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ATTORNEYS FOR PETITIONER

**IN THE DISTRICT COURT OF SHAWNEE COUNTY, KANSAS
DIVISION 15**

VICKI SCHMIDT,	)	
COMMISSIONER OF	)	
INSURANCE,	)	
<i>In her Official Capacity</i>	)	
	)	
Petitioner,	)	Case No. 2023 CV 494
	)	
vs.	)	
	)	
MutualAid eXchange	)	
	)	
Respondent.	)	

FOURTH SEMI-ANNUAL REPORT

COMES NOW Commissioner of Insurance, Vicki Schmidt, in her capacity as Liquidator
("Liquidator") of MutualAid eXchange ("MAX"), by and through counsel, and pursuant to ¶ 14

of the Court’s Judgment, Decree and Order of Liquidation with Finding of Insolvency (the “**Liquidation Order**”) in the above captioned matter and KSA 40-3605 *et seq.* (the “Act”), submits this Fourth Semi-Annual Report (“**Report**”).

This Report provides an update to the Court, as required by the Liquidation Order, and includes an update on the work the Liquidator and her staff carried out since filing her Third Semi-Annual Report on February 13, 2025. This Report also provides MAX’s financial balance sheet as of June 30, 2025. This Report is based only on the knowledge that the Liquidator and her staff have gained from the work performed since the MAX was placed into receivership. Facts may exist that the Liquidator is unaware of that may have a material effect on the information provided in this Report. The Liquidator will update the information in future semi-annual reports as additional facts are discovered.

B. MAX Property

The Liquidator has taken possession of all known assets and property of MAX in accordance with the Liquidation Order. The Liquidator, through the SDRs, control and continue to monitor all bank accounts and investment operations of MAX and its wholly-owned subsidiary MII Management Group, Inc. (“**MIIMG**”).

A. Unearned Commissions

At the time of the Third Semi-Annual Report, the total outstanding balance of unearned commission due to the MAX Estate was \$122,668. At June 30, 2025, that amount had reduced to \$118,286. Most of the outstanding balance continues to be due from Oklahoma agents (\$104,135.56). The Oklahoma Department of Insurance is assisting the Liquidator in collection efforts and the Liquidator anticipates that any collectable amounts will be collected by year-end.

B. Reinsurance

Reinsurance collections from the Liquidation Date to December 31, 2024, were approximately \$8.264 million. Reinsurance collections through June 30, 2025 are approximately \$358,000. MAX continues to work with its broker to pursue additional reinsurance collections.

C. State Guaranty Associations

The State Guaranty Associations¹ (“SGAs”) where MAX was authorized to write business continue to administer certain claims related to MAX’s insurance policies.

1. Unearned Premium Claims

When a policy terminated prior to its expiration date, but premium had been collected from a policyholder, MAX calculated the unearned premium (“UEP”) due to that policyholder and transferred all UEP claims to the affected SGAs. Total UEP on December 31, 2023, was \$17,192,086.

The SGAs have been paying covered UEP claims to policyholders. In some states, the statute provides that the SGA will pay 100% of the UEP claim, and in other states, the statute provides for either a deductible, a minimum or a maximum payment by the SGA for UEP claims. To date, the SGAs have reported to MAX that they have paid \$14,777,811 in UEP to policyholders. This number is expected to increase with further reporting.

¹ Arizona, Iowa, Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, Ohio, Oklahoma, Pennsylvania, South Dakota, Utah, Virginia and West Virginia.

2. Policy Claims

At the time of liquidation, MAX wrote Homeowners, Farmowners, and Dwelling Property insurance. MAX transferred all open and new claims to the SGAs. Currently, approximately 140 policy claims remain open with the SGAs.

Eight policyholders filed a Proof of Claim with the Liquidator, making policy claims that exceeded the state guaranty association statutory limits. Seven of these claims have been adjudicated, and submitted to the Court in the Liquidator's Claim Review Reports. The final claim is addressed in the Liquidator's Claim Review Report filed on the same date as this Fourth Semi-Annual Report.

D. Operations

The Liquidator continues her evaluation of expenses resources, and has reduced expenses where appropriate. MIIMG currently has three full-time employees and three part-time employees,² who work with and report to the SDRs. As the number of open claims continues to decrease, the Liquidator anticipates that the need for full-time staff will continue to diminish.

In August 2025, with the assistance of the Plan administrator, the Liquidator initiated the process required to terminate MIIMG's 401k Plan. The Plan will terminate in October 2025. The SDRs will continue to monitor staffing needs and work with staff to ensure appropriate coverage.

Pursuant to the Liquidation Order, the Liquidator submits to the Court a statement of assets and liabilities, as of June 30, 2025. *See* Statement of Assets and Liabilities, attached hereto as **Exhibit A**.

