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14
15 **IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
16 **CLARK COUNTY, NEVADA**

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

20 Plaintiff(s),

21 vs.

22 LANCET INDEMNITY RISK RETENTION
23 GROUP, INC., a Nevada Domiciled
24 Association Captive Insurance Company,

25 Defendant.

Case No. A-19-791409-B
Dept. No. 16

HEARING REQUESTED

**MOTION FOR FINAL ORDER PLACING
LANCET INDEMNITY RISK
RETENTION GROUP, INC. INTO
LIQUIDATION
and
MOTION REQUESTING THE SETTING
OF A CLAIMS FILING DEADLINE, AND
GRANTING RELATED RELIEF**

1 COMES NOW, Barbara D. Richardson, Commissioner of Insurance (“Commissioner”) and
2 Receiver (“Receiver”), and CANTILO & BENNETT, L.L.P., Special Deputy Receiver (“SDR”), by and
3 through the undersigned counsel of record, pursuant to Nevada Revised Statute (“NRS”) 696B.220,
4 and respectfully moves this Court for a Final Order Placing Lancet Indemnity Risk Retention Group,
5 Inc. into Liquidation, and for an Order Setting a Claims Filing Deadline (“Consolidated Motion”)
6 and granting related relief as set forth in this Consolidated Motion.

7 This Consolidated Motion is made and based on these papers and any oral argument at a
8 hearing on this matter.¹

9 **Background**

10 Lancet Indemnity Risk Retention Group, Inc. (“Lancet” or the “Company”) is an association
11 captive insurance company organized under the insurance laws of Nevada and the Liability Risk
12 Retention Act of 1986. Lancet received its Amended Certificate of Authority on November 19,
13 2008, and operates under the authority of NRS Chapter 694C. Lancet was focused in the medical
14 professional liability line and was formed to insure the medical professional liability of its physician
15 and medical group members. Pursuant to NRS 679A.160, Lancet is subject to Nevada laws in
16 Chapters 694C and 695E that pertain to captive insurers (as “captive insurer” is defined in NRS
17 694C.060) and risk retention groups (as “risk retention group” is defined in NRS 695E.110) that
18 have a Certificate of Authority from the Division of Insurance. Lancet is considered an association
19 captive insurer (as “association captive insurer” is defined in NRS 694C.050). As a risk retention
20 group (“RRG”), Lancet is subject to the federal Liability Risk Retention Act of 1986. RRGs
21 domiciled in Nevada do not participate in the Nevada Insurance Guaranty Association. Pursuant to
22 NRS 695E.140(1)(a), Lancet is also subject to all laws that pertain to traditional liability insurers
23 (with exceptions given in Bulletin 14-008).

24 The Commissioner filed her Verified Petition for Appointment of Commissioner as Receiver
25 and Other Permanent Relief on March 19, 2019. On April 12, 2019, this Court entered its Permanent

26 ¹ The Receiver’s Motion for Instructions, and the Court’s subsequent Order Regarding Motion for Instructions
27 Including Notice Requirements, contemplate the filing of a motion or motions. The Receiver is now filing this single
28 Consolidated Motion for a Final Order Placing Lancet Indemnity Risk Retention Group into Liquidation, and for an Order
Setting a Claims Filing Deadline, and Granting Related Relief.

1 Injunction and Agreed Order Appointing Commissioner as Permanent Receiver of Lancet Indemnity
2 Risk Retention Group (the “Permanent Receivership Order”). The Commissioner, in her capacity
3 as Receiver for Lancet, appointed the firm of CANTILLO & BENNETT, L.L.P. as the Special Deputy
4 Receiver (“SDR”) of Lancet, in accordance with NRS 696B. The term “Receiver” herein refers
5 collectively to the Receiver and SDR.

6 **Grounds for Motion**

7 This Court has original jurisdiction of this Consolidated Motion pursuant to NRS 696B.190.
8 NRS Chapter 696B.220 authorizes the Receiver to apply to this Court for an order authorizing her
9 to liquidate the business of a domestic insurer, whether or not there has been a prior rehabilitation
10 order, so long as certain grounds exist justifying the entry of a liquidation order.

11 NRS 696B.330 directs the Receiver to determine whether to approve or deny, in whole or in
12 part, every claim against the insurer in receivership. NRS 696B.330 authorizes the Receiver to
13 establish a process by which claimants may set forth in reasonable detail the amount of their claims
14 against the assets of Lancet, the facts upon which those claims are based, and any priorities asserted.
15 NRS 696B.460 authorizes the Court to approve the manner of notice for this claim filing process as
16 well as to set the deadline for the filing of claims. NRS 696.420 directs the Receiver to pay claims
17 in the order of priority as provided therein.

18 The Permanent Receivership Order authorizes the Receiver to establish a Receivership
19 Appeal Procedure (“RAP”) to facilitate the orderly disposition or resolution of claims or
20 controversies involving the receivership estate.

