

ANDREW J. CZIOK
Legal Counsel
Commissioner of Securities and Insurance,
Office of the Montana State Auditor
840 Helena Ave.
Helena, MT 59601
Phone: (406) 444-3467
Fax: (406) 444-3499
Email: Acziok@mt.gov

Attorney for Petitioner

**MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY**

IN THE MATTER OF THE LIQUIDATION
OF AVIATION ALLIANCE INSURANCE
COMPANY, INC.,
a Special Purpose Captive Insurance
Company,

Respondent.

Cause No. DDV 2021-1016

**LIQUIDATOR'S AMENDED
APPLICATION FOR APPROVAL OF
CLAIMS RECOMMENDATIONS AND
DISTRIBUTIONS**

COMES NOW, the Montana State Auditor, Commissioner of Securities and Insurance ("Commissioner"), in his role as the Court-ordered liquidator ("Liquidator") of Aviation Alliance Insurance Company, Inc., a Special Purpose Captive Insurance Company (AAIC), files this Amended¹ Application for approval of the Liquidator's claims recommendations pursuant to § 33-2-1372, MCA. In support of this application, the Liquidator states the following:

LIQUIDATION ORDER

1. On October 12, 2021, the Court determined that AAIC was insolvent and entered an Order Commencing Liquidation and Appointing Liquidator ("Liquidation

¹ Following the original submission of this Application filed December 9, 2022, the Liquidator was contacted by Aircraft Propeller Services and informed that several of the plaintiffs listed in the original Application had dismissed their suits days after the Application was filed. This Amended Application is submitted to reflect the new claims landscape.

Order"). Dkt. 2.

2. On November 2, 2021, the Commissioner appointed Michael J. FitzGibbons as Special Deputy Liquidator for this matter. Dkt. 4. Mr. FitzGibbons has executed an affidavit attesting to the relevant facts in support of this application, which is attached as Exhibit F.

APPLICABLE STATUTORY AUTHORITY

3. The procedure for the Liquidator to review and recommend disposition of claims in liquidation is set out in statute:

The liquidator shall review all claims duly filed in the liquidation and make further investigation that the liquidator considers necessary. The liquidator may compound, compromise, or in any other manner negotiate the amount for which claims will be recommended to the court except when the liquidator is required by law to accept claims as settled by any person or organization, including any guaranty association or foreign guaranty association. Unresolved disputes must be determined under 33-2-1368. As soon as practicable, the liquidator shall present to the court a report of the claims against the insurer with the liquidator's recommendations. The report must include the name and address of each claimant and the amount of the claim finally recommended, if any. If the insurer has issued annuities or life insurance policies, the liquidator shall report the persons to whom, according to the records of the insurer, amounts are owed as cash surrender values or other investment value and the amounts owed. § 33-1-1372(1), MCA.

4. "The court may approve, disapprove, or modify the report on claims by the liquidator. Reports not modified by the court within a period of 60 days following submission by the liquidator must be treated by the liquidator as allowed claims, subject to later modification or to rulings made by the court pursuant to 33-2-1368." § 33-1-1372(2), MCA.

5. Section 33-2-1373, MCA, counsels the Liquidator to "pay distributions in a manner that will assure the proper recognition of priorities and a reasonable balance

between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims, including third-party claims. Distribution of assets in kind may be made at valuations set by agreement between the liquidator and the creditor and approved by the court.”

ACTIONS TAKEN IN LIQUIDATION

6. Pursuant to the Liquidation Order and § 33-2-1342, MCA, the Liquidator took possession of AAIC’s assets and administered them under Court supervision. In particular:

a. The Liquidator gave or caused to be given notice of the Liquidation Order to all necessary parties by the means prescribed in § 33-2-1346, MCA. The notice required all potential claimants to file proof of claim with the Liquidator pursuant to § 33-2-1365(1), MCA no later than March 15, 2022. A copy of the notices and blank claim forms mailed to potential claimants is attached to this Application as Exhibit A, along with proof of publication of the notice in the Missoulian.

b. The Liquidator identified, collected, and liquidated all assets of AAIC that, in the Liquidator's judgment, justified the expense of collection and liquidation. No additional assets have been identified for collection. Currently the cash and cash equivalents held by AAIC total \$84,353. Exhibit C (pro forma balance sheet).

c. The Liquidator established a proof of claims filing procedure in compliance with § 33-2-1365, MCA, and classified all claims filed thereunder according to their distribution priority as set forth in § 33-2-1371, MCA.

d. The Liquidator’s claim recommendations are attached to this Application as Exhibits B and D and more fully explained in the Liquidator’s affidavit at Exhibit F.

e. Administrative expenses are Class 1 priority claims per § 33-2-1371, MCA.

The Liquidator has paid the administrative costs and expenses of AAIC's liquidation as they came up in the ordinary course of its operations, per § 33-2-1345(1)(b), MCA.

f. The Liquidator has estimated future administrative expenses and calculated the final distribution of all assets remaining for Class 2 claims after payment of final administrative expenses. Class 2 claims include claims for all losses incurred under policies for which a timely filed proof of claim had been filed. § 33-2-1371, MCA.

g. The Liquidator has estimated that after the payment of the final Class 1 claims, AAIC will have \$40,233 for distribution to Class 2 claimants.

PRO FORMA CLOSING ACCOUNTING

7. Pursuant to § 33-2-1342(5), MCA, the Liquidator filed an accounting of AAIC's balance sheet, income statement, and statement of cash receipts and disbursements as of December 31, 2021. Liquidator's Accounting, Dkt. 10 at 3-5.

8. The Liquidator has prepared a pro forma closing accounting for AAIC for the period ending on February 28, 2023. A true and correct copy of the pro forma closing accounting is attached hereto as Exhibit C.

9. This accounting is prepared on the understanding that once the requested distributions are approved, all possible distributions under the statute will have been made, and the liquidation will be ready to be closed under § 33-2-1375, MCA.

