

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0811-MI-053358

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the Department of Insurance)
of the State of Indiana,)

Petitioner,)

v.)

MEDICAL SAVINGS INSURANCE COMPANY,)

Respondent.)

FILED

12 NOV 07 2014

Elizabeth A. White
CLERK OF THE MARION CIRCUIT COURT

**FINAL ACCOUNTING AND RECOMMENDATION FOR
THE RELEASE AND DISCHARGE OF THE LIQUIDATOR**

Comes now Indiana Insurance Commissioner Stephen W. Robertson, as Liquidator of Medical Savings Insurance Company (“MSIC”), and files with the Court this Final Accounting and Recommendation for the Release and Discharge of the Liquidator (“Final Accounting”). With respect thereto, the Liquidator states as follows:

I.
BACKGROUND AND OVERVIEW

1. MSIC is an Indiana domiciled insurer which wrote high deductible health insurance policies to be used in conjunction with health savings accounts (“HSAs”). MSIC sold its policies almost exclusively to individuals. As of the date the Order of Rehabilitation and Order of Liquidation were entered against MSIC (See paragraphs 4 and 7 below), there was only one (1) MSIC policy in effect which provided coverage to an employer group. That policy covered the employees of MSIC who numbered less than twenty.

2. On December 1, 2008, the Commissioner of the Department of Insurance of the State of Indiana (“Commissioner”) filed with the Court a Verified Petition for Rehabilitation

("Rehabilitation Petition") as against MSIC, in accordance with Ind. Code 27-9-3, on the grounds that further transaction of the company's business would be hazardous to its policyholders, creditors or the public. As confirmed in the Rehabilitation Petition, MSIC and its parent, Medical Savings Investment Inc. ("MSII"), consented to the entry of an Order of Rehabilitation.

3. The Rehabilitation Petition also included a Plan to Facilitate the Transition of MSIC's Existing Business ("Transition Plan"), a Request for Instructions as to the HSAs which were then being administered by MSIC ("HSA Instructions") and a Plan to Ensure the Fair and Equitable Distribution of HSA Account Funds ("HSA Distribution Plan").

4. A hearing was held in open Court on December 1, 2008, at which representatives appeared on behalf of the Commissioner, MSIC, MSII and the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA"). During the hearing, evidence and arguments were presented in support of the Rehabilitation Petition. At conclusion of the hearing, the Court entered an Order of Rehabilitation pursuant to Ind. Code 27-9-3, which appointed the Commissioner (and his successors in office) as Rehabilitator of MSIC. The Order of Rehabilitation also approved all further recommendations contained within the Rehabilitation Petition, including but not limited to the following:

- (a) Transition Plan – The Court approved the Transition Plan and, consistent therewith, each of the primary Eligible MSIC Insureds received a written quotation proposal from Golden Rule Insurance Company ("GRIC"), pursuant to which the Insureds had the option to transfer their coverage to GRIC consistent with the quotation. Under the plan, GRIC committed that it would not decline coverage to any MSIC insured, so long as the insured accepted Golden Rule's offer of coverage in a timely manner. The Transition Plan promoted and facilitated the ability of the MSIC Insureds to transfer their coverage to other solvent insurers, in an expedited yet orderly fashion, with approximately 89% of the MSIC Policyholders having transferred their coverage to a new insurer before the Order of Liquidation was entered against MSIC (50% of the MSIC Policyholders selected GRIC).

- (b) HSA Instructions – The Court made certain findings and issued certain instructions relative to the HSAs administered by MSIC, including the following:
- (i) That the HSA funds were property of the individual HSA account holders, held by MSIC in a trust/custodial account for the benefit of the account holders and were not general assets of the MSIC estate;
 - (ii) That accrual of interest, subject only to adjustment under existing account terms and to the restrictions described in subparagraph (c) below, was to continue for the benefit of HSA account holders and be paid from investment earnings of the assets held in the trust/custodial account;
 - (iii) That the individual HSA account holders retained exclusive control and authority over the amounts in their HSAs, including authority to direct withdrawals or transfers to be made from their HSAs, subject only to the restrictions described in subparagraph (c) below; and
 - (iv) That the Rehabilitator was to honor requests for withdrawals or transfers made by the individual HSA account holders, up to the amount of funds held in their respective HSAs, subject only to the restrictions described in subparagraph (c) below.
- (c) HSA Distribution Plan – The Court approved a plan by which temporary restrictions were placed on the amount which an HSA account holder could withdraw from his or her account. Such temporary restrictions were imposed to provide a reasonable time for the Rehabilitator to convert assets held in the trust/custodial account to cash, in an orderly manner and to avoid the need to conduct a “fire sale” of the assets, to ensure that all HSA account holders would receive fair and equal treatment, without any preference between account holders as to payments made from the trust/custodial account. During the period in which the temporary restrictions were in place, the Rehabilitator successfully converted the custodial assets to cash in an amount sufficient to cover the HSA accounts at 100% of their value, including accrued interest. Once the assets had been converted to cash, the Court ordered all HSA account holders to: (a) direct the expenditure of; (b) request the withdrawal of; and/or (c) transfer their HSAs to another qualified custodian. The Court also directed that MSIC pay interest on said accounts up to the date of the expenditure, withdrawal and/or transfer of funds as directed by each account holder, but in no event was interest to be paid beyond January 31, 2009. Consistent with the Court approved procedures and directives, the Liquidator disbursed, paid and/or transferred all HSA funds from the trust/custodial

account as directed by the individual HSA account holders and no HSA funds remain in the trust/custodial account.

5. The Rehabilitator provided notice of the Order of Rehabilitation, both by mailings and publication, as directed by the Court and as confirmed in the Certificate of Compliance filed January 14, 2009.

