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No Fee Pursuant to Gov't Code, § 6 03

ORIGINAL FILED
APR 06 2015
**LOS ANGELES
SUPERIOR COURT**

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13 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
14 **COUNTY OF LOS ANGELES**
15 **CENTRAL CIVIL WEST COURTHOUSE**

17 INSURANCE COMMISSIONER OF THE
18 STATE OF CALIFORNIA,

19 Applicant,

20 v.

21 SEECHANGE HEALTH INSURANCE
22 COMPANY,

23 Respondent.

Case No. BS152302
Assigned to Hon. Amy D. Hogue

**INSURANCE COMMISSIONER'S
STATUS REPORT ON THE
LIQUIDATION OF SEECHANGE
HEALTH INSURANCE COMPANY**

Status Conference
Date: April 29, 2015
Time: 9:00 a.m.
Place: Central Civil West Courthouse
Department 307
600 South Commonwealth Avenue
Los Angeles, California 90005

Action Filed: November 18, 2014

1 **TO HON. AMY D. HOGUE, SEECCHANGE HEALTH INSURANCE COMPANY, AND**
2 **ALL OTHER INTERESTED PARTIES:**

3 The Insurance Commissioner of the State of California (the “**Commissioner**”), in his
4 capacity as the liquidator of SeeChange Health Insurance Company (“**SeeChange**”), hereby
5 submits the following status report setting forth, for the Court and all interested parties: (i) an
6 overview of the liquidation process, (ii) the actions taken by the Commissioner in his capacity as
7 liquidator of SeeChange (the “**Liquidator**”) to marshal assets of the estate, and (iii) anticipated
8 steps toward completing the orderly and efficient liquidation of SeeChange.

9 **I. OVERVIEW OF THE LIQUIDATION PROCESS**

10 **A. The Conservation Order and the Liquidation Order.**

11 SeeChange was an insurance company licensed to transact life, accident, and health
12 insurance. Its primary business was to provide value-based commercial group and individual
13 health coverage to small employer groups (2-50 subscribers) and the lower end of the middle
14 market (less than 5,000 subscribers). The vast majority of its policies were written in California
15 and Colorado. All of its business was generated through independent brokers and general agents.
16 SeeChange is California corporation, wholly owned by SeeChange Health Management
17 Company, Inc., a Delaware corporation.

18 SeeChange has not been profitable. It reported losses in 2012 and 2013, of \$19,345,256 and
19 \$37,766,179, respectively. On or about November 12, 2014, SeeChange filed its Quarterly
20 Statement with the Commissioner stating that, as of September 30, 2014, it had admitted assets of
21 \$23,357,058 and liabilities of \$22,149,297, with a reported paid-in capital and surplus of
22 \$1,207,761, which meant that SeeChange was “impaired” under the Insurance Code.¹ Based in
23 part on SeeChange’s impaired condition, on November 18, 2014, the Commissioner initiated this
24 case by filing a petition and application for appointment of a conservator. On November 19,

25 _____
26 ¹ Insurance Code section 988 defines “impaired” as a “financial situation in which the
27 assets of an insurer are less than the sum of the insurer’s minimum required capital, minimum
28 required surplus and all liabilities as determined in accordance with the requirements for the
preparation and filing of the annual statement of an insurer.”

1 2014, the Court entered the *Stipulated Order Appointing Conservator and Restraining Order*,
2 which appointed the Commissioner as conservator of SeeChange.

3 On December 31, 2014, the Commissioner, acting as SeeChange’s conservator, filed his
4 *Notice of Application and Application for Liquidation Order and Supplemental Injunctive Relief*,
5 which attached evidence of SeeChange’s insolvency. On January 28, 2015, the Court granted the
6 application and entered the *Liquidation Order*. The *Liquidation Order* found that SeeChange was
7 insolvent and directed the Commissioner, as liquidator, “to liquidate and wind up the business of
8 SeeChange and to act in all ways and exercise all powers necessary for the purpose of carrying
9 out this Order and the liquidation provisions of the Insurance Code, Insurance Code sections 1010
10 *et seq.*” (Liquidation Order ¶ 1.)