10. A Final Closing Accounting will be filed with the Court as soon as practicable following the final distributions to Class 1 and Class 2 claimants² and completion of related

² No other class of claimant will receive a distribution other than Class 1 and Class 2 creditors, because the Class 2 claimants cannot be paid in full. See § 33-2-1371, MCA.

matters, such as filing of the final federal income tax return, deposit of unclaimed property, if any, record storage, and the finalization of the closing accounting. At that time, the Liquidator will apply for termination under § 33-2-1375, MCA.

UNCLAIMED FUNDS

11. Unclaimed funds may arise if final claim distributions are not timely deposited. Pursuant to § 33-2-1374, MCA, the Liquidator is prepared to deposit all unclaimed funds with the Treasurer for the State of Montana.

FINAL FEES AND EXPENSES

12. To permit the closing of AAIC's liquidation proceedings, it is necessary to pay the final fees and expenses incurred in terminating the liquidation, including fees and expenses which are already accrued and those which relate to matters which are expected to occur during the closing process or after the liquidation proceedings are closed. These final fees and expenses are set forth in the Liquidator's pro forma closing accounting at Exhibit C and are projected to total \$44,120.

13. Included in the final fees and expenses are occupancy and overhead expenses, record shipping and storage costs, and the final fees and expenses of the Special Deputy Liquidator as detailed in Exhibit C.

14. In consideration of these payments set forth in Exhibit C, each vendor would render all required future services to the AAIC's liquidation estate, regardless of whether the amounts that would otherwise be due to them under their current compensation arrangements are more or less than the amounts shown in Exhibit C. The lump sum payments have been determined based on amounts previously paid to the service providers and the assumption that post-termination services would be required for an indefinite period following the termination

of these proceedings.

15. AAIC's records are only electronic. As such, CSI will store the records internally. The Liquidator will incur estimated expenses around \$100 to pack and ship the server hard drive containing the electronic data to CSI's office in Helena.

FINAL INCOME TAX RETURN

16. Part of the closing steps will be to provide the Liquidator's tax vendor, Plante Moran, with the final closing financial statements to permit the preparation of the final Federal Tax Return. Plante Moran will be paid a total of \$6,250 fees for the 2023 tax returns. The Liquidator does not expect any tax liability.

PROPOSED FINAL CLAIM DISTRIBUTIONS

17. AAIC's remaining assets after all Class 1 distributions will be insufficient to pay all approved Class 2 claims in full. Therefore, no claims in classes subordinate to Class 2 can be paid. § 33-2-1371, MCA ("Every claim in each class must be paid in full or adequate funds retained for the payment before the members of the next class receive any payment"). For this reason, subordinate claims set forth in Exhibit E will not receive distributions under this plan.

18. The Liquidator seeks Court approval to pay from its general assets a first and final distribution to Class 2 claims as defined in § 33-2-1371, MCA. Claims asserted by Class 2 claimants who have not voluntarily dismissed their claims amounts to \$1.7 million. Exhibit D.

19. The merits of the third-party claims have not been adjudicated. The Liquidator estimates that it would cost in excess of remaining assets to adjudicate these claims.

20. As such, the Liquidator proposes a pay out to each Class 2 claimant an amount

based on a pro-rata share of the last annualized premium paid by the insured entity that holds a Class 2 claim. This valuation scheme strikes “a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims.” § 33-2-1373, MCA.


21. This proposed Class 2 distribution amounts to \$40,233 in total. Exhibit D.

22. This proposed distribution is in lieu of a costly valuation of each third-party claimant’s proof of claim. AAIC would exhaust the total funds available by adjudicating these claims, leaving nothing for distribution. Instead, Exhibit D delineates the proposed Class 2 distribution to each of the Class 2 claimants, with each Class 2 claim valued in accordance with the plan described at paragraph 20 above.

WHEREFORE, the Liquidator respectfully asks this Court for an Order:

1. Approving payment of final administrative expenses as set forth in Exhibit C; and
2. Permitting final distributions to Class 2 Claimants as set forth in Exhibit D.

RESPECTFULLY SUBMITTED this 10th day of January ____ 2023.



ANDREW J. CZIOK
Legal Counsel, Commissioner of Securities and
Insurance, Office of the Montana State Auditor, in his
capacity as Liquidator

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on January 10, 2023, a true and correct copy of the foregoing Application was served upon the following by certified mail:

HFI, Inc. (formerly Turbine Weld Inc.)
c/o Beth Laurenson
2230 Sonoma Drive
Nokomis, FL 34275

Carrie Bittner
c/o Donald Nolan
Nolan Law Group
20 N. Clark St., Ste. 3000
Chicago, IL 60602

Leading Edge Aviation LLC
c/o Jay D. Harker
Clausen Miller P.C.
27285 Las Ramblas, Suite 200
Mission Viejo, CA 92691

Lindsay R. Leetch
c/o Donald Nolan
Nolan Law Group
20 N. Clark St., Ste. 3000
Chicago, IL 60602

Janice Ward as Admin. of Estate of Torrey Ward
c/o Christopher Randall, Jr.
2025 3rd Ave. N., Suite 800
Birmingham, AL 35203

John C. Schaefer
c/o Donald Nolan
Nolan Law Group
20 N. Clark St., Ste. 3000
Chicago, IL 60602

Tri County Instruments, Inc.
c/o Bryan Rose
Stinson
P.O. Box 843052
Kansas City, MO 64184

Lyndsey Jones
c/o Donald Nolan
Nolan Law Group
20 N. Clark St., Ste. 3000
Chicago, IL 60602

Corrine Rubio, Personal Rep. of the Estate of Albert Rubio
c/o Cynthia M. Devers, Esq.
The Wolk Law Firm
1710-12 Locust Street
Philadelphia, PA 19103

Joan Stralow
c/o Kevin J. Golden
Dudley & Lake
20 N. Clark St., #720
Chicago, IL 60602

Keri Venuti, Personal Rep. of the Estate of Robin Venuti
c/o Cynthia M. Devers, Esq.
The Wolk Law Firm
1710-12 Locust Street
Philadelphia, PA 19103

Aircraft Propeller Service, LLC
c/o Ryan P. Rose
Stinson LLP
1144 Fifteenth Street, Unit 2400
Denver, CO 80202

