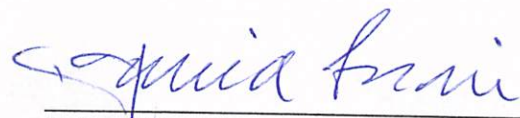
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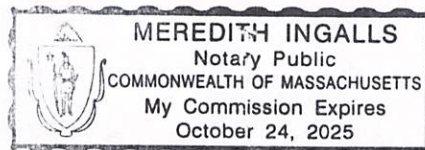
<sup>3</sup> At present, there are a further 28 notices of determination that have been issued but for which the 60 day objection period has not run or been waived. The determination for which the Liquidator does not receive an objection will be included in the next report of claims. Total figures are therefore as follows: 171 determinations and 2 withdrawals in First Report + 43 determinations and 2 withdrawals in Second Report + 28 pending determinations = 242 total determinations issued and four withdrawals.

16. Next Steps. The Liquidator will continue to investigate/analyze the proofs of claim received and will then either pursue negotiated resolutions or issue notices of determination. In cases where the claimant is dissatisfied with the notice of determination, the claimant will be entitled to seek judicial review. See 8 V.S.A. § 7078(b). The Liquidator proposes making his next status report in six months.

Subscribed and sworn before me  
this 12<sup>th</sup> day of August, 2021

  
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Notary Public  
My commission expires: 10.24.25

  
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J. David Leslie  
Special Deputy Liquidator





**EXHIBIT A**Liquidator's Second Report of Claims for ETRRG  
August 9, 2021**Claims Recommended for Allowance in Priority Class 1**

<b><u>POC No.</u></b>	<b><u>Claimant Name</u></b>	<b><u>Claimant Address</u></b>	<b><u>Priority Class</u></b>	<b><u>Amount Allowed</u></b>
None in Second Report of Claims				
Allowed in First Report of Claims				\$ 7,075.56

**Claims Recommended for Allowance in Priority Class 3**

<b>4</b>	Finster Courier, Inc.	9201 River Road, Pennsauken, NJ 08110	3	\$ 6.50
<b>13</b>	PFNonwovens, LLC	101 Green Mountain Rd., Hazle Township, PA 18702	3	5,829.79
<b>19</b>	Finster Courier, Inc.	9201 River Road, Pennsauken, NJ 08110	3	55,348.00
<b>74</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	93,743.24
<b>94</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	16,338.98
<b>95</b>	Motors Insurance Corporation	1000 Abernathy Rd., Bldg. 400, Ste. 275, Atlanta GA 30328	3	22,024.27
<b>100</b>	Jersey Central Power & Light Co.	76 South Main Street, Akron, OH 44308	3	15,624.72
<b>122</b>	Finster Courier, Inc.	9201 River Road, Pennsauken, NJ 08110	3	959,816.00
<b>145</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	27,544.50
<b>146</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	4,362.73
<b>148</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	1,646.25
<b>149</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	1,369.62
<b>150</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	44,477.50
<b>151</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	15,152.24
<b>153</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	3	18,135.00
<b>233</b>	State Farm Insurance Company	P.O. Box 106172, Atlanta, GA 30348-6172	3	1,524.05
<b>277a</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	36,401.53
<b>277c</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	26,612.62
<b>277d</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	1,120,961.28

<u>POC No.</u>	<u>Claimant Name</u>	<u>Claimant Address</u>	<u>Priority Class</u>	<u>Amount Allowed</u>
<b>277f</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	\$ 726,882.00
<b>277i</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	27,954.04
<b>277o</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	13,143.21
<b>277p</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	1,116,859.79
<b>277q</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	50,141.41
<b>277s</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	50,805.34
<b>277t</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	315,414.05
<b>277u</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	10,732.50
<b>277ai</b>	Metropolitan Trucking, Inc.	6675 Low St., Bloomsburg, PA 17815	3	3,773.19
<b>321</b>	Star Freight, LLC	P.O. Box 14423, Lexington, KY 40512	3	125,576.72

Recommended for Allowance \$ 4,928,738.21

Allowed in First Report of Claims \$ 758,452.55

Total if Second Report of Claims is Allowed \$ 5,666,653.62

**Claims Recommended for Allowance in Priority Class 6**

<b>7</b>	Rende Ryan & Downes LLP	202 Mamaroneck Ave., White Plains, NY 10601	6	\$ 6,691.99
<b>25</b>	Chris Hoffman	485 Mason Dixon Rd., Greencastle, PA 17225	6	500.00
<b>117</b>	DJS Associates	1603 Old York Rd., Abington, PA 19001	6	2,876.50
<b>124</b>	DJS Associates	1603 Old York Rd., Abington, PA 19001	6	10,468.65

Recommended for Allowance \$ 20,537.14

Allowed in First Report of Claims \$ 98,378.39

Total if Second Report of Claims is Allowed \$ 118,915.53

<u>POC No.</u>	<u>Claimant Name</u>	<u>Claimant Address</u>	<u>Priority Class</u>	<u>Amount Allowed</u>
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**Claims Recommended for Allowance in Priority Class 9**

None in Second Report of Claims

Allowed in First Report of Claims \$ 400,000.00

**Claims Denied or Withdrawn**

<b>5</b>	Tracy Lewandowski	226 Hancock Ave., Jersey City, NJ 07307	n/a	n/a
<b>9</b>	Anderson Trucking Service	P.O. Box 1377, St. Cloud, MN 56301	n/a	n/a
<b>12</b>	Jasmine Penny McGehee	217 Beverly Dr., Lafayette, LA 70503	n/a	n/a
<b>14</b>	Melody Christian	5 Meadowood Cir., Lithonia, GA 30038	n/a	n/a
<b>44</b>	Joe E. Wright	10114 Cushing Dr., Dallas, TX 75217	n/a	n/a
<b>51</b>	Lynn Tanory	212 Oats Dr., Lafayette, LA 70508	n/a	n/a
<b>108</b>	Joseph Furman	6A Sherman Ave., Greenwich, CT 06830	n/a	n/a
<b>147</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	n/a	n/a
<b>152</b>	Hoffman Transport Inc.	485 Mason Dixon Rd., Greencastle, PA 17225	n/a	n/a
<b>231</b>	Paula P. Simm	117 Kimball Dr., Lafayette, LA 70508	n/a	n/a
<b>291j</b>	Road Scholar Transport, Inc.	130 Monahan Ave., Dunmore, PA 18512	n/a	n/a
<b>291m</b>	Road Scholar Transport, Inc.	130 Monahan Ave., Dunmore, PA 18512	n/a	n/a