21 **The Request for a Final Order Directing Liquidation**

22 The Receiver recommends that Lancet be liquidated without delay, and requests that the
23 Court enter a formal order of liquidation for Lancet. The Permanent Receivership Order authorized
24 the Receiver to conserve, rehabilitate, or liquidate Lancet. *See*, Permanent Receivership Order,
25 paras. 2 and 4. During the initial phase of the Receivership, the Receiver worked to recover and/or
26 take control over Lancet’s records and books to gain an understanding of Lancet’s financial position,
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1 its outstanding claims, and any potential opportunities for asset recovery. This work is ongoing and
2 incomplete, but nevertheless yielded sufficient concern for the filing of this Consolidated Motion.

3 NRS 696B.220 establishes the grounds for liquidation of a domestic insurer. NRS
4 696B.220(2) provides that an insurer's insolvency, or commencement of voluntary liquidation or
5 dissolution, is grounds for an order of liquidation. This Court, in its Permanent Receivership Order,
6 has already adjudged Lancet insolvent, ruling that:

7 Lancet is in a hazardous financial condition in that, based on its present or reasonably
8 anticipated financial condition, it cannot meet its obligations to policyholders with respect to
9 known claims and reasonably anticipated claims, or to pay other obligations in the normal
10 course of business and, moreover, is insolvent for purposes of Sections 696B.110(1),
11 696B.220(2), and 696B.210(1).

12 Permanent Receivership Order, para. 1. NRS 696B.110 defines "insolvency," among other
13 definitions, as existing when the insurer fails to meet its obligations as they mature. NRS
14 696B.220(5) further provides that upon application of the Receiver, the Court may order an insurer
15 liquidated if "efforts to rehabilitate the insurer and remove the causes or adverse effects thereof for
16 which rehabilitation was instituted have failed despite all reasonable efforts by the Commissioner,
17 or cannot be continued without material increase of risk of loss to the insurer's creditors or
18 policyholders."

19 Lancet's hazardous financial condition has forced the Receiver to defer payment of Lancet's
20 obligations as they have matured. This hazardous condition was included in Lancet's 2018 annual
21 financial statement and other documentation presented to the Court with the Verified Petition for
22 Appointment of Commissioner as Receiver and Other Permanent Relief (the "Verified Petition").
23 Upon further evaluation of liabilities and calculation of correct and collectible assets of Lancet, the
24 Receiver has determined post-receivership that Lancet's financial condition is worse than what was
25 presented in the Verified Petition. In this connection, Lancet has very limited assets that are
26 insufficient to pay for its liabilities. The available estate assets are significantly less now than before
27 receivership due in part to Lancet having lost over \$1.4 million in Certificates of Deposit that were
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1 pledged before receivership to secure a supersedeas bond in the claim appeal matter of *Mora v.*
2 *Lancet*. Before receivership, Lancet also reflected collectible receivables of over \$500,000, which
3 are practically worthless. As of the third status report, Lancet had approximately \$2 million in cash
4 and investments. Meanwhile, the last available loss run report of the Company shows a known case
5 reserve total of over \$2.5 million.

6 Lancet has significant liabilities and the Receiver believes that loss reserves were
7 significantly understated based upon information provided by the Receiver's new third-party claim
8 administrator firm, Claims Resource Management, Inc. The Receiver's outside appointed actuary,
9 Merlino & Associates, Inc., will be providing updated claim loss reserve information to calculate
10 the Company's needed loss reserves for the payment of Lancet's claims, which will also assist the
11 Receiver to further quantify the amount of claim reserve understatements made before receivership.
12 Though the evaluation of Lancet's financial information is not yet complete, it appears at this time
13 that there will likely be insufficient assets to pay in full even those policy claims assigned a "class
14 B" priority pursuant to NRS 696B.420(1)(b). The Receiver has determined that it is not reasonably
15 possible to rehabilitate the company such that it could resume operations and/or meet its obligations
16 as they mature. *See*, Declaration of Mark Bennett, attached hereto as Exhibit A.

17 The Receiver believes that liquidation is warranted under NRS 696B.220(5) because:
18 (a) continued efforts to rehabilitate Lancet are unlikely to remove the underlying causes of Lancet's
19 hazardous financial condition; (b) Lancet agreed to being placed into receivership by unanimous
20 vote of the board of directors on March 11, 2019; (c) all of Lancet's active policies were canceled
21 by order of this Court on April 30, 2019; (d) the Division has suspended Lancet's license to transact
22 insurance business; (e) Lancet does not have the infrastructure and resources to enable rehabilitation
23 and resumption of its pre-receivership business operations; and (f) Lancet does not have, and there
24 is no reason to believe that in the future it would or could have, sufficient capital and surplus to be
25 rehabilitated, resume its pre-receivership business operations, and meet its obligations as they
26 mature.

1 Thus, pursuant to this plan of liquidation, Lancet’s affairs should be wound up as provided
2 in this Consolidated Motion. The Permanent Receivership Order authorized the Receiver to
3 conserve, rehabilitate, or liquidate Lancet. *See*, Permanent Receivership Order, paras. 2 and 4. For
4 the reasons above, the Receiver is now respectfully requesting that Lancet be formally placed into
5 liquidation by a final order of this Court.

