

**Plan of Liquidation for Emergency Physicians
Insurance Exchange Risk Retention Group**

This Plan of Liquidation (the “Plan”) will govern the liquidation of Emergency Physicians Insurance Exchange Risk Retention Group (“EPIX”). The Superior Court, Washington County (the “Court”) entered the Order for Rehabilitation of EPIX on February 26, 2021 in Commissioner of the Department of Financial Regulation v. Emergency Physicians Insurance Exchange National Risk Retention Group, Docket No. 21-CV-348 Wncv. This Plan was approved by the Court by the Order for Liquidation entered on February 6, 2024, 2024 (the “Liquidation Order”), based on the facts set forth in the Affidavit of J. David Leslie, Special Deputy Rehabilitator, filed with the Petition for Order of Liquidation for Emergency Physicians Insurance Exchange Risk Retention Group.

1. Impact of Insolvency on Policyholders. EPIX is insolvent, commenced voluntary runoff in September 2020, and has been in rehabilitation since February of 2021. Most policyholders of insolvent insurance companies are eligible for guaranty fund coverage, e.g. 8 V.S.A. § 3611-3626, but since EPIX is a risk retention group, it cannot participate in the guaranty fund system. See 8 V.S.A. § 6054(a); 15 U.S.C. § 3902(a). Accordingly, when EPIX was placed in rehabilitation in 2021, management and defense of claims by EPIX ceased and each policyholder became responsible for claims management and paying all defense costs. Pursuant to the Court’s orders, in rehabilitation EPIX was able to make partial distributions (at a 40% rate) of defense and indemnity. Payment in the ordinary course will not be possible in liquidation, however, as distributions can only be made on allowed claims.

2. Plan of Liquidation. To reduce the effect of EPIX’s liquidation on policyholders and other claimants, the Liquidator shall conduct the liquidation proceedings under the following conditions:

- a. The Liquidator will furnish notice of the Liquidation Order as provided in 8 V.S.A. § 7061. The notice will include a copy of the Proof of Claim (in the form attached hereto) and will specify a claim filing deadline not less than six months from the date of the Liquidation Order.

- b. The Liquidator will receive completed proofs of claim and make a determination as to priority classification pursuant to 8 V.S.A. § 7081. If the claim falls within priority classes 4 through 10, the Liquidator may decline to make a determination as to the amount of such claim and instead issue a determination solely as to priority.
- c. Payment to creditors with claims in lower priority classes will be deferred, 8 V.S.A. § 7081 (“every claim in each class shall be paid in full ... before the members of the next class receive any payment.”) If it appears that EPIX may have sufficient assets to pay such creditors, the Liquidator will issue supplemental determinations as necessary (addressing the amount, if any, in which previously deferred claims may be allowed) and petition the Court to authorize a distribution.
- d. In connection with the first report of claim determinations, the Liquidator will request authority to make an interim distribution on allowed priority class 3 claims. If approved, that distribution will be at the rate approved by the Court and will be paid after setoff for any previous distributions made in rehabilitation. The Liquidator will then monitor EPIX’s financial condition, and as circumstances warrant, petition the Court for an increase in the interim distribution percentage on claims allowed in priority class 3.

3. Vermont law. In all other respects, the Liquidation of EPIX will comply with the Order of Liquidation and 8 V.S.A. ch. 145. The Court retains jurisdiction of all matters arising under this Plan.