11 **B. Role of the Court and the Commissioner in the Liquidation Process.**

12 Generally, sections 1010 through 1062 of the Insurance Code govern conservation and
13 liquidation proceedings against insolvent insurers domiciled in California.² Under these
14 provisions, the Commissioner has the power to operate, winds-down, liquidate, and distribute the
15 assets of an insolvent insurer to ensure the “orderly and equitable distribution of the assets of an
16 insolvent insurer” to those entitled to share in those assets. (*In re Title USA Corp.* (1996) 36
17 Cal.App.4th 363, 372 [42 Cal.Rptr.2d 498].) The Insurance Code grants this authority to the
18 Commissioner based on the public interest impacted by the liquidation of an insolvent insurer. As
19 described by the California Supreme Court:

20 The proceeding was had under sections 1010 to 1061 of the Insurance Code
21 which specially deal with the rehabilitation and liquidation of insurance
22 companies. Those sections set up a comprehensive statutory scheme to
23 accomplish those results. The proceeding is not one in which another party is
24 prosecuting another party at all. It is simply a proceeding in which the state is
25 invoking its power over a corporate entity permitted by the state to engage in a
26 business vitally affected with the public interest upon condition of continuing
27 compliance with the requirements provided by the state. It is not a controversy
28 between private parties but a proceeding by the state in the interest of the public.

26 ² There are additional provisions elsewhere in the Insurance Code. For example,
27 California has adopted the Uniform Insurers Rehabilitation Act for insurers domiciled in other
28 states. (Ins. Code, §§ 1064.1-1064.12.)

1 (*Carpenter v. Pacific Mutual Life Insurance* (1938) 10 Cal.2d 307, 327 [74 P.2d 761].)

2 As the Liquidator, the Commissioner acts as a “trustee for the benefit of all creditors and
3 other persons interested in the estate of the person against whom the proceedings are pending.”
4 (Ins. Code, § 1057.) The Commissioner, as liquidator, is vested with “broad powers” to conduct
5 the liquidation process in the manner that he determines to be in the best interests of policyholders
6 and creditors. (*Commercial Nat. Bank v. Superior Court* (1993) 14 Cal.App.4th 393, 402 [17
7 Cal.Rptr.2d 884], as modified on denial of reh'g (Apr. 16, 1993).)

8 The Court also plays a vital role in the process. In addition to assisting the Liquidator in
9 enforcing the various injunctions set forth in the Liquidation Order (which injunctions were
10 specifically authorized by the Insurance Code), the Court:

- 11 • acts as the arbiter of disputed claims (Ins. Code, § 1032);
- 12 • approves the compensation of deputies, clerks and assistants (Ins. Code, § 1035);
- 13 • approves the compensation of outside counsel employed to assist in the liquidation
14 (Ins. Code, § 1036);
- 15 • may approve compromises of any claims by or against the insurance company (Ins.
16 Code, § 1037, subd. (c));
- 17 • authorizes the acquisition or disposition of property in excess of \$20,000 (Ins. Code,
18 § 1037, subd. (d)); and
- 19 • permits, under certain conditions, the investment of funds in excess of \$100,000
20 (Ins. Code, § 1037, subd. (g)).

21 Moreover, as the liquidation progresses, the Court may also be required to resolve collection
22 matters either by an order to show cause or by adversary complaint filed in this proceeding. (See,
23 e.g., *Gillespie v. California Standard Indemnity Co.*, 212 Cal.App.3d 1351 (1989)) Finally, the
24 Liquidator may apply for authority or for orders designed to allow the efficient economic
25 liquidation of SeeChange.

26 The Court should be deferential in its review of the Commissioner’s actions. “The trial
27 court reviews the Commissioner’s actions under the abuse of discretion standard [citation
28

1 omitted]: was the action arbitrary, i.e., unsupported by a rational basis, or is it contrary to specific
2 statute, a breach of the fiduciary duty of the conservator as trustee, or improperly discriminatory?”
3 (*In re Executive Life Ins. Co.* (1995) 32 Cal.App.4th 344, 358 [38 Cal.Rptr.2d 453], as modified
4 on denial of reh'g (Mar. 15, 1995).) This Status Report aids the Court’s oversight of the
5 Liquidator gives any interested parties an opportunity to raise any objections to the Liquidator’s
6 proposed course of action.³

7 C. The Conservation & Liquidation Office

8 In order to ensure an orderly liquidation, an insurance company in liquidation may be
9 operated and managed by the Commissioner. (See Ins. Code, § 1010 [authorizing the
10 Commissioner “to conduct ... the business of [the insurer], or so much thereof as to the
11 commissioner may seem appropriate”] and § 1037(a) [granting the Commissioner the power and
12 authority “to carry on and conduct the business and affairs of [the insurer]”].) The Liquidator
13 may employ people, utilize and update computers and facilities, contract with vendors and
14 professionals and do the many other things described below to perform the necessary tasks to
15 marshal assets and pay claims. (See, e.g., Ins. Code, § 1035.)

