



Spirit Commercial Auto Risk Retention Group, Inc., in Receivership

Barbara D. Richardson, Receiver
Cantilo & Bennett, L.L.P., Special Deputy Receiver
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March 12, 2019
Updated September 16, 2019

Dear Policyholders, Creditors, and Other Interested Parties:

This letter will advise you of important receivership developments for Spirit Commercial Auto Risk Retention Group, Inc. (the “Company” or “Spirit”), which impact (among other things) the defense of claims brought against you, the payment of claims by the Company, and any active insurance policy that you have with the Company.

On February 27, 2019, in a case styled State of Nevada, ex rel. Commissioner of Insurance, in her Official Capacity as Statutory Receiver for Delinquent Domestic Insurer v. Spirit Commercial Auto Risk Retention Group, Inc., a Nevada Domiciled Association Captive Insurance Company, Case No. A-19-787325-B, Dept. No. 27, the Eighth Judicial District Court of Nevada (“Receivership Court”) issued its Order Appointing Insurance Commissioner, Barbara D. Richardson, as Permanent Receiver of Spirit (the “Receivership Order”). **A copy of the Permanent Receivership Order is available on the following web site: www.spiritinsure.com.**

The Commissioner of Insurance for the state of Nevada as Permanent Receiver for the Company, has appointed the firm of Cantilo & Bennett, L.L.P. as the Special Deputy Receiver (“SDR”) of the Company. The Company was placed into permanent receivership because it is insolvent, in a hazardous financial condition, and is unable to pay all of its insurance policy claims. The Receiver and her appointed SDR are authorized to conduct the business of the Company and administer its affairs for the protection of all policyholders, creditors, and interested parties. The Receivership Court, by its Permanent Receivership Order, has ordered:

- 1. That the Receiver may impose a full suspension on disbursements owed by Spirit, and by this letter, the Receiver is notifying you that as of the permanent receivership date of February 27, 2019, the Receiver has imposed a full suspension of insurance policy disbursements, including the payment of insurance defense costs, mediation costs, and other such costs related to the defense or adjudication of insurance policy claims;**
- 2. That the Company’s in-force insurance policies were canceled effective on the earlier of April 15, 2019, or the date when the insured ceased making premium payments to Spirit (and insurance coverage on active policies was provided through April 15, 2019, provided that premiums were paid by insureds to the Company through such date)—and NOTE: INSUREDS MUST OBTAIN NEW INSURANCE POLICY COVERAGE WITH A DIFFERENT COMPANY ON AND AFTER APRIL 16, 2019;**
- 3. That the Receiver is authorized to take possession, and will take possession, of all assets and records of the Company; and**
- 4. That all persons are enjoined from bringing or maintaining any litigation, suit in equity, arbitration, or other legal proceedings against the Company, Receiver, or SDR, unless brought in the receivership court of the Company.**

The Receiver encourages you to read the Permanent Receivership Order in its entirety. If a lawsuit is pending against you, you should make arrangements as best you can for the defense of claims brought against you—if the claimant is not willing to stay litigation against you. If a defense attorney was appointed for your case prior to receivership, you must contact that attorney to arrange as best you can to take over the financial responsibility for your defense. The Receiver cannot at this time pay defense costs for Spirit insureds. For

insureds that agree to pay their own defense costs for claims covered by the Company and/or pay money to settle claims covered by Spirit's insurance, they are entitled to submit claims for the reimbursement of those paid defense costs or claim settlements (*i.e.*, as covered by the Company's insurance policy) to the Receiver.

The Receiver provides no guaranty of reimbursement of defense costs and claim payments made directly by insureds or the timing of any reimbursement payment that may be approved, as this will depend on the extent of any future distributions made by the Receiver, including a review and approval that paid costs and claims are covered by Spirit's insurance policy. You will need to follow the court-approved procedure for submitting claims in the receivership. The procedure for the submission of claims in the receivership estate will be available on the Spirit web site soon.

Please note that Spirit was formed and operated as a Risk Retention Group ("RRG") insurance company, and there is no insurance guaranty association coverage provided for RRG claims in the U.S. Thus, there is no insurance guaranty association coverage available in any state jurisdiction for Spirit's claims.

Further notices will be provided to you when there are developments in the receivership, such as for example—any claims filing deadline, changes regarding the suspension of claim payments and distributions, or other important matters as may be required by the receivership court. You are responsible for keeping the SDR apprised of any change in your address, to assure your receipt of any mailed notices or correspondence. You may review updates regarding the Company's receivership by periodically checking the following web site: www.spiritinsure.com.

The Receiver's representatives will review the books and records of the Company, evaluate ways to collect the Company's assets, and will work on the partial resumption of claim payments as soon as reasonably possible in the future. Please note that premium or other balances due the Company by insureds and other parties must still be paid.

Currently, the Receiver does not have an estimated time frame as to when or if claim or insurance defense disbursements will resume, as it will depend on many factors that are not yet known to the Receiver. We apologize for the hardship caused by the receivership and will be working our hardest to achieve the best outcome for the Company's claimants. Thank you for your patience and cooperation during the receivership process.

Sincerely yours,



Mark F. Bennett

Representative of CANTILO & BENNETT, L.L.P.,
Special Deputy Receiver