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of California, in his capacity as the Liquidator of
SeeChange Health Insurance Company*

No Fee Pursuant to Gov't Code, § 6103

8 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**

9 **COUNTY OF LOS ANGELES**

10 **CENTRAL CIVIL WEST COURTHOUSE**

12 INSURANCE COMMISSIONER OF THE
13 STATE OF CALIFORNIA,

14 Applicant,

15 v.

16 SEECHANGE HEALTH INSURANCE
17 COMPANY,

18 Respondent.

Case No. BS152302
Assigned to Hon. Maren Nelson

**INSURANCE COMMISSIONER'S
FOURTH STATUS REPORT ON THE
LIQUIDATION OF SEECHANGE
HEALTH INSURANCE COMPANY AND
REQUEST FOR APPROVAL OF
LIQUIDATION COSTS; DECLARATION
OF JOSEPH HOLLOWAY;
DECLARATION OF RAYMOND
MINEHAN**

Status Conference

Date: December 19, 2017

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

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1 **TO HON. MAREN NELSON, SEECCHANGE HEALTH INSURANCE COMPANY, AND**
2 **ALL OTHER INTERESTED PARTIES:**

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

9
10 **OVERVIEW OF THE LIQUIDATION PROCESS**

11 **I. THE CONSERVATION ORDER AND THE LIQUIDATION ORDER**

12 SeeChange was a California domestic insurance company licensed to transact life, accident,
13 and health insurance. Its primary business was to provide value-based commercial group and
14 individual health coverage. SeeChange is wholly owned by SeeChange Health Management
15 Company, Inc., a Delaware corporation.

16 SeeChange was not profitable. It reported losses in 2012 and 2013, of \$19,345,256 and
17 \$37,766,179, respectively. On or about November 12, 2014, SeeChange filed its Quarterly
18 Statement with the Commissioner stating that, as of September 30, 2014, it had admitted assets of
19 \$23,357,058 and liabilities of \$22,149,297, with a reported paid-in capital and surplus of
20 \$1,207,761, which meant that SeeChange was “impaired” under the Insurance Code.¹ Based in
21 part on SeeChange’s impaired condition, on November 18, 2014, the Commissioner initiated this
22 case by filing a petition and application for appointment of a conservator. On November 19,
23 2014, the Court entered the Stipulated Order Appointing Conservator and Restraining Order,
24 which appointed the Commissioner as conservator of SeeChange.

25
26
27 ¹ Insurance Code section 988 defines “impaired” as a “financial situation in which the
28 assets of an insurer are less than the sum of the insurer’s minimum required capital, minimum
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 On December 31, 2014, the Commissioner, acting as SeeChange’s conservator, filed his
2 Application for Liquidation Order and Supplemental Injunctive Relief, which attached evidence
3 of SeeChange’s insolvency. On January 28, 2015, the Court granted the application and entered
4 the Liquidation Order. The Liquidation Order found that SeeChange was insolvent and directed
5 the Commissioner “to liquidate and wind up the business of SeeChange and to act in all ways and
6 exercise all powers necessary for the purpose of carrying out this Order and the liquidation
7 provisions of the Insurance Code, Insurance Code sections 1010 *et seq.*” (Liquidation Order ¶ 1.)

8 **II. ROLE OF THE COURT AND THE COMMISSIONER IN THE LIQUIDATION PROCESS**

9 Generally, sections 1010 through 1062 of the Insurance Code govern conservation and
10 liquidation proceedings against insurers domiciled in California.² Under these provisions, the
11 Commissioner has the power to operate, wind-down, liquidate, and distribute the assets of an
12 insolvent insurer to ensure the “orderly and equitable distribution of the assets” to those entitled to
13 share in those assets. (*In re Title USA Corp.* (1996) 36 Cal.App.4th 363, 372.)

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

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

- 23 • acts as the arbiter of disputed claims (Ins. Code, § 1032);
- 24 • approves the compensation of deputies, clerks and assistants (Ins. Code, § 1035);

25
26
27 ² There are additional provisions governing conservation and liquidation proceedings
28 elsewhere in the Insurance Code. For example, California has adopted the Uniform Insurers
Rehabilitation Act for insurers domiciled in other states. (Ins. Code, §§ 1064.1-1064.12.)

- approves the compensation of outside counsel employed to assist in the liquidation (Ins. Code, § 1036);
- may approve compromises of any claims by or against the insurance company (Ins. Code, § 1037, subd. (c));
- authorizes the acquisition or disposition of property in excess of \$20,000 (Ins. Code, § 1037, subd. (d)); and
- permits, under certain conditions, the investment of funds in excess of \$100,000 (Ins. Code, § 1037, subd. (g)).

Moreover, as the liquidation progresses, the Court may also be required to resolve collection matters either by an order to show cause or by adversary complaint filed in this proceeding. (See, e.g., *Gillespie v. California Standard Indemnity Co.*(1989) 212 Cal.App.3d 1351.) Finally, the Liquidator may apply for authority or for orders designed to allow the efficient economic liquidation of SeeChange. This status report aids the Court’s oversight of the Liquidator and gives any interested parties an opportunity to raise any objections to the Liquidator’s proposed course of action. This is the Liquidator’s fourth status report.

III. THE CONSERVATION & LIQUIDATION OFFICE.

To ensure an orderly liquidation, an insurance company in liquidation may be operated and managed by the Commissioner. (See Ins. Code, §§ 1010, 1037.) The Liquidator may employ people, utilize and update computers and facilities, contract with vendors and professionals and do the many other things described below to perform the necessary tasks to marshal assets and pay claims. (See, e.g., Ins. Code., § 1035.) To meet these goals, the Liquidator uses the services of the Conservation and Liquidation Office (“**CLO**”) and certain former employees of SeeChange. These services are supplemented by specialized vendors, contractors, consultants, and professionals (including outside counsel).

The CLO is an administrative service entity created by the Commissioner to administer the estates of insurers undergoing conservation or liquidation in California. Upon obtaining a conservation or liquidation order, the Commissioner generally delegates his statutory administrative duties over the insurer to the CLO and/or to special deputy insurance

1 commissioners, pursuant to section 1035 of the Insurance Code. The CLO now performs any
2 necessary functions for the liquidation of SeeChange on behalf of the Liquidator.

4 **LIQUIDATOR'S REPORT OF ACTIVITIES THROUGH SEPTEMBER 30, 2017**

5 **I. COMPLETION OF WIND-DOWN OF SEECHANGE'S ACTIVITIES**

6 SeeChange's home office was located in Calabasas, California. The Liquidator entered
7 into a settlement agreement with SeeChange's landlord to allow SeeChange to remain in its
8 office from the liquidation date through June 30, 2015. In June of 2015, the Liquidator closed
9 the SeeChange's home office and transferred all operational functions to the CLO's office in San
10 Francisco.