RPM Technik, Inc.
c/o Edward A. Kennedy
2499 Bath Road
Penn Yan, NY 14527

Ami L. Hileman
c/o David I. Katzman
Katzman, Lampert & Stoll, PLLC
950 West University Dr., Ste. 101
Rochester, MI 48307

Lindsay R. Leetch
c/o Donald Nolan
Nolan Law Group
20 N. Clark St., Ste. 3000
Chicago, IL 60602



BRANDY MORRISON
Paralegal

NOTICE

To: All Claimants of Aviation Alliance Insurance Company, Inc., a Montana Insurer

NOTICE IS HEREBY GIVEN that the Montana First Judicial District Court, Lewis and Clark County has entered an Order in Civil Action No. DDV 2021-1016 authorizing the liquidation of Aviation Alliance Insurance Company, Inc., a Special Purpose Captive Insurance Company (the “Company”) and directing the Commissioner of Securities and Insurance, Office of the Montana State Auditor, as Liquidator, to liquidate the assets of the Company.

All persons who may have claims against the Company must file a verified original Proof of Claim (POC) with:

Claimant Services
AVIATION ALLIANCE INSURANCE COMPANY, INC. IN LIQUIDATION
 8701 E. Vista Bonita Dr., Ste. 200
 Scottsdale, AZ 85255

Montana Code Annotated § 33-2-1365 provides in pertinent part:

33-2-1365. Proof of claim. (1) Proof of claim consists of a statement signed by the claimant that includes all of the following that are applicable:

- (a) the particulars of the claim, including the consideration given for it;
- (b) the identity and amount of the security on the claim;
- (c) the payments made on the debt, if any;
- (d) that the sum claimed is justly owing and that there is no setoff, counterclaim, or defense to the claim;
- (e) any right of priority of payment or other specific right asserted by the claimants;
- (f) a copy of the written instrument that is the foundation of the claim;
- (g) the name and address of the claimant and the attorney who represents the claimant, if any.

An insured under a liability policy and third -party claimants may file a contingent claim for any specific loss or occurrence as to which the insured’s liability was not determined as of the liquidation date (in this case October 12, 2021). Whether or not the third party files a claim, the insured may file a claim on his or her own behalf in the liquidation. The insured’s claim may be allowed after consideration of the probable outcome of any pending action against the insured on which the claim is based, the probable damages recoverable in the action, and the probable cost and expense of defense incurred by the insured.

Whenever any third party asserts a cause of action against an insured of the Company, the third party may file a claim with the Liquidator.

The Company’s obligation, if any, to defend or continue the defense of any claim or suit under an insurance policy issued by the Company was terminated upon the entry of the Order Commencing Liquidation & Appointing Liquidator (Order). The rights of the claimants to share in distribution of assets, if any, of the Company are fixed as of date of the filing of the Order, October 12, 2021, except as provided by Mont. Code Ann. § 33-2-1366.

Attached to this Notice is the POC form for use by all persons who may have claims against the Company, along with instructions found on the back of the POC. If additional POC forms are required, they may be obtained by written request to Claimant Services at the address set forth above or at our website, www.aaicinliquidation.com.

As cited above, Montana law requires that all claims against the Company shall be verified by a signed statement by the claimant, or someone authorized to act on the claimant’s behalf. If the claimant is an individual, then the individual must sign. If the claimant is a corporation, then an officer must sign and identify his or her capacity. If the claimant is a partnership, then a partner must sign. In the event a claim is filed by one person on behalf of another, such as an attorney in fact, guardian, receiver, etc., attach to the POC evidence or explanation indicating your authorization to act.

NOTE THAT THE POC REQUIRES THE CLAIMANT SIGNATURE BE NOTARIZED.

You will be advised of receipt of your POC and your POC number. You will be notified some time thereafter of the Liquidator's decision regarding your claim. If your claim is denied in whole or part by the Liquidator, and you dispute the Liquidator's findings, you will have the opportunity to present your dispute to the Liquidation Court in Lewis & Clark County, Montana, or a forum designated by the Court.

Finally, Aviation Alliance's website (www.aaicinliquidation.com) is a source for news and information regarding the ongoing liquidation.

THE LAST DAY FOR FILING CLAIMS TIMELY AGAINST **AVIATION ALLIANCE INSURANCE COMPANY, INC.** is March 15, 2022. Claims must be postmarked (not postage meter stamped) no later than March 15,2022.

TROY DOWNING, Commissioner of Securities and Insurance, Office of the Montana State Auditor
as Liquidator of **AVIATION ALLIANCE INSURANCE COMPANY, INC. IN LIQUIDATION**

Dated: December 15, 2021
Scottsdale, AZ

By: /s/ Michael J. FitzGibbons
Michael J. FitzGibbons, Special Deputy Liquidator

**Aviation Alliance Insurance Company, Inc.
In Liquidation**
8701 E. Vista Bonita Dr., Ste. 200
Scottsdale, AZ 85255

NOTICE

Name
Address 1
Address 2
City, State Zip

To: Insureds, Claimants & All Other Creditors

Please be advised that Aviation Alliance Insurance Company, Inc., a Special Purpose Captive Insurance Company (“Aviation Alliance”) became the subject of an Order Commencing Liquidation & Appointing Liquidator entered by the Montana First Judicial District Court in Lewis and Clark County (“Court”) on Tuesday, October 12, 2021, under Civil Action Number DDV 2021-11016 (“Order”). The Court appointed Troy Downing, Commissioner of Securities and Insurance; Office of the Montana State Auditor as Liquidator of Aviation Alliance charged with liquidating the business of Aviation Alliance. The December 15, 2021 Notice of Legal Rights and Obligations is attached.

The Liquidator will be implementing a claims process which includes a Proof of Claim (“POC”) form. Insureds, claimants and other creditors of Aviation Alliance will be provided a POC form for filing claims once this process has been implemented. Please keep the Liquidator informed of your address changes, if any.

During the interim, any inquiries may be directed to Claimant Services, Aviation Alliance Insurance Company, Inc. at 8701 E. Vista Bonita Dr., Ste. 200, Scottsdale, AZ 85255, telephone number (480) 948-4351.