6 **The Request for Approval of Claim Procedures and Setting of a Claims Filing Deadline**

7 As set forth in detail below, the Receiver is requesting the setting of a claims filing deadline,
8 approval of the process for submitting and processing of claims, and approval of the related appeals
9 process. The Receiver hereby requests that the Court approve the form of the exhibits attached to
10 this Consolidated Motion as Exhibits 1-5. In keeping with the Court’s Order Regarding Motion for
11 Instructions Including Notice Requirements (the “Notice Order”), a mailing is to be sent by the
12 Receiver to all interested parties of Lancet and this mailing will include finalized versions of the
13 documents shown in Exhibits 1-3, along with copies of any Final Orders issued on this Consolidated
14 Motion. The form of notice that is to be made by newspaper publication, as directed by the Notice
15 Order, is attached as Exhibit 5.

16 **I. Claims Filing Deadline**

17 NRS 696B.460 states that after the entry of an order of liquidation, the Commissioner shall
18 notify all persons who may have claims against the insurer in receivership to file such claims with
19 the Commissioner within the time specified. The statute further provides that the time specified in
20 the notice shall be fixed by this Court and shall be not less than six (6) months after the entry of the
21 order. The Receiver requests that the Court set a claims filing deadline of April 1, 2021 (the “Claims
22 Filing Deadline”). Pursuant to the Permanent Receivership Order, all of Lancet’s in-force insurance
23 policies were canceled effective on the earlier of April 30, 2019, or the date when the insured ceased
24 making premium payments to Lancet. A deadline of April 1, 2021, will allow all parties in interest
25 sufficient time and opportunity to identify and file claims. If a person fails to file a claim with the
26 Receiver by the Claims Filing Deadline, and in the method provided by this Court’s Order, NRS
27 696B.460(2) provides that the claim “shall be forever barred.” In keeping with NRS 696B.460(2),
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1 the Receiver requests this Court to order that all claims against Lancet not postmarked on or before
2 April 1, 2021, and sent to the address specified by the Receiver, be deemed not to have been timely
3 and be barred, not subject to processing by the Receiver, and ineligible to share in any distribution
4 of the assets of the estate.

5 **Tail Policy Claims and Potential Tolling Issues**

6 The Receiver has previously advised the Court in quarterly status reports about efforts to
7 assign a cash value to the loss by some policyholders of their tail coverage with Lancet. Lancet
8 policyholders with tail coverage were informed that the Receiver would assign a value to the lost
9 tail coverage (*i.e.*, the return premium owed on the terminated tail coverage). The Receiver
10 employed an actuarial firm to evaluate Lancet's liability for the return premium owed for tail
11 coverage that was terminated as of April 30, 2019, per the Permanent Receivership Order. This
12 evaluation revealed that many of the tail policies have minimal or zero return premium owing as a
13 result of the cancellation. For instance, many policies included complimentary tail coverage for
14 retiring physicians, with no premium associated with the tail coverage. A more equitable solution,
15 in lieu of assigning a monetary claim value for the tail policy return premiums, is to extend the tail
16 claim reporting period for those policies with tail coverage that would (but for the receivership) have
17 expired sometime after April 30, 2019. For such policies, the Receiver proposes to extend the claim
18 reporting deadline beyond the current April 30, 2019, coverage end date through the receivership
19 Claims Filing Deadline (*i.e.*, April 1, 2021, if approved by this Court) or the actual end of tail
20 coverage under each individual policy, whichever deadline date occurs first. The Receiver requests
21 this Court to order that there shall be an extended claim reporting period for each Lancet policy
22 having tail coverage, and that the claim reporting period for each individual tail policy shall end on
23 either April 1, 2021, or the actual end date of tail coverage under the terms of the individual policy,
24 whichever deadline date occurs first. For the avoidance of doubt, the Receiver requests this Court
25 to order that this claim reporting extension period does not apply to policies that did not have tail
26 coverage, or policies with tail coverage that had already expired on or prior to April 30, 2019. The
27 Receiver requests that this Court approve the form of notice of the extended tail coverage reporting
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1 period included within the Notice of Liquidation and Claims Filing Deadline, attached as Exhibit 1
2 to this Consolidated Motion.

3 The Receiver has also considered that there may be potential and/or hypothetical issues
4 relating to the tolling of statutes of limitation for minor claimants against Lancet insureds, but the
5 Receiver has not yet received actual notice of any such circumstances. If the Receiver becomes
6 aware of minor claims, the Receiver will then propose a resolution to such issues and will seek this
7 Court's approval and further instruction via separate motion for instructions.

8 NRS 696B.400 states that the rights and liabilities of the insurer and of its creditors,
9 policyholders, stockholders, members, subscribers, and all other interested persons shall be fixed as
10 of the date of the order of liquidation, unless the Court directs otherwise, subject to the provisions
11 of Chapter 696B with respect to the rights of claimants holding contingent claims. The Receiver
12 requests that this Court order that: (a) the rights of parties regarding Lancet are fixed as of the date
13 of the order of liquidation, except for those claimants with contingent or unliquidated claims to the
14 extent that their rights are protected by NRS 696B.400 and 696B.450; and (b) Lancet's claims
15 against others are not fixed as of the date of the order of liquidation.