11 **II. GUARANTY FUND PAYMENTS**

12 For several months prior to the filing of this case, SeeChange had been notifying its
13 policyholders that the company would cease issuing new or renewal insurance policies.
14 SeeChange's management, working under the regulatory supervision of the Department of
15 Insurance, implemented an orderly transition of all of SeeChange's in-force insurance business to
16 other insurance carriers. Effective January 1, 2015, SeeChange had no policies in force.

17 The cancellation or transition of SeeChange's in-force business left only pending policy
18 claims at the date of the Liquidation Order. Once the Court entered its Liquidation Order with a
19 finding that SeeChange was insolvent, individual statewide life and health insurance guaranty
20 associations (the "**Guaranty Associations**") were obligated to pay the claims of SeeChange's
21 policyholders. (See, e.g., Ins. Code, § 1067.07, subd. (b).) The Liquidator coordinates with the
22 Guaranty Associations through the National Organization of Life and Health Insurance Guaranty
23 Associations ("**NOLGHA**"). After the Court entered its Liquidation Order, the Liquidator
24 worked to transition all claims to be administered by NOLGHA and paid by the specific state
25 Guaranty Associations. As a result of paying the claims, the Guaranty Associations subrogate to
26 the policyholders' rights against SeeChange and its liquidation estate. Generally, these
27 subrogated claims receive priority treatment, subordinate only to liquidation administrative
28 expenses. (Ins. Code, § 1033, subd. (a).)

The Commissioner is informed that the Guaranty Associations in the following states paid a total of \$19,899,818.43 from the date of liquidation through September 30, 2017:

Arizona	14,289.85
California	17,724,735.48
Colorado	1,977,243.28
Florida	4,806.08
Idaho	1,906.15
Illinois	19,047.61
Indiana	29,791.59
Iowa	335.58
Kansas	3,229.35
Kentucky	31.47
Maryland	3,520.62
Michigan	3,994.73
Missouri	119.46
Nebraska	897.70
Nevada	10,096.33
North Dakota	213.34
Ohio	53.60
Oklahoma	6,845.04
Tennessee	1,116.45
Virginia	5,024.36
Wisconsin	<u>92,520.36</u>
Total	\$19,899,818.43

III. SEECHANGE PROOF OF CLAIM PROCESS

The Liquidation Order provides that “The rights and liabilities of claimants, policyholders, shareholders, members and all other persons interested in the assets of SeeChange are fixed as of the date of entry of this Order.” (Liquidation Order, ¶ 28.) It also provides that any party with rights against SeeChange may assert those rights only through a proof of claim. (Liquidation Order, ¶ 29, emphasis added.)

The Court established December 31, 2015 as a bar date for proofs of claim. As ordered by the Court, the Liquidator mailed 3,113 proofs of claim to policyholders, providers, brokers,

employees and other creditors. The proof of claim notice was also published in three California newspapers. Proof of service of the notices to creditors was filed with the Court. In response to the notice, 154 creditors executed and returned their proofs of claim. The total stated value of the returned proofs of claim is \$28,911,183.42. This amount includes claims filed by the Guaranty Associations based on the amount of policyholder claims that have been statutorily funded. There are fewer than 30 proof of claims remaining to be adjudicated by the Liquidator. Parties who are dissatisfied with the adjudication of their claims may seek relief from this Court under Insurance Code section 1032. However, it is not anticipated that there will be any distributions beyond payment to priority creditors (which are, primarily, the Guaranty Associations).

IV. CLAIM OF CENTERS FOR MEDICARE & MEDICAID SERVICES

A major challenge the estate faced was the adjudication of the claim by the U.S. Centers for Medicare and Medicaid Services (“CMS”). The claim (over \$4 million) is based on the Risk Adjustment Program and Transitional Reinsurance requirements under the Patient Protection and Affordable Care Act³ (“ACA”). CMS asserted its claim was entitled to first-priority treatment under the Federal Priority Statute, 31 U.S.C. § 3713.

On July 19, 2016, the Liquidator made determinations on the claim, including classifying the ACA claim as a Class 3 claim. (Ins. Code, § 1033, subd. (a)(3) [claims having preference under federal law].) On August 26, 2016, the U.S. Department of Justice filed its Application for Order to Show Cause with this Court seeking to postpone further action on the Liquidator’s determination of the ACA claim. However, following discussions between counsel to the Liquidator and CMS, CMS and the United States determined not to challenge the Liquidator’s classification of the ACA claim and stipulated with the Liquidator to resolve CMS’s proof of claim and to withdraw its application. The stipulation was approved by the Court on November 4, 2016. The Liquidator has filed for a federal release with the U.S. Department of Justice and the two sides have agreed on the language of the release. The Liquidator anticipates that the release will be signed by December 31, 2017.

³ Pub. L. No. 111-148, 124 Stat. 119, codified at 42 U.S.C. §§ 18001, *et seq.* (2010)

V. SEPTEMBER 30, 2017 BALANCE SHEET

The following is the September 30, 2017 balance sheet prepared by the Liquidator, which is subject to routine audit by the California Department of Finance:

641 SeeChange Ins. Co.	
STATEMENT OF ASSETS AND LIABILITIES	
As of September 30, 2017 (unaudited)	
ASSETS	
Cash and cash equivalents:	
Participation in pooled investments, at market	3,778,941
Accrued investment income	10,509
Virginia Statutory Deposit	209,637
Other receivable	<u>78,347</u>
Total ASSETS	4,077,434
LIABILITIES	
Claims against policies, including guaranty associations (Class 2)	19,746,344
Distribution to NOLGHA	(5,000,000) ⁴
All other claims (Class 3-7)	<u>5,199,667</u>
Total LIABILITIES	19,946,011
NET ASSETS (DEFICIENCY)	(15,868,577)

REMAINING ACTIVITIES OF LIQUIDATOR

Over the next nine months, the Liquidator's two main activities will be the determination of valid proofs of claim and the receipt of the federal release from the U.S. Department of Justice. There are fewer than 30 proof of claims remaining to be adjudicated. Once these items are completed, a plan to disburse assets and a closing budget for the estate can be determined.

With the resolution of the ACA claim, the Liquidator has since negotiated a federal release from the U.S. Department of Justice of any potential federal claims against the SeeChange estate. The Liquidator believes the release will be issued by December 31, 2017. If the federal release is timely received, the Liquidator anticipates closing the estate by June 30, 2018.

⁴ Authorized by the Court's April 4, 2017 *Order Approving Liquidator's Proposal to Disburse Assets to State Life and Health Insurance Guarantee Associations*.