6. On January 23, 2009, the Rehabilitator filed both a Verified Petition for Liquidation (“Liquidation Petition”) and the Rehabilitator’s Recommendations Concerning Liquidation Procedures, Claims and Notices (“Liquidation Procedures”). The Court set both the Liquidation Petition and Liquidation Procedures for hearing on February 25, 2009. The Liquidator was directed to provide notice, by mailings and publication, that the Petitions had been filed and that a hearing had been scheduled. Such notice was provided by the Liquidator as confirmed in the Certificate of Compliance filed February 24, 2009.

7. After considering the Liquidation Petition and the evidence and arguments presented in open Court, an Order of Liquidation was entered against MSIC, pursuant to Ind. Code 27-9-3, on February 26, 2009. The Order of Liquidation found MSIC to be insolvent, terminated the Rehabilitation proceeding then pending against MSIC, appointed the Commissioner (and his successors in office) as liquidator of MSIC (“Liquidator”) and directed the Liquidator to take possession of the business, books, records and assets of MSIC and to liquidate the company in accordance with Ind. Code 27-9-3 and under the general supervision of the Court.¹ On February 26, 2009, the Court also entered an Order approving the Liquidation Procedures, which specifically:

- (a) approved the form and extent of the notice to be provided regarding the Order of Liquidation, which notice was timely provided by the Liquidator in the form of both mailings and publications;

¹ Stephen W. Robertson, as the current Commissioner of the Insurance Department of the State of Indiana, now serves as Liquidator of MSIC.

- (b) approved and authorized certain procedures for addressing claims arising out of MSIC policies, including an order that all lawsuits, arbitrations and collection efforts against MSIC Insureds be stayed for six (6) months following the Order of Liquidation (to and including August 26, 2009)²;
- (c) directed the Liquidator, within six (6) months following the entry of an Order of Liquidation, to submit a Proof of Claim form and to recommend an appropriate Bar Date for the submittal of claims as against MSIC and, once approved by the Court, to provide notice of the Bar Date and the procedure for filing Proofs of Claim;
- (d) approved the Claim Procedures to be followed upon receipt of a Proof of Claim, including procedures relating to the Liquidator's initial review and recommendations regarding such claims, the required procedures and time deadlines for a claimant to object if the claimant disagreed with the Liquidator's recommendation and the manner to resolve any disputes that arose with respect to such claims; and
- (e) approved other miscellaneous matters.

8. On March 20, 2009, the Liquidator filed a Petition to Approve Service Agreement, seeking authority to enter into a Service Agreement with NOLHGA and with the specific state life and health insurance guaranty associations who, as a result of MSIC's insolvency and consistent with their enabling acts, had certain obligations to residents of their states ("Affected Associations"). The purpose of the Service Agreement was to facilitate and expedite, as between the Liquidator, the Affected Associations and NOLHGA, the review, processing and exchange of information relating to claims arising out of MSIC policies, so that the Affected Associations could promptly make payment on valid claims which qualified for coverage under their respective enabling acts. The Court approved the Service Agreement by Order dated April 1, 2009, it was executed by the Liquidator and NOLHGA and all of the

² The Liquidator has periodically filed with the Court both Accountings and Status Reports as to Provider Claims and Motions to Extend Stay as to Claims Against MSIC Policyholders. Counsel for the Liquidator and NOLHGA also periodically appeared before the Court to: (i) report on the progress being made in identifying claims for health care services rendered to MSIC Insureds, including the extent to which such claims were covered by and being settled by the various state life and health insurance guaranty associations; and (ii) provide argument in support of extending the stay prohibiting lawsuits, arbitrations and collection efforts from being pursued against MSIC Insureds. In response to such filings, the Court has extended the stay on a number of occasions, with the stay and injunction now to remain in place until the liquidation proceeding is finally concluded in all respects.

Affected Associations also elected to become parties. Utilizing the information developed and exchanged pursuant to the Service Agreement, the Affected Associations have, consistent with and subject to their statutory obligations, paid all valid claims arising out of MSIC's policies (Class 2 claims).³ As explained in more detail below, MSIC did not have sufficient assets to fully pay the costs and expenses of administering the liquidation (Class 1 claims) and, therefore, no assets of the MSIC estate have been paid on Class 2 or lower claims, nor will any such payment hereafter be made by the estate.

9. On July 26, 2009, the Liquidator filed a Preliminary List of MSIC Assets and Recommendations Regarding Assets, in accordance with Ind. Code 27-9-3-13 and 27-9-3-32. The Liquidator reported that MSIC was not in a position to make an early access distribution to the Affected Associations in accordance with Ind. Code 27-9-3-32. The Court approved the filing by Order dated October 7, 2009. The Liquidator and NOLHGA thereafter filed a Joint Motion for Approval of Settlement Agreement Regarding Administrative Claims and Estate Closing ("Joint Motion") on April 30, 2010. As explained in the Joint Motion, the MSIC Estate lacked sufficient assets to pay, in full, all Class 1 claims for administrative expenses under Ind. Code 27-9-3-40. In order to resolve the issues created by MSIC's shortfall in assets, the Liquidator and NOLHGA, on behalf of the Affected Associations, entered into a Settlement Agreement Regarding Administrative Claims and Estate Closing ("Claims Settlement Agreement"), which was submitted for the Court's review as part of the Joint Motion and which is described in more detail in paragraph 22 below. On May 13, 2010, the Court approved the Joint Motion in all respects, including the Claims Settlement Agreement.

³ The total payments made by the Affected Associations on claims arising out of MSIC policies (consistent with and subject to the terms and conditions of their enabling acts) is in excess of \$17,000,000.

10. The Liquidator's Recommendations as to the Proof of Claim Form and Bar Date were filed on September 25, 2009. The Liquidator's recommendations were approved in all respects by the Court's Order dated October 7, 2009. Pursuant to that Order: (i) October 1, 2010 was established as the "Bar Date" for the submittal of claims as against MSIC; (ii) the Proof of Claim form recommended by the Liquidator was approved; and (iii) the Liquidator was directed to provide notice, both by mailings and by publication, of the Bar Date and the procedure for filing claims as against MSIC. Such notice was provided as set forth in the Certificate of Compliance filed with the Court on the 21st day of January, 2010.