Please visit Aviation Alliance’s website (www.aaicinliquidation.com). The website is a source for news regarding the ongoing liquidation. The website also permits you to download documents such as the Order, formal notices, POC forms and Court filings.

December 15, 2021 Notice of Legal Rights and Obligations

Subject: Notice of Liquidation – Aviation Alliance Insurance Company, Inc.

An Order to Liquidate Aviation Alliance Insurance Company, Inc., a Special Purpose Captive Insurance Company (“Aviation Alliance”), a Montana domiciled captive insurer with its principal office formerly at Missoula, MT, was entered by the Montana First Judicial District Court, Lewis and Clark County, on October 12, 2021, in Helena, Montana. The Order of Liquidation was entered under Mont. Code Ann. § 33-2-1342 and appointed Troy Downing, Commissioner of Securities and Insurance, Office of the Montana State Auditor, the Liquidator. Michael J. FitzGibbons has been appointed as Special Deputy Liquidator.

Under an Order of Liquidation (“Order”), the Liquidator is authorized and directed to forthwith take possession and control of the assets of Aviation Alliance and administer them under the general supervision of the Court. Pursuant to Mont. Code Ann. §§ 33-2-1342 and 33-2-1345, the Liquidator is directed to exercise any and all rights of Aviation Alliance in connection with any assets being held for the benefit of Aviation Alliance by any person or entity. The Liquidator is vested by operation of law with title to all of the property, contracts, and rights of action and all of the books and records of Aviation Alliance, wherever located, as of the entry of this Order of Liquidation and further succeeds to the title of all assets, claims and rights of the insurer.

Upon issuance of the Order, the rights and liabilities of Aviation Alliance and its creditors, shareholders, and all other persons interested in the estate shall become fixed as of the date of the entry of the Order except as provided in Mont. Code Ann. § 33-2-1366.

All persons or other legal entities shall pay all sums and premiums due Aviation Alliance in accordance with Mont. Code Ann. §§ 33-2-1345(1)(f) and 33-2-1362(1) and deliver any and all property of Aviation Alliance, personal or real, of every kind or nature, to the Liquidator or her designee.

Pursuant to Mont. Code Ann. § 33-2-1348(1), no action at law or equity whether in this state or elsewhere, may be brought against Aviation Alliance, or its Liquidator, nor shall any existing actions be maintained or further presented after issuance of the Order. The Liquidator may intervene in any pending action in order to protect Aviation Alliance at its expense.

The Liquidator may institute all actions and proceedings on behalf of Aviation Alliance subject to Mont. Code Ann. § 33-2-1345(1)(l). Mutual debts or credits between Aviation Alliance and another person in connection with this liquidation shall be subject to Mont. Code Ann. § 33-2-1359. Any amount recoverable by the Liquidator from reinsurers shall not be reduced as a result of this Order regardless of any provision in the reinsurance contract or other agreement pursuant to Mont. Code Ann. § 33-2-1361.

ATTENTION AGENTS: Every person who received notice of this Order pursuant to Mont. Code Ann. § 33-2-1346 and who represents Aviation Alliance as an agent shall, absent written waiver of this requirement by the Liquidator within fifteen days of such notice, give written notice of this Order by first class mail to the last address contained in the agent’s records to each policyholder or other person named in any policy issued through the agent by Aviation Alliance if such agent has a record of the address of the policyholder or other person. Such written notice shall include the name and address of Aviation Alliance, the name and address of the agent, identification of the policy impaired, and the nature of the impairment.

Notice by a general agent satisfies the notice requirement of this paragraph for any agents under contract to him or her. Each agent obligated to give notice pursuant to this paragraph shall file a report of compliance with the Liquidator. Any agent failing to give notice or file a report of compliance required by Mont. Code Ann. § 33-2-1347(2) for whom the Liquidator has not waived such requirement may be subject to the penalty provisions of Mont. Code Ann. § 33-2-1347(2).

All agents, brokers, premium finance companies or other persons, other than insureds, responsible for the payment of premiums shall be obligated to pay to the Liquidator any unremitted earned premium and all unearned commissions as of the date of the Order.

All insureds of Aviation Alliance are obligated to pay to the Liquidator all earned premium due as of the date of the Order.

Any person failing to comply with the provisions of Mont. Code Ann. § 33-2-1362 is subject to the penalties provided therein, including imposition of civil penalties by the Commissioner of not more than \$1,000 for each act in violation of said statute.

The Liquidator will be implementing a claims process and adopting a Proof of Claim form. Insureds of Aviation Alliance will be provided a Proof of Claim form for filing claims once this process has been implemented. Please keep the Liquidator informed of any changes of address.

If you have questions or need further information concerning the liquidation of Aviation Alliance, any inquiries may be directed to claimant services, Aviation Alliance Insurance Company, Inc. in Liquidation, 8701 E. Vista Bonita Dr., Ste. 200, Scottsdale, AZ 85255. The claimant service department is also available for inquiries at (480) 948-4351. The website, www.aaicinliquidation.com is also a source for news regarding the ongoing liquidation.

PROOF OF CLAIM

AVIATION ALLIANCE INSURANCE COMPANY, INC., A SPECIAL PURPOSE CAPTIVE INSURER (AVIATION ALLIANCE), IN LIQUIDATION

ALL CLAIMS MUST BE POSTMARKED BEFORE THE CLAIM FILING DEADLINE OF 5:00 PM MOUNTAIN STANDARD TIME ON MARCH 15, 2022. READ CAREFULLY BEFORE COMPLETING. SEE INSTRUCTIONS ON BACK