REQUEST FOR APPROVAL OF LIQUIDATION COSTS

The following is an accounting of all fees and expenses incurred and paid from January 1, 2017 through September 30, 2017 as part of administering the liquidation of SeeChange:

Fees and Expense as of Date of Liquidation	Professional Fees	DOI Legal and DOJ Legal	Administrative Office Expense	Allocated Expenses/CLO Direct Hours	Total Expenses by Month
January 2017	\$ 220	\$ -	\$ (2,696)	\$ 2,363	\$ (113)
February 2017	\$ 1,501	\$ 255	\$ 10	\$ 7,733	\$ 9,499
March 2017	\$ 9,812	\$ 638	\$ 13,947	\$ 3,862	\$ 28,258
April 2017	\$ 13,430	\$ 835	\$ 55	\$ 6,876	\$ 21,196
May 2017	\$ 3,703	\$ 723	\$ 890	\$ 10,955	\$ 16,271
June 2017	\$ 652	\$ 1,403	\$ 14	\$ 4,608	\$ 6,677
July 2017	\$ 135	\$ 425	\$ 5	\$ 4,247	\$ 4,812
August 2017	\$ 75	\$ -	\$ 25	\$ 4,828	\$ 4,928
September 2017	\$ 170	\$ -	\$ 50	\$ 2,924	\$ 3,144
Total Expense by Service	\$ 29,699	\$ 4,278	\$ 12,301	\$ 48,396	\$ 94,674

The administrative fees and expenses fall into two categories: (1) the CLO's administrative operating expenses, which are allocated among all insolvent insurer estates administered by the Commissioner ("Allocated Expenses"), and (2) direct estate operating expenses, which are specifically expended for SeeChange ("Direct Expenses").

I. ALLOCATED EXPENSES

The CLO incurs normal business expenses such as salaries, rent, depreciation of fixed assets, and certain organizational infrastructure costs, such as those associated with accounting, investments, technology network and services, human resources, and day-to-day maintenance of estates. (Declaration of Raymond Minehan, attached hereto, ¶ 5.) The CLO's administrative expenses are allocated to each conservation or liquidation estate under its management and oversight. Allocated Expenses include the CLO's normal business expenses such as salaries,

1 rent, depreciation of fixed assets and certain organizational infrastructure costs, such as those
2 associated with accounting, investments, technology network and services, human resources, and
3 day-to-day maintenance of estates. (*Id.*, ¶ 6.)

4 Under the cost-allocation methodology, each estate is charged a portion of the monthly
5 allocated expense based on the amount of time that CLO employees worked on estate matters.
6 (*Ibid.*) The CLO maintains a timekeeping system in which employees record time spent on each
7 estate for the work they perform for that estate. (*Ibid.*) The employee time records are reviewed
8 monthly by the estate trust manager for each estate to ensure that the hours are accurate and billed
9 to the correct estate. (Declaration of Joseph Holloway, attached hereto, ¶ 5.)

10 From January through September 2017, CLO employees in five different departments
11 helped the Liquidator administer the SeeChange estate. Those five departments and the services
12 the CLO employees provided are as follows:

13 **1. Estate Trust and Executive Department.** The Estate Trust Department (under the
14 oversight of executive management) is responsible for the overall administration and management
15 of the liquidation estate. It coordinates and directs the activities of all other departments and
16 resources. From January through September 2017, this department was responsible for
17 overseeing the continuing liquidation of SeeChange, preparing financial records of SeeChange,
18 coordinating the payment of claims by the Colorado and California Guaranty Funds, working
19 with CMS on the filing of a proof of claim, and complying with audit and tax requirements of the
20 estate. (Holloway Decl., ¶ 5(a).)

21 **2. The Claims Department.** The Claims Department is responsible for the
22 adjudication of all proofs of claim filed against the SeeChange estate. The bulk of the claims
23 work from January through September 2017 was the resolution of the CMS claim. (*Id.*, ¶ 5(b).)

24 **3. Information Technology Department.** Administering the SeeChange requires
25 information technology (“IT”) services, which were provided by the CLO’s IT Department. Such
26 services include email, phone and imaging systems. From January to September 2017, the CLO’s
27 IT Department supported the Liquidator’s proof of claim process by collecting, organizing and
28 reporting the loss and loss adjustment expenses associated with the Guaranty Associations’

1 handling of all open claims, which the Guaranty Associations assumed at the time of liquidation.
2 (*Id.*, ¶ 5(c).)

3 **4. Finance and Accounting Department.** The CLO's Finance and Accounting
4 Department is responsible for all administering and reporting all financial aspects of the
5 SeeChange estate, including:

- 6 • General Ledger, Financial Statements & Account Reconciliation
- 7 • Cash Management, Investments and Banking Relationships
- 8 • Accounts Payable
- 9 • Receivable accounting related to collections and cash receipts
- 10 • Audit & Compliance
- 11 • Responding to Guaranty Associations' requests for check copies

12 This department maintains the general ledgers inherited from SeeChange. The Finance
13 Department also adjusts and corrects errors in the inherited financial information. The staff
14 prepares all entries, schedules and work papers, and produces all manner of financial analysis and
15 reports. The Finance Department is responsible for the reconciliation of all cash receipts and
16 disbursements of the estate. It also manages the periodic independent review of SeeChange's
17 financial statements by the CLO's auditors. (*Id.*, ¶ 5(d).)

18 **5. Administration/Facilities.** The Administration/Facilities Department is
19 responsible for managing the records in storage and the relocation efforts related to off-site
20 locations associated with conservation and liquidation estates. All of SeeChange's physical
21 records that were taken into possession at the time of liquidation are still held by the CLO at their
22 offices in San Francisco or in offsite storage maintained by the CLO. (*Id.*, ¶ 5(e).)

23 * * *

24 From January through September 2017, the SeeChange estate incurred 195.24 hours of
25 employee time out of 19,859.24 total hours of all insolvent insurer estates, which represents
26 approximately 0.98% of the CLO's total hours. (Minehan Decl., ¶ 7 and Ex. A.) The total
27 allocated expenses for January through September 2017 is \$48,395.95, which represents
28 approximately 1.0% of the total CLO allocated expenses of \$4,827,976.12 for that time period.

1 (Minehan Decl., ¶ 8.)

2 Exhibit B attached hereto is the detailed report showing (a) the total hours reported by all
3 CLO employees for all estates and the total amount of fixed and variable facilities costs for each
4 month of January through September 2017, and (b) the total hours reported by CLO employees
5 for work performed for the SeeChange estate and the amount of fixed and variable facilities costs
6 allocated to the SeeChange estate for each month of January through September 2017.

