



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

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Barbara D. Richardson, Receiver
Cantilo & Bennett, L.L.P., Special Deputy Receiver

March 12, 2019

**NOTICE TO DEFENSE COUNSEL OF SPIRIT COMMERCIAL AUTO
RISK RETENTION GROUP, INC.**

This letter will advise you of important receivership developments for Spirit Commercial Auto Risk Retention Group, Inc. (the “Company” or “Spirit”) concerning the payment suspension of insurance defense costs and insurance policy claims by the Company.

Please note that 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 vs. 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 (“Court”) issued its Order Appointing Insurance Commissioner, Barbara D. Richardson, as Permanent Receiver of the Company. **A copy of the Permanent Injunction and Order Appointing Commissioner as Permanent Receiver of Spirit Commercial Auto Risk Retention Group, Inc. (the “Permanent Receivership Order”) is available on the following web site: www.spiritinsure.com.**

The Commissioner of Insurance for the state of Nevada (the “Commissioner”), 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 and defense cost 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. **As mentioned above, we are writing to you now because the Permanent Receivership Order authorizes the suspension of payments for insurance defense costs and insurance policy claims, and the Receiver has suspended those payments.** A brief overview of the Permanent Receivership Order is as follows:

- 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 are to be 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 is provided through April 15, 2019, provided that premiums are paid by insureds to the Company through such date);**
- 3. That the Receiver is authorized 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.**

You should immediately contact Company insureds (*i.e.*, as to those litigation matters you are defending) to determine if they would be willing to undertake payment of the defense costs for their insured claims, and if these insureds agreed to this undertaking, they would be entitled to submit claims for those paid defense costs (*i.e.*, as covered by the Company's insurance policy) to the Receiver. Insureds may also pay money to settle claims that were covered by Spirit's insurance policy, and these insureds would also be entitled to submit those paid claims to the Receiver as a claim against Spirit. Insured payments for defense costs and/or claim settlements should be submitted to **Criterion Claim Solutions of Omaha, Inc. ("Criterion")** at the address mentioned below in this letter. 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.

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.

For any claims that you are handling on behalf of the Company as a plaintiff or counterclaimant in any outstanding litigation matter, you are advised to contact the Company's third-party claim administrator **Criterion** (contact information below in this letter), so that the handling of such cases may be addressed further.

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. Until further notice, all information regarding existing claims (including defense costs), progress updates, and new claims should be reported to the Company's third-party claim administrator, **Criterion**, using the following contact information:


E-mail: spirit@criterionclaim.com
Telephone: (402) 513-8870
Fax: (800) 754-8440
Mailing Address: P.O. Box 787, Omaha, Nebraska 68101

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 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