FOR OFFICE USE ONLY:				
Date Postmarked:		Interested Party Name:		
Date Received:		Address:		
Proof of Claim No:		ID#:	Policy#:	
Liquidator Allowed Amount:	Liquidator Denied Amount:		Court Allowed Amount:	
CLAIMANT INFORMATION				
Name:		Claimant Please Complete – Print (black ink) or Type		
Address: (Include City, State & Zip Code)		Policy Period, if applicable:		
Home Phone:		Policyholder/Insured:		
Work Phone:		Existing Claim Number (if any):		
SSN or TIN:		Date Claim Incurred:		
CLAIM INFORMATION				
All supporting documentation must be attached to Proof of Claim in order to be considered.				
Claim is for: <u>3rd Party Claimant/Policyholder</u> <input type="checkbox"/> Claim is made for a specific loss or occurrence arising for coverage under Aircraft Products and Operations Liability Insurance Policy <input type="checkbox"/> Other – Specify Type: _____ <u>All Other Claimants:</u> <input type="checkbox"/> US Government <input type="checkbox"/> Secured claim <input type="checkbox"/> Governmental entity claim for fees, taxes, penalties or forfeitures <input type="checkbox"/> Unpaid legal or professional expenses <input type="checkbox"/> Unpaid commissions or general creditor invoices. <input type="checkbox"/> All others: state particulars of claim, including consideration given for this claim and attach supporting documentation, including a copy of written instrument which is the foundation of the claim. Please provide the exact amount of your claim and each component. Attach supplemental documentation, if available, to support your claim. <div>TOTAL AMOUNT OF CLAIM:</div>			<u>Amount of Claim</u> _____ _____ _____ _____ _____ _____ _____ _____ \$ _____	
For below, please provide an explanation. Use separate sheets if necessary. What payments have you received for this claim, if any, from Aviation Alliance? _____ Is there security for this debt? _____ Do you assert any right of priority pursuant to Mont. Code Ann. § 33-2-1371 or other specific right with respect to your claim? <input type="checkbox"/> Yes <input type="checkbox"/> No Are there set-offs, counterclaims or defenses to this debt? <input type="checkbox"/> Yes <input type="checkbox"/> No If yes, please describe. _____				
STATUS OF CLAIM				
<input type="checkbox"/> Claim is based on a court judgment or settlement (attach judgment or agreement). <input type="checkbox"/> Claim currently pending in court (provide details and documentation). <input type="checkbox"/> Claim was filed prior to Liquidation and is pending with Aviation Alliance. <input type="checkbox"/> New claim not previously reported to Aviation Alliance. <input type="checkbox"/> Other insurance is available to cover this claim.		Name and address of your attorney if any: Name: _____ Company: _____ Address: _____ City: _____ State: _____ Zip Code: _____ Phone: _____		
VERIFICATION				
The undersigned subscribes and affirms as true under penalty of civil and criminal law as follows: I have read the foregoing Proof of Claim and know the contents thereof: that this claim of \$ _____ against Aviation Alliance Insurance Company, Inc. is justly owing to the claimant; that there is no set-off, counterclaim or defense to the claim thereto, except as above stated; that the matters set forth above and in any accompanying statements are true to my knowledge except as matters specifically stated to be alleged upon information and belief and that as to such matters, I believe them to be true; that no payment of or on account of the aforesaid claim has been made, except as stated above. Date Signed: _____ Subscribed and sworn to me this _____ day of _____, 20____. Signature of Notary Public/Commissioner of Oaths _____ State of _____ County of _____ My commission expires: _____ (Seal)				_____ Print or Type Name of Claimant, Partner, Officer or Legal Representative _____ Signature of Individual, Partner, Officer, or Legal Representative _____ Title or Official Capacity Home Phone (_____) _____ Work Phone (_____) _____ _____ Social Security Number or FEIN of Claimant

See reverse side for mailing and other instructions

PROOF OF CLAIM INSTRUCTIONS

All Claims

This Proof of Claim (“POC”) should be completed in its entirety and all questions answered.

Please note certain instructions and requirements are contained in the POC itself. A separate POC form should be completed for each claim asserted against Aviation Alliance Insurance Company, Inc. (Aviation Alliance). Additional forms may be obtained from the website (www.aaicinliquidation.com). For questions that do not apply to your claim situation, your response should be indicated with an “NA” or “not applicable.”

You must explain in detail the basis of your claim and provide as an attachment all supporting documentation. If you do not know the amount of the claim, write ‘unstated amount.’

You must sign this POC form and have it notarized. Please refer to the instructions in the attached “Notice” as to who should sign the claim form.

Please retain a copy of your completed POC form and mail the **original** to:

Claimant Services
Aviation Alliance Insurance Company, Inc.
In Liquidation
8701 E. Vista Bonita Dr., Ste. 200
Scottsdale, AZ 85255

POC copies will not be accepted.

THE LAST DAY FOR FILING TIMELY CLAIMS AGAINST AVIATION ALLIANCE INSURANCE COMPANY, INC. IN LIQUIDATION IS 5:00 pm Mountain Standard Time on March 15, 2022. Claims must be postmarked (not postage meter stamped) no later than 5:00 PM Mountain Standard Time on March 15, 2022.

You will receive written advice of our receipt of your completed POC and your POC number. You will be notified some time thereafter of the Liquidator’s decision regarding your claim. If your claim is denied in whole or in part by the Liquidator, and you dispute the Liquidator’s findings, you will have the opportunity to present your dispute to the Liquidation Court in Lewis & Clark County, or a forum designated by the Court.

The Liquidator’s acceptance of the POC is not intended to, nor does it constitute, a waiver or relinquishment by the Liquidator of any defense, set-off or counterclaim which the Liquidator may have against any person, entity or governmental agency.

All claimants are required to keep the Liquidator advised of address changes. Inquiries as to the status of your claim should be made in writing. Please specifically identify your POC number in all correspondence to permit ease of identification and an expedited response.

Aviation Alliance’s website (www.aaicinliquidation.com) is a source for news and information regarding the ongoing liquidation.

*** Proof of Publication ***

THE MISSOULIAN
500 S. Higgins Ave.
Missoula, MT 59801

Phone: (406) 523-5236 - Fax: (406) 523-5221

FitzGibbons & Company

9821 N. 95TH STREET STE 105
SCOTTSDALE AZ 85258

ORDER NUMBER 86894

Chris Arvish, being first duly sworn,
deposes and says that he is a Classified Advertising Representative
of THE MISSOULIAN, a newspaper of general circulation published
daily in the City of Missoula, in the County of Missoula, State of
Montana, and has charge of the Advertisements thereof.