16 To meet these goals administratively, the Liquidator uses the services of the
17 Commissioner's Conservation and Liquidation Office (“CLO”) and certain former employees of
18 SeeChange. These services are supplemented by specialized vendors, contractors and
19 consultants. The Liquidator also employs a number of professionals (including outside counsel).
20 The CLO is an administrative service entity created by the Commissioner to administer the estates
21 of insurers undergoing conservation or liquidation in California. Upon obtaining a conservation
22 or liquidation order, the Commissioner generally delegates his statutory administrative duties over

23 ³ This Status Report, the accompanying Conservator’s Report and the accompanying
24 motion to approve the commutation agreement with StarLine have been served on counsel for
25 SeeChange, counsel for NOLGHA (defined below), and the representatives of the 24 state life
26 and health insurance guarantee associations, which are the primary parties in interest in this case.
27 (Through NOLGHA’s counsel, the 24 state life and health insurance guarantee associations have
28 agreed to accept service of documents in this case by email, to save administrative costs.) In
addition, this Status Report, the Conservator’s Report and the commutation motion will be posted
on the CLO’s website soon after they are filed.

1 the insurer to the CLO and/or to special deputy insurance commissioners, pursuant to section
2 1035 of the Insurance Code.

3 As a result of a reduction in staff prior to the initiation of this case, SeeChange had eight
4 employees when SeeChange was first placed into conservancy. In his capacity as Conservator, he
5 entered into retention bonus agreements for those employees to stay through March 31, 2015.
6 This gave the Commissioner, as Conservator and Liquidator, the opportunity to transition
7 SeeChange's operations to the CLO. As of the date of this Status Report, that transition has been
8 completed. CLO now performs any necessary functions for the liquidation SeeChange.

9 **II. LIQUIDATOR'S REPORT OF OPERATIONS ACTIVITIES**

10 **A. Notice of Liquidation to Interested Parties**

11 Insurance Code section 1021, subdivision (a), provides:

12 Upon the making of an order to liquidate the business of such person, the
13 commissioner shall publish notice to its policyholders, creditors, shareholders,
14 and all other persons interested in its assets. The order and the notice shall require
15 claimants to file their claims with the commissioner, together with proper proofs
thereof, within six months to one year, at the commissioner's discretion, after the
date of first publication of such notice, in the manner specified in this article.

16 After the Court entered the Liquidation Order, the Liquidator (through the CLO) promptly
17 notified all interested parties of the fact that SeeChange had been placed into statutory liquidation.
18 This notice was given to, among others, all employees, producers, policyholders, vendors, banks,
19 landlords, and other parties and individuals that the Conservator believed had an interest in or
20 relationship with SeeChange. Individual subscribers (i.e., the employees of the employer
21 policyholders) will be notified through their employers. A copy of the Notice of Liquidation sent
22 is attached hereto as Exhibit A. A total of 3,151 notices were mailed to the following groups:

23 Employer Groups (i.e., Policyholders)	1591
24 Writing Insurance Agents	704
25 General Insurance Agents	9
26 State Agencies	51

SeeChange Vendors and Landlords	593
SeeChange Employees	38
SeeChange Reinsurers	6
CalCOBRA Members	153
Federal Agencies	6
Total	3151

As set forth in Sections 1021 and 1022 of the Insurance Code, after this Court approves this Status Report, the Liquidator will also publish notice of the liquidation in newspapers of general circulation in geographic areas where SeeChange operated: (i) the San Francisco Chronicle, (ii) the San Diego Union Tribune, (iii) the Los Angeles Times, and (iv) the Denver Post.

In addition to providing adequate information to assert their rights in this proceeding, the notices of liquidation set forth above inform the parties in interest that they may review materials related to the SeeChange liquidation and conservation on the CLO website at <http://www.caclo.org/seechange>. The Conservator’s Report, this Status Report, and other relevant documents from this case are available on the website.

