

RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

November 1, 2024

R-559 Access Insurance Company

Special Deputy Receiver:	CANTILO & BENNETT, L.L.P.	TX Guaranty Assoc.:	TPCIGA
SDR Responsible Person:	Susan E. Salch	Receiver's Counsel:	Shawn Martin
SDR's Counsel:	Christopher Fuller	Est'd Closing Date:	Q3/Q4 2026

SPECIFIC ACCOMPLISHMENTS SINCE LAST STATUS CONFERENCE

- All post-liquidation tax returns (2018 to 2023) filed with IRS.
- Filed application to approve process to deem deductible claims.
- Obtained approval for release of Arkansas statutory deposit.
- Only twenty-four POCs remain to be adjudicated. Nineteen are from guaranty associations, while the remaining five are from reinsurers.

SPECIFIC ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER

- Pursue reinsurance commutations based on updated actuarial report through discussions with reinsurers and/or the broker.
- Submit request for federal statutory priority liability release.
- Deem deductible POCs after approval of application to approve claims process.
- Adjudicate guaranty association POCs.

Receivership Background

- Date of Permanent Injunction (Liquidation): March 13, 2018
- Date of Appointment of SDR: March 14, 2018
- Claim Filing Deadline: September 13, 2019
- States Where Licensed: TX, AL, AZ, AR, CA, DE, TN, FL, GA, IN, KY, LA, MS, MO, MT, NV, NM, NC, OK, OR, PA, SC
- Line of Business: Non-standard auto
- Early Access Distributions: \$138,750,533

Statement of Assets and Liabilities as of September 30, 2024

Total Assets:	\$238,792,684
Cash & Invested Assets:	\$ 54,851,072
Non-Cash Assets:	\$138,941,612
Total Liabilities:	\$418,509,905
Negative Equity:	(\$179,717,221)

Asset Recovery through September 30, 2024

Premium Collected:	\$ 10,792,951
Subrogation/Salvage:	\$ 925,467
Reinsurance Collected:	\$106,406,343
CDs Sold/Matured:	\$ 25,749,715
IOLTA Funds Recovered:	\$ 639,736
Litigation/Settlement Recovery:	\$ 16,600,000

Asset Recovery Activity

Reinsurance: Collections total \$106,406,343 from inception through September 30, 2024. The SDR's reinsurance subcontractor is communicating with reinsurers on commuting the remaining contracts.

SDR v. John Paul Fuchs: California counsel pursued recovery on the judgment against Mr. Fuchs in the last quarter. The SDR is considering the estate's options regarding this asset, including potential settlement options.

Claims Activity

Proofs of Claim ("POCs"): As of September 30, 2024, the SDR has received 9,459 POCs, an increase of one since the last report. Pursuant to the Receivership Court's POC Order, there is no deadline for the timely filing of subrogation claims. The SDR anticipates seeking Court authority to cut off late claims as of March 15, 2025.

The SDR has approved claims for \$37,457,143. As of September 30, 2024, the SDR has approved 323 Class 1 claims for \$38,765 arising from POCs filed by AIC defense counsel for post-receivership work expressly authorized by the SDR (some of the defense counsel

POCs include both pre-receivership Class 5 claims and post-receivership Class 1 claims). In addition, the SDR has approved 49 non-guaranty association Class 2 claims for \$181,474, largely consisting of uncovered unearned premium (“UEP”) and 15 non-covered loss claims; 6,086 Class 5 subrogation claims for \$35,478,143; 845 Class 5 AIC defense counsel claims for pre-receivership fees and expenses for \$909,694; 453 Class 5 vendor claims for \$458,085; and 9 Class 6 claims for \$78,676, which are claims submitted by state or municipal governments. One POC has been withdrawn, and 1,626 have been denied (disallowed).

The SDR plans to adjudicate the POCs filed by the guaranty associations, which consist of Class 1 and Class 2 claims. The SDR anticipates that the guaranty associations’ claims will be paid in full.

Deemed Deductible POC Project: On October 22, 2024, the SDR submitted an application for Receivership Court approval of the SDR’s plan to deem statutory deductible claims. The proposed plan will require consumers to confirm their current address and will set a \$25 de minimis floor for approved claims. All deemed deductible claims will have a Class 2 priority.

Guaranty Associations

Early Access: To date, the SDR has made \$138,750,533 in early access distributions to the guaranty associations. All Class 1 and Class 2 claims for the associations, including UEP claims, have been funded through February 29, 2024.

Total guaranty association loss reserves decreased in the last quarter to \$550,149 from \$624,322.

General Administrative Matters

Financial Statements: The SDR has continued to update the estate’s financial reporting to include current information regarding the amounts approved on POCs and their classification, along with the amounts potentially available for distribution. The financial statements are intended to provide approved creditors of the estate with sufficient information for them to accurately estimate their potential distribution while at the same time securing the historic financial reporting for NOL calculations and tax filings.

Federal Claims Release Submission: The SDR expects to submit the request for the release of federal claims in the next quarter.

Estimated Closing Date of Receivership: The SDR estimates that the estate could close in mid-to late 2026.

Factors Affecting Closing Date and Final Distribution:

- Reinsurance commutations
- Federal release of claims