11. The Liquidator has periodically filed Accountings and Status Reports with the Court describing progress and developments relating to the liquidation proceeding, including the following:

- August 10, 2009 – Status Report as to Provider Claims and Motion to Extend Stay as to Claims Against MSIC Policyholders;
- February 9, 2010 – Status Report as to Provider Claims and Second Motion to Extend Stay as to Claims Against MSIC Policyholders;
- March 19, 2010 – Liquidator's First Accounting;
- July 27, 2010 – Status Report as to Provider Claims and Third Motion to Extend Stay as to Claims Against MSIC Policyholders;
- February 4, 2011 – Status Report as to Provider Claims and Fourth Motion to Extend Stay as to Claims Against MSIC Policyholders;
- July 27, 2011 – Status Report as to Provider Claims and Fifth Motion to Extend Stay as to Claims Against MSIC Policyholders;
- September 30, 2011 – Liquidator's Second Accounting;
- February 1, 2012 – Status Report as to Provider Claims and Sixth Motion to Extend Stay as to Claims Against MSIC Policyholders;
- August 3, 2012 – Status Report as to Provider Claims and Seventh Motion to Extend Stay as to Claims Against MSIC Policyholders; and

- February 13, 2013 – Status Report as to Provider Claims and Eighth Motion to Extend Stay as to Claims Against MSIC Policyholders.

12. The Liquidator and NOLHGA (on behalf of the Florida Life and Health Insurance Guaranty Association – “FLAHIGA”) have also jointly filed the following:

- October 28, 2011 – Joint Petition for Order Authorizing Certain Notice and Refund Procedures for Florida Insureds;
- November 5, 2012 – Joint Petition for Order Authorizing Supplemental Notice and Refund Procedures for Florida Insureds; and
- October 2, 2013 – Joint Petition for Order Authorizing Follow-Up Communications Associated with Certain Refund Claims.

Each of the Joint Petitions were approved by the Court. Collectively they authorized and directed FLAHIGA (with coordination and assistance from NOLHGA and the Liquidator) to send notices to former MSIC insureds who reside in Florida, advising them whether, or to what extent, they were entitled to a refund of certain amounts they had individually paid to one or more healthcare providers (i.e. payments made in excess of their deductible or co-pay, or payments made in excess of funds received from MSIC before the company was placed in rehabilitation/liquidation). The Joint Petitions also established procedures by which the former MSIC insureds could object, if they disagreed with the refund notice received, and procedures for resolving any objections raised. To the extent the Insureds agreed with the proposed refunds and provided written confirmation thereof, or once objections were resolved, FLAHIGA was authorized and directed to make payment of valid refunds to the appropriate former MSIC Insureds.

13. FLAHIGA reports that it has completed the mailing of all the refund notices as authorized and directed by the Joint Petitions. Only two objections were raised and, after communications with FLAHIGA and/or NOLHGA, both of those objections were voluntarily withdrawn. FLAHIGA also reports that it has now paid all refunds for which payments were

due, pursuant to the procedure authorized by the Court. Such refund payments were made solely by FLAHIGA and no assets of the MSIC estate were used to pay any of the refunds.

II.
ADMINISTRATIVE MATTERS

14. In accordance with Ind. Code 27-9-1-3(f) and 27-9-3-22, this Court has exclusive subject matter and personal jurisdiction over all proceedings and matters related to the liquidation of MSIC and has summary jurisdiction to hear and determine the rights of any parties arising under Ind. Code 27-9-3.

15. Pursuant to Ind. Code 27-9-3-9(b) and the Order of Liquidation, the Liquidator was authorized to appoint a Special Deputy, employ employees and agents, legal counsel, actuaries, accountants, appraisers and consultants and such other personnel as considered necessary to assist in the liquidation of MSIC. The Liquidator, by statute and Court Order, also has the authority to fix the compensation and expenses of such personnel, with such costs to be paid out of the funds or assets of MSIC (or out of assets received from the Affected Associations under the Claims Settlement Agreement described in paragraphs 9 and 22) as a Class 1 expense under Ind. Code 27-9-3-40.

16. Upon entry of the Order of Liquidation, Randolph Lamberjack was appointed as Special Deputy Liquidator for the MSIC proceeding and he continues to serve in that capacity.⁴ The Special Deputy, with the approval of the Liquidator, also utilized the services of certain employees of Indiana Insolvency Inc. and Noble Consulting Services, Inc. who, under the direction and control of the Special Deputy, provided administrative services for and in support of the MSIC liquidation. The Liquidator also employed from time to time certain third party independent contractors (“Consultants”) to provide necessary administrative services for the

⁴ Mr. Lamberjack had also been appointed and served as Special Deputy Rehabilitator during the period in which the Order of Rehabilitation was in effect.

liquidation proceeding, as authorized and directed by the Special Deputy. The time which the Special Deputy, employees of Noble Consulting Services, Inc., employees of Indiana Insolvency Inc. and the Consultants have and continue to devote to the MSIC proceedings are being paid as Class 1 administrative expenses pursuant to Ind. Code 27-9-3-40.

17. Bingham Greenebaum Doll LLP has and continues to provide legal services to the Liquidator and the Special Deputy, with such services being paid as a Class 1 administrative expense pursuant to Ind. Code 27-9-3-40.

18. Following entry of the Order of Liquidation, the Liquidator performed various administrative tasks required as part of the liquidation proceeding at MSIC's business offices, located at 5834 West 74th Street, Indianapolis, IN 46278. Subsequent to the Order of Liquidation being entered, the Liquidator dramatically reduced the rental space occupied and utilized at the above referenced address, with a corresponding reduction in rent. Ultimately, it was determined that the office space was no longer required to administer the estate and, therefore, the office space was vacated and further rental payments were terminated. Rental payments for the portion of and duration for which the office space was actually utilized by the Liquidator, were paid as a Class 1 administration expense under Ind. Code 27-9-3-40.

