

Special Master's Status Letter Update  
October 26, 2021  
Gramercy Insurance Company in Receivership # 553

Special Deputy Receiver:	Resolution Oversight Corporation
Primary Responsible Person:	Ernesto A. Garza
Estate Counsel:	Rachel Stroud
Receiver's Counsel:	Kimberly Hammer
RLO Analyst:	Vicente Aguillon

**Background**

- Date of Permanent Injunction : December 4, 2012
- Date of Permanent SDR Appointment: February 15, 2013
- Claims Filing Deadline: February 26, 2015
- States Licensed: 37 States: (AL, AR, AZ, CO, DE, FL, GA, IA, ID, IL, IN, KS, KY, LA, MD, MN, MO, MS, MT, NC, ND, NE, NM, NV, OK, OR, PA, SC, SD, TN, TX, UT, VA, WA, WI, WV, & WY)
- Lines of Business: Private Passenger, Auto Liability  
Commercial Auto Liability, Auto Physical Damage, Surety, Credit, & Warranty
- Guaranty Associations & Date of Impairment: TPCIGA and 36 other IGAs for the States listed above--August 26, 2013.
- Early access/distributions: \$12,759,718.24 (As of Sept. 2021)

Twenty-three guaranty associations received first early access distributions for Class 1 loss adjustment expenses. Cash distributions were made in September 2015 for \$4,867,778.16 and on July 2016 for \$10,051.80.

Eight guaranty associations have received \$1,443,941.82 from custodial statutory deposits and interest sent directly to the guaranty associations.

Twenty-two guaranty associations received second early access distributions for Class 1 and partial Class 2 claims on October 26, 2016, in the amount of \$4,682,835.85.

Nineteen guaranty associations received third early access distributions for Class 1 and/or partial Class 2 claims on November 8, 2017, in the amount of \$1,267,048.56  
Sixteen guaranty associations received fourth early access distributions for Class 1 claims on December 18, 2018, in the amount of \$488,062.05.

## Statement of Assets and Liabilities September 30, 2021

• Total Assets		\$ 18,316,924
○ Cash Assets	\$ 4,973,704	
○ Non cash Assets	\$13,343,220	
• Total liabilities		<u>\$(50,018,301)</u>
• Negative equity		\$(31,701,377)

## Status and activity since last status conference

### Asset Recovery:

- Interest on estate cash received for the third quarter of 2021 was \$269.00.

### Claims:

- POC filing deadline: February 26, 2015
- Number of Notices sent to date: 40,299
- Status of POC Processing:
  - POC's filed as of September 30, 2021: 712
  - POC's Pending Determination or Final Classification:
    - Class 1 & 2 IGA POCs 0
    - POC's processed since July 1, 2021: 1
  - POC's processed to date:
    - 28 IGA Class 1&2
    - 4 Allowed Class 1 Claims
    - 3 Allowed Classes 1&5 Claims
    - 1 Partially Allowed & Classified Class 1&5
    - 1 Partially Allowed & Classified Class 5&10
    - 22 Allowed Class 2 Claims
    - 1 Classified Class 3
    - 481 Classified Class 5 & Lower Priority Claims
    - 118 Disallowed Claims
    - 0 Objections
    - 51 Fully Covered IGA Claims
    - 1 Withdrawn
    - 1 Duplication
- The SDR responded to requests from Insurance Guaranty Associations, policyholders, claimants, attorneys, vendors, regulatory entities and producers regarding Gramercy claim and policy issues.
- The SDR followed up on requested updated wire transfer instructions and W9's for future distributions from the Insurance Guaranty Associations and from the other allowed Class 2 claimants.

- SDR counsel has continued to send follow up requests to the US Attorney for a status update on the Federal Waiver and discussions on objections to a proof of claim which was classified as a Class 3.

The September 30, 2021 claim counts for all Insurance Guaranty Associations are as follows:

IGA Fund	Open Claims	Closed Claims	Open Features	Closed Features
AL	0	18	0	32
AR	0	2	0	2
AZ	0	3	0	7
CO	0	2	0	3
FL	0	149	0	358
GA	0	466	0	732
IA	0	9	0	10
ID	0	1	0	2
IL	0	73	0	95
IN	0	7	0	13
KS	0	4	0	10
KY	0	2	0	4
LA	0	7	0	11
MN	0	5	0	7
MO	0	8	0	22
MS	0	21	0	40
NC	0	3	0	4
NM	0	9	0	9
NV	0	9	0	12
OK	0	1	0	2
OR	0	6	0	6
PA	0	22	0	30
SC	0	69	0	130
SD	0	1	0	1
TN	0	19	0	32
TX	0	1,070	0	1623
UT	0	1	0	2
WA	0	10	0	21
Totals	0	1,996	0	3,220

**General Legal Activities:**

- The SDR received a subpoena for records related to one of its reinsured books of business that was transferred back to the reinsured upon cancellation of the reinsurance agreement. SDR’s counsel has been working with counsel for the Company issuing the subpoena to determine what will be produced and payment of costs for doing so.

**Conclusion:**

- Major Achievements since last Status Conference:

1. Estate Counsel has responded to inquiries from the US Attorney's office for requested information to receive the Federal Waiver and questions on a proof of claim classified as a Class 3.
  2. The SDR staff followed up on requests to the Insurance Guaranty Associations and the other allowed Class 2 claimants for wire transfer instructions and current W9 information to prepare for final distributions.
  3. The SDR staff finalized the determination on the last Guaranty Association Class 1 and Class 2 proof of claim.
- Estate Team Goals for the next quarter:
    1. The SDR staff will continue to work with the Insurance Guaranty Associations to update the current wire transfer instructions and W9 information.
    2. The SDR staff will continue to work on the collection of wire transfer instructions and W9 information from the non-IGA Class 2 claimants for final distributions.
    3. The estate counsel will continue to follow up with the US Attorney on the status of the Federal Waiver and objection to the Class 3 classification on a filed proof of claim.
    4. The SDR will continue to work on the record destruction list and identify the records which will need to be converted to an electronic format required for record retention after closing the estate.
    5. The SDR staff will work with the RLO staff on the draft of the Final Report and Distribution Application.
    6. The SDR counsel will conclude the document production.
  - Estimated Closing Date of Receivership: January 2021.
  - Identification of Factors Affecting Closing Date and Final Distribution:
    1. Obtaining the release of claims from Federal Government.