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**IN THE SECOND JUDICIAL DISTRICT COURT OF
THE STATE OF NEVADA IN AND FOR THE
COUNTY OF WASHOE**

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STATE OF NEVADA, EX REL.
COMMISSIONER OF INSURANCE, IN HER
OFFICIAL CAPACITY AS STATUTORY
RECEIVER FOR DELINQUENT DOMESTIC
INSURER,

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Case No.: CV20-00496
Dept. No.: 1

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Petitioner,

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vs.

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PHYSICIANS INDEMNITY RISK
RETENTION GROUP, INC., a Nevada
Domiciled Association Captive Insurance
Company,

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Respondent.

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**ORDER GRANTING MOTION FOR ORDER APPROVING FINAL DISTRIBUTION OF
ESTATE ASSETS, TERMINATION OF LIQUIDATION PROCEEDINGS, DESTRUCTION
OF RECORDS, AND CLOSING OF ESTATE**

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Currently before the Court is a *Motion for Order Approving Final Distribution of Estate Assets, Termination of Liquidation Proceedings, Destruction of Records, and Closing of Estate* (“Motion”) filed by the Nevada Commissioner of Insurance (the “Receiver”) as Permanent Receiver of Physicians Indemnity Risk Retention Group, Inc., (“PIRRG” or the “Company”) and his Special Deputy Receiver (“SDR”), Regulatory Services Group (“RSG”) on October 1, 2024. On October 2, 2024, a *Certificate of Mailing Regarding Motion for Order Approving Final Distribution of Estate Assets, Termination of Liquidation Proceedings, Destruction of Records, and Closing of Estate* was

1 filed certifying service of the Motion upon each claimant at their last known addresses. The matter
2 was submitted to the Court for consideration on October 17, 2024.

3 The Receiver is requesting this Court issue an order (which is summarized in detail below):
4 (1) authorizing final distribution of PIRRG's assets to its creditors and claimants; (2) requiring the
5 Receiver to notice the Court when he completes final distribution of PIRRG's assets; (3) upon Notice,
6 authorizing the destruction of PIRRG's records based on the Receiver's discretion and record
7 retention policy; (4) upon Notice, terminating the liquidation proceeding and closing it with prejudice;
8 (5) upon Notice, discharging the Receiver and the SDR and any of their agents from all liability and
9 responsibility relating to the administration of PIRRG's assets as provided in NRS 696B.565; (5)
10 upon Notice, dissolving PIRRG with notice of the dissolution to be sent to the Secretary of State; and
11 (6) retaining this Court's jurisdiction for the purpose of granting such orders and further relief as the
12 receivership and this Court may require. Mot. at 1:22-2:3.

13 **1. Authorization of final distribution of PIRRG's assets to its creditors and claimants**

14 PIRRG has \$1,490,841.94 in approved policy liability. *Id.* at 5:6. PIRRG's Class B liability
15 was determined by the SDR through the approved claims process. *Id.* at 5:6-7. The approved policy
16 claims are not covered by insurance guaranty statutes and, therefore, the Estate must rely on the
17 remaining cash assets to address the approved policy liability and pay the thirteen (13) approved Class
18 B policy claims. *Id.* at 5:7-10. The Estate's assets are insufficient to cover all the Class B liabilities.
19 *Id.* at 5:12-13. Accordingly, the Receiver requests an order from this Court to pay final distribution
20 to the thirteen (13) Class B claimants on a pro-rata basis as follows:

21 The Receiver seeks a total distribution of \$750,000.00, which would permit the
22 Receiver to retain a reserve of \$50,000 to pay administrative expenses associated
23 with effectuating the distribution and the subsequent closing of the estate.¹
24 Given that the Receiver seeks a distribution of \$750,000.000, and the total Class
25 B liabilities total \$1,490,841.94, the Receiver proposes a 50.3% prorata
26 distribution to each of the 13 approved Class B creditors.
27

28 ¹ As of June 30, 2024, PIRRG's reported assets are \$800,675, consisting of accrued investment income of \$4,300 and a
PIRRG Pool balance of \$796,375. Mot. at 5:11-12; Exh. A.

1 *Id.* at 5:16-21. The reserve of \$50,000 requested by the Receiver is for administrative expenses to
2 complete the distribution and fulfill all post-distribution tasks required to close the estate of which
3 consists of “preparing final financial statements, submitting financial information to tax accountants,
4 preparing the final tax returns, destroying all hardcopy records, submitting any final court
5 requirements (Declaration of Compliance), processing any unclaimed funds, and the performance of
6 any other administrative tasks associated with closing the estate.” Mot. at 5:22-6:3. If any funds
7 remain, the Receiver will prepare a motion with a recommendation as to the use of the remaining
8 funds. *Id.* at 6:4-5.

9 **2. Receiver to notice the Court when he completes final distribution of PIRRG’s assets**

10 Upon final distribution, the Receiver proposes that he file a notice with the Court submitting
11 a proposed order that brings this matter to a conclusion. *Id.* at 6:8-11. Specifically, the Receiver
12 indicates that the proposed order would permit the Receiver to conduct certain tasks for closing the
13 estate and approve costs associated with the same including:

- 14 - Preparation of financial statements from January 1, 2024 through dissolution
- 15 date (“short-period”).
- 16 - Submission of financial information to tax accountants.
- 17 - Preparation and filing of short-period 2024 federal income tax return by the
- 18 tax accountants, which is filed as the final return.
- 19 - Destruction of various records.
- 20 - Preparation of an inventory of certain records to be retained.
- 21 - Preparation of appropriate forms and using payment to the Nevada state
- 22 treasurer to escheat any outstanding checks (i.e., unclaimed property) issued
- 23 in the post-liquidation period for any Class A or Class B claims, if necessary
- 24 pursuant to NRS 120A.200.
- 25 - Preparation of a second and final distribution to the Class B claimants if
- 26 sufficient funds are available after completion of the remaining
- 27 administrative tasks.
- 28 - Performance of any other administrative tasks that are required to close the
- 29 liquidation estate.