19. On the date the Order of Liquidation was entered, MSIC employed approximately thirteen (13) employees. The Liquidator initially retained a level of employment sufficient to provide for the proper, necessary and efficient administration of the MSIC estate. Over time, however, the level of employment was reduced as the liquidation proceeded and less staffing was required. As of the date of this Accounting, only one former MSIC employee, Sharon Gregg, continues to provide certain services necessary for the efficient administration of the MSIC estate. However, Ms. Gregg is no longer employed by MSIC, but rather provides services as an independent contractor, on an as needed basis, under the direction and control of the Special

Deputy Liquidator. Payments made to Ms. Gregg for the services she provides are paid by the Liquidator as a Class 1 expense pursuant to Ind. Code 27-9-3-40.

20. Certain other administrative expenses necessary to the liquidation of MSIC have been paid as Class 1 claims, including costs related to necessary data processing, the maintenance/operation of the information systems required by the Liquidator, records retention, etc.

III. MARSHALING OF ASSETS

21. Pursuant to the laws of this State and Orders as issued by this Court, the Liquidator took possession of and was vested by operation of law with title to all of the property, contracts, rights of action and all the books and records of MSIC. The Liquidator not only took possession of the assets which were in MSIC's possession at the time it was placed into liquidation, but also sought to identify and recover other assets to which MSIC might be entitled. However, as previously reported, the property and assets of MSIC were very limited and were not sufficient to fully pay and satisfy the Class 1 costs and expenses necessary to administer the estate under Ind. Code 27-9-3-40.

22. In order to resolve the issues created by MSIC's substantial asset shortfall, the Liquidator and NOLHGA, on behalf of the Affected Associations, entered into the Claims Settlement Agreement referenced in paragraph 9 above. Among other things, the Claims Settlement Agreement provided for:

- (i) a mechanism by which the Affected Associations have paid to the Liquidator certain amounts invoiced for services rendered by the Liquidator under the Court approved Service Agreement, which payments have been used by the Liquidator solely to pay Class 1 administrative expenses necessary to liquidate MSIC;

- (ii) the transfer of MSIC's interests in certain state deposits to the Affected Associations ("Uncollected Deposits"), with the Affected Associations agreeing to use the proceeds received to pay Service Agreement invoices in accordance with the Claims Settlement Agreement and the balance, if any, will be accounted for and treated as a partial distribution on the Affected Associations' Class 1 claims;
- (iii) development of a detailed project list and budget for the remaining tasks necessary to close the MSIC estate (as agreed upon between the Liquidator and NOLHGA), which list and budget have been periodically revised and updated as necessary to reflect new developments and actual progress towards closing the estate;
- (iv) assuming certain conditions set forth in the Claims Settlement Agreement are met, the Affected Associations agree that their Class 1 claims will be effectively satisfied, notwithstanding that the Affected Associations' Class 1 claims will not have been paid in full and notwithstanding that the Liquidator's Class 1 claims will have been paid in full; and
- (v) Upon close out of the estate the assets, if any, which remain in the estate (which will be assets received by the Liquidator from the Affected Associations under the Claims Settlement Agreement) will be returned to NOLHGA, for the benefit of the Affected Associations.

IV.

REVIEW AND ADJUDICATION OF CLAIMS

23. As listed in paragraph 11 above, the Liquidator has periodically filed Accountings and Status Reports with the Court, providing information as to the volume of claims which existed against MSIC. Such filings also identified the progress made by the Liquidator, the Affected Associations and NOLHGA to identify, address and resolve the Class 2 claims arising out of MSIC's policies. Such claims related to services provided by health care providers to MSIC Insureds. Information relating to Class 2 claims can be summarized as follows:

- (a) The Liquidator identified over 9,450 outstanding claims arising out of MSIC policies.

- (b) In accordance with the Service Agreement, the Liquidator's personnel completed review and evaluation of all such claims and provided appropriate claim information, based on MSIC's records, to NOLHGA and/or the appropriate Affected Association for review.
- (c) All valid claims of non-hospital providers fell within the statutory coverage obligation of the applicable Affected Association and have been resolved by payments funded exclusively by the Affected Associations.
- (d) With respect to hospitals which had not commenced litigation ("Non-Litigating Hospitals"), the Liquidator identified 148 Non-Litigating Hospitals (in states other than Florida and South Carolina) that had outstanding claims for health care services rendered to one or more MSIC Insured. Settlements have now been reached with all 148 of these Non-Litigating Hospitals, with those settlements being funded exclusively by the Affected Associations.
- (e) The South Carolina Life and Health Insurance Guaranty Association ("SCLHIGA") has confirmed that all Class 2 claims in South Carolina arising out of MSIC policies have been resolved, with such settlements being funded exclusively by SCLHIGA.
- (f) The Florida Life and Health Insurance Guaranty Association ("FLAHIGA"), with the assistance of the Liquidator and based on MSIC's records, identified over 60 Non-Litigating hospitals in the State of Florida that potentially had unresolved claims related to one or more MSIC Insureds. A mailing was sent to each of these hospitals, requesting that the hospitals submit information to FLAHIGA regarding their unresolved claims, if any. In response to that letter, certain Non-Litigating Hospitals in the State of Florida sent information to FLAHIGA regarding outstanding claims for health care services previously rendered to MSIC insureds. FLAHIGA entered into negotiations with each of these hospitals and FLAHIGA reports that settlement agreements have been reached with all of the Florida Non-Litigating hospitals, which settlements were funded exclusively by FLAHIGA.
- (g) With respect to hospitals that had commenced litigation against MSIC and/or MSIC insureds ("Litigating Hospitals") NOLHGA and the Affected Associations, in conjunction with the Liquidator, also pursued settlements with those hospitals. Settlements have now been reached with all of the Litigating Hospitals, which settlements were submitted to and approved by the Court and, thereafter, such settlements were funded exclusively by the Affected Associations.