7 **II. DIRECT EXPENSES**

8 In addition to the Allocated Expenses, the SeeChange estate also incurred non-overhead
9 expenses, which are directly paid out of estate assets as described in detail below. These
10 expenses are paid to third-party vendors, contractors and consultants necessary for the
11 administration of the SeeChange estate. (Minehan Decl., ¶ 11.) The total amount of non-legal
12 direct operating expenses paid to third-party vendors, professionals, and federal tax payment from
13 January through September 2017 was \$27,247. Exhibit A attached hereto shows the non-legal
14 Direct Expenses incurred by the SeeChange estate. (*Id.*, ¶ 10.)

15 **1. Accounting and Audit.** As required by Insurance Code section 1061, the
16 California Department of Finance (“**DOF**”) conducts annual estate financial reviews and
17 procedural audits for which it charges the Liquidator. From January through September 2017,
18 SeeChange paid expenses totaling \$28,274.05 relating to the DOF’s review of SeeChange’s 2016
19 financial statements. (Minehan Decl., ¶ 14 and Ex. A.)

20 **2. Miscellaneous Office Expenses.** The SeeChange also made miscellaneous
21 payments totaling \$2,476 to vendors which provided services for such as telephone, postage, and
22 record storage and retrieval as well as banking and license fees. In addition, there was a
23 reclassification that reduced office expense by the amount of \$4,075. (Minehan Decl., ¶ 15.)

24 **3. Legal Services.** Generally, non-litigation legal services are provided to the
25 Liquidator by and/or under the direction of the California Department of Insurance’s Corporate
26 Affairs Bureau (“**CAB**”). In addition, the Attorney General’s Office (“**AGO**”) provides the
27 litigation services needed by the Liquidator. (Holloway Decl., ¶ 7.) The services provided by
28 the AGO from January through September 2017 included (i) preparing the third report on the

1 status of the liquidation (for January through December 2016), (ii) preparing the supplemental
2 request for approval of estate expenses (which the Court granted), and (iii) preparing a request for
3 interim distribution of \$5 million to the Guaranty Associations (which the Court granted). (*Id.*,
4 ¶ 8.)

5 The Liquidator also required specialized legal services and, pursuant to Insurance Code
6 section 1036, retained Wisener Nunnally Roth LLP for advice regarding CMS's claim as well as
7 negotiating with CMS to resolve the dispute. (*Id.*, ¶ 9.) The law firm's redacted invoices are
8 attached hereto as Exhibit C.⁵

9 The total legal fees and expenses incurred by the SeeChange estate from January through
10 September 2017 are \$5,130. (*Id.*, ¶¶ 8 and 9.)

11 The California Department of Insurance has guidelines governing the hiring and
12 compensation of private law firms that perform services in conservation and liquidation matters.
13 Those guidelines require, *inter alia*, that outside law firms submit monthly bills describing each
14 task performed, the date the task was performed, and the time expended on each task (reported in
15 increments of tenths of an hour). With respect to disbursements, i.e. expenses incurred by the law
16 firms, the Department requires that invoices contain an itemization of disbursements by category.
17 (*Id.*, ¶ 10.)

18 When the Liquidator receives invoices for legal services, his staff carefully reviews the
19 invoices in order to determine whether they comply with the Department's guidelines and
20 whether the fees and expenses sought are reasonable, necessary, accurate and appropriate. Only
21 after invoices have been carefully reviewed and approved will outside law firms be paid the
22 amounts sought in their invoices. The procedures established by the Department are meant to
23 ensure that no unreasonable or unnecessary fees or expenses are approved and paid. (Holloway
24 Decl., ¶ 11.) The CLO and Department personnel who review the bills have regular contact with
25

26
27 ⁵ The Liquidator has redacted the invoices of Wisener Nunnally Roth LLP to preserve the
28 attorney-client privilege and attorney work product protection. If the Court requests, the
Liquidator will make available the unredacted invoices for *in camera* review.

1 the attorneys, actually see the attorneys' work product, and are knowledgeable about the legal
2 work being performed by the outside law firms. (*Id.*, ¶ 12.)

3 In accordance with the Department's guidelines, the Liquidator's staff has reviewed the
4 invoices submitted by the outside law firm and has determined that the amounts sought are
5 reasonable, necessary, accurate, appropriate and that the associated services were in the best
6 interest of SeeChange. (*Id.*, ¶ 11.)

7 **III. APPLICABLE LEGAL STANDARD**

8 As noted above, Insurance Code section 1035 authorizes the Liquidator to employ the
9 CLO to handle the business of the insolvent insurers. Section 1035 also authorizes the Liquidator
10 to be reimbursed for all administration costs from the assets of the estate:

11 The costs of employing special deputy commissioners, clerks, and assistants
12 appointed to carry out this article, and all expenses of taking possession of,
13 conserving, conducting, liquidating, disposing of, or otherwise dealing with the
14 business and property of that person under this article, shall be fixed by the
commissioner, subject to the approval of the court, and shall be paid out of the
assets of that person to the department.

15 (Ins. Code, § 1035, subd. (a).) Insurance Code section 1036 similarly authorizes the Liquidator to
16 employ and to compensate legal counsel with the Court's approval.

17 The Liquidator is vested with substantial discretion to conduct the liquidation of an
18 insolvent insurer subject to the limitation "that the exercise of discretion be neither arbitrary nor
19 improperly discriminatory." (See *In re Executive Life Ins. Co.* (1995) 32 Cal.App.4th 344, 356,
20 citing *Carpenter v. Pacific Mut. Life Ins. Co.* (1937) 10 Cal.2d 307, 329.) His decisions to pay
21 administrative expenses in the ordinary course are reviewed by the Court on an abuse of
22 discretion standard:

23 The Commissioner is a public officer designated as the steward for the funds of
24 the insolvent insurer whose estate he or she administers. The Commissioner's
25 initial determination necessarily requires adequately detailed information
26 describing the work performed, by whom it was performed, the time spent and
when it was spent, and the rate and amount billed, unless an approved contract
specifies a different basis of compensation. ... The Commissioner should possess
sufficient information to be able to determine from the billings any excessive or
duplicative charges, and seek clarification and correction where appropriate

27 To obtain court approval for payment of the fees deemed appropriate, the
28 Commissioner must supply the court with adequate information to permit
intelligent evaluation of the basis for the Commissioner's determination. The

1 court must be satisfied that the Commissioner has performed his duty to protect
2 the interests of the estate. It is not required by statute, nor is it practical, for the
3 court to undertake a detailed review of the invoices before approving payment.
The Commissioner must, however, be ready to provide whatever documentation
the court may find necessary in determining the propriety of the Commissioner's
request that payment be approved.