The Liquidator respectfully submits that Court should approve the form of notice and the distribution of the notice by publication and mailing.

B. Transition of Claims to Guaranty Associations.

On August 22, 2014, the Commissioner issued a Stipulated Order to Cease and Desist Pursuant to Insurance Code sections 1065.1 and 1065.2 (“**C&D Order**”). The C&D Order required that, effective August 21, 2014, SeeChange cease and desist from engaging in the transaction, solicitation, negotiation and writing of any new and renewal insurance business except for certain limited exceptions that are set forth in the C&D Order. (C&D Order ¶ A.) As a result, for several months prior to the filing of this case, SeeChange had been notifying its policyholders that the company would be ceasing issuing new or renewal insurance policies. SeeChange management, working under the regulatory supervision of the Department of

1 Insurance, implemented an orderly transition of all of SeeChange’s in-force insurance business to
2 other insurance policyholders. Those transition activities continued during the early portion of
3 the Conservation Period. By December 31, 2014, all of SeeChange’s in-force insurance business
4 had either expired (and not renewed) or had been short-term cancelled and transitioned to new,
5 solvent health insurance companies.

6 The cancellation or transition of SeeChange’s in-force business only left pending claims to
7 deal with. These claims are handled by statewide life and health insurance guarantee associations
8 (the “**Guarantee Associations**”).⁴ Once the Court entered its Liquidation Order finding that a
9 SeeChange is insolvent, the Guarantee Associations were obligated to pay the claims of
10 SeeChange’s policyholders. (See, e.g., Ins. Code, § 1067.07(b).) Since the time that he initiated
11 this case, the Commissioner has been in contact with the Guarantee Associations through the
12 National Organization of Life and Health Insurance Guaranty Associations (“**NOLGHA**”).⁵ The
13 Commissioner notified NOLGHA regarding the decision to seek the liquidation of SeeChange so
14 that claims payments would be made without interruption. After the Court entered its Liquidation
15 Order, the Commissioner, in his capacity as Liquidator, worked to transition all claims to be
16 administered by NOLGHA and paid by the relevant Guarantee Associations. The Commissioner,
17 as Liquidator, has now completed the transition of these claims. As a result of paying these
18 claims, the Guarantee Associations subrogate to the policyholders’ rights against SeeChange.
19 Generally, these subrogated claims receive priority treatment, subordinate only to expenses of
20 administration of the liquidation. (Ins. Code § 1033, subd. (a).)

21 ⁴ California, the other 49 states, and the District of Columbia have each created statewide
22 life and health insurance guarantee associations to protect policyholders of an insolvent insurance
23 company that issues policies in their respective states. (See, e.g., Ins. Code, § 1067.01.) With
limited exceptions, all insurance companies licensed to sell life or health insurance in a state must
be members of that state’s guaranty association. (See, e.g., Ins. Code, § 1067.05.)

24 ⁵ The National Organization of Life and Health Insurance Guaranty Associations is made
25 up of the life and health insurance guaranty associations of all 50 states and the District of
26 Columbia. (See NOLHGA Homepage, [www.nolhga.com/aboutnolhga/main.cfm/location/
whatisnolhga](http://www.nolhga.com/aboutnolhga/main.cfm/location/whatisnolhga).) Through NOLHGA, the Guarantee Associations voluntarily work together
27 efficiently and effectively to provide continued protection for policyholders affected by a multi-
state insurance insolvency. NOLHGA establishes a task force of representative guaranty
associations to work with the Commissioner to develop a plan to protect policyholders. (*Id.*)

1 **III. LIQUIDATOR’S NEXT STEPS.**

2 **A. Proof of Claim Form**

3 The Liquidation Order provides that “The rights and liabilities of claimants, policyholders,
4 shareholders, members and all other persons interested in the assets of SeeChange are fixed as of
5 the date of entry of this Order.” (Liquidation Order ¶ 28.) It also provides that any party with
6 rights against SeeChange may assert those rights only through a proof of claim:

7 Any and all claims against SeeChange – including without limitation those
8 claims which in any way affect or seek to affect any of the assets of SeeChange,
9 wherever or however such assets may be owned or held – must be filed no later
10 than December 31, 2015 (the “Claims Bar Date”) in accordance with the
11 provisions of insurance Code sections 1010 et seq. (including without limitation
12 Insurance Code section 1023). **The claim must be timely filed on the form
provided by the Liquidator, together with proper proofs thereof, and must
be supplemented with 1023(f).** As provided in Insurance Code section 1024,
any claims not filed by the Claims Bar Date shall be conclusively deemed forever
waived and no action may be maintained thereon.