16 With respect to contingent claims, in general, no contingent and unliquidated claim should
17 share in a distribution of the assets of an insolvent insurer, per NRS 696B.450. However, NRS
18 696B.450 provides several exceptions:

19 1. If the claim becomes absolute against the insurer on or before the claims filing
20 deadline. NRS 696B.450(1)(a).

21 2. If there is a surplus and the liquidation is thereafter conducted on the basis that the
22 insurer is not insolvent. NRS 696B.450(1)(b).

23 3. If a person has a cause of action against an insured of the insurer, and can meet the
24 requirements of NRS 696B.450(2).

25 Accordingly, the Receiver requests that this Court order that claims which have not been
26 liquidated in amount and made non-contingent on or before the Claims Filing Deadline may not

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1 share in the assets of the receivership estate unless the claimant meets one of the exceptions found
2 in NRS 696B.450, which will be in the Receiver’s sole discretion to determine.

3 **II. Submission and Processing of Claims**

4 Per NRSB.330(1), all claims filed against Lancet must be filed in the manner and form
5 established by the Receiver, be verified by the affidavit of the claimant (or someone authorized to
6 act on the claimant’s behalf) and be supported by documentation. The Receiver requests the Court’s
7 approval to require that all claims against the estate be submitted on the Proof of Claim (“POC”)
8 form attached as Exhibit 2, and according to the instructions attached as Exhibit 3.

9 The Receiver seeks authority for the Receiver to process POCs and to make distributions on
10 approved claims after all POCs have been finally resolved, according to the requirements of: (1)
11 NRS 696B.420, which requires the payment of each class of approved creditor claims in full, or to
12 retain adequate funds for such payment, before making even partial payments on any inferior class
13 of creditor claims; (2) NRS 696B.450, which precludes payment on any claim that is not rendered
14 absolute (*i.e.*, both non-contingent and liquidated in amount) on or before the proposed Claims Filing
15 Deadline; (3) NRS 696B.330 which provides, *inter alia*, that every claim against an insurer in
16 receivership must be filed in a manner and form that sets forth in reasonable detail the amount of the
17 claim, the facts underlying the claim, and any payment priority asserted; and (4) such other
18 requirements as this Court may provide in its Final Order.

19 **III. Appeals**

20 In accordance with Nevada law, the Receiver proposes to adopt the RAP set forth in Exhibit
21 3 and the Appeal Form set forth in Exhibit 4 in order to facilitate the orderly disposition or resolution
22 of claims or controversies involving the receivership estate. Decisions of the Receiver to which the
23 RAP will apply include decisions that concern any type of claim against the receivership estate (both
24 policy claims as well as non-insurance claims), and will also include decisions that concern non-

1 claim matters, so long as the decision affects, or may affect, a financial interest, contract right, or
2 legal entitlement of the receivership or the person asserting the appeal.

3 The Receiver will mail, by first-class mail, postage prepaid, to each claimant that filed a
4 POC, written notice of the determination regarding the claim. NRS 696B.330(5). Pursuant to the
5 RAP, claimants have sixty (60) days after the mailing of the written notice to file with the Receiver
6 an objection to the determination of the Receiver on the claim (*i.e.*, an appeal). NRS 696B.330(7).
7 The Receiver will report to the Court any unresolved objections, so that a hearing may be set for the
8 resolution of such claims. NRS 696B.330(8). The Receiver will notify claimants of the time and
9 place of the hearing. *Id.*

10 **The Need for Final Orders on This Consolidated Motion**

11 A final, appealable order by the Court is needed to enforce any directions of the Court issuing
12 from this Consolidated Motion. An interlocutory order would be subject to appeal, potentially years
13 after any approved claims filing deadline passes. This would make a swift resolution of the claims
14 against the estate impossible, and the distribution of any estate assets impracticable until such time
15 as a final appealable order were to eventually be entered. Accordingly, the Receiver respectfully
16 requests that the Court designate the orders requested as Final Orders pursuant to NRS 696B.190(5).

17 **Requested Relief**

18 For the reasons discussed above, the Receiver respectfully requests that the Court:

- 19 1. Enter a Final Liquidation Order that:
 - 20 a. Formally places Lancet into liquidation and authorizes the Receiver to
 - 21 liquidate the business of Lancet and wind up its ceased operations; and
 - 22 b. Designates the order as a Final Order pursuant to NRS 696B.190(5);
- 23 2. Enter a Final Claim Order that:
 - 24 a. Approves the claims notice procedures proposed herein;
 - 25 b. Approves the form of mailing notice attached as Exhibit 1, and finds that it
 - 26 complies with applicable Nevada law;