4 (*Id.*, at p. 358 [affirming the trial court's approval of payment of legal fees under Insurance Code
5 section 1036].)

6 The standards for approval of the fees and costs have been met. The professionals
7 employed for the liquidation of SeeChange provided the Liquidator invoices that describe in
8 detail the tasks performed, the person who performed the work, and the time expended on each
9 task. Invoices are reviewed by the Liquidator's staff who are familiar with the work performed
10 and are approved for payment only to the extent they comply with CLO guidelines and are
11 reasonable, necessary, accurate and appropriate. As described in the attached Declaration of
12 Joseph Holloway submitted herewith, through his staff, the Liquidator carefully managed all fees
13 and expenses to ensure that they were reasonable and necessary considering the circumstances
14 and exigencies of this case. Accordingly, the Liquidator respectfully requests that the Court
15 approve the payment of the fees and expenses.


16 CONCLUSION

17 Consistent with his obligations and authority in the Liquidation Order, the Liquidator is
18 conducting a diligent and efficient liquidation of SeeChange. Thus, the Liquidator respectfully
19 requests that the Court enter the proposed order lodged concurrently herewith, approve the fees
20 and costs described herein, and set a continued status conference to take place in approximately
21 12 months.

22 Dated: December 7, 2017

Respectfully Submitted,

23 XAVIER BECERRA
24 Attorney General of California
LISA W. CHAO
25 Supervising Deputy Attorney General

26 
MATTHEW C. HEYN
27 DEPUTY ATTORNEY GENERAL
28 *Attorneys for Insurance Commissioner of the
State of California, as Liquidator of
SeeChange Health Insurance Company*

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1. I am over 18 years old. I have personal, first-hand knowledge of the facts set forth in this declaration. If called upon to testify to the facts below, I would competently do so.
2. I have a Bachelor of Arts degree in accounting from North Carolina State University and hold the designation of Certified Financial Examiner from the Society of Financial Examiners. From 1985 to 2005, I worked as an examiner, regulatory specialist, and chief forensic accountant for the North Carolina Department of Insurance. Since 2005, I have worked for the Insurance Commissioner's Conservation & Liquidation Office (the "CLO"). I have over 25 years of experience working with insurance companies experiencing financial difficulties, including companies in supervision, conservation, rehabilitation, and liquidation.
3. Under Paragraph 3 of the Court's Liquidation Order entered on January 28, 2015 (the "**Liquidation Order**"), the Court appointed Insurance Commissioner Dave Jones to serve as Liquidator of SeeChange Health Insurance Company ("**SeeChange**"). In that paragraph, the Court appointed me to serve as the on-site Liquidation Manager for SeeChange. I also served as the on-site Conservation Manager for SeeChange during the period from November 19, 2014 through January 28, 2015. As a result of my appointment to these roles, I am knowledgeable of all of the steps taken by SeeChange and by the Liquidator to take possession of and manage SeeChange's assets and records, and otherwise to manage SeeChange in liquidation. As the Liquidation Manager of SeeChange, I oversee the overall administration of the SeeChange liquidation estate, including but not limited to matters pertaining to SeeChange's financial reporting, claim administration, legal matters, reinsurance contracts and estate expenditures.
4. I have read the foregoing status report. I believe that the facts in it are true.

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INSURANCE COMMISSIONER'S FOURTH STATUS REPORT ON THE LIQUIDATION
OF SEECHANGE HEALTH INSURANCE COMPANY (BS152303)

1 a. The Estate Trust and Executive Department (under the oversight of
2 executive management) is responsible for the overall administration and management of the
3 liquidation estate. It coordinates and directs the activities of all other departments and
4 resources as they relate to the estate's plan. From January to September 2017, the
5 Department was responsible for overseeing the continuing operation of the SeeChange
6 estate, preparing financial records of SeeChange, coordinating the payment of claims by the
7 Colorado and California Guaranty Funds, working with CMS on the filing of a proof of
8 claim and complying with audit and tax requirements of the estate.

9 b. The Claims Department is responsible for the adjudication of all proof of
10 claims filed against the SeeChange estate. The bulk of their work from January to
11 September 2017 was documenting the resolution of the claim by the Centers for Medicare
12 and Medicaid Services.

13 c. The SeeChange estate uses information technology ("IT") services, such
14 as its email, phone and imaging systems. From January to September 2017, the CLO's IT
15 Department supported the Liquidator's proof of claim process by collecting, organizing
16 and reporting the loss and loss adjustment expenses associated with the Guaranty
17 Associations' handling of all open claims.

18 d. The CLO's Finance and Accounting Department is responsible for all
19 financial aspects of the SeeChange estate, including: (i) General Ledger, Financial
20 Statements & Account Reconciliation; (ii) Cash Management, Investments and Banking
21 Relationships; (iii) Accounts Payable; (iv) Receivable accounting related to collections and
22 cash receipts; (v) Audit & Compliance; and (vi) Responding to Guaranty Associations'
23 requests for check copies. This department maintains the general ledgers inherited from
24 SeeChange. It also adjusts and corrects errors in the inherited financial information. The
25 staff prepares all entries, schedules and work papers, and produces all manner of financial
26 analysis and reports. The department is responsible for the reconciliation of all cash
27 receipts and disbursements of the estate. The Finance Department also manages the
28 periodic independent review of SeeChange's financial statements by the CLO's auditors.

1 e. The Administration/Facilities Department is responsible for managing the
2 records in storage and the relocation efforts related to off-site locations associated with
3 conservation and liquidation estates. All of SeeChange's physical records that were taken
4 into possession at the time of liquidation are still held by the CLO at their offices in San
5 Francisco or in offsite storage maintained by the CLO.

6 **Direct Expenses**

7 6. My responsibilities in the liquidation proceeding also include, but are not limited
8 to, requesting, reviewing and monitoring services provided by attorneys for the Liquidator.

9 7. Generally, non-litigation legal services are provided to the Liquidator by and/or
10 under the direction of the California Department of Insurance's Corporate Affairs Bureau
11 ("CAB"). In addition, the Attorney General's Office provides the litigation services needed by
12 the Liquidator.

13 8. From January through September 2017, the Attorney General's Office
14 (i) prepared the third report on the status of the liquidation (for January through December 2016),
15 (ii) prepared a supplemental request for approval of estate expenses (which was granted), and
16 (iii) prepared a request for interim distribution of \$5 million to the Guaranty Associations (which
17 was granted). The total amount of fees and costs paid to the Attorney General's Office for
18 January through September 2017 is \$4,278.

19 9. The Liquidator required specialized legal services and retained the law firm of
20 Wisener Nunnally Gold for advice regarding CMS's claim as well as negotiating with CMS to
21 resolve the dispute. The redacted invoices submitted by the law firm totaling \$853 are attached
22 hereto as Exhibit C.