24. Certain of the settlements referenced above were with a single hospital who may have filed a single lawsuit or multiple lawsuits. Other settlements covered numerous hospitals

within an affiliated system and many of these settlements resolved multiple lawsuits. To the extent an issue or dispute hereafter arises out of a settlement reached with a hospital (whether Litigating or Non-Litigating) this Court has exclusive jurisdiction to hear and decide that dispute. Currently there are no known disputes relating to settlements. However, if an issue or dispute should arise after the release and discharge of the Liquidator, the Affected Association and/or NOLHGA, as interested parties in this proceeding, reserve the right to submit that issue to this Court for review and resolution, as this Court has exclusive subject matter and personal jurisdiction over all proceedings and matters related to the liquidation of MSIC and summary jurisdiction to hear and determine the rights of any party arising under Ind. Code 27-9-3.

25. The Liquidator also adhered to the procedure established by the Court with respect to all Proofs of Claim received. This included sending a letter to all persons or entities who filed Proofs of Claim, setting forth the Liquidator's determination with respect to each claim ("Claim Recommendation Letters"). Because the assets of the MSIC Estate were not sufficient to pay Class 1 claims in their entirety, no Estate assets were or are available for the payment of any claims falling within Class 2 or lower. Notwithstanding the above, the Claim Recommendation Letters specifically set forth the Liquidator's determination as to which Class the Claim should be assigned under Ind. Code 27-9-3-40. With respect to claims that the Liquidator recommended be assigned to Class 2, the Claim Recommendation Letters advised the claimants that the MSIC estate does not have sufficient assets to make any payment on valid claims falling within that Class. However, the Claim Recommendation Letters also referenced the Affected Associations, including payments made by the Affected Associations to resolve the claims of health care providers that fell within their statutory coverage obligations. To the extent a Class 2 Proof of Claim was resolved by a settlement reached with a health care provider and funded by an Affected Association, the Liquidator recommended that the Proof of Claim filed by

that provider or by the MSIC Insured be denied, based on the payment made by the Affected Association and the corresponding Release granted by the health care provider.⁵ To the extent a Claim was assigned to Class 3 or lower, the Claim Recommendation Letter advised the claimant that the MSIC estate does not have sufficient assets to make any payment on valid claims falling within that Class.

26. The Claim Recommendation Letters also advised each claimant that if they disagreed with the Liquidator's determination, they had sixty (60) days in which to provide written notice of their objection to the Liquidator. Pursuant to Ind. Code 27-9-3-37 and procedures approved by the Court, if an objection was not timely submitted the Claim Recommendation was deemed accepted and the claimant waived any right to further object to the determination. There were only two (2) claimants who timely asserted an objection. One involved a disputed Class 1 claim which the Liquidator ultimately recommended be settled for a compromised payment of \$9,175.50 (the amount of the Proof of Claim as originally filed was \$15,292.50).⁶ The other objection was received from a former MSIC policyholder who, subsequently, withdrew her objection in writing.

27. Attached hereto as Exhibit A (filed with the Court "Under Seal") is a list of the Proofs of Claim which the Liquidator determined should be assigned to Class 3 or lower. A Claim Recommendation was sent to each of these claimants and more than sixty (60) days passed without any objection being received by the Liquidator. The Liquidator, therefore,

⁵ To the extent an Affected Association provides coverage for a Class 2 claim, the Affected Association is subrogated to and has the right to assert such Class 2 claims against the MSIC estate in accordance with Ind. Code 27-9-3-40(2). However, because MSIC's assets were not sufficient to fully fund the Class 1 expenses incurred to liquidate the company, no estate assets have been or will be paid to any Affected Association.

⁶ The Affected Associations and NOLHGA confirmed, by counsel, that the resolution and compromised payment of this Class 1 claim would not constitute a violation of Section 7.2.1.3 (or any other Section) of the Claims Settlement Agreement, as previously described in Sections 9 and 22 above.

recommends that the Court approve the Liquidator's determination that all Proofs of Claim listed on Exhibit A be assigned to Class 3 or lower under Ind. Code 27-9-3-40.

28. Attached hereto as Exhibit B (filed with the Court "Under Seal") is a list of the Proofs of Claim submitted by individuals, healthcare providers or other claimants which the Liquidator determined should be denied, as there is no valid basis for such claim against MSIC. Reasons for denial included, but were not limited to, the policy had expired before the date of service, the policy did not provide coverage for the asserted claim, the amount of the claim fell within the deductible of the applicable policy, etc. The Liquidator sent a Claim Recommendation to each of these claimants and more than sixty (60) days passed without any objection being received by the Liquidator from such claimants. The Liquidator, therefore, recommends that the Court approve the Liquidator's determination that all Proofs of Claim listed on Exhibit B be denied.

29. Attached hereto as Exhibit C (filed with the Court "Under Seal") is a list of the Proofs of Claim that the Liquidator determined should be assigned to Class 2.⁷ The Liquidator determined that the valid portion of each of these Class 2 claims had been or were to be paid by an Affected Association (either to the individual policyholder or to the health care provider which rendered services to the MSIC insured) and, therefore, the Liquidator determined that such Proofs of Claim should be denied based on the payment by the Affected Association that provided coverage.⁸ The Liquidator sent a Claim Recommendation to each of these claimants and more than sixty (60) days passed without any objection being received by the Liquidator

⁷ One Proof of Claim asserted various claims, some of which the Liquidator determined should be assigned to Class 2, while other portions of the claims were assigned to Class 5. This Proof of Claim is listed on both Exhibits A and C.

