

EXHIBIT 1

PLAN FOR CLOSURE OF RRG LIQUIDATION ESTATES

This Plan for Closure of RRG Liquidation Estates (“Plan for Closure”) appears as Exhibit 1 to three separate motions filed on July 8, 2020.

- (1) Motion of Liquidator of American National Lawyers Insurance Reciprocal (RRG) (In Liquidation) to Approve Plan for Closure of Liquidation Estate (Case No. 03-293(IV));
- (2) Motion of Liquidator of Doctors Insurance Reciprocal (RRG) (In Liquidation) to Approve Plan for Closure of Liquidation Estate (Case No. 03-294(IV)); and
- (3) Motion of Liquidator of The Reciprocal Alliance (RRG) (In Liquidation) to Approve Plan for Closure of Liquidation Estate (Case No. 03-295(IV)).

(collectively referred to as “RRG Liquidator’s Motions”). The Commissioner of the Tennessee Department of Commerce and Insurance is the statutory liquidator (“Liquidator”) of American National Lawyers Insurance Reciprocal (RRG) (“ANLIR”), Doctors Insurance Reciprocal (RRG) (“DIR”) and The Reciprocal Alliance (RRG) (“TRA”). Jeanne B. Bryant is the Special Deputy Receiver (“SDR”) of ANLIR, DIR and TRA.

This Plan for Closure is presented jointly as the plan for closure of the ANLIR, DIR and TRA Liquidation Estates because the three RRGs are sister companies, they have proceeded through the rehabilitation and liquidation process jointly and the closure of each RRG Liquidation Estate is intertwined with the closure of the other two. Accordingly, this Plan for Closure sets forth the actions and progressions to be taken by the Liquidator and his SDR from this point through to the final and formal closure of each RRG Liquidation Estate. This Plan for Closure consists of the following sections:

1. Reason for the Present Ability to Plan for Closure of RRG Liquidation Estates;
2. Tax Issues and Actions Planned to Address Them;
3. Further Filing/Submissions by the Liquidator or His SDR;
4. Final Claim Determinations and Payments;
5. Establishment of Reserves and Distribution of Assets;
6. Document Retention / Destruction;
7. Disposition of Unclaimed Funds;
8. Estimated Timetable;

To the extent that dates or timeframes are presented herein, the Liquidator and his SDR have presented them in good faith and based upon a belief that they are reasonable. To the extent that matters occur relating to, and/or impacting, the closures of the RRG Liquidation Estates which alter or impede the actions and progressions of events set forth herein, the Liquidator and his SDR will notify the Court and, if necessary, will seek further relief.

1. **Reason for the Present Ability to Plan for Closure of RRG Liquidation Estates.**

The Liquidator, and his SDR, have learned from their tax professionals that recently-passed federal COVID-19 legislation allows each RRG to receive tax refunds now that, prior to that legislation, would have been paid incrementally through 2022. It is this development – the ability to receive all of the federal tax refunds some two (2) years earlier than expected – that has allowed the Liquidator and his SDR the ability to plan now for the actions needed to close the RRG Liquidation Estates.

The 2019 federal tax returns for the RRGs, which claim the remaining amounts of tax refunds, were finalized and mailed to the Internal Revenue Service (“IRS”) on May 15, 2020. Based on the above-referenced recently-passed federal legislation, the remaining tax refunds owed to the RRGs (estimated to be approximately \$273,000.00) should be paid to the RRGs as a result of their 2019 federal tax return filings. The exact date of the payment of the tax refunds is uncertain, but expected in the September 2020 timeframe. The receipt of the tax refunds is important to the progression toward closure of each RRG Liquidation Estate because it represents the final recovery of assets by each of the RRG Liquidation Estates. As such, further dates and timeframes set forth herein begin with, are dependent upon, and are measured from, the receipt of those tax refunds. To the extent that receipt of the tax refunds occurs prior to or after September 2020, the dates and timeframes set forth herein should be adjusted accordingly.

