

SUPREME COURT OF THE STATE OF NEW YORK NEW YORK COUNTY

PRESENT: HON. CAROL R. EDMEAD
J.S. Justice

PART 35

MARIA T. VULLO

INDEX NO. 450500-16

-v-

MOTION DATE 5/10/16

Health Republic Insurance OF NY, Corp

MOTION SEQ. NO. 1

The following papers, numbered 1 to _____, were read on this motion to/for _____

Notice of Motion/Order to Show Cause — Affidavits — Exhibits _____ | No(s). _____

Answering Affidavits — Exhibits _____ | No(s). _____

Replying Affidavits _____ | No(s). _____

Upon the foregoing papers, it is ordered that this motion is

The order to show cause is granted in accordance with the transcript (Vincent Palombo, Court Reporter) and the attached order.

This constitutes the decision and order of the Court.

MOTION/CASE IS RESPECTFULLY REFERRED TO JUSTICE FOR THE FOLLOWING REASON(S):

Dated: 5/10/16

[Signature] J.S.C.
HON. CAROL R. EDMEAD

- 1. CHECK ONE: CASE DISPOSED NON-FINAL DISPOSITION
- 2. CHECK AS APPROPRIATE: MOTION IS: GRANTED DENIED GRANTED IN PART OTHER
- 3. CHECK IF APPROPRIATE: SETTLE ORDER SUBMIT ORDER
- DO NOT POST FIDUCIARY APPOINTMENT REFERENCE

At IAS Part 35 of the Supreme Court of the State of New York, County of New York, at the courthouse located at 60 Centre Street, New York City, New York, on the 10th day of May, 2016.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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In the Matter of
the Application of
Maria T. Vullo, Acting Superintendent of
Financial Services of the State of New York,
for an order to take possession of the property of and
liquidate the business and affairs of
HEALTH REPUBLIC INSURANCE OF NEW YORK,
CORP.
----- X

Index No. 450500/2016

ORDER OF LIQUIDATION

Petitioner Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York (the "**Superintendent**"), having moved this Court for an order placing Health Republic Insurance of New York, Corp. ("**HRINY**") into liquidation, and upon reading and filing the Order to Show Cause dated April 22, 2016, the verified petition of the Superintendent, duly verified on the 20th day of April, 2016 (the "**Petition**"),¹ the exhibits attached to the Petition, and the Memorandum of Law in Support of the Petition, and the Court having held a full hearing to consider the requested relief, this Court finds that:

- a. HRINY was originally incorporated as the Freelancers Health Services Corporation on October 4, 2011, and on October 21, 2014 changed its name to Health Republic Insurance of New York, Corp.;
- b. HRINY is licensed as a not-for-profit corporation under Article 43 of the New York Insurance Law (the "**NYIL**");

¹ Capitalized terms not otherwise defined shall have the meanings ascribed to them in the Petition.

FILED
MAY 10 2016
CLERK OF COURT

- c. HRINY is operating as a Federal Consumer Operated and Oriented Plan under the Patient Protection and Affordable Care Act;
- d. HRINY's statutory home office is located at 30 Broad Street, New York, New York 10004;
- e. HRINY is subject to the NYIL and, in particular, to Article 74 thereof;
- f. HRINY's board of directors has consented to the entry of an order of liquidation pursuant to Article 74 of the NYIL by a unanimous board resolution;
- g. HRINY is insolvent within the meaning of Section 1309 of the NYIL;
- h. It is in the best interest of HRINY's policyholders, creditors, and the general public that the Superintendent be directed to take possession of HRINY's property and to liquidate its business and affairs; and
- i. Judicial immunity applies to the Liquidator (as defined below), the New York Liquidation Bureau ("NYLB"), and their respective employees, attorneys, representatives, and agents for any action taken by them when acting in good faith, in accordance with the orders of this Court, and/or, in the case of the Liquidator and the NYLB, in the performance of their duties pursuant to Article 74 of the NYIL.