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- c. Approves the POC form attached as Exhibit 2, and finds that it complies with applicable Nevada law;
- d. Approves the claims and appeals processing procedures described in this Consolidated Motion and as set forth in the enclosed Exhibits 2-4, and finds that forms substantially similar to the Exhibits 2-4 comply with applicable Nevada law and are within the authority granted to the Receiver by this Court in its Receivership Order;
- e. Approves the form of newspaper publication notice attached as Exhibit 5, and finds that it complies with applicable Nevada law;
- f. Establishes that all rights of parties regarding Lancet are fixed as of the date of the order of liquidation, except for those claimants with contingent or unliquidated claims whose rights are protected by NRS 696B.400 and 696B.450;
- g. Directs that Lancet’s claims against others are not fixed as of the date of the order of liquidation;
- h. Directs that claims which have not been liquidated in amount and made non-contingent on or before the Claims Filing Deadline may not share in the assets of the receivership estate (subject to any applicable exceptions found in NRS 696B.450, which will be in the Receiver’s sole discretion to determine);
- i. Sets April 1, 2021, as the Claims Filing Deadline;
- j. Orders that all claims against Lancet not postmarked on or before April 1, 2021, and sent to the address specified by the Receiver will be deemed not timely filed and shall be barred, not subject to processing by the Receiver, and ineligible to share in any distribution of the assets of the estate;
- k. Orders that there shall be an extended claim reporting period for Lancet policies having tail coverage, and that the claim reporting period for each individual tail policy shall end on either April 1, 2021, or the actual end date

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of tail coverage under each individual policy whichever deadline date occurs first;

- l. Orders that this claim reporting extension period does not apply to policies that did not have tail coverage, or policies with tail coverage that had already expired on or prior to April 30, 2019;
- m. Grants all other relief requested by this Consolidated Motion; and
- n. Grants the Receiver such other relief as the Court may deem just and equitable.

Dated this 25th day of February 2020.

/s/ Kara B. Hendricks
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1 **CERTIFICATE OF SERVICE**

2 Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this 25th day of
3 February 2020, I caused a true and correct copy of the foregoing ***Motion for Final Order Placing***
4 ***Lance Indemnity Risk Retention Group, Inc. into Liquidation and Motion Requesting the Setting***
5 ***of a Claims Filing Deadline, and Granting Related Relief*** to be filed and served electronically via
6 the Court’s Electronic Filing System upon all parties registered to this action, and via regular mail
7 on the parties listed below.

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EXHIBIT A

1 **DECL**
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16 **IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**
17 **CLARK COUNTY, NEVADA**

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

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25 GROUP, INC., a Nevada Domiciled
Association Captive Insurance Company,

26 Defendant.
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Case No. A-19-791409-B
Dept. No. 16

**DECLARATION OF MARK F.
BENNETT IN SUPPORT OF**
**MOTION FOR FINAL ORDER
PLACING LANCET INDEMNITY RISK
RETENTION GROUP,
INC. INTO LIQUIDATION
and
MOTION REQUESTING THE
SETTING OF A CLAIMS FILING
DEADLINE, AND GRANTING
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1. My name is Mark F. Bennett. I am over the age of 18.

2. I have personal knowledge of the facts stated in this declaration, to which I could and would testify if called as a witness.

3. I am an attorney with the law firm of Cantilo & Bennett, L.L.P., which was appointed Special Deputy Receiver of Lancet Indemnity Risk Retention Group, Inc. (“Lancet”) in the above-captioned matter.

4. This declaration is made in support of Plaintiff’s Motion for a Final Order Placing Lancet into Liquidation, and Motion Requesting a Setting of a Claims Filing Deadline, and Granting Related Relief (*i.e.*, the “Consolidated Motion”).

5. I am a duly authorized representative of the Special Deputy Receiver (“SDR”). In that capacity: (a) I have been continuously involved in the receivership and liquidation since the day Lancet was placed in receivership due to insolvency; (b) I have knowledge, from the business records of Lancet, of which the Special Deputy Receiver is the custodian, of Lancet’s regularly conducted pre-receivership business activities; and (c) I am a qualified witness as to the authenticity and foundation of the pre-receivership and receivership documents of Lancet.

6. I have read the foregoing Consolidated Motion and the facts stated therein are true and correct based on my personal knowledge and my review of estate records.

7. I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 25th day of February 2020

By:

/s/ Mark F. Bennett
Mark F. Bennett

EXHIBIT 1



IMPORTANT NOTICE OF LIQUIDATION AND CLAIMS FILING DEADLINE TO ALL PERSONS INTERESTED IN THE AFFAIRS OF LANCET INDEMNITY RISK RETENTION GROUP, INC.

This notice provides important information regarding the liquidation of Lancet Indemnity Risk Retention Group, Inc. (“**Lancet**”). On April 12, 2019, Lancet was placed in receivership by order (the “**Permanent Receivership Order**”) of the Eighth Judicial District Court of the State of Nevada (the “**Receivership Court**”). Barbara D. Richardson, the Nevada Commissioner of Insurance, is the Receiver of Lancet and CANTILO & BENNETT, L.L.P., is the appointed Special Deputy Receiver (“**SDR**”) of Lancet. On _____, 2020, the Receivership Court entered its Final Order Placing Lancet into Liquidation (the “**Liquidation Order**”) and its Final Order Setting Claims Filing Deadline for Lancet and Related Relief (“**the Claims Order**”). The orders are enclosed and should be read in their entirety rather than just reading this notice.