23 10. The California Department of Insurance has guidelines governing the hiring and
24 compensation of private law firms that perform services in conservation and liquidation matters.
25 Those guidelines require, *inter alia*, that outside law firms submit monthly bills and that billing
26 invoices contain detailed information describing each task performed, including, but not limited
27 to, the date the task was performed, and the time expended. With respect to disbursement (i.e.,
28

1 expenses incurred by the law firms), the Department of Insurance requires that invoices contain
2 an itemization of disbursements by category.

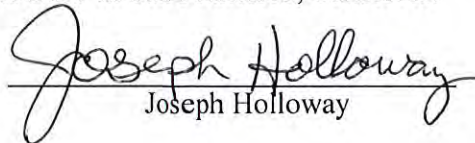
3 11. In accordance with the Department of Insurance's procedures and guidelines, the
4 CLO requires that, when invoices are received, they are carefully reviewed by staff in order to
5 determine whether the fees and expenses sought are reasonable, necessary, correct, and
6 appropriate. Only after invoices have been carefully reviewed and approved will outside law
7 firms be paid the amounts sought in their invoices. The procedures established by the
8 Department are meant to ensure that no unreasonable or unnecessary fees or expenses are
9 approved and paid.

10 12. The CLO and Department of Insurance personnel who review the bills have
11 regular contact with the attorneys, actually see the attorneys' work product, and are
12 knowledgeable about the legal work being performed by the outside law firms.

13 13. The legal bills submitted to the SeeChange estate are reviewed by the CLO's staff
14 members who are responsible for matters concerning SeeChange. The legal bills are also
15 reviewed by attorneys in the CAB. In consideration of the foregoing, I have reviewed the
16 invoices and have approved the amounts sought by each of the law firms as reasonable,
17 necessary, accurate, and appropriate and determined that the services provided are in the best
18 interest of the SeeChange estate.

19 I declare under penalty of perjury under the laws of the State of California that the
20 foregoing is true and correct.

21 Executed on this 7 day of December 2017 in San Francisco, California.

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23 Joseph Holloway
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1 through at cost (without any profit) at a rate directly proportional to the work performed for each
2 estate.

3 7. For the SeeChange Health Insurance Company (“**SeeChange**”) estate, 195.24
4 hours were spent by CLO employees and contractors from January 1, 2017 through September
5 30, 2017. This amount represents 0.98% of the total of 19,859.24 hours spent by CLO employees
6 and contractors on all estates.

7 8. The total allocated expenses charged to SeeChange for the reporting period is
8 \$48,395.95, which represents approximately 1.0% of the total CLO allocated expenses of
9 \$4,827,976.12 for January through September 2017.

10 9. Exhibit A attached hereto is a detailed report prepared by the CLO’s accounting
11 department under my direction. It shows the total allocated and direct expenses incurred by the
12 SeeChange estate from January 1 through September 30, 2017.

13 10. Exhibit B attached hereto is a detailed summary prepared by the CLO’s accounting
14 department under my direction. It shows (a) the total hours reported by all CLO employees for all
15 estates and the total amount of fixed and variable facilities costs for each month of January
16 through September 2017, and (b) the total hours reported by CLO employees for work performed
17 for the SeeChange estate and the amount of fixed and variable facilities costs allocated to the
18 SeeChange estate for each month of January through September 2017.

19 **Direct Expenses**

20 11. In addition to the Allocated Expenses, SeeChange also incurred operating
21 expenses that are directly paid out of estate assets. These expenses are paid primarily to third-
22 party vendors, contractors and consultants necessary for the administration of the SeeChange
23 estate.

24 12. The total amount of non-legal direct operating expenses paid to third-party vendors
25 and professionals for January through September 2017 was \$27,247.

26 13. Vendor invoices received by the CLO are imaged and stored electronically. The
27 estate trust officer and the CLO’s chief executive officer review each invoice and approve it
28 payment. The invoice is then reviewed by the accounting department and processed for payment.

14. The California Department of Finance (“**DOF**”) conducts annual estate financial reviews and procedural audits for which it charges the estates. From January through September 2017, SeeChange paid expenses totaling \$28,274 relating to the DOF’s review of SeeChange’s financial statements.

15. The SeeChange estate also made miscellaneous payments totaling \$2,476 to vendors which provided services for such as telephone, postage, and record storage and retrieval as well as banking and license fees. In addition, there was an expense reclassification that reduced office expense by the amount of \$4,075.

I declare under the penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 7th day of December, 2017 at San Francisco, California.

Raymond Minehan
Raymond Minehan

EXHIBIT A

EXHIBIT A

Conservation and Liquidation Office
641 SeeChange Health Ins Co
Administrative Expenses

	Jan2017	Feb2017	Mar2017	Apr2017	May2017	Jun2017	Jul2017	Aug2017	Sep2017	Jan to Sep 2017
Legal and Consulting										
62002 Dept of Justice Legal	-	255	638	835	723	1,403	425	-	-	4,278
62003 Other Legal Expense	220	20	50	178	65	25	50	75	170	853
63002 Accounting & Auditing Exp	-	1,481	9,762	13,192	3,638	200	-	-	-	28,274
63005 Temporary Help Expense	-	-	-	60	-	427	85	-	-	572
Total Legal and Consulting	220	1,756	10,450	14,265	4,426	2,054	560	75	170	33,977
Office										
65002 Postage	-	-	-	-	34	2	5	-	-	40
65004 Office Supplies	(4,075)	-	-	-	-	-	-	-	-	(4,075)
65007 Misc. Lic., Fees and Taxes	-	-	-	-	844	-	-	-	-	844
65015 Storage Rent	10	10	11	14	13	13	-	25	13	108
65016 Record Retrieval	-	-	35	41	-	-	-	-	38	114
65027 Bank Charges	1,370	-	-	-	-	-	-	-	-	1,370
69002 Federal Income Tax Expense	-	-	13,900	-	-	-	-	-	-	13,900
Total Office Expenses	(2,696)	10	13,947	55	890	14	5	25	50	12,301
70002 Allocated CLO Internal Expenses*	2,363	7,733	3,862	6,876	10,955	4,608	4,247	4,828	2,924	48,396
Allocated Expenses	2,363	7,733	3,862	6,876	10,955	4,608	4,247	4,828	2,924	48,396
Admin Expenses	(113)	9,499	28,258	21,196	16,271	6,677	4,812	4,928	3,144	94,674