² Two of the part-time employees are former MIIMG IT staff. They each work 6 to 10 hours per week assisting with processing UDS records and performing other critical IT functions.

E. Proof of Claim Process and Distribution of Assets

In the Liquidation Order, the Court approved a form of Proof of Claim and set a Bar Date of August 23, 2024. The Liquidator has received 803 Proofs of Claim. The Liquidator filed her First Claim Review Report on September 9, 2024, and her Second Claim Review Report on December 6, 2024. The Court has approved the disposition of 720 claims. The Liquidator has denied 388 Proofs of Claim and has allowed or allowed in part 320 Proofs of Claims. The Liquidator allowed as contingent the Proofs of Claim submitted by 17 SGAs Proof of Claim.

On February 14, 2025, the Liquidator filed her Third Claim Review Report, seeking the Court's approval to finalize 12 additional Proofs of Claim – six that were previously contingent, and six considered for the first time.

On September 9, 2025, the Liquidator filed her Fourth Claim Review Report, seeking the Court's approval to finalize 31 additional Proofs of Claim – including six SGA claims that were previously allowed as contingent, and one considered for the first time. The Liquidator's staff continues to evaluate the remaining 52 Proofs of Claim.

On December 6, 2024, the Liquidator filed her Motion for Approval of First Interim Distribution. On December 23, 2024, the Court entered its Order approving a First Interim Distribution in the amount of 20% of the allowed amount of Class 2 claims. The Liquidator thereafter distributed \$7,660,452.36. In her Third Claims Review Report, the Liquidator recommended approving three additional POCs and requested the Court to extend the First Interim Distribution to these three POCs, allowing a First Interim Distribution in the amount of 20% of the allowed amount. The total of the supplemental distribution was \$128,058.84. The total amount distributed for the First Interim Distribution was \$7,788,511.20.

In December 2024, the Liquidator distributed approximately \$700,000 to the SGAs based on the amount each reported as Defense and Cost Containment (“DCC”) expense to the Liquidator in “D” UDS records. After making the distribution, several reporting errors were discovered and the Liquidator paused further Class 1 distributions to the SGAs pending clarification of the Class 1 expenses. The Liquidator has resolved the discrepancy and will offset overpayments against future Class 1 and Class 2 distributions to the SGAs.

WHEREFORE, the Liquidator submits this Fourth Semi-Annual Report of MAX.

Respectively submitted,

/s/ Steven A. Karrer

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Vicki Schmidt, Commissioner of Insurance

Exhibit A**MUTUAL AID EXCHANGE IN LIQUIDATION
STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2025****ASSETS:**

Type of Asset	Subtotal Column	Total
Cash		-
Short-term Investments		8,947,019
Deposits Held for States - at market		2,706,404
Bonds:		
U.S. Government	2,498,185	
U.S States, Political Subdivision, Special Revenue	104,236	
Asset Backed Securities	7,758,011	
Industrial and Misc.	2,691,881	
MVA on Bonds	46,664	
Total Bonds		13,098,978
Stocks:		
Preferred	-	
Common	5,005,686	
MVA	(4,328,264)	
Total Stock		677,422
Advances to Guaranty Associations		-
Recoverable from Reinsurers:		
Paid Losses and LAE	1,922,656	
Known Case Loss and LAE Reserves	2,249,556	
IBNR Loss and LAE Reserves	133,870	
Ceded Premiums	78,568	
Contingent Commissions (If not claims)		
MVA		
Total Recoverable from Reinsurers		4,384,650
Federal Income Tax Recoverable		
Other Taxes Recoverable		
Salvage and Subrogation Recoverables		
Premiums Due and Accrued		
Agents' Balances		118,286
Receivable from Affiliates		
Accrued Investment Income		82,870
Total Unrestricted Assets		30,015,628
Restricted Assets		-
(Cash in escrow)		
Total Assets		30,015,628

MVA -- Market value adjustment.

Exhibit A

**MUTUAL AID EXCHANGE IN LIQUIDATION
STATEMENT OF ASSETS AND LIABILITIES
AS OF JUNE 30, 2025**

LIABILITIES:

Type of Liability	Subtotal Column	Total
Secured claims		
Class 1 Administrative Claims:		
General Administrative Estimated Expenses	694,879	
Guaranty Association DCC	132,799	
Less Payments to IGA's	(90,322)	
Net IGA DCC	42,477	
Total Class 1 Claims		737,356
Class 2 Policy Benefit Claims:		
IGA Paid Claims	39,188,840	
MAX Allowed POC's	701,706	
Guaranty Association Estimated Expenses	2,591,949	
Guaranty Association Claim Reserves	3,665,097	
MAX Claims Reserves	368,600	
Distributions Issued:		
1st Interim Distribution - IGA	(6,941,325)	
1st Interim Distribution - POC	(147,245)	
Overpayment of IGA Expenses	(609,585)	
Total Class 2 Claims		38,818,038
Class 3 Federal Government		-
Class 4 Employee Compensation		-
Class 5 General Creditor Claims:		
Reinsurance Ceded	89,251	
Other General Creditor	524,177	
Total Class 5 Claims		613,428
Class 6 State & Local Government		78,275
Class 7 Late Filed		
Class 8 Surplus Notes		-
Class 9 Ownership Related		-
Total Liabilities		40,247,097
Excess (Deficiency) of Assets Over Liabilities		(10,231,469)
Total		30,015,628

Notes: The classifications shown above are from Kansas Insurance Code 40-3641.