2. Tax Issues and Actions Planned to Address Them.

Immediately upon receipt, expected in September 2020, of the tax refunds by each of the RRGs, several actions will be taken to address the tax issues relating to the closure of each RRG Liquidation Estate, including filing of final federal tax returns and submission of Requests for Prompt Assessment with the IRS. It cannot be over-emphasized that the Liquidator and his SDR want to know what, if any, tax issues exist so that they can be dealt with prior to the formal closures of the RRG Liquidation Estates.

The tax professionals inform that to address final tax matters, the RRG Liquidation Estates must be, in essence, “dissolved” – i.e., having resolved all operational matters, having only administrative “wind down” matters remaining, having

no income or operational assets, etc. According to the tax professionals, final tax returns for the RRG Liquidation Estates are due on the fifteenth day of the fourth month after the RRG Liquidation Estates become non-operational/"dissolved." As set forth below, if the tax refunds are received in September 2020, it is anticipated that actions needed to have the RRG Liquidation Estates considered as non-operational/"dissolved" can be accomplished by September 30, 2020. That being the case, the 2020 tax returns, which will be the final tax returns, would be due on January 15, 2021. It would be the intent and expectation of the Liquidator and his SDR that the final tax returns would be filed with the IRS before January 15, 2021, but according to the tax professionals the Requests for Prompt Assessment for that final tax year of 2020 cannot be submitted to the IRS until after the due date for the tax returns (i.e. the January 15, 2021 date referenced above). A Request for Prompt Assessment requires the IRS to determine whether any further assessments are to be made regarding the tax year identified in the request. The IRS has an eighteen (18) month period to make that determination, said period beginning to run when the IRS receives the Requests for Prompt Assessment. The Liquidator will submit the Requests for Prompt Assessment regarding the RRG Liquidation Estates' 2020 final tax return / final tax year immediately after the passing of the due date for that final tax return – i.e. the January 15, 2021 date referenced above. That would then mean that the IRS would have until, basically, the mid-July 2022 timeframe within which to assert any further tax assessment regarding the RRG Liquidation Estates' 2020 final tax year.¹

¹ Requests for Prompt Assessment for each RRG Liquidation Estate for the tax years 2018 and 2019 have already been submitted to the IRS. The tax professionals advise that Requests for Prompt Assessment for tax years prior to 2018 are not needed. The eighteen (18)
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To address this issue of becoming, in essence, non-operating entities with no income and no operational assets, so as to file final tax returns and Requests for Prompt Assessment for the 2020 tax year, the Liquidator will take several actions immediately after receipt of the approximately \$273,000.00 in tax refunds, but before the filing of the final tax returns. First, the Liquidator, through his SDR, will consolidate all RRG funds into a non-interest bearing bank account maintained in the name of TRA (i.e. Regions Bank Acct. #xxxx7228).² Second, from this TRA Regions Bank account, the TRA Liquidator will then make a distribution of \$1.5 million to COPIC and ACA (60% to COPIC and 40% to ACA), pursuant to the Plan of Distribution approved by the Court in its September 27, 2018 Order in the TRA Liquidation Proceedings. That distribution will be made pursuant to agreements as between TRA and COPIC / ACA wherein COPIC and ACA agreed (1) to not spend, encumber or transfer the funds distributed to them until the final closure of the RRG Liquidation Estates and (2) to return, upon written request of the Liquidator or his SDR, any amount of the distribution if matters arise before the final closure of the RRG Liquidation Estates wherein the funds distributed are needed by any or all of the RRG Liquidation Estates – e.g. a tax

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month “prompt assessment” period for the 2018 and 2019 tax years will expire prior to the eighteen (18) month “prompt assessment” period for the final tax year of 2020.