EXHIBIT B

EXHIBIT B
SeeChange Allocations for January - September 2017

	CLO Dir Hours	SeeChange Hours	SeeChange %	CLO expense	SeeChange Alloc.
Jan	2,362.75	9.69	0.41%	\$ 576,068.48	\$ 2,362.55
Feb	2,161.19	29.05	1.34%	\$ 575,305.12	\$ 7,733.06
Mar	2,280.17	16.43	0.72%	\$ 535,933.32	\$ 3,861.72
Apr	1,891.93	22.50	1.19%	\$ 578,159.68	\$ 6,875.83
May	2,338.40	43.32	1.85%	\$ 591,372.83	\$ 10,955.47
Jun	2,195.15	20.49	0.93%	\$ 493,646.55	\$ 4,607.80
Jul	2,012.66	16.56	0.82%	\$ 516,190.94	\$ 4,247.18
Aug	2,453.88	23.08	0.94%	\$ 513,338.02	\$ 4,828.21
Sep	2,163.11	14.12	0.65%	\$ 447,961.18	\$ 2,924.13
	19,859.24	195.24	0.98%	\$ 4,827,976.12	\$ 48,395.95

EXHIBIT C

Wisener Nunnally Roth, LLP

245 Cedar Sage Drive
Suite 240
Garland, TX 75040

Invoice

DATE	INVOICE #
1/11/2017	17829

BILL TO
California Department of Insurance Conservation & Liquidation Office Attn: John Battle P.O. Box 26894 San Francisco, California 94126

JAN 17 2017 RCVD

CLIENT NUMBER	CLIENT MATTER NAME
5408-001	Ins. Commissioner v SecChange

DATE	SERVICE TYPE	DESCRIPTION	HOURS	RATE	AMOUNT
12/1/2016	5408-001 R Nunnally		0.12	250.00	30.00
12/13/2016	5408-001 R Nunnally		0.1	250.00	25.00
12/19/2016	5408-001 R Nunnally		0.45	250.00	112.50
12/19/2016	5408-001 R Nunnally		0.05	250.00	12.50
		Total Legal Services			180.00
	Reimb Group				
12/22/2016		FedEx - 12/22/16		31.65	31.65
12/31/2016		57 pages copied @ .10 per page - December 2016		5.70	5.70
12/31/2016		Postage - December 2016		3.14	3.14
		Total Reimbursable Expenses			40.49

Thank you for your business.

Total \$220.49

Payments/Credits \$0.00

Balance Due \$220.49

Phone #	Fax #
972-530-2200	972-530-7200

RANDOLPH N WISENER

p. 4/8

Detail Continued

Amount

12/22/16	FEDEX# 777995564591 777995564591 5408-001 20005 TO: US Dept of Justice Civil Divis DC FROM: Robert H. Nunnally, Jr. 75040 001 Priority 1LB AWB777995564591 FedEx #1-800-622-1147	MEMPHIS	TN	\$31.65
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December 2016 Postage Log

12/19/2016 5408-001	\$1.57	1 NetStamp at \$1.57 each
12/19/2016 5408-001	\$1.57	1 NetStamp at \$1.57 each

Wisener Nunnally Roth, LLP

245 Cedar Sage Drive

Suite 240

Garland, TX 75040

Invoice

DATE	INVOICE #
2/8/2017	17892

BILL TO

California Department of Insurance
Conservation & Liquidation Office
Attn: John Battle
P.O. Box 26894
San Francisco, California 94126

FEB 14 2017 RCVD

CLIENT NUMBER

5408-001

CLIENT MATTER NAME

Ins. Commissioner v SeeChange

DATE	SERVICE TYPE	DESCRIPTION	HOURS	RATE	AMOUNT
1/6/2017	5408-001 R Nunnally		0.05	250.00	12.50
1/31/2017	5408-001 R Nunnally		0.03	250.00	7.50
Thank you for your business.					
Total					\$20.00

Payments/Credits \$0.00

Balance Due \$20.00

Phone #

972-530-2200

Fax #

972-530-7200

Garland, TX 75040
245 Cedar Sage Drive

DATE	INVOICE #
3/15/2017	17988

California Department of Insurance
Conservation & Liquidation Office
Attn: John Battle
P.O. Box 26894
San Francisco, California 94126

CLIENT NUMBER	CLIENT MATTER NAME
5408-001	Ins. Commissioner v SeeChange

DATE	SERVICE TYPE	DESCRIPTION	HOURS	RATE	AMOUNT
2/6/2017	5408-001 R Nunnally		0.1	250.00	25.00
2/6/2017	5408-001 R Nunnally		0.1	250.00	25.00

Total	\$50.00
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Payments/Credits	\$0.00
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Balance Due	\$50.00
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Phone #	Fax #
972-530-2200	972-530-7200

Wisener Nunnally Roth, LLP

Garland, TX 75040
245 Cedar Sage Drive

Invoice

DATE	INVOICE #
4/12/2017	18062

BILL TO
California Department of Insurance Conservation & Liquidation Office Attn: John Battle P.O. Box 26894 San Francisco, California 94126

APR 17 2017 RCVD

CLIENT NUMBER	CLIENT MATTER NAME
5408-001	Ins. Commissioner v SeeChange

DATE	SERVICE TYPE	DESCRIPTION	HOURS	RATE	AMOUNT
3/8/2017	5408-001 R Nunnally		0.08	250.00	20.00
3/13/2017	5408-001 R Nunnally		0.25	250.00	62.50
3/14/2017	5408-001 R Nunnally		0.1	250.00	25.00
3/21/2017	5408-001 R Nunnally		0.06	250.00	15.00
3/21/2017	5408-001 R Nunnally		0.12	250.00	30.00
3/23/2017	5408-001 R Nunnally		0.1	250.00	25.00

Thank you for your business.

Total \$177.50

Payments/Credits \$0.00

Balance Due \$177.50

Phone #	Fax #
972-530-2200	972-530-7200

Garland, TX 75040
245 Cedar Sage Drive

DATE	INVOICE #
5/10/2017	18120

California Department of Insurance
Conservation & Liquidation Office
Attn: John Battle
P.O. Box 26894
San Francisco, California 94126

CLIENT NUMBER	CLIENT MATTER NAME
5408-001	Ins. Commissioner v SeeChange

DATE	SERVICE TYPE	DESCRIPTION	HOURS	RATE	AMOUNT
4/20/2017	5408-001 R Nunnally		0.1	250.00	25.00
4/27/2017	5408-001 R Nunnally		0.06	250.00	15.00
4/27/2017	5408-001 R Nunnally		0.1	250.00	25.00

Total	\$65.00
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Payments/Credits	\$0.00
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Balance Due	\$65.00
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Phone #	Fax #
972-530-2200	972-530-7200

Wisener Nunnally Roth, LLP
Garland, TX 75040
245 Cedar Sage Drive

5/10/2017

California Department of Insurance
Conservation & Liquidation Office
Attn: John Battle
P.O. Box 26894
San Francisco, California 94126

					Amount Due	Amount Enc.
					\$242.50	
Date	Transaction				Amount	Balance
04/12/2017	5408-001 Ins. Commissioner v SeeChange-				177.50	177.50
05/10/2017	INV #18062. Due 04/12/2017. Orig. Amount \$177.50.				65.00	242.50
					</	

Garland, TX 75040
245 Cedar Sage Drive

DATE	INVOICE #
6/14/2017	18185

California Department of Insurance
Conservation & Liquidation Office
Attn: John Battle
P.O. Box 26894
San Francisco, California 94126

CLIENT NUMBER	CLIENT MATTER NAME
5408-001	Ins. Commissioner v SeeChange

Thank you for your business.