That the legal regarding Aviation Alliance Insurance

a true copy of which is hereto annexed, was published in said
newspaper on the dates provided below.

Signed: Chris Arvish

Chris Arvish

Section: Legal

Category: 0704 Legals Missoula MNAXLP

PUBLISHED ON: 01/07/2022

TOTAL AD COST: 386.00

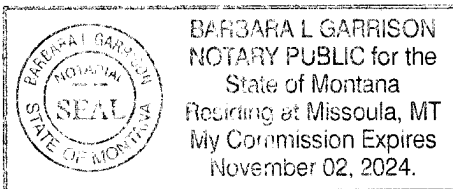
FILED ON: 1/10/2022

STATE OF MONTANA
County of Missoula

Subscribed & Sworn before me this 10th day of January
~~2021~~ by Chris Arvish.

2022

Barbara L Garrison
Notary Public for the State of Montana



*** Proof of Publication ***

NOTICE

To: All Claimants of Aviation Alliance Insurance Company, Inc., a Montana Insurer

NOTICE IS HEREBY GIVEN that the Montana First Judicial District Court, Lewis and Clark County has entered an Order in Civil Action No. DDV 2021-1016 authorizing the liquidation of Aviation Alliance Insurance Company, Inc., a Special Purpose Captive Insurance Company (the "Company") and directing the Commissioner of Securities and Insurance, Office of the Montana State Auditor, as Liquidator, to liquidate the assets of the Company.

All persons who may have claims against the Company must file a verified original Proof of Claim (POC) with:

Claimant Services
AVIATION ALLIANCE INSURANCE COMPANY, INC. IN LIQUIDATION
 9821 N. 95th Street, Suite 105
 Scottsdale, AZ 85258

Montana Code Annotated § 33-2-1365 provides in pertinent part:

33-2-1365. Proof of claim. (1) Proof of claim consists of a statement signed by the claimant that includes all of the following that are applicable:

- (a) the particulars of the claim, including the consideration given for it;
- (b) the identity and amount of the security on the claim;
- (c) the payments made on the debt, if any;
- (d) that the sum claimed is justly owing and that there is no setoff, counterclaim, or defense to the claim;
- (e) any right of priority of payment or other specific right asserted by the claimants;
- (f) a copy of the written instrument that is the foundation of the claim;
- (g) the name and address of the claimant and the attorney who represents the claimant, if any.

An insured under a liability policy and third-party claimants may file a contingent claim for any specific loss or occurrence as to which the insured's liability was not determined as of the liquidation date (in this case October 12, 2021). Whether or not the third party files a claim, the insured may file a claim on his or her own behalf in the liquidation. The insured's claim may be allowed after consideration of the probable outcome of any pending action against the insured on which the claim is based, the probable damages recoverable in the action, and the probable cost and expense of defense incurred by the insured.

Whenever any third party asserts a cause of action against an insured of the Company, the third party may file a claim with the Liquidator.

The Company's obligation, if any, to defend or continue the defense of any claim or suit under an insurance policy issued by the Company was terminated upon the entry of the Order Commencing Liquidation & Appointing Liquidator (Order). The rights of the claimants to share in distribution of assets, if any, of the Company are fixed as of date of the filing of the Order, October 12, 2021, except as provided by Mont. Code Ann. § 33-2-1366.

Attached to this Notice is the POC form for use by all persons who may have claims against the Company, along with instructions found on the back of the POC. If additional POC forms are required, they may be obtained by written request to Claimant Services at the address set forth above or at our website, www.aaicinliquidation.com.

As cited above, Montana law requires that all claims against the Company shall be verified by a signed statement by the claimant, or someone authorized to act on the claimant's behalf. If the claimant is an individual, then the individual must sign. If the claimant is a corporation, then an officer must sign and identify his or her capacity. If the claimant is a partnership, then a partner must sign. In the event a claim is filed by one person on behalf of another, such as an attorney in fact, guardian, receiver, etc., attach to the POC evidence or explanation indicating your authorization to act.

NOTE THAT THE POC REQUIRES THE CLAIMANT SIGNATURE BE NOTARIZED.

You will be advised of receipt of your POC and your POC number. You will be notified some time thereafter of the Liquidator's decision regarding your claim. If your claim is denied in whole or part by the Liquidator, and you dispute the Liquidator's findings, you will have the opportunity to present your dispute to the Liquidation Court in Lewis & Clark County, Montana, or a forum designated by the Court.

Finally, Aviation Alliance's website (www.aaicinliquidation.com) is a source for news and information regarding the ongoing liquidation.

THE LAST DAY FOR FILING CLAIMS TIMELY AGAINST AVIATION ALLIANCE INSURANCE COMPANY, INC. is March 15, 2022. Claims must be postmarked (not postage meter stamped) no later than March 15, 2022.

TROY DOWNING, Commissioner of Securities and Insurance, Office of the Montana State Auditor as Liquidator of **AVIATION ALLIANCE INSURANCE COMPANY, INC. IN LIQUIDATION**

Dated: December 15, 2021 By: /s/ Michael J. FitzGibbons
 Scottsdale, AZ Michael J. FitzGibbons, Special Deputy Liquidator

Aviation Alliance Insurance Company, Inc.
Exhibit B

Existing Claim No.	Insured	Total Premium	Premium Ratio	Count of POC No.	Claim Recommendation	Per Claimant
152.0047	Aircraft Propeller Service, LLC	79,882.00	84.14%	1	33,851.05	33,851.05
152.0057	Tri-County Instruments, Inc.	8,483.00	8.93%	2	3,594.78	1,797.39
152.034	Aircraft Electrical Components, Inc.	6,578.00	6.93%	2	2,787.51	1,393.76
		94,943.00	100.00%	5	40,233.35	

Available for Distribution	40,233.35
-----------------------------------	-----------