⁸ When the Liquidator recommends denial of a Proof of Claim based on a payment by an Affected Association, that recommended denial relates solely to the Proof of Claim as filed by the individual or health care provider and is not a recommended denial of the claim that has been assigned and subrogated to the Affected Association that made such payment. In this estate, however, no payment will be made to the Affected Associations on their subrogated claims, since the MSIC assets were fully consumed in paying Class 1 claims.

from such claimants. The Liquidator, therefore, recommends that the Court approve the Liquidator's determination that all Proofs of Claim listed on Exhibit C be denied.

30. Counsel for NOLHGA initially submitted an Omnibus Claim on behalf of all Affected Associations on August 25, 2010 and subsequently filed an updated and final Omnibus Claim on May 24, 2012. The Omnibus Claim describes the Class 1 and Class 2 claims for each of the Affected Associations. A Claim Recommendation Letter was previously sent to NOLHGA's counsel, setting forth the Liquidator's determinations with respect to the Omnibus Claim as follows:

- (a) To the extent the Affected Associations have incurred reasonable costs and expenses to administer claims arising out of the MSIC insolvency for which they provide coverage, the Liquidator recommends that such claims be assigned to Class 1 under Ind. Code 27-9-3-40; and
- (b) To the extent the Affected Associations, in discharge of their statutory obligations, provided coverage for claims arising under the terms and conditions of MSIC policies, the Liquidator recommends that such claims be assigned to Class 2 under Ind. Code 27-9-3-40.

Because the assets of the MSIC estate were insufficient to fully pay the Liquidator's Class 1 expenses, the Claim Recommendation Letter also explained that the Liquidator did not expend the time or costs that would be necessary to review and determine the specific amount of the Class 1 and Class 2 claims which should be approved for each of the Affected Associations (or for the Affected Associations collectively).

31. In the final Omnibus Claim dated May 24, 2012, counsel for NOLHGA acknowledged that the Liquidator would make a determination regarding the priority level of the claims, but not a determination regarding the specific amount of the Affected Associations' claims. In that same letter, however, counsel for NOLHGA also stated that the Affected Associations reserved the right to request a determination of the amount of their claims in the event certain circumstances arise, including: (1) any Class 1 creditors (other than the Liquidator,

those operating under the direction and control of the Liquidator and the compromised Class 1 claim described in paragraph 26 above) receive any distribution of MSIC assets; or (2) any Class 2 creditors receive any distribution of MSIC assets.⁹ More than sixty (60) days have passed since the Claim Recommendation Letter was sent to NOLHGA's counsel and no objection has been filed by or on behalf of an Affected Association or NOLHGA. Accordingly, the Liquidator recommends that the Court: (i) approve the Liquidator's determination that claims included within the Omnibus Claim be assigned to Class 1 or Class 2 under Ind. Code 27-9-3-40; and (ii) confirm that the Liquidator need not determine, nor the Court confirm, the specific amount of the claims that should be approved within these Classes (unless one or both of the conditions identified by NOLHGA and set forth above hereafter occur).

32. Exhibits A, B and C all contain personal, confidential and protected information under Administrative Rule 9(G)(1) and Ind. Code 5-14-3-4(4), such as names of patients who received healthcare services, mailing addresses, etc. Accordingly, these Exhibits are being filed with the Court "Under Seal" in accordance with Trial Rule 5(G) and are not being sent with the service copies of this Final Accounting.

V. FINANCIAL REPORT

33. The total assets in the possession and control of the Liquidator as of June 30, 2014 was \$120,281.22. As previously explained, the estate has received payments from the Affected Associations in accordance with the terms and conditions of the Claims Settlement Agreement, with the total payments received from the Affected Associations exceeding the remaining asset balance of \$120,281.22. Assuming that the Final Accounting is approved and the Final

⁹ As also set forth in the May 24, 2013 Omnibus Claim, the submission by the Affected Associations is subject to the satisfaction of all conditions under the Claims Settlement Agreement and all parties to the Claims Settlement Agreement expressly reserve their respective rights and defenses per the terms and conditions of that Agreement.

Judgment entered, no further distributions under the Claims Settlement Agreement are currently anticipated.

VI.
RECOMMENDATION FOR RELEASE AND DISCHARGE OF LIQUIDATOR

34. The Liquidator reports that all of MSIC's assets have been accounted for and all Proofs of Claim against the Estate have been identified, processed and resolved in accordance with Ind. Code 27-9-3 and Orders of this Court. The Liquidator also reports that all administrative and procedural requirements for the liquidation of MSIC for which the Liquidator is responsible have been completed. Accordingly, it is recommended that a hearing be scheduled, as set forth in more detail below, so the Court can consider this Final Accounting and can confirm that the Liquidator and Special Deputy Liquidator have completed their obligations and should be released and discharged in all respects. The Liquidator has been notified that the Affected Associations, by and through NOLHGA, may seek to defer closing of these proceedings for limited purposes in order to maintain certain Orders in full force and effect along with this Court's related jurisdiction as to Guaranty Association coverage and determinations of benefits due under or related to MSIC Policies. The Affected Associations and NOLHGA have advised the Liquidator that such Orders and this Court's continuing jurisdiction are critical for the continued provision of benefits by the Affected Associations and related protection of consumers.

Retention and Destruction of MSIC's Records

35. In accordance with Orders as previously issued by the Court, the Liquidator has already: (i) disbursed certain records of MSIC to representatives designated by NOLHGA; and (ii) delivered other records of MSIC to storage facilities. Pursuant to the Order issued July 10,

2014, all MSIC records will be maintained at least until June 30, 2015 and will, thereafter, be destroyed in a safe and secure manner.

Final Distribution of Assets

36. After a hearing is scheduled and held on this Final Accounting, the Liquidator recommends that the Court enter an appropriate Order for the final distribution of the remaining assets then held in the possession of the Liquidator. The Liquidator specifically recommends, after payment of or provision for the final Class 1 costs and expenses of administration necessary to close out the MSIC estate (as set forth in paragraph 37 below), that the Court order the Liquidator to return all remaining assets then in the Liquidator's possession to NOLHGA, for the benefit of the Affected Associations (as set forth in paragraph 38 below).

