

STATE OF SOUTH DAKOTA

IN CIRCUIT COURT

)  
)ss:

COUNTY OF HUGHES

SIXTH JUDICIAL CIRCUIT

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STATE OF SOUTH DAKOTA, EX REL.  
LARRY DEITER, DIRECTOR OF  
INSURANCE OF THE STATE OF SOUTH  
DAKOTA,

32CIV18-125

Petitioner,

APPLICATION NO. 3

v.

FOR ORDER APPROVING  
LIQUIDATOR'S PROPOSAL  
REGARDING DISBURSEMENT TO  
GUARANTY ASSOCIATIONS

RELIAMAX SURETY COMPANY,

Respondent.

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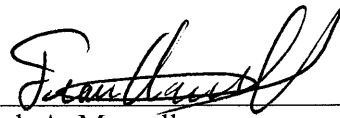
COMES NOW Larry Deiter, Liquidator ("the Liquidator") of ReliaMax Surety Company ("ReliaMax"), and hereby applies to the Court for an order pursuant to SDCL § 58-29B-98 approving his proposal as follows:

1. This Application is made pursuant to SDCL § 58-29B-98 for Court approval concerning disbursement to guaranty associations;
2. The South Dakota Insurance Guaranty Association and all guaranty associations where ReliaMax conducted business have received notice of the ReliaMax liquidation;
3. All applicable guaranty associations are being served with a copy of this Application;
4. No guaranty association has indicated it would allow claims under ReliaMax bonds as "covered claims" acceptable for payment from a guaranty fund;
5. No guaranty association has requested payment for paying, handling, or administering ReliaMax claims to date;
6. Due to the above, the Liquidator proposes that no distributions be made to guaranty associations at this time;
7. Due to the above, the Liquidator further proposes to reserve amounts under the subdivisions in SDCL § 58-29B-99 at zero;
8. The Liquidator further proposes that he should reconsider the foregoing should a guaranty association indicate it would allow claims under ReliaMax bonds as "covered claims" or present a claim to the Liquidator for costs regarding ReliaMax bonds covered by that association;

9. Attached as Exhibit A to this Application is an affidavit of the Special Deputy Liquidator stating the reasons for the conclusions in this Application pursuant to SDCL §§ 58-29B-98 and 58-29B-99;

WHEREFORE the Liquidator respectfully requests that the court enter an order of approving the Liquidator's proposal as regards disbursements to guaranty associations as contained this application.

Respectfully submitted this 25<sup>th</sup> day of October, 2018.



Frank A. Marnell  
Attorney for Liquidator of ReliaMax Surety  
124 S. Euclid Avenue, 2<sup>nd</sup> Floor  
Pierre, SD 57501  
(605) 773-3563

#### CERTIFICATE OF SERVICE

The undersigned hereby certifies that copy of the Liquidator's Application No. 3 was served upon ReliaMax Surety Company in Liquidation via regular U.S. Mail, postage prepaid, to the company's mailing address at 2300 E. 54<sup>th</sup> Street North, Sioux Falls, SD 57104 and to the following insurance guaranty associations:

Alabama Insurance Guaranty Association  
c/o Andrea Lentine  
2020 Canyon Road Suite 200  
Birmingham, AL 35216

California Insurance Guarantee Association  
c/o Wayne Wilson  
PO Box 29066  
Glendale, CA 91209

Alaska Insurance Guaranty Association  
c/o Northern Adjuster, Inc.  
1401 Rudakof Circle Suite 100  
Anchorage, AK 99508

Colorado Ins. Guaranty Ass'n (WGFS)  
c/o Chad Anderson  
1720 South Bellaire St Suite 408  
Denver, CO 80222

AZ Property & Casualty Ins. Guaranty Fund  
c/o Michael Surguine  
100 N. 15th Ave  
Phoenix, AZ 85007

CT Insurance Guaranty Association (GFMS)  
c/o Paul Gulko  
One Bowdoin Square  
Boston, MA 02114

Arkansas P & C Guaranty Fund  
c/o Steve Uhrynowycz  
1023 West Capitol Ave Suite 2  
Little Rock, AR 72201

Delaware Insurance Guaranty Association  
c/o Barry Miller  
220 Continental Drive Suite 212  
Newark, DE 19713

District of Columbia (GFMS)  
c/o Paul Gulko  
One Bowdoin Square  
Boston, MA 02114

FL Insurance Guaranty Association (FIGA)  
Claims, Administration and Accounting  
PO Box 14249  
Tallahassee, FL 32317

Georgia Insurers Insolvency Pool  
Gwinnett Commerce Center  
c/o Michael Marchman  
3700 Crestwood Parkway, NW Suite 400  
Duluth, GA 30096

Hawaii Insurance Guaranty Association  
c/o Blake Obata  
PO Box 4660  
Honolulu, HI 96812

ID Insurance Guaranty Association (WGFS)  
c/o Chad Anderson  
1720 South Bellaire St Suite 408  
Denver, CO 80222