² This will include transfer of the amounts held in a LGIP (Local Government Investment Pool) account jointly administered by the Liquidator (i.e. LGIP RRG Settlement Fund #xxxx174). Moreover, so as to be prepared to act expeditiously upon receipt of the tax refund amount, the Liquidator, through his SDR, may elect to transfer the LGIP account funds to the TRA Regions Bank Acct #xxx7228, prior to the receipt of the tax refund amount.

assessment presented by the IRS during the above-referenced eighteen (18) month “prompt assessment” periods. Third, the remainder of the funds will remain in the non-interest bearing TRA Regions Bank account. The funds in that account will be the reserves held and utilized by the SDR to pay the administrative “wind down” costs and expenses incurred by or on behalf of the RRGs, not in operating any RRG, but rather as costs and expenses required for the wind down and ultimate, formal closure of the ANLIR, DIR and TRA Liquidation Estates.³

The result of these actions will be that (1) the RRG Liquidation Estates will be non-operational in the September 2020 timeframe, (2) the RRG Liquidation Estates will be able, according to the tax professionals, to file, their final federal tax returns in 2020 followed, in early 2021, by the submission of final Requests for Prompt Assessment, (3) there will be funds available to the SDR held in reserve and dedicated for payment of the administrative costs and expenses of matters needed for the wind down and closure of the RRG Liquidation Estates and (4) the Liquidator or his SDR will have access to the funds distributed to COPIC and ACA if circumstances – presently unforeseen – arise such that some or all of those funds are needed by the ANLIR, DIR and/or TRA Liquidation Estates prior to their formal closures.

3. Further Filing/Submissions by the Liquidator or His SDR

Because the RRG Liquidation Estates will be functionally inactive/non-operational after this calendar year (i.e. 2020), the Liquidator and his SDR will not file

³ As set forth herein, any amount held in the TRA Regions Bank account remaining at the final closure of the RRG Liquidation Estates will be distributed 60% to COPIC and 40% to ACA pursuant to the Plan of Distribution approved by the Court in its September 27, 2018 Order in the TRA Liquidation Proceedings.

routine reports with the Court relating to costs and expenses incurred from January 2021 through to the time of the final and formal closure of the RRG Liquidation Estates. Rather, such reports will be made to Bill Huddleston, the Director of Insurance at the Tennessee Department of Commerce and Insurance, who would raise matters with the Court if such need arises.

Going forward, the Liquidator, through his SDR, would only file:

- (1) Quarterly motions for each RRG Liquidation Estate regarding approval of fees and expenses through the Fourth Quarter of 2020;
- (2) Notices of financial condition for each RRG Liquidation Estate for calendar year 2020;
- (3) Any other filing for relief deemed necessary by the Liquidator, or his SDR, as circumstances may arise; and
- (4) Applications for closure of the RRG Liquidation Estates and for discharges of the Liquidator and Special Deputy Receiver.

4. Final Claim Determinations and Payments

Each RRG Liquidation Estate has addressed, adjudicated and determined to finality all of the claims of all classes that were submitted to it. These claim determinations have been approved through final orders of this Court and the approved claim amounts have been paid.⁴

⁴ The ANLIR / DIR / TRA Liquidator raises two points at this juncture. First, many payments remain "unclaimed" - - i.e. were not deposited by the claimant or were returned with notations of "not at address / no forwarding information", etc. These unclaimed funds are subject to recently filed and unopposed motions regarding their disposition. See discussion at pp 10-11. Second, pursuant to the Court's September 27, 2018 order in the TRA Liquidation Proceedings, the TRA COPIC Claim and the TRA ACA Claim will have distributions made upon them as set forth herein and will have final distributions made upon them at the closure of the ANLIR, DIR and TRA Liquidation Estates. See discussion at pp 8-9.

