

Special Master's Status Letter Update
July 27, 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:	David Wheelus
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 June 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 June 30, 2021

• Total Assets		\$ 18,359,796
○ Cash Assets	\$ 5,016,576	
○ Non cash Assets	\$13,343,220	
• Total liabilities		<u>\$(49,994,422)</u>
• Negative equity		\$(31,634,626)

Status and activity since last status conference

Asset Recovery:

- Interest on estate cash received for the second quarter of 2021 was \$137.00.

Claims:

- POC filing deadline: February 26, 2015
- Number of Notices sent to date: 40,299
- Status of POC Processing:
 - POC's filed as of June 30: 712
 - POC's Pending Determination or Final Classification:
 - Class 1 & 2 IGA POCs 1
 - POC's processed since April 1, 2021: 0
 - POC's processed to date:
 - 27 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
 - 482 Classified Class 5 & Lower Priority Claims
 - 117 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 staff is working on final determinations of the Insurance Guaranty Associations' POCs. A total of twenty-seven Insurance Guaranty Association Class 1 & 2 POCs have been allowed, six have been disallowed, and one is still pending. The SDR has requested updated wire transfer instructions and

W9's for future distributions from the Insurance Guaranty Associations and from the other Class 2 allowed for final distributions.

- SDR counsel has continued to send follow up requests to the US Attorney for a status update on the Federal Waiver.
- The SDR and counsel are analyzing the potential for claims by minors.

The May 31, 2021 claim counts for all Insurance Guaranty Associations are as follows:

<u>IGA Fund</u>	<u>Open Claims</u>	<u>Closed Claims</u>	<u>Open Features</u>	<u>Closed Features</u>
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	1	464	1	731
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	1	1,070	1	1623
UT	0	1	0	2
WA	0	10	0	21
Totals	2	1,995	2	3,219

General Legal Activities: (No Pending Issues)

Conclusion:

- Major Achievements since last Status Conference:
 1. The SDR has finalized all but one Guaranty Association POCs. The SDR has contacted the last remaining Guaranty Association, the Georgia Insolvency Pool and is awaiting its final numbers. That Pool has informed the SDR that final number will be sent in the next month.

2. Estate Counsel has responded to inquiries from the US Attorney's office for requested information to receive the Federal Waiver.
 3. The SDR staff emailed 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.
- 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 and finalize the determination notice letter to the Pool on the final pending proof of claim.
 2. The SDR staff will continue to work on the collection of wire transfer instructions and W9 information from the 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.
 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 circulate a draft of the Final Report and Distribution Application to RLO in anticipation of receiving the Federal Waiver.
 - Estimated Closing Date of Receivership: October 2021.
 - Identification of Factors Affecting Closing Date and Final Distribution:
 1. Obtaining the release of claims from Federal Government.