Exhibit A

Notes to the Financial Statements	
Cash	
	Balance represents deposit accounts held at Commerce Bank, N.A. Current balance is \$0 as excess cash is held in ST Goldman Sachs account resulting in a temporary float situation
Short-term Investments	
	Balance consists of two Exempt Money Market Mutual funds, one which is held in an account at Commerce Bank, N.A. and one at Fifth Third Bank
Deposit Held for Other States	
	Balance represents Bonds held as qualifying deposits for the benefit of policyholders in the following states: Kansas, North Carolina, Virginia (stated at Market value)
Bonds	
	Bonds carried at fair market value held in custody at Fifth Third Bank
Stocks	
	MutualAid eXchange owns two common stocks: 30 shares of NAMIC Insurance Company Class B common stock purchased 7/24/2009 whose fair value at 6/30/2025 is \$11,772 Fully owned subsidiary, MII Management Group, Inc. which is carried at GAAP equity value of \$665,650
Advances to Guaranty Associations	
	For the one month period from the date of liquidation of MutualAid eXchange until 9/22/2023, MAX was ordered to issue some loss and loss adjustment expenses payments that have been classified as Hardship payments. These payments were considered advances made to 15 state guaranty associations. Payments have been received from all.
Recoverable from Reinsurers	
	Paid Loss and LAE Recoverables from 25 reinsurers on the following reinsurance agreements: Multiline Excess of Loss - 2019, 2020, 2022, 2023 Catastrophe Coverage - 2019, 2020, 2021, 2022, 2023 Quota Share - 2017-2023 Aggregate Excess of Loss - 2020, 2021, 2022 Known Case Loss and LAE Reserves Case Loss and LAE reserves ceded on reinsurance contracts noted above IBNR Loss and LAE Reserves IBNR Loss and LAE reserves ceded on reinsurance contracts noted above Ceded Premiums Net ceded premium in excess of deposits paid by MAX on 2023 reinsurance contracts Also net of reinstatement premium on Catastrophe coverages
Agent Balances	
	Balances due back from independent agents for direct written unearned commissions
Accrued Investment Income	
	Accrued interest on bonds
Restricted Cash	
	None
Class 1 Administrative Claims	
	General Administrative Estimated Expenses - Accrued direct expenses of MAX for investment fees and fees in association with the management of the liquidation of MAX (consulting, Deputy Receivers) and estimated expenses for the administration of the company through 2025. Guaranty Association DCC Expenses - This line item represents Defense and Cost Containment expenses incurred as part of the settlement of individual claims as determined by the company. Initial distribution based on amounts submitted by the IGA's as of 12/31/24 resulted in overpayment of Class 1 expense.
Class 2 Policy Benefit Claims	
	IGA Paid Claims - Return policyholder premiums and indemnity losses paid directly to claimants by state guaranty associations as reported on UDS C records. MAX Allowed POC's - Large losses in excess of GA payment limitations that have been authorized by the Court plus return policyholder premiums where insured submitted a Proof of Claim and that has been approve by the court. Guaranty Association Estimated Expenses - This line item is under review and represents expenses expected to be reimbursed to state guaranty associations for the following: Employee contractor expenses, legal, professional fees, travel/meeting expenses office/rent/utilities, general office expenses, investment manager fees, Adjusting and Other Guaranty Association Claim Reserves - Case outstanding loss and loss adjustment expense reserves including IBNR loss and loss adjustment expenses MAX Claims Reserves - Large losses in excess of GA payment limitations plus amount of UEP paid by NE that have not been reported on the UDS records. Distributions Issued - 1st distribution to IGA paid Unearned Premium and Claims payments at 20% of total reported on UDS D records Distributions Issued - POC's paid at 20% of total Distributions Issued - Overpayment of IGA - Guaranty associations reported AO expenses which are class 2 as DCC and initial payment to GA's was based on those balances. Upon further review, the company has reviewed all DCC expense and determined the amount that DCC has been overpaid and is reflecting that amount in Class 2.
Class 5 General Creditor Claims	
	Reinsurance ceded Funds held balances received and held as funding from 4 unauthorized reinsurers Other General Creditor Amount of Proofs of Claim submitted
Class 6 State and Local Government	