Illinois Insurance Guaranty Fund  
c/o Tim Schotke  
150 S Wacker Drive Suite 2970  
Chicago, IL 60606

Indiana Insurance Guaranty Association  
c/o Janis Funk  
3502 Woodview Trace Suite 100  
Indianapolis, IN 46268

Iowa Insurance Guaranty Association  
c/o Steven Augspurger  
801 Grand Ave Suite 3700  
Des Moines, IA 50309

Kansas Western Guaranty Fund Services  
c/o Chad Anderson  
1720 South Bellaire St Suite 408  
Denver, CO 80222

Kentucky Insurance Guaranty Association  
c/o A. Scott Webster  
10605 Shelbyville Road Suite 101  
Louisville, KY 40223

Louisiana Insurance Guaranty Association  
c/o John Wells  
2142 Quail Run Drive  
Baton Rouge, LA 70808

Maine Guaranty Fund Management Services  
c/o Paul Gulko  
One Bowdoin Square  
Boston, MA 02114

Prop. & Cas. Ins. Guaranty Corp., Maryland  
c/o John Spielberg  
305 Washington Ave Suite 600  
Towson, MD 21204

MA Insurers Insolvency Fund (GFMS)  
c/o Paul Gulko  
One Bowdoin Square  
Boston, MA 02114

MI Prop. & Casualty Guaranty Association  
c/o Thomas Kujawa  
PO Box 531266  
Livonia, MI 48153

Minnesota Insurance Guaranty Association  
c/o Robert Farber  
7600 Parklawn Ave Suite 460  
Edina, MN 55435

Mississippi Insurance Guaranty Association  
c/o Arthur Russell  
713 South Pear Orchard Road Suite 200  
Ridgeland, MS 39157

MO Prop. & Casualty Ins. Guaranty Ass'n  
c/o Charles Renn  
2210 Missouri Blvd  
Jefferson City, MO 65109

MT Ins. Guaranty Association (WGFS)  
c/o Chad Anderson  
1720 South Bellaire St Suite 408  
Denver, CO 80222

Ohio Insurance Guaranty Association  
c/o Sonni Peterson  
5005 Horizons Drive Suite 200  
Columbus, OH 43220

NE Prop. & Casualty Ins. Guaranty Ass'n  
c/o Chad Anderson  
1720 South Bellaire St Suite 408  
Denver, CO 80222

OK Prop. & Casualty Ins. Guaranty Ass'n  
c/o Jessica Cannon  
2601 Northwest Expressway Suite 330E  
Oklahoma City, OK 73112

Nevada Insurance Guaranty Association  
c/o Bruce Gilbert  
3821 West Charleston Blvd Suite 100  
Las Vegas, NV 89102

Oregon Insurance Guaranty Association  
c/o Catherine Braughton-Bazant  
10700 Southwest Beaverson Hwy Suite 426  
Beaverton, OR 97005

NH Insurance Guaranty Association  
c/o Paul Gulko  
One Bowdoin Square  
Boston, MA 02114

PA Prop. & Casualty Ins. Guaranty Ass'n  
c/o Stephen Perrone  
One Penn Center, Suite 1850  
1617 John F. Kennedy Blvd  
Philadelphia, PA 19103

NJ Property-Liability Ins. Guaranty Ass'n  
c/o Joseph DellaFera  
233 Mount Airy Road  
Basking Ridge, NJ 07920

Rhode Island Guaranty Fund Mgmt Services  
c/o Paul Gulko  
One Bowdoin Square  
Boston, MA 02114

NM Ins. Guaranty Ass'n, Integriion Group  
c/o Debbie Luera  
PO Box 27815  
Albuquerque, NM 87125

SC Property & Casualty Ins. Guaranty Ass'n  
c/o J. Smith Harrison  
PO Box 407  
Columbia, SC 29202

New York Liquidation Bureau  
c/o David Axinn  
110 William Street, 15th Floor  
New York, NY 10038

SD Prop. & Casualty Ins. Guaranty Ass'n  
c/o Ed Evans  
PO Box 2790  
Sioux Falls, SD 57101

NC Insurance Guaranty Association  
c/o Raymond Evans  
2910 Summer Blvd  
Raleigh, NC 27616

Tennessee Insurance Guaranty Association  
c/o David Broemel  
3100 West End Ave Suite 670  
Nashville, TN 37203

ND Insurance Guaranty Association  
c/o Jeffry Cahill  
PO Box 2634  
Bismarck, ND 58502

TX Prop. & Casualty Ins. Guaranty Ass'n  
c/o Marvin Kelly  
9120 Burnet Road  
Austin, TX 78758

UT Prop. & Casualty Ins. Guaranty Ass'n  
c/o Allen Muhlestein  
PO Box 1608  
Sandy, UT 84091

Washington Insurance Guaranty Association  
c/o Chad Anderson  
1720 South Bellaire St Suite 408  
Denver, CO 80222