The Claims Order approves a proof of claim (“**POC**”) process for filing claims against Lancet and establishes **April 1, 2021**, as the **Claims Filing Deadline** for the submission of such claims. All claims against Lancet will be handled as claims against the Lancet receivership estate, and all proceedings are governed by applicable Nevada law. All claims must be submitted on the approved POC Form (enclosed herein). Late-filed POCs will be barred from sharing in any distribution of Lancet’s assets. In order for a POC to be considered timely filed, it must be postmarked or delivered to the SDR on or before **April 1, 2021**. In addition to being timely filed, claims must also be non-contingent and liquidated in amount by the Claims Filing Deadline to share in any distribution of Lancet’s assets. Claims that remain contingent and unliquidated after **April 1, 2021**, will also be barred (subject to any exceptions found in NRS 696B.450, which will be in the Receiver’s sole discretion to determine).

Please read, and follow the instructions within, the enclosed Receivership Claims and Appeals Procedure to submit your POC. Failure to complete the POC Form according to the instructions may cause your claim to be delayed or disallowed. Please also note that although your claim may be approved in whole or in part, the receivership estate may only be able to pay a portion of your approved claim depending on the remaining assets of the estate.

Notice for Tail Policyholders: All in-force malpractice insurance was canceled as of April 30, 2019, by the Permanent Receivership Order. However, the Claims Order extends the claim reporting period—**for tail coverage only**—through the receivership Claims Filing Deadline (*i.e.*, April 1, 2021) or the actual end of tail coverage under each individual policy, whichever deadline date occurs first. Tail policyholders still must follow the Receivership Claims and Appeals Procedure to submit any kind of claim against the Lancet estate. The extended claim reporting period does not apply to policies without tail coverage, or to policies with tail coverage that expired on or prior to April 30, 2019.

The Liquidation Order directs the Receiver to liquidate and wind down the affairs of Lancet. Future notices about receivership matters, which could impact your rights, will be made through the Lancet web site (www.LancetIndemnity.com). You may wish to check the site on an ongoing basis to stay informed. You may ask questions about the claim process or request printed copies of the POC Form and the Receivership Claims and Appeals Procedure by calling (512) 478-6000, or by writing to CANTILO AND BENNETT, L.L.P., Attention: Lancet SDR, P.O. Box 184, Austin, Texas 78767. You are responsible for keeping the SDR apprised of any change in your address to assure your receipt of any mailed notices or correspondence.

Una versión en español de este aviso será publicada en www.LancetIndemnity.com (“a Spanish version of this notice will be posted at www.LancetIndemnity.com”).

EXHIBIT 2

For Office Use Only

POC#: _____

Date Received: _____

**LANCET INDEMNITY RISK RETENTION GROUP, INC.
PROOF OF CLAIM FORM**

Return this completed Proof of Claim Form with necessary supporting documentation to:

CANTILO & BENNETT, L.L.P.
Attention: Lancet SDR
P. O. Box 184
Austin, Texas 78767

Please carefully read the Receivership Claims and Appeal Procedure & Instructions prior to completing this Proof of Claim Form. Please print or type.

_____	\$ _____
Name of Claimant	Total Amount of Claim
_____	_____
Street Address	Soc. Sec. or Tax ID Number
_____	_____
City State Zip	Telephone Number
_____	_____
E-mail Address	Facsimile Number

If the claimant is represented by an attorney, please complete the following section:

_____	_____
Name of Attorney	Bar Card No.
_____	_____
Name of Law Firm	Tax ID Number
_____	_____
Street Address	Telephone Number
_____	_____
City State Zip	Facsimile Number

E-mail Address	

All claims submitted to the Special Deputy Receiver shall set forth in reasonable detail the amount of the claim, or the basis upon which that amount can be ascertained, the facts upon which the claim is based, and the priorities asserted, if any. Claims must be verified by the affidavit of the claimant (or someone authorized to act on the behalf of the claimant and having knowledge of the facts) and be supported by the applicable written documentation or proof. **NOTE: ATTACH COPY OF POWER OF ATTORNEY.**

Explanation of Claim:

Attach additional pages if necessary. If this is a policy claim, please include policy and claim number(s) and state whether or not the claim has previously been reported to Lancet or Lancet's claim administrator.

State of _____ §

County of _____ §

Unless noted herein, I alone am entitled to file this claim, no others have an interest in this claim, no payments have been made on the claim, no third party is liable on this debt, the sum claimed is justly owing, and there is no set-off. I declare, under penalty of perjury, that all of the statements made in this Proof of Claim Form and all documents attached to this form are true, complete, and correct.

Print Name of Claimant or Authorized Agent

Signature of Claimant or Authorized Agent

Title

Sworn to and subscribed before me this _____ day of _____
20__.

Notary Public Signature

NOTE: ATTACH DOCUMENTATION TO SUPPORT YOUR CLAIM.