Aviation Alliance Insurance Company, Inc.
Exhibit C

	Estimated Balance Sheet 12-31-22	Class 1 Distribution	Remaining Net	Class 2 Distribution	Estimated Balance Sheet at 2-28-23
Assets					
Cash and cash equivalents	84,353	44,120	40,233	40,233	-
Total assets	84,353	44,120	40,233	40,233	-
Liabilities					
Class 1:					
Accrued administrative expenses	21,083	21,083	-		-
Projected administrative expenses	23,037	23,037	-		-
Total Class 1:	44,120	44,120	-		-
Class 2:					
Loss and loss adjustment expense reserves	44,663		44,663	40,233	4,430
Class 6:					
Premium tax	3,333		3,333	-	3,333
Other:					
Unallocated loss adjustment expense reserves (a)	200,000		200,000	-	200,000
Total liabilities	292,116	44,120	247,996	40,233	207,763
Total surplus (deficit)	(207,763)		(207,763)		(207,763)
Total liabilities and surplus (deficit)	84,353		40,233		-

(a) Estimated costs to fully adjudicate POCs. Inadequate funds available to proceed with process.

Estimated Costs to Close

	Actual Accruals at 12-31-22				Estimated			Grand Total
	22-Oct	22-Nov	22-Dec	Total	23-Jan	23-Feb	Total	
F&C Billing	8,236	1,500	2,618	12,354	2,618	11,500 (b)	14,118	26,472
F&C Overhead (Rent, salaries, other costs)	-	306	1,185	1,491	1,185	1,185	2,369	3,860
Plante Moran (Federal Taxes)			6,250	6,250		6,250	6,250	12,500
Hartford (Insurance)			988	988	-	-	-	988
Shipping and Storage				-		300	300	300
Total	8,236	1,806	11,041	21,083	3,803	19,235	23,037	44,120

(b) represents February estimate plus \$10,000 for all costs to close post closing

Aviation Alliance Insurance Company, Inc. Exhibit D	Aviation Alliance Insurance Company, Inc. Exhibit D
--	--

POC No.	Claimant Name	Contact	Address 1	Address 2	City	State	Zip	Insured	Existing Claim #	Class Code	Claim Amount	Proposed Distribution
100020	Joan Stralow	c/o Kevin J. Golden	Dudley & Lake	20 N. Clark St. #720	Chicago	IL	60602	Aircraft Propeller Service, LLC	152.0047	2	Dismissed	-
100017	Aircraft Propeller Service, LLC	c/o Ryan P Rose	Stinson LLP	1144 Fifteenth Street Unit 2400	Denver	CO	80202	Aircraft Propeller Service, LLC	152.0047	2	123,942.55	33,851.05
100015	Ami L. Hileman	c/o David I. Katzman	Katzman, Lampert & Stoll, PLLC	950 West University Dr. Ste. 101	Rochester	MI	48307	Aircraft Propeller Service, LLC	152.0047	2	Dismissed	-
100004	Janice Ward as Admin. of Estate of Torrey Ward	Christopher Randall, Jr.	2025 3rd Ave. N.	Suite 800	Birmingham	AL	35203	Aircraft Propeller Service, LLC	152.0047	2	Dismissed	-
100011	Lyndsey Jones	c/o Donald Nolan	Nolan Law Group	20 N. Clark St. Suite 3000	Chicago	IL	60602	Aircraft Propeller Service, LLC	152.0047	2	Dismissed	-
100010	John C. Schaefer	c/o Donald Nolan	Nolan Law Group	20 N. Clark St. Suite 3000	Chicago	IL	60602	Aircraft Propeller Service, LLC	152.0047	2	Dismissed	-
100009	Lindsay R. Leetch	c/o Donald Nolan	Nolan Law Group	20 N. Clark St. Suite 3000	Chicago	IL	60602	Aircraft Propeller Service, LLC	152.0047	2	Dismissed	-
100008	Carrie L. Bittner	c/o Donald Nolan	Nolan Law Group	20 N. Clark St. Suite 3000	Chicago	IL	60602	Aircraft Propeller Service, LLC	152.0047	2	Dismissed	-
100005	Tri-County Instruments, Inc.	c/o Bryan Rose	Stinson	PO Box 843052	Kansas City	MO	64184	Tri-County Instruments, Inc.	152.0057	2	42,057.38	1,797.39
100003	Leading Edge Aviation LLC	Jay D. Harker	Clausen Miller P.C.	27285 Las Ramblas, Suite 200	Mission Viejo	CA	92691	Tri-County Instruments, Inc.	152.0057	2	1,572,335.85	1,797.39
100007	Keri Venuti Personal Representative of the Estate of Robin Venuti, Deceased	c/o Cynthia M. Devers, Esq.	The Wolk Law Firm	1710-12 Locust Street	Philadelphia	PA	19103	Aircraft Electrical Components, Inc.	152.034	2	5,000.00	1,393.76
100006	Corinne Rubio Personal Representative of the Estate of Albert Rubio, Deceased	c/o Cynthia M. Devers, Esq.	The Wolk Law Firm	1710-12 Locust Street	Philadelphia	PA	19103	Aircraft Electrical Components, Inc.	152.034	2	5,000.00	1,393.76
											Total	40,233.35

Aviation Alliance Insurance Company, Inc.
Exhibit E

POC No.	Claimant Name	Contact	Address 1	Address 2	City	State	Zip	Class Code	Claim Amount	Distribution
100001	HFI, Inc. (formerly Turbine Weld Inc.)	c/o Beth Laurenson	2230 Sonoma Drive		Nokomis	FL	34275	9	14,000.00	None
100002	HFI, Inc. (formerly Turbine Weld Inc.)	c/o Beth Laurenson	2230 Sonoma Drive		Nokomis	FL	34275	8	145,665.00	None
100016	RPM Technik, Inc.	Edward A. Kennedy	2499 Bath Road		Penn Yan	NY	14527	8	241,321.73	None
								Total	400,986.73	-

ANDREW J. CZIOK
Office of the Montana State Auditor,
Commissioner of Securities and Insurance
840 Helena Ave.
Helena, MT 59601
Phone: (406) 444-3467
Fax: (406) 444-3499
Email: Acziok@mt.gov