VT Prop. & Casualty Ins. Guaranty Ass'n  
c/o Paul Gulko  
One Bowdoin Square  
Boston, MA 02114

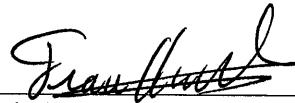
WV Insurance Guaranty Association  
c/o Sonni Peterson  
5005 Horizons Drive Suite 200  
Columbus, OH 43220

VA Prop. & Casualty Ins. Guaranty Ass'n  
c/o Paul Gulko  
One Bowdoin Square  
Boston, MA 02114

Wisconsin Insurance Security Fund  
c/o Allan Patek  
2820 Walton Commons West Suite 135  
Madison, WI 53718

Wyoming Insurance Guaranty Association  
c/o Chad Anderson  
1720 South Bellaire St Suite 408  
Denver, CO 80222

Dated this 25<sup>th</sup> day of October, 2018 in Pierre, South Dakota.



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Frank A. Marnell  
Attorney for Liquidator of ReliaMax Surety  
124 S. Euclid Avenue, 2<sup>nd</sup> Floor  
Pierre, SD 57501  
(605) 773-3563

STATE OF SOUTH DAKOTA )  
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STATE OF SOUTH DAKOTA, EX REL. )  
LARRY DEITER, DIRECTOR OF )  
INSURANCE OF THE STATE OF )  
SOUTH DAKOTA )

32CIV18-125

Petitioner,

AFFIDAVIT OF MICHAEL FITZGIBBONS  
IN SUPPORT OF LIQUIDATOR'S  
APPLICATION NO. 3

v.

RELIAMAX SURETY COMPANY )

Respondent.

\*\*\*\*\*

STATE OF ARIZONA )  
 ) ss:  
COUNTY OF MARICOPA )

Michael FitzGibbons, of lawful age and being first duly sworn states as follows:

1. I am the duly appointed Special Deputy Liquidator of ReliaMax Surety Company ("ReliaMax"). Under the general supervision of the Court and the Liquidator, my staff and I oversee the day-to-day operations of ReliaMax to timely and efficiently wind down the ReliaMax liquidation estate. I am knowledgeable about the current affairs, needs, and financial condition of ReliaMax.
2. I have reviewed and support the Liquidator's Application No. 3 and the Liquidator's proposal for the Court's consideration. The Liquidator proposes to make no disbursement to Guaranty Associations ("GAs") at this time and proposes to reserve GA liabilities at zero for reasons I will expand upon below.
3. Depending on the insurance product and jurisdiction, among other factors, insurance company insolvencies may trigger claims benefits available from GAs for the benefit of consumers. When claims are paid or partially paid by a GA, the GA can seek payment from the assets of the liquidated estate under the GA's Proof of Claim ("POC") filing.
4. An allowable claim at a GA is called a "Covered Claim" in the Property and Casualty Insurance Guaranty Association Model Act as provided by the National Association of Insurance Commissioners. South Dakota's version is located at SDCL § 58-29A-55(7). A Covered Claim must be of the type allowable by SDCL § 58-29A-55, which excludes "...financial guarantee...[f]idelity or surety bonds, or any other bonding obligations..."

Exhibit     A

[and] insurance protecting the interests of a creditor arising out of a creditor-debtor transaction...". This model language is common across the country.

5. ReliaMax's bonds offered a financial guarantee to banking and credit union institutions covering private student loan obligations. GAs may not allow claims under ReliaMax's bonds as Covered Claims within the meaning of the term.
6. The Liquidator provided notice of the ReliaMax liquidation to each GA across the country in compliance with SDCL § 58-29B-51(2).
7. Currently, the estate has yet to receive any indication from any GA as to its participation in this insolvency. No GA has indicated any obligations under ReliaMax bonds as Covered Claims. No GA has filed a POC acknowledging payment, or administering of any ReliaMax claims to date.
8. SDCL § 58-29B-98 provides that the Liquidator must propose to disburse assets to GAs from the marshaled and available assets of the insolvent insurer. This replenishes the liquidity of the GAs in that the GAs obligations are to pay Covered Claims on behalf of the insolvent insurer. In this instance, no GA has indicated it will participate in this liquidation, in that it appears there are no Covered Claims.
9. Due to the above, no distributions will be made to GAs at this time. Therefore, the reserve amounts for disbursements to guaranty associations under the subdivisions in SDCL § 58-29B-99 is zero.

Further Affiant sayeth not.

Dated this 19 day of October, 2018.



Michael J. FitzGibbons, Special Deputy Liquidator  
ReliaMax Surety Company, in Liquidation

Subscribed and sworn to before me this 19<sup>th</sup> day of October, 2018.



**SARAH E. ALEXANDER**  
Notary Public - Arizona  
Maricopa Co. / #551135  
Expires 09/15/2022

Sarah E. Alexander  
Notary Public

My commission expires: 9/15/22