37. The Liquidator recommends that the following be paid as the Liquidator's final costs and expenses of administering the MSIC estate:

- (a) The costs to store and ultimately destroy all the records of MSIC which are in the possession of the Liquidator, or those operating under his direction and control, as set forth in paragraph 35 above;
- (b) All costs associated with providing notice (by mailings, publication and website postings as recommended in Section VII below) of both the filing of this Final Accounting and the hearing (once scheduled by the Court) to consider the recommendations and relief as set forth herein;
- (c) The cost of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, including Bingham Greenebaum Doll LLP as legal counsel for Liquidator and Special Deputy Liquidator, to prepare for and participate in the hearing on this Final Accounting or any other hearing necessary to complete the liquidation of MSIC and to close the estate;
- (d) The cost of the Liquidator, Special Deputy Liquidator and those operating under their direction and control, to prepare and file final tax returns with the Internal Revenue Service and Indiana Department of Revenue, reflecting that the estate is being closed and that there are no tax obligations owed by the estate; and

- (e) The costs of the Liquidator, the Special Deputy Liquidator and those acting under their direction and control, to make the final distribution of assets from the MSIC estate and to escheat all Unclaimed Funds (consistent with the Liquidator's recommendations set forth in paragraphs 38 and 39 below).

38. It is recommended that with respect to any funds or other assets which remain in the possession of the Liquidator after payment of the final Class 1 costs and expenses of administration (as recommended in paragraph 37 above), the Liquidator should be authorized and directed to deliver all such funds or assets to NOLHGA, for the benefit of the Affected Associations, in accordance with and subject to the terms and conditions of the Claims Settlement Agreement.

39. If and to the extent any check issued in payment of Class 1 costs and expenses of administration, or the check by which remaining assets in the Liquidator's possession are paid to NOLHGA, are either returned to the Liquidator or otherwise have not been negotiated and cashed within sixty (60) days following the final distribution of assets, it is recommended that the Liquidator deposit such unclaimed funds with the Treasurer of the State of Indiana in accordance with Ind. Code 27-9-3-43.

40. The Liquidator recommends that the Order of the Court directing final distribution of MSIC's assets should also require that the Liquidator file a Certificate of Compliance with the Court, once such distribution has been made, confirming that the final Class 1 payments have been made and the remaining assets distributed in accordance with the Court's Order.

Dissolution of Corporate Existence

41. As part of the Court's Order approving the Final Accounting, the Liquidator recommends (once the final distribution of assets has been made, the final tax returns have been filed, any Unclaimed Funds have been deposited with the Treasury and the Certificate of

Compliance has been filed), that the corporate existence of MSIC be dissolved in accordance with Ind. Code 27-9-3-9(a).

Release and Discharge of the Liquidator

42. Pursuant to Ind. Code 27-9-3-44, the Liquidator recommends that any Order of the Court approving this Final Accounting also provide (once the final distribution of assets has been made, the final tax returns have been filed, Unclaimed Funds, if any, have been deposited with the Treasurer and the Certificate of Compliance has been filed), that the Liquidator, prior Liquidators, prior Rehabilitators, Special Deputy, Assistant Special Deputy, Indiana Insolvency Inc., Noble Consulting Services, Inc., Consultants and Bingham Greenebaum Doll LLP (including all of their respective officers, employees, partners, agents, representatives, predecessors, successors and assigns) be completely and fully discharged and released from any and all further duties and obligations and from and any and all claims, demands, actions, causes of action, liabilities or any other exposure (direct or indirect, known or unknown, personal or otherwise, which now exist or may hereafter arise and whether based on statutory, contract, equitable or any other claim or theory) which in any manner arise out of or relate to MSIC, the prior Rehabilitation proceeding, this Liquidation proceeding, claims which were or could have been asserted in this proceeding and any acts, omissions or other conduct related to the Rehabilitation and/or Liquidation of MSIC.

VII.
NOTICE AND HEARING

43. The Liquidator now requests that the Court schedule a hearing to consider the Final Accounting as set forth herein. It is further recommended that the hearing be scheduled at least forty-five (45) days after the date of the Order setting the hearing, to allow time for the

Liquidator to provide notice, as set forth below, of this Final Accounting and the date of the scheduled hearing.

44. The forms of Notice and the procedures for providing Notice contemplated hereunder are reasonably calculated to reach interested persons, to describe the actions, orders and relief that the Liquidator is requesting and to apprise interested persons of the terms thereof in sufficient detail to allow interested persons to determine whether to attend and/or participate in the Final Accounting Hearing.

45. It is specifically recommended that the Liquidator be directed, within fifteen (15) days of the Court's Order scheduling the hearing on this Final Accounting, to mail (by U.S. First Class mail, postage pre-paid) a notice of this Final Accounting and the time and date of the hearing as scheduled by the Court (in the form attached hereto as Exhibit D) to the last known address indicated in MSIC's records to each of the following:

- a. Former officers and directors of MSIC;
- b. Medical Savings Investment, Inc.;
- c. Reinsurers of MSIC, if any;
- d. All insureds of MSIC;
- e. All insurance producers of MSIC;
- f. All known healthcare providers who previously rendered services to MSIC insureds;
- g. All known creditors of MSIC;
- h. The Insurance Commissioners or Departments in each state or jurisdiction and the National Association of Insurance Commissioners;
- i. The Indiana Life and Health Insurance Guaranty Association, similar associations in the other states and jurisdictions where MSIC was licensed to do business and the National Organization of Life and Health Insurance Guaranty Associations ("NOLHGA");

- j. The Indiana Secretary of State;
- k. The Indiana Attorney General;
- l. The Auditor of Marion County, Indiana;
- m. The Internal Revenue Service, both at its national and local offices;
- n. The Indiana Department of Revenue;
- o. The United States Attorney for the Southern District of Indiana;
- p. The Department of Justice; and
- q. All who have filed their appearance in this proceeding.