30 *Id.* at 6:12-28.

31 **3. Destruction of Certain Records**

32 At the conclusion of this matter, following final distribution, the Receiver requests an order
33 from this Court to destroy certain records. The Receiver contends that SDR remains in control of

1 PIRRG's bank accounts and PIRRG's records are maintained in both hard copy and electronic format
2 at SDR's offices in San Francisco, California. *Id.* at 7:5-7. The Receiver states that there are certain
3 claims files and filed Proof of Claims ("POCs") that contain confidential medical records of the
4 claimants and, thus, in compliance with HIPPA, should be destroyed. *Id.* at 7:3-6. Therefore, the
5 Receiver, after final distribution, is requesting an order approving the destruction of any remaining
6 hardcopy records and discontinuing any further record administration for PIRRG. *Id.* at 7:7-9.

7 **4. Closing of Estate**

8 After the Receiver files the notice advising that the claims distribution process has been
9 completed, the Receiver requests an order dissolving PIRRG, which will be sent by SDR to the
10 Secretary of State pursuant to NRS 78.620. *Id.* at 7:11-14. Further, the Receiver requests that this
11 Court discharge the Nevada Commissioner of Insurance and RSG from their obligations as Receiver
12 and SDR, respectively. *Id.* at 7:15-17.

13 No opposition has been filed. "Failure of the opposing party to serve and file a written
14 opposition may be construed as an admission that the motion is meritorious and a consent to granting
15 the same." D.C.R. 13(3); *see also* NRS 696B.330(7) (allowing for an objection within 60 days of
16 mailing written notice of the determination of the claim). Accordingly, this Court finds good cause to
17 grant the Motion.

18 Based upon the foregoing and good cause appearing,

19 IT IS HEREBY ORDERED that the *Motion for Order Approving Final Distribution of Estate*
20 *Assets, Termination of Liquidation Proceedings, Destruction of Records, and Closing of Estate* is
21 GRANTED.

22 IT IS HEREBY FURTHER ORDERED that of the total distribution of \$750,000.00, the
23 Receiver shall retain a reserve of \$50,000 to pay administrative expenses associated with the
24 distribution and closing of the estate. Should any funds remain, the receiver shall prepare and file a
25 motion containing a recommendation for the use of the remaining funds. Additionally, the Receiver
26 shall pay a final 50.3% prorata distribution to the thirteen (13) Class B claimants/creditors.

27 IT IS HEREBY FURTHER ORDERED that upon completion of final distribution of PIRRG's
28 assets, the Receiver shall file a notice with proposed order(s) that (1) would permit the Receiver to

1 conduct tasks necessary for closing the estate and to approve costs associated with the same, (2) allow
2 the Receiver to destroy certain records, (3) close the estate, (4) discharging the Receiver and the SDR
3 and any of their agents from all liability and responsibility relating to the administration of PIRRG's
4 assets as provided in NRS 696B.565, (5) dissolving PIRRG with notice of the dissolution to be sent
5 to the Secretary of State, and (6) retaining this Court's jurisdiction for the purpose of granting such
6 orders and further relief as the receivership and this Court may require.

7 IT IS SO ORDERED.

8 DATED this 18th day of October, 2024.

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12 KATHLEEN M. DRAKULICH
13 DISTRICT JUDGE
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1 **CERTIFICATE OF SERVICE**

2 CASE NO. CV20-00496

3 I certify that I am an employee of the SECOND JUDICIAL DISTRICT COURT of the
4 STATE OF NEVADA, COUNTY OF WASHOE; that on the 18th day of October, 2024, I
5 electronically filed the **ORDER GRANTING MOTION FOR ORDER APPROVING FINAL**
6 **DISTRIBUTION OF ESTATE ASSETS, TERMINATION OF LIQUIDATION**
7 **PROCEEDINGS, DESTRUCTION OF RECORDS, AND CLOSING OF ESTATE** with the
8 Clerk of the Court by using the ECF system.

9 I further certify that I transmitted a true and correct copy of the foregoing document by the
10 method(s) noted below:

11 **Electronically filed with the Clerk of the Court by using the ECF system which will send a notice**
12 **of electronic filing to the following:**

13 WILLIAM GINN, ESQ. for PHYSICIANS INDEMNITY RISK RETENTION GROUP INC

14 RICHARD YIEN, ESQ. for COMMISSIONER OF INSURANCE,
15 BARBARA D. RICHARDSON, STATE OF NEVADA

16 VERNON LEVERTY, ESQ. for PHYSICIANS INDEMNITY
17 RISK RETENTION GROUP INC

18 KARA HENDRICKS, ESQ. for STATE OF NEVADA

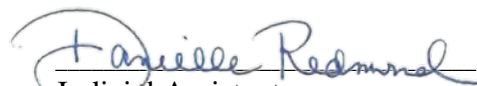
19 PATRICK LEVERTY, ESQ. for PHYSICIANS INDEMNITY
20 RISK RETENTION GROUP INC

21 MARK FERRARIO, ESQ for STATE OF NEVADA

22 JESS RINEHART, ESQ. for PHYSICIANS INDEMNITY RISK
23 RETENTION GROUP INC

24 **Deposited to the Second Judicial District Court mailing system in a sealed envelope for postage**
25 **and mailing by Washoe County using the United States Postal Service in Reno, Nevada:**

26 [NONE]

27 
28 Judicial Assistant