13 (Liquidation Order ¶ 29.)

14 Insurance Code section 1023 dictates the form and content of a proof claim against
15 the SeeChange estate:

16 A claim must set forth, under oath, on the form prescribed by the commissioner:

- 17 (a) The particulars thereof, and the consideration therefor.
18 (b) Whether said claim is secured or unsecured, and, if secured, the
nature and amount of such security.
19 (c) The payments, if any, made thereon.
20 (d) That the sum claimed is justly owing from such person to the
claimant.
21 (e) That there is no offset to the claim.
22 (f) Such other data or supporting documents as the commissioner
requires.

23 The Commissioner has prescribed the proof of claim form attached hereto as Exhibit 2 for
24 submitting any claims against the SeeChange estate, which meets the requirements of Insurance
25 Code section 1023. The Liquidator respectfully submits that the Court should approve this form
26 of proof of claim.

1 (a) *Cindie Wu v. City & County of San Francisco and SeeChange Health*
2 *Insurance Company*, San Francisco Superior Court Case No. CGC-15-543771. This is an
3 action filed on January 22, 2015. The plaintiff, Cindie Wu, alleges that she was a
4 SeeChange policyholder who suffered injuries while she was crossing a street in San
5 Francisco, when she was hit by a bus and was taken to a hospital for treatment. She further
6 alleges that SeeChange breached its obligations under her SeeChange health insurance
7 policy by failing to pay the full amount of Ms. Wu’s hospital bills (the bills were allegedly
8 \$27,426.00; SeeChange allegedly paid \$16,240.96), and that she is owed the balance plus
9 additional amount for embarrassment and suffering caused by SeeChange’s failure to pay.
10 Although Wu served the complaint on the other Defendant, Wu has not served SeeChange,
11 the CLO or the Liquidator. Counsel for the liquidator has informed Wu’s counsel that no
12 litigation can proceed against SeeChange absent relief from this Court. In the event that
13 Wu attempts to proceed with her litigation against SeeChange, notwithstanding the
14 Liquidation Order, the Liquidator may request further relief from this Court.

15 (b) *Alan Katz v. SeeChange Health LLC, et al.*, Los Angeles Superior Court
16 Case No. BC570711. This is an action filed on January 28, 2015. The plaintiff, Alan Katz
17 a former employee of SeeChange, alleges that SeeChange Health LLC, an indirect parent
18 company of SeeChange, entered into an employment agreement that provided Katz a
19 severance package but then SeeChange Health LLC “attempted to sneak off its contractual
20 liability to one of its subsidiaries that is in conservatorship.” Although SeeChange is not
21 named in the complaint, it alleges “[SeeChange] has been put under the direction of a
22 conservator and plaintiff will be petition the court to allow [SeeChange] to be named as a
23 defendant.” The Liquidator will address any request to this Court by Mr. Katz, once he
24 files it.

25 **C. Liquidation and Collection of Reinsurance Receivables and Other Assets.**

26 The primary assets left to be liquidated are SeeChange’s rights under reinsurance policies.
27 SeeChange’s purchased multiple layers of medical excess-of-loss reinsurance for losses payable
28

1 to its policyholders. The reinsurance contracts were written on a 12-month term with a 24-month
2 reporting limitation. A schedule showing the reinsurance coverage is attached as Exhibit C.

3 The reinsurance program is exclusively handled by one broker, Re-Solutions
4 Intermediaries. The Loomis Company (“**Loomis**”) is contracted to adjudicate and reimburse the
5 direct claims on behalf of SeeChange. Loomis is also responsible for submitting the required
6 claim documentation directly to Re-Solutions based on the reporting terms set in the reinsurance
7 contracts. Re-Solutions reviews the claim documentation and facilitates delivery of the
8 reinsurance billings and notices to the SeeChange reinsurers. As of December 31, 2014, the three
9 most recent contract years are open and have attaching ceded claims amounting to a reinsurance
10 recoverable balance of \$4,056,151.