EXHIBIT 3

RECEIVERSHIP CLAIMS AND APPEALS
PROCEDURE AND INSTRUCTIONS

Proofs of Claim (“POC”)

1. Claims must be submitted to the Special Deputy Receiver (“SDR”) on or before the Claims Filing Deadline of **April 1, 2021**, or else will be forever barred from sharing in the assets of the receivership estate of Lancet Indemnity Risk Retention Group, Inc. (“Lancet”). In order for a POC to be considered timely filed, it must be postmarked or delivered to the SDR on or before the April 1, 2021, Claims Filing Deadline. Only submissions by mail will be accepted. **Please do not send sensitive information (i.e., HIPAA-protected medical records, tax ID numbers, or otherwise private and/or confidential information) to the SDR by electronic means such as e-mail.** Claims that have not been rendered absolute (i.e., both liquidated in amount and non-contingent) on or before April 1, 2021, may not share in the assets of the estate (subject to any exceptions found in NRS 696B.450, which will be in the Receiver’s sole discretion to determine). Failure to complete the POC Form according to the instructions may cause your claim to be delayed or disallowed.
2. If you have a policy claim and it has previously been reported to Lancet or a third-party claims administrator for Lancet, please note this on the POC Form and provide any reference numbers previously assigned to your claim.
3. All claims submitted to the SDR must be accompanied by a signed and notarized POC Form (available for download at www.LancetIndemnity.com). All claims shall set forth in reasonable detail the amount of the claim, or the basis upon which that amount can be ascertained, the facts upon which the claim is based, and the priorities asserted, if any. Claims must be verified by the affidavit of the claimant (or someone authorized to act on behalf of the claimant and having knowledge of the facts) and be supported by the applicable written documentation or proof. **Blank or substantially incomplete POC Forms will not be processed and will be rejected by the SDR.** Claimants may request a status update on their claim by contacting the SDR at any time, but should not make duplicate claim submissions as doing so wastes the assets of the estate (and the SDR reserves the right to apply an offset of cost to recoup the processing cost for duplicate submissions).
4. The SDR will review each claim received and assign it a priority classification as provided by NRS 696B.420. The SDR is not required to process any claims in a class until it appears that assets will be available for distribution to that class. If there are insufficient assets to process claims for a class, the SDR shall notify the court and may make a recommendation to the court for the processing of any such claims.
5. After the last date for filing a claim (April 1, 2021), as directed by the court and subject to the above provisions herein, the SDR shall determine whether to approve or deny, in whole or in part, each claim filed with the SDR pursuant to this procedure and shall mail, by first-class mail, postage prepaid, to each claimant that filed a claim with the SDR, written notice of the determination regarding the claim. The notice of claim determination will inform the claimant of when the claimant’s appeal must be sent to the SDR. The procedure for appeal is described further below.
6. The SDR shall submit to the court a report of each claim approved in whole or in part.

Receivership Appeal Procedure (“RAP”)

*This appeal procedure applies to those who have filed a POC against the Lancet estate. Others may utilize this RAP to appeal decisions of the Receiver concerning non-claim matters if the decision may affect a financial interest, contract right, or legal entitlement of the person making the appeal. **Appeals of any kind must be received by the SDR within sixty (60) days of the determination that is being appealed, or the determination will be final.** Any questions about appeal deadlines should be directed to the SDR using one of the methods of contact listed below. Please refer to the following paragraphs to file an appeal.*

7. Not more than sixty (60) days after the later of the mailing of the written notice of claim determination, or of any report to the court concerning a claim determination, a person may file with the SDR an objection to the determination of the SDR on the claim that is the subject of the mailed “written notice” or the “report” to the court. To be timely, the appeal must be received by the SDR on or before the appeal due date. This applies to any written determination of the SDR.
8. Failure to file a timely appeal of a determination with the SDR will waive any right of the claimant to pursue his, her, or its claim against Lancet, and the SDR’s determination will become final and non-appealable.
9. Appeals should be submitted using the Appeal Form found at www.LancetIndemnity.com. An appeal should, at a minimum, include a brief explanation, clearly reference the determination or matter that is being appealed (including any applicable claim reference numbers), and state the claimant’s desired outcome. Appeals must be in writing and should be sent by mail to the SDR at the address below. A method that allows for tracking (U.S. Certified Mail, Fedex, UPS, etc.) is recommended but not required.
10. If an appeal is timely filed following the requirements of this RAP, the SDR will work to resolve the appeal based upon information submitted. The SDR will submit to the court a report on the determination of the SDR on each claim to which an unresolved appeal has been filed. The court shall fix a time for a hearing on such claims and shall direct the SDR to give notice of the hearing. The notice provided by the SDR must:
 - a. Be sent to the claimant by first-class U.S. mail, postage prepaid, not more than thirty (30) days and not less than ten (10) days before the hearing, on any claim to which an objection has been filed; and
 - b. Specify the time and place of the hearing.
11. A hearing may be conducted by the court or by a master or referee appointed by the court. If a hearing is conducted by a master or referee, the master or referee shall submit findings of fact and recommendations to the court. The court shall enter an order approving or denying, in whole or in part, a claim filed against an insurer. Any such order is an appealable order.
 - a. An order by the trial court may be appealable to the Supreme Court of Nevada in accordance with Nevada Supreme Court Rules.
 - b. An order by the trial court that is not timely appealed to the Supreme Court of Nevada is deemed “final.”