Balance Due	\$25.00
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Phone #	Fax #
972-530-2200	972-530-7200

Garland, TX 75040
245 Cedar Sage Drive

DATE	INVOICE #
7/18/2017	18291

California Department of Insurance
Conservation & Liquidation Office
Attn: John Battle
P.O. Box 26894
San Francisco, California 94126

CLIENT NUMBER	CLIENT MATTER NAME
5408-001	Ins. Commissioner v SeeChange

DATE	SERVICE TYPE	DESCRIPTION	HOURS	RATE	AMOUNT
6/14/2017	5408-001 R Nunnally		0.1	250.00	25.00
6/14/2017	5408-001 R Nunnally		0.1	250.00	25.00

Thank you for your business.

Total	\$50.00
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Payments/Credits	\$0.00
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Balance Due	\$80.00
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Phone #	Fax #
972-530-2200	972-530-7200

Wisener Nunnally Roth, LLP

Garland, TX 75040
245 Cedar Sage Drive

Invoice

DATE	INVOICE #
8/9/2017	18368

BILL TO

California Department of Insurance
Conservation & Liquidation Office
Attn: John Battle
P.O. Box 26894
San Francisco, California 94126

AUG 14 2017 RCVD

CLIENT NUMBER	CLIENT MATTER NAME
5408-001	Ins. Commissioner v SeeChange

DATE	SERVICE TYPE	DESCRIPTION	HOURS	RATE	AMOUNT
7/10/2017	5408-001 R Nunnally		0.1	250.00	25.00
7/31/2017	5408-001 R Nunnally		0.2	250.00	50.00

Thank you for your business.

Total \$75.00

Payments/Credits \$0.00

Balance Due \$75.00

Phone #	Fax #
972-530-2200	972-530-7200

Wisener Nunnally Roth, LLP

245 Cedar Sage Drive
Suite 240

Invoice


DATE	INVOICE #
9/13/2017	18435

BILL TO

California Department of Insurance
Conservation & Liquidation Office
Attn: John Battle
P.O. Box 26894
San Francisco, California 94126

SEP 18 2017 RCVD

CLIENT NUMBER	CLIENT MATTER NAME
5408-001	Ins. Commissioner v SeeChange

DATE	SERVICE TYPE	DESCRIPTION	HOURS	RATE	AMOUNT
8/1/2017	5408-001 R Nunnally		0.3	250.00	75.00
8/1/2017	5408-001 R Nunnally		0.08	250.00	20.00
8/15/2017	5408-001 R Nunnally		0.05	250.00	12.50
8/18/2017	5408-001 R Nunnally		0.25	250.00	62.50

Thank you for your business.

Total \$170.00

Payments/Credits \$0.00

Balance Due \$170.00

Phone #	Fax #
972-530-2200	972-530-7200

DECLARATION OF SERVICE BY E-MAIL, OVERNIGHT, AND U.S. Mail

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

Case 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. I am familiar with the business practice at the Office of the Attorney General for collection and processing of correspondence for mailing with the United States Postal Service. In accordance with that practice, correspondence placed in the internal mail collection system at the Office of the Attorney General is deposited with the United States Postal Service with postage thereon fully prepaid that same day in the ordinary course of business.

On December 7, 2017, I served the attached **INSURANCE COMMISSIONER'S FOURTH STATUS REPORT ON THE LIQUIDATION OF SEECHANG HEALTH INSURANCE COMPANY AND REQUEST FOR APPROVAL OF LIQUIDATION COSTS; DECLARATION OF JOSEPH HOLLOWAY; DECLARATION OF RAYMOND MINEHAN** by transmitting a true copy via electronic mail. In addition, I placed a true copy thereof enclosed in a sealed envelope as first class mail and another true copy thereof enclosed in a second sealed envelope for FedEx overnight delivery, in the internal mail system of the Office of the Attorney General, addressed as follows:

PLEASE SEE ATTACHED SERVICE LISTS

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 December 7, 2017, at Los Angeles, California.

Carolina Castillo
Declarant


Signature

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

SERVICE LIST BY E-MAIL

Frank O'Loughlin, Counsel for the National Organization of Life & Health Insurance Guaranty Associations – **foloughlin@lrllaw.com**

Cindy C. Oliver, Counsel for the National Organization of Life & Health Insurance Guaranty Associations - **COLiver@lrllaw.com**

Michael Surguine, Administrator of the Arizona Life & Health Guarantee Association - **msurguine@azinsurance.gov**

Allan (Dick) Horne, Administrator of the Arkansas Life & Health Guarantee Association - **ahorne@ddh-ar.com**

Peter Leonard, Administrator of the California Life & Health Guarantee Association - **pleonard@clhiga.org**

Jamie Kelldorf, Administrator of the Colorado Life & Health Guarantee Association - **jkelldorf@aol.com**

William Falck, Administrator of the Florida Life & Health Guarantee Association - **wef@wfalcklaw.com**

Candie Kinch, Administrator of the Idaho Life & Health Guarantee Association - **ckinch@idlifega.org**

Janis Potter, Administrator of the Illinois Life & Health Guarantee Association - **jpotter@illinoisga.org**

Janis Funk, Administrator of the Indiana Life & Health Guarantee Association - **jfunk@quadassoc.org**

G. Thomas Sullivan, Administrator of the Iowa Life & Health Guarantee Association - **gtsullivan@nyemaster.com**

Linda Becker, Administrator of the Kansas Life & Health Guarantee Association - **lbecker@kslifega.org**

Thomas Peterson, Administrator of the Kentucky Life & Health Guarantee Association - **guarantymn@aol.com**

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

Case No.: BS152302

SERVICE LIST BY E-MAIL (Cont'd)

Beth Hoffman, Administrator of the Maryland Life & Health Guarantee Association -
beth.hoffman@mdlifega.org

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