11 Since December 31, 2014, the Liquidator has taken action to recover on the outstanding
12 reinsurance recoverables pertaining to the May 1, 2012 reinsurance contract. StarLine USA,
13 LLC, Lloyd’s Correspondent, on Behalf of Lloyd’s Underwriters (“**StarLine**”), is the 100%
14 participant reinsurer under that contract. The final May 1, 2012 billing encompassed the residual
15 claims which were disputed by StarLine and remained unpaid despite ongoing settlement
16 discussions between SeeChange and StarLine. In December 2014, representatives from the CLO,
17 SeeChange and StarLine participated in a mediation to resolve the disputed claims. Although no
18 resolution occurred at the mediation, after subsequent discussions, the CLO and StarLine were
19 able to reach an agreement. This Settlement Agreement is currently being submitted to the Court
20 for approval.

21 The remaining reinsurance contracts for the May 1, 2013 and May 1, 2014 contract years
22 are open and actively being billed and collected. Both contracts include a 24 month claim
23 submission deadline requirement. All claim documentation must be received by the Reinsurer by
24 April 30, 2015 and April 30, 2016, respectfully. Once all reinsurance claims are submitted to the
25 reinsurer, reviewed and collected, the CLO will be in position to close out SeeChange’s
26 reinsurance portfolio.

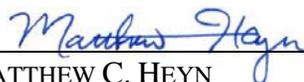
1 **IV. CONCLUSION.**

2 Consistent with his obligations and authority set forth in under the Liquidation Order, the
3 Conservator is conducting a diligent and efficiently liquidation of SeeChange. The Liquidator
4 anticipates reduced activity on the SeeChange liquidation in the next 12 months. Thus, based on
5 this Report, the Liquidator respectfully requests that the Court set a continued status conference in
6 approximately 12 months and enter the proposed order approving the Status Report, which has
7 been filed concurrently herewith.

8 Dated: April 6, 2015

Respectfully Submitted,

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10 KAMALA D. HARRIS
Attorney General of California
11 DIANE S. SHAW
Supervising Deputy Attorney General

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13 _____
MATTHEW C. HEYN
14 Deputy Attorney General
Attorneys for Insurance Commissioner of the
15 *State of California*

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EXHIBIT A



CONSERVATION & LIQUIDATION OFFICE

P.O. Box 26894, San Francisco, CA 94126-6894

January 28, 2015

Via: First Class Mail

BARCODE BARCODE
MAILING ADDRESS

RE: SeeChange Health Insurance Company Liquidation Notice

To Whom It May Concern:

Please take notice that on January 28, 2015 the Superior Court of Los Angeles entered an Order Appointing Liquidator and the Insurance Commissioner of the State of California (the "Commissioner") was appointed as the Liquidator of SeeChange Health Insurance Company (the "Company"). The Company was determined to be insolvent and ordered liquidated. The Commissioner, as the Liquidator, is authorized to liquidate and wind up the business and affairs of said Company pursuant to Section 1016 of the California Insurance Code.

FOR POLICYHOLDERS:

Members will have 12 months from their contract termination date to file their health insurance claims. Claims incurred prior to December 31, 2014 can still be reported. If you have any questions, please call (866) 218-6009.

The finding of insolvency triggers the life & health guaranty associations in your state to begin paying the covered claims of the Company up to their statutory limits. The valuation of each claim is determined in accordance with policy provisions and statutory requirements. Refer to the National Organization of Life & Health Insurance Guaranty Associations website for a list of guaranty association websites at: www.nolhga.com and click on "State Associations" for your state of residency.

FOR BROKERS, EMPLOYEES, AND ALL OTHER VENDORS:

The Liquidator is in the process of establishing a proof of claim process for unpaid premium refunds, unpaid taxes and general creditor claims. A copy of the Liquidation Order can be found on the Conservation & Liquidation Office website at: www.caclo.org/seechange. For additional instructions on how to obtain and complete the proof of claim form, please check the website after May 1, 2015 at: www.caclo.org/seechange. Additional information and Questions & Answers can be found on the Company's website at: www.seechangehealth.com, contact your broker or call (877) 472-8262.