NOW, on motion of Eric T. Schneiderman, Attorney General of the State of New York,

attorney for the Superintendent, it is ORDERED as follows:

1. The relief requested in the Petition is granted;
2. The Superintendent and her successors in office are appointed liquidator (the "Liquidator") of HRINY;
3. The Liquidator is authorized and directed to take possession and/or control of HRINY's property and assets and to liquidate HRINY's business and affairs in accordance with Article 74 of the NYIL;
4. The Liquidator is vested with all powers and authority expressed or implied under Article 74 of the NYIL, in addition to the powers and authority set forth in this Order and with title to and all rights in HRINY's property, contracts and agreements however described, rights of action and all of its books and records, wherever located, as of the date of entry of this Order;

The transcript of today's proceeding and the order annexed thereto shall be translated at least into Spanish and posted on Health Republic's website, which can be accessed by the public, and the Health Republic hotline will inform the public that the translated documents are available on the website

Carol Edmead
CAROL EDMOAD

5. The Liquidator may deal with the property and business of HRINY in HRINY's name or in the name of the Liquidator, including, without limitation, to continue, commence, advance, defend, or prosecute any action, claim, lawsuit, arbitration, alternative dispute resolution proceeding, or other formal legal or administrative proceeding (each, a "**Proceeding**") in any municipal, state, federal, or foreign court, administrative body, or other tribunal;
6. The Liquidator is authorized to, in her discretion, reject any executory contracts to which HRINY is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection;
7. The Liquidator is authorized to pay, without further order of the Court, the actual and necessary expenses incurred by the Liquidator in the administration of this liquidation proceeding (the "**Liquidation Proceeding**") (collectively, "**Administrative Expenses**");
8. All persons and entities, other than the Liquidator, are permanently enjoined and restrained, except as authorized by the Liquidator or her designee in writing, from: (i) transacting HRINY's business; (ii) disposing of HRINY's property; (iii) interfering with the Liquidator's possession, control, or management of HRINY's property or the discharge of the Liquidator's duties with regard to HRINY or the Liquidation Proceeding; and (iv) disclosing the name, address, or contact information of any person who was covered by an insurance policy issued by HRINY ("**Member**"), or any information that is proprietary to HRINY or not in the public domain;
9. All persons and entities are permanently enjoined and restrained from wasting or permitting to be done any act or thing that might waste HRINY's property;
10. Except for any investigation or enforcement action by any state or federal agency, all persons and entities are enjoined and restrained from (a) commencing, continuing, advancing, or otherwise prosecuting any Proceeding, or (b) proceeding with any discovery or other litigation tasks or procedures, including serving any subpoenas or other third-party discovery requests in any pending or future action, against (i) HRINY; or (ii) the New York State Department of Financial Services ("**NYDFS**"), the Superintendent, the NYLB, or any of their respective officers, employees, attorneys, representatives, or agents, or any directors, officers, employees, attorneys, representatives, or agents of HRINY, in each case arising out of or related to HRINY or the commencement or continuation of the Liquidation Proceeding.

11. All persons and entities are enjoined and restrained from asserting or obtaining any preferences, judgments, attachments or other liens, or taking any steps to transfer, foreclose, sell, assign, garnish, levy, encumber, attach, dispose of, exercise or enforce purported rights, in or against HRINY; any claimed interest in any property or assets of HRINY or any part thereof;
12. Any party that has contracted with HRINY (or any third-party beneficiary of such a contract) is prohibited from modifying or terminating such contract or the rights or obligations of HRINY thereunder, including by declaring an event of default under the existing contract on account of the insolvency of HRINY, the commencement or continuation of this Liquidation Proceeding, non-payment or the financial condition of HRINY prior to this Liquidation Proceeding, or any action by the Superintendent with respect to HRINY;
13. In accordance with Section 4307(d) of the NYIL, no Member shall be liable to any Provider, irrespective of whether the Provider participated in the HRINY network, for any services covered by HRINY, no Provider shall collect or attempt to collect from any Member sums owed by HRINY, and no Provider shall maintain any action against any Member to collect such sums; provided, however, that nothing in this paragraph shall affect a Member's liability for, or prohibit a Provider from collecting or attempting to collect from or maintaining an action against any Member to collect, coinsurance amounts, copayments, and deductibles owed by such Member;
14. HRINY and all persons and entities having any property, papers (including attorney work product and documents held by attorneys) and/or information, including but not limited to business records, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs, bank records, and/or any tangible or intangible items of value belonging to or relating to HRINY shall preserve such property and/or information and immediately, upon the Liquidator's request and at her direction, assign, transfer, turn over and deliver such information to the Liquidator;
15. Any person or entity providing claims processing services, data processing services, electronic records retention services, or other information technology services to or on behalf of HRINY shall continue providing such services to HRINY and shall maintain and preserve all information in its possession relating in any way to HRINY and its rights and obligations, wherever located, including but not limited to all documents, data, electronic files and records, computer equipment (e.g., servers and printers), software programs, and software licenses owned or leased by HRINY;