Counsel for the Liquidator

**MONTANA FIRST JUDICIAL DISTRICT COURT
LEWIS AND CLARK COUNTY**

<p>IN THE MATTER OF THE LIQUIDATION OF AVIATION ALLIANCE INSURANCE COMPANY, INC., a Special Purpose Captive Insurance Company,</p> <p>Respondent.</p>	<p>Cause No. DDV 2021-1016</p> <p>AFFIDAVIT OF MICHAEL J. FITZGIBBONS IN SUPPORT OF LIQUIDATOR'S APPLICATION FOR APPROVAL OF CLAIMS RECOMMENDATIONS AND DISTRIBUTIONS</p>
---	--

Michael J. FitzGibbons, being first duly sworn, deposes and says as follows:

1. I am the Special Deputy Liquidator of Aviation Alliance Insurance Company, Inc. (AAIC). I was appointed to my position by the Liquidator, Troy Downing, Commissioner of Securities and Insurance, Office of the Montana State Auditor.
2. I am over 21 years of age and suffer no legal disability.
3. I am submitting this Affidavit in support of the Liquidator's Application for Approval of Claims Recommendations and Distributions (Application).

4. By virtue of my appointment as Special Deputy Liquidator, I have been personally involved in the liquidation of AAIC at all times since it was placed into liquidation, including the matters addressed in this Affidavit. My responsibilities as the Special Deputy Liquidator include supervision and oversight of the liquidation process. I am familiar with the claims process and with the claims that have been filed. Therefore, I have personal knowledge of the matters addressed in this Affidavit.

5. I have determined that after payment of the final Class 1 claims, AAIC will have minimal assets available for distribution to Class 2 claimants.

6. Attached to the Application as **Exhibit C** is a copy of the pro forma closing Balance Sheet for the period ending February 28, 2023.

- a. A Final Closing Accounting will be filed with the Court as soon as practicable following the final distributions to Class 1 and Class 2 claimants.
- b. Pursuant to § 33-2-1374, MCA, any unclaimed funds will be deposited with the Treasurer for the State of Montana.
- c. Federal Tax Return for the year 2022 and 2023 will be prepared by Plante Moran. I do not expect any tax liability.

7. I received fifteen (15) timely-filed POCs by the bar date, March 15, 2022. Twelve (12) of the fifteen (15) POCs are Class 2. The remaining three (3) POCs are subordinate to Class 2.

8. As the Special Deputy Liquidator, I have considered each of the fifteen (15) POCs subject to this Application, in accordance with the requirements of the Montana Insurers Supervision, Rehabilitation, and Liquidation Act, Montana Code Ann. 33-2-1301 *et seq.* (the “Act”).

9. The claims process has included the following, each and every one of which has been followed:

- a. Notice of AAIC's liquidation was given to all parties required by, and by the methods prescribed by, § 33-2-1346(1), MCA.
- b. In accordance with § 33-2-1346(2), MCA, the notice specified that the last date to file a timely proof of claim with the Liquidator was March 15, 2022. The notice stated that timely proofs of claim must be postmarked no later than 5:00 P.M. Mountain Standard Time, on such date.
- c. Included with the Notices were the Liquidator's Proof of Claim (POC) forms, which sought the information required by § 33-2-1365, MCA.
- d. Between the entry of the Liquidation Order on October 12, 2021, and March 15, 2022, I caused to be issued three hundred and seventeen (317) Notices of Liquidation and POC forms, with instructions to policyholders, third-party claimants, and/or other potential claimants and creditors of AAIC.
- e. On January 7, 2022, notice of the liquidation was published in the Missoulian newspaper, a newspaper of countywide circulation in the County of Missoula, informing interested parties of the liquidation proceedings and including contact information and instructions for the timely filing of a claim.
- f. The Notices, blank Proof of Claim forms, and proof of publication in The Missoulian are all attached to the Application as Exhibit B.

10. I estimate AAIC has approximately \$40,233 in assets for distribution to Class 2 claimants. The estimated cost to adjudicate these third-party claims greatly exceeds the remaining assets.

11. I believe the most prudent way to allocate the distributions to Class 2 claimants is based on the pro rata share of the affected policyholder's last annualized premium, rather than by spending the remaining assets on claims adjudication that would result in a net zero distribution to Class 2 claimants.

12. To support the proposed distribution outlined above in paragraph 11, attached to the Application as **Exhibit B** is a listing of the last annualized premium for the affected policyholders for which a Class 2 claim has been received and the estimated amount of the distribution to Class 2 claimants subject to each of these affected policyholders.

13. Attached to the Application as **Exhibit D** is a schedule listing the proposed distribution to each of the Class 2 claimants, for each of the affected policyholders.

14. On December 20, 2022, after the original Application was filed, one of AAIC's insureds, Aircraft Propeller Service, LLC (Propeller), informed me that it was dismissed from litigation relating to proofs of claim no. 100020, 100015, 100011, 100010, 100009, 100008, and 100004 in **Exhibit D**. As a result, these claimants will not receive any Class 2 distribution, and the premium paid by Propeller will be refunded according to its pro-rata share of the remaining assets.

15. Attached to the Application as **Exhibit E** is a schedule listing all claimants holding a class of claim subordinate to Class 2. These claimants will not receive a distribution due to lack of funds to fully pay Class 2 claims.

16. Actual final distributions will be fully disclosed in the Final Closing Accounting to be filed with the Court no later than May 31, 2023.

17. To the best of my knowledge and belief, the claims subject to this Application are not subject to modification. If any additional factors hereafter come to my attention which

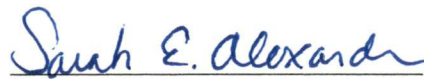
may require any modification, I will immediately notify the Liquidator, and he and/or I will promptly bring those matters to the attention of this Court in an application to modify such claims.

FURTHER AFFIANT SAYETH NAUGHT.



Michael J. FitzGibbons
Special Deputy Liquidator

SWORN to before me this 10th day of January 2023



Notary Public for the State of Arizona
My commission expires 09/15/2026



SARAH E. ALEXANDER
Notary Public - Arizona
Maricopa Co. / #633463
Expires 09/15/2026