Submit POC Forms, appeals, and other Lancet-related correspondence by mailing to the SDR:

CANTILO & BENNETT, L.L.P.
Attention: Lancet SDR
P.O. Box 184
Austin, Texas 78767

Direct all questions, comments, or concerns regarding policy claims or appeals to:

1-512-478-6000

EXHIBIT 4

LANCET INDEMNITY RISK RETENTION GROUP, INC.
APPEAL FORM

Return this completed Appeal Form with any necessary supporting documentation to:

CANTILO & BENNETT, L.L.P.
Attention: Lancet SDR
P.O. Box 184
Austin, Texas 78767

Please carefully read the Receivership Claims and Appeal Procedure prior to completing this Appeal Form. Please print or type.

Name of Claimant	\$ Total Amount of Claim
Street Address	Soc. Sec. or Tax ID Number
City State Zip	Telephone Number
E-mail Address	Facsimile Number

If the claimant is represented by an attorney, please complete the following section:

Name of Attorney	Bar Card No.
Name of Law Firm	Tax ID Number
Street Address	Telephone Number
City State Zip	Facsimile Number
E-mail Address	

NOTE: ATTACH COPY OF POWER OF ATTORNEY.

Explanation of Appeal: You must include a brief explanation, clearly reference the determination or matter that is being appealed (including any applicable claim reference numbers and the date(s) that the determination(s) were made) and state your desired outcome of this appeal.

State of _____ §

County of _____ §

Unless noted herein, I alone am entitled to file this appeal, no others have an interest in this claim, no payments have been made on the claim, no third party is liable on this debt, the sum claimed is justly owing, and there is no set-off. I declare, under penalty of perjury, that all of the statements made in this Appeal and all documents submitted in support of this Appeal are true, complete, and correct.

Print Name of Claimant or Authorized Agent

Signature of Claimant or Authorized Agent

Title

Sworn to and subscribed before me this _____ day of _____
20__.

Notary Public Signature

NOTE: ATTACH DOCUMENTATION TO SUPPORT YOUR CLAIM.

Please check with the SDR before sending any large mailings to prevent duplicate document submissions and conserve the assets of the estate. Do not re-submit documents that were previously submitted with a Proof of Claim.

EXHIBIT 5

**IMPORTANT NOTICE OF LIQUIDATION AND CLAIMS FILING DEADLINE
TO ALL PERSONS INTERESTED IN THE AFFAIRS OF
LANCET INDEMNITY RISK RETENTION GROUP, INC. (“LANCET”)**

This notice provides important information regarding the liquidation of Lancet. On April 12, 2019, Lancet was placed into permanent receivership by the Eighth Judicial District Court of the State of Nevada (the “Receivership Court”). Barbara D. Richardson, the Nevada Commissioner of Insurance, is the Receiver of Lancet and CANTILO & BENNETT, L.L.P., is the appointed Special Deputy Receiver (“SDR”) of Lancet. On _____, 2020, the Receivership Court entered its Final Order Placing Lancet into Liquidation (the “Liquidation Order”) and its Final Order Setting Claims Filing Deadline for Lancet and Related Relief (the “Claims Order”). The Liquidation Order directs the Receiver to liquidate and wind down the affairs of Lancet.

The Claims Order approves a process for filing claims against Lancet and establishes **April 1, 2021**, as the **Claims Filing Deadline** for the submission of such claims. All claims against Lancet will be handled as claims against the Lancet receivership estate, and all proceedings are governed by applicable Nevada law. Claims filed after April 1, 2021, will be barred from sharing in any distribution of Lancet’s assets. Claims that remain contingent and unliquidated after April 1, 2021, will also be barred, except to the extent that such claims are protected by NRS 696B.400 and 696B.450. All claims must be submitted on the approved Proof of Claim (“POC”) Form and received by the SDR at the address below. The Claims Order also established an appeal procedure. The Receivership Claims and Appeals Procedure, the POC Form, and additional information about the receivership is available at the Lancet web site: www.LancetIndemnity.com. If your Lancet policy had active tail coverage, please visit the Lancet web site for information about how the Claim Order may impact your rights. Future notices about receivership matters which could impact your rights will also be made through the Lancet web site.

You may ask questions about the claim process or request printed copies of receivership notices by calling (512) 478-6000, or by writing to CANTILO AND BENNETT, L.L.P., Attention: Lancet SDR, P.O. Box 184, Austin, Texas 78767. You are responsible for keeping the SDR apprised of any change in your address to assure your receipt of any mailed notices or correspondence. *Una versión en español de este aviso será publicada en www.LancetIndemnity.com o para solicitar una copia impresa, llame al 512-478-6000.*