16. Any bank, savings and loan association, other financial institution, or any other entity or person, that has on deposit or in its possession, custody or control any of HRINY's funds, accounts (including escrow accounts) or assets shall immediately, upon the Liquidator's request and at her direction: (a) turn over custody and control of such funds, accounts or assets to the Liquidator; (b) transfer title of such funds, accounts or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association or other financial institution; and/or (e) take any other action reasonably necessary for the proper conduct of the Liquidation Proceeding;
17. Judicial immunity applies to the Liquidator, the NYLB, and their respective employees, attorneys, representatives, and agents for any action taken by them when acting in good faith, in accordance with the orders of this Court, and/or, in the case of the Liquidator and the NYLB, in the performance of their duties pursuant to Article 74 of the NYIL, and all persons and entities are enjoined and restrained from seeking to impose liability upon the NYLB or any of its employees, attorneys, representatives, or agents relating to or arising out of the conduct of the business or affairs of HRINY or the Liquidation Proceeding;
18. All claims for payment under insurance policies issued by HRINY (collectively, "**Policy Claims**") must be submitted in accordance with the deadlines and procedures set forth in the contracts governing Providers' provision of services to Members (the "**Provider Contracts**") or the Members' insurance policies, as applicable. Policy Claims previously submitted in this manner need not be re-submitted. Entry of this Order does not extend any deadlines set forth in Provider Contracts or Members' insurance policies for the submission of Policy Claims.
19. With respect to all claims other than the Policy Claims referenced in paragraph 18, the deadline set forth in Section 7432(b) of the NYIL for all persons who may have claims against HRINY to present such claims to the Liquidator shall be deferred until further order of the Court. The Liquidator is authorized in her discretion to refrain from adjudicating claims other than Administrative Expense and Policy Claims;
20. Any person seeking modification of, or relief from, the injunctive relief set forth in this Order (an "**Objecting Party**") shall submit a written request to the Liquidator setting forth good cause for such modification or relief. If the Objecting Party and the Liquidator reach an agreement regarding such modification or relief, the Liquidator shall submit a request to this Court seeking approval of such agreement. If the Objecting Party and the Liquidator fail to reach an agreement within 30 days of the Liquidator's

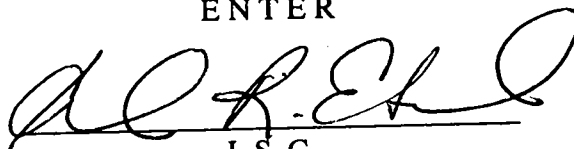
receipt of such request, or such longer time as both the Liquidator and the Objecting Party agree, the Objecting Party may seek relief with this Court;

21. The Liquidator may at any time make further application to this Court for such further and different relief as she deems necessary and appropriate;
22. A copy of this Order shall be served forthwith by email and regular mail upon: Health Republic Insurance of New York, Corp., 30 Broad Street, New York, New York 10004 (Attention: Ronald J. Vance, Jr., Chief Restructuring Officer);
23. The Liquidator shall provide notice of this Order to all Providers, Members and other known creditors by (i) emailing such notice to all Providers, Members and other known creditors, where email addresses are known and, otherwise, sending such notice to such persons by first class mail; (ii) publishing such notice in any of the *New York Times*, the *Buffalo News*, the *Daily Freeman*, and/or the *Post-Journal/Observer* in the Liquidator's discretion; and (iii) posting such notice on the internet website maintained by the NYLB for the Liquidation Proceeding at www.HealthRepublicNY.org within 30 days after the entry of this Order;
24. Such notice in paragraphs 22 and 23 herein shall constitute sufficient notice to all persons interested in HRINY;
25. This Court shall have exclusive jurisdiction to interpret, implement, and enforce the provisions of this Order and to hear any and all matters relating to the Liquidation Proceeding; and
26. All further papers with respect to HRINY in this proceeding shall bear the caption:

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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In the Matter of the Liquidation of : Index No. 450500/2016
HEALTH REPUBLIC INSURANCE OF :
NEW YORK, CORP. :
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J. S. C.
HON. CAROL R. EDMEAD
J.S.C.

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