5. Establishment of Reserves and Distribution of Assets

As of May 31, 2020, the funds currently held by the RRG Liquidation Estates⁵ are as follows:

ANLIR Regions Account #XXXX0208	\$268,886.81
DIR Regions Account #XXXX0194	\$285,140.06
TRA Regions Account #XXXX7228	\$227,471.00
LGIP RRG Settlement Fund #XXX174	\$716,469.96

The RRG Liquidator anticipates that, in the aggregate as to ANLIR, DIR and TRA, approximately \$273,000.00 is expected to be received as tax refunds from the IRS in September 2020.

As discussed above, when the tax refund amount (i.e. approximately \$273,000.00) is received, all of the funds in all of the above-identified accounts will be consolidated into the TRA Regions Bank account – the Regions Acct. #xxxx7228. One million five hundred thousand dollars (\$1.5 million) will be distributed from that TRA Regions Bank account to COPIC (\$900,000.00) and ACA (\$600,000.0) upon agreement that (1) they will not use, transfer or encumber those distributed funds until the final closure of the RRG Liquidation Estates, and (2) upon request of the RRG Liquidator, they will return, prior to the final closure of the RRG Liquidation Estates, any or all of the

⁵ As explained herein, there are unclaimed funds that are in three separate accounts corresponding with the three RRGs. Those funds are not included above because those funds are not considered, and have not been considered, assets of the respective RRG Liquidation Estate. Rather those “unclaimed funds” reside in unclaimed funds accounts for each of the RRGs, and are funds held for the particular claimant to claim within a prescribed time or to be disposed of pursuant to T.C.A. § 56-9-333. As addressed herein at pp 10-11, the Liquidator, through his SDR, has recently filed unopposed motions, pursuant to T.C.A. § 56-9-333, regarding the disposition of the unclaimed funds.

distributed funds if needed. Then the remainder of the funds in that TRA Regions account, approximately \$271,000.00 will be held in reserve and used for the administrative wind down costs and expenses incurred by each RRG until closure of the RRG Liquidation Estates. At the final closure of the RRG Liquidation Estates, all amounts remaining will be distributed to COPIC (60%) and ACA (40%).

6. Document Retention/Destruction

On November 30, 2018, the Liquidator of each RRG filed with the Court a motion that requested, pursuant to T.C.A. § 56-9-336, approval of the destruction of numerous categories of documents set forth in Exhibit A to each motion (“Document Destruction Motions”). On December 18, 2018, the Court entered orders granting those motions (“Document Destruction Orders”) and on January 21, 2019, the Document Destruction Orders became final and non-appealable pursuant to Rule 54.02 Tenn. R. Civ. P.

Numerous boxes of materials of each RRG have been destroyed pursuant to the Document Destruction Orders. But, as set forth in each Document Destruction Order, the ANLIR / DIR / TRA Liquidator, through his SDR, has retained various documents and records that would be needed, or potentially needed, regarding matters that, as of the December 18, 2018 date of the Document Destruction Orders, still had to be addressed in the particular RRG Liquidation Proceedings.

As set forth herein, it is anticipated that the final closure of the RRG Liquidation Estates will occur soon after the eighteen (18) month IRS “prompt assessment” periods expire. After those timeframes expire, and by the time of the closure of the RRG Liquidation Proceedings, there will be no need for, or further use of, the documents and records that have been heretofore, and in an abundance of caution, retained.

So as to streamline the process and to provide the ability to budget and reserve funds for the destruction of the documents and records remaining at the closure of the RRG Liquidation Estates, the Liquidator, through his SDR, and without further need of order of the Court, will destroy the remaining documents and records of the RRG Liquidation Estates at the closure of those liquidation estates.

7. Disposition of Unclaimed Funds

On June 18, 2020, the Liquidator of each RRG filed with the Court a motion that addressed disposition of unclaimed funds held in separate accounts (one account for each RRG) (“Unclaimed Funds Motions”). The Unclaimed Funds Motions are set for hearing before this Court on July 10, 2020. The deadline for opposition for the Unclaimed Funds Motions was July 6, 2020. No opposition or objection was filed on or before that date and therefore, under Local Rules of Court, the Unclaimed Funds Motions are unopposed and will be granted on July 10, 2020 with orders to that effect entered soon thereafter.