Sincerely,

David E. Wilson
Special Deputy Insurance Commissioner

Our Mission

The CLO, on behalf of the Insurance Commissioner, rehabilitates and/or liquidates, under Court supervision, troubled insurance enterprises domiciled in the State of California. In addition the CLO provides Special Examination Services, with Commissioner and Board oversight. As a fiduciary for the benefit of all claimants, the CLO handles the property of troubled or failed enterprises in a prudent, cost-effective, fair, timely, and expeditious manner.

EXHIBIT B

On January 28, 2015, the Insurance Commissioner of the State of California ("the Commissioner") was appointed as Liquidator of SeeChange Health Insurance Company ("SeeChange" or "the Company"), pursuant to Section 1016 of the California Insurance Code, by order the Superior Court of the State of California, County of Los Angeles, Central Civil West Dept. 307, in the case captioned *Commissioner v. SeeChange Health Insurance Co.*, case no. BS152302. The liquidation order authorizes the Commissioner as Liquidator, through the Conservation & Liquidation Office, to liquidate and wind up the business of SeeChange and to act in all ways and exercise all powers necessary for the purpose of the liquidation order and the liquidation provisions of the Insurance Code.

All existing first-party and third-party policy-related claims were transferred to the Insurance Guaranty Association (IGA) in the claimant's state. It is not necessary to file a Proof of Claim with regard to those claims as they are deemed filed. All other persons with claims or potential claims against SeeChange must file a Proof of Claim in order to preserve their claims. If you believe you have a claim against SeeChange you are required to file your Proof of Claim on this form and return the completed form to the address shown on the back of this document no later than December 31, 2015.

PROOF OF CLAIM INSTRUCTIONS

1. The Proof of Claim must be typed or legibly printed in ink.
2. The Proof of Claim must have all items completed and questions answered. If an item is not applicable, please write "N/A" in that section. Your Proof of Claim will be returned to you if any items are left blank. Please review the entire form for completion prior to mailing.
3. If you need additional space to fully answer any question, please do so on a separate sheet of paper and attach it to your Proof of Claim.
4. You must attach to the Proof of Claim documents or evidence supporting your claim. **FAILURE TO PROVIDE SUFFICIENT DOCUMENTS OR EVIDENCE SUPPORTING YOUR CLAIM IS GROUNDS FOR REJECTION.**
5. You have an ongoing duty to supplement your Proof of Claim with supporting documentation as additional information is received. This requirement includes notice of any change of address.
6. The Proof of Claim must be signed by the Claimant who is named in Part 1, or by a representative of the Claimant who has knowledge of the matters set forth in the Proof of Claim and in any accompanying statement and supporting documents.
7. All Proofs of Claim must be postmarked no later than December 31, 2015. The Liquidator is not responsible for undelivered mail.
8. The Liquidator suggests you keep a copy of the completed Proof of Claim for your records.

GENERAL INFORMATION

After all claims have been approved or rejected, the Liquidator will seek Court approval to begin making distributions to the approved claimants from the assets of the Company.

If you have any questions about the Proof of Claim procedure, you may call (415) 676-2123 or e-mail to: SeeChangePOC@caclo.org. Please visit the website at www.caclo.org/seechange for additional information.

[BARCODE]
NAME
ADDRESS



SEECCHANGE HEALTH INSURANCE COMPANY IN LIQUIDATION
PROOF OF CLAIM

PLEASE READ ALL INSTRUCTIONS ON THE BACK OF THIS FORM CAREFULLY BEFORE COMPLETING FORM
DEADLINE FOR FILING PROOF OF CLAIM IS DECEMBER 31, 2015

Proof of Claim Number: xxxxxx

<i>Part 1 Person or Entity Making Claim (Claimant)</i>		
Claimant Name: _____		
Address 1: _____	Claimant Telephone _____	
Address 2: _____	Claimant E-Mail _____	
City: _____	State: _____	Zip Code: _____
SSN or Federal Tax ID No. _____		
Are you represented by an attorney? Yes or No, circle one If yes, state your attorney's name, address and telephone number _____		