The Unclaimed Funds Motions request that, pursuant to T.C.A. § 56-9-333, the amounts of unclaimed funds that exist, as of December 3, 2020, in the ANLIR Regions Bank Acct # XXXX-9204, the DIR Regions Bank Acct #XXXX-8318 and the TRA Regions Bank Acct #XXXX-9690 (“Unclaimed Funds Accounts”) be transferred to a closed estate fund controlled by the Commissioner of the Tennessee Department of Commerce and Insurance (“Commissioner”). Those funds would be used by the Commissioner to defray “the costs and expenses of administration of other insolvent insurers for which there are insufficient assets to fund the costs and expenses of administration.” T.C.A. § 56-9-333(a).

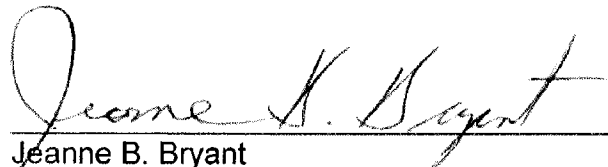
Accordingly, upon reasonable reliance that orders granting the unopposed Unclaimed Funds Motions will be entered on the docket soon after July 10, 2020, and as part of the actions to be taken by the Liquidator to close the RRG Liquidation Estates, the Liquidator, through his SDR, will transfer, on or soon after December 3, 2020, the balances remaining in the three above-referenced Unclaimed Funds Accounts to a closed estate fund controlled by the Commissioner.

8. Estimated Timetable

The actions and events called for in the Plan for Closure will occur upon the following good-faith estimated timetable:

- (1) Filing and granting of the RRG Liquidator's Motions regarding approval of the Plan for Closure – July, 2020;
- (2) Receipt by the Liquidator / SDR of tax refunds owed to the RRG Liquidation Estates from the Internal Revenue Service – September, 2020;
- (3) After receipt of the IRS tax refunds, consolidation of all RRG funds into a TRA account (i.e. Regions Bank Acct. #xxxx7228), distribution of \$1.5 million from that account to COPIC (60%) and ACA (40%) and establishment of the TRA account as a reserve account for use in addressing administrative costs and expenses incurred attendant to the wind down and final closing of the RRG Liquidation Estates – late September, 2020.
- (4) Filing of the 2020 final federal tax returns for each RRG – at some point between mid-October and early December, 2020;
- (5) Submission to the IRS of the RRGs final Requests for Prompt Assessment (tax year 2020). This will start the running of the 18 month timeframe mentioned above for the IRS to challenge the RRG tax filings – mid-January, 2021;
- (6) Transfer of the unclaimed funds remaining as of December 3, 2020 to a “closed estate fund” controlled by the Commissioner – mid-December, 2020;

- (7) Filing by the SDR for each RRG its quarterly motion(s) for fee approvals for the remaining 2020 quarter(s) for which approval had not yet been obtained – end of February, 2021;
- (8) Filing of the annual financial report for 2020 for each of the RRGs – end of March, 2021;
- (9) Minimal administrative/wind down activity for remainder of the 18-month IRS “prompt assessment” periods with reports of activity and reports of payments from the reserve account made only to the Tennessee Department of Commerce and Insurance – January, 2021 through July, 2022;
- (10) Upon the expiration of the 18-month IRS “prompt assessment” periods, final destruction of all remaining RRG documents, final distributions to COPIC (60%) and ACA (40%) of unused reserves and final filings with the Court which close the three RRG Liquidation Estates and which discharge the Liquidator and the SDR – July, 2022.



Jeanne B. Bryant
ANLIR, DIR and TRA Special Deputy Receiver
Date: 7/1/20