<i>Part 2 Claim Information</i>		
<input type="checkbox"/> Policyholder	<u>Type of Claim</u>	<u>Amount of Claim</u>
<input type="checkbox"/> General Creditor		
<input type="checkbox"/> Other		
Describe your claim: _____ _____		Attach all supporting documentation to this form.
a. Have you received any payments on the claim for which you are filing this Proof of Claim from any source? ____ If yes, specify the total amount received \$ _____ and identify all sources: _____		
b. Is this a secured claim? If yes, identify all security for this claim: _____		
c. Is this claim the subject of legal action? ____ If yes, list court and case number: _____ List all parties and their attorneys: _____		
d. Is this claim contingent or unliquidated? If yes, explain: _____		

The undersigned subscribes and affirms as true under the penalties of perjury as follows: that he or she has read the foregoing Proof of Claim and knows the contents thereof; that this claim against the Company is justly owing to the Claimant; that the matters set forth and in any accompanying statements and supporting documents are true and correct; that no payment of or on account of the aforesaid claim has been received except as above stated; and that there are no set offs or counterclaims thereto except as above stated.

Claimant Signature _____ Date Signed _____
Print Name _____
Title or Official Capacity (if any) _____

Return your completed form to: SeeChange Health Insurance Company Proof of Claim
Conservation and Liquidation Office
P O Box 26894
San Francisco, CA 94126-0894

IMPORTANT NOTICE
If you have a change of address after filing your Proof of Claim you must provide us with your new address in order to receive any payment that might be due.

EXHIBIT C

SeeChange Health Insurance Company in Liquidation
 Medical Excess of Loss
 Reinsurance Coverage

Coverage Period	Contract No.	Coverage	Claim Rpt Date	Broker	Reinsurer	%	Addendums	Signed
05/01/2014 - 04/30/2015	1072C0514	\$3m xs \$350k	04/30/2016	Re-Solutions	Hannover Life Reassurance Co of America	100%		Y
	1072C0514-XL	Unlimited xs \$3.35m	04/30/2016	Re-Solutions	XL Reinsurance America	100%		Y
05/01/2013 - 04/30/2014	1072C0513	Layer 1 \$1.7m xs \$300k Layer 2 \$1.3m xs \$2m	04/30/2015	Re-Solutions	Hannover Life Reassurance Co of America	100%		Y
	1072C0513-XL	Layer 1 \$1.7m xs \$3.3m Layer 2 \$5m xs \$5m Layer 3 Unlimited xs \$10m	04/30/2015	Re-Solutions	XL Reinsurance America	100%		Y
05/01/2012 - 04/30/2013	1072C0512	Layer 1 \$1.8m xs \$200k Layer 2 \$3m xs \$2m	04/30/2014	Re-Solutions	Starline USA on behalf of Lloyd's u/w	100%	2	Y
05/01/2011 - 04/30/2012	1072C0511	\$4.9m xs \$100k	04/30/2013	Re-Solutions	Starline USA on behalf of Lloyd's u/w	100%		Y
05/01/2010 - 04/30/2011	U6DP000110	\$5m xs \$100k	04/30/2012	Re-Solutions	Starline USA on behalf of Lloyd's u/w	100%	1	Y

DECLARATION OF SERVICE BY E-MAIL and OVERNIGHT COURIER

Case Name: **Insurance Commissioner of the State of California v. SeeChange Health
Insurance Company**
No.: **BS152302**

I declare:

I am employed in the Office of the Attorney General, which is the office of a member of the California State Bar, at which member's direction this service is made. I am 18 years of age or older and not a party to this matter; my business address is: 300 South Spring Street, Suite 1702, Los Angeles, CA 90013. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for overnight mail with the **Fed Ex overnight company**. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the overnight courier that same day in the ordinary course of business.

On April 7, 2015, I served the attached **INSURANCE COMMISSIONER'S STATUS REPORT ON THE LIQUIDATION OF SEECHANGE HEALTH INSURANCE COMPANY** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope, in the internal mail system of the Office of the Attorney General, for overnight delivery, addressed as follows:

SEE ATTACHED SERVICE LIST

I declare under penalty of perjury under the laws of the State of California the foregoing is true and correct and that this declaration was executed on April 7, 2015, at Los Angeles, California.

Linda Richardson
Declarant


Signature

SERVICE BY E-MAIL

Case Name: **Insurance Commissioner of the State of California v. SeeChange Health Insurance Company**

No.: **BS152302**

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OVERNIGHT COURIER

Case Name: **Insurance Commissioner of the State of California v. SeeChange Health
Insurance Company**

No.: **BS152302**

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