46. Notwithstanding the above, it is specifically recommended that the Liquidator should not be required to mail the Notice to any address where it is known, based on the return of prior mailings, that the addressee cannot be found.

47. The Liquidator further recommends that the Court direct the Liquidator, within fifteen (15) days of the date of the Court's Order setting the hearing on this Final Accounting, to publish the Notice (in the form attached hereto as Exhibit D) in a newspaper of general circulation in Marion County, Indiana.

48. It is further recommended that within fifteen (15) days of the Court's Order scheduling a hearing on this Final Accounting, that a copy of the Final Accounting (excluding Exhibits filed "Under Seal") and a copy of the Notice (in the form attached hereto as Exhibit D) be posted on the website of the Indiana Department of Insurance.

49. Upon completion of the mailings, publications and website postings as ordered by the Court, the Liquidator should be directed to file a Certificate of Compliance confirming that the required notice has been given.

50. The Liquidator should also be directed to mail a copy of the Final Accounting (excluding Exhibits filed "Under Seal"), to any person who sends a written request to the Special

Deputy Liquidator of MSIC at the following address, along with a check made payable to “Medical Savings Insurance Company, in Liquidation” in the amount of \$15.00 to cover the cost of handling, copying and postage:

Special Deputy Liquidator
Medical Savings Insurance Company
c/o Noble Consulting Services
8365 Keystone Crossing, Suite 200
Indianapolis, IN 46240

51. It is also recommended that the Order setting this Final Accounting for hearing specifically require that if any person wishes to object to the Final Accounting or any of the recommendations of the Liquidator contained therein, or if any person otherwise intends to appear at the hearing, that person must file with the Court and serve upon Liquidator’s counsel, no later than ten (10) days prior to the hearing, a written Notice of Intention to Appear or Object, together with a detailed statement of the objections to be raised and any other matters to be presented at the hearing.

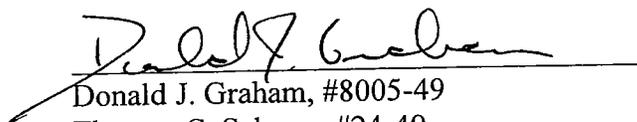
52. Finally, if after the hearing the Court determines that the Final Accounting should be approved and enters a Final Judgment in substantially the same form proposed by the Liquidator and attached hereto as Exhibit E, it is respectfully requested that the Court also find and direct that no further notice (whether by mailing, publication or website posting) will be required as to the Court’s approval of the Final Accounting, the authorization of and direction to the Liquidator to thereafter make the final distribution of assets and the discharge and/or release of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, all as previously directed by the Final Judgment.

WHEREFORE, the Liquidator respectfully requests that the Court:

- (A) enter an Order in the form attached hereto as Exhibit F which sets this Final Accounting for hearing (at least 45 days out) and directs the Liquidator to provide

notice of the Final Accounting, by mailings, publication and website posting as recommended herein;

- (B) after the hearing has been scheduled and held, determine that there is no just reason to delay approval of the Final Accounting in all respects, including but not limited to approval of: (i) the Liquidator's recommendations regarding all Proofs of Claim; and (ii) the release and discharge of the Liquidator, Special Deputy Liquidator and those operating under their direction and control, by entry of a Final Judgment in the form as proposed by the Liquidator and attached hereto as Exhibit E; and
- (C) enter all further relief the Court deems necessary and appropriate given the circumstances.



Donald J. Graham, #8005-49

Thomas C. Scherer, #24-49

Whitney L. Mosby, #23691-49

Attorneys for Liquidator

BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204-4900
(317) 635-8900

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a copy of the foregoing has been deposited in the U.S. Mail, first class postage prepaid, this 7th day of November, 2014, addressed to the following:

David G. Blachly
David J. Tipton
DENSBOURN BLACHLY LLP
500 East 96th Street, Suite 100
Indianapolis, IN 46240

John J. Sullivan
MONTROSS MILLER MULLER MENDELSON
& KENNEDY
8900 Keystone Crossing, Suite 1250
Indianapolis, IN 46240

Franklin D. O'Loughlin
Joel A. Glover
LEWIS ROCA ROTHGERBER LLP
1200 17th Street, Suite 3000
Denver, CO 80202

Jon Laramore
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300 North Meridian, Suite 2700
Indianapolis, IN 46204-1782

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HOOVER HULL LLP
111 Monument Circle, Suite 4400
P.O. Box 44989
Indianapolis, IN 46244-0989

Edward M. Waller, Jr.
FOWLER WHITE BOGGS P.A.
P. O. Box 1438
Tampa, FL 33601

Mark J. Ragusa
GUNSTER
401 East Jackson Street, Suite 2400
Tampa, FL 33602

Notice to Florida Counsel Filing POC:
Jeffrey M. Liggio
Liggio Benrubi, P.A.
The Barristers Building, Suite 3B
1615 Forum Place
West Palm Beach, FL 33401



STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0811-MI-053358

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the Department of Insurance)
of the State of Indiana,)
)
 Petitioner,)
)
)
 v.)
)
MEDICAL SAVINGS INSURANCE COMPANY,)
)
 Respondent.)

CONFIDENTIAL – FILED UNDER SEAL

EXHIBIT A

PROOFS OF CLAIM ASSIGNED TO CLASS 3 AND LOWER

TO
FINAL ACCOUNTING AND RECOMMENDATION
FOR THE RELEASE AND DISCHARGE OF THE LIQUIDATOR

CONFIDENTIAL – FILED UNDER SEAL

Donald J. Graham
BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204-4900

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0811-MI-053358

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the Department of Insurance)
of the State of Indiana,)
)
Petitioner,)
)
v.)
)
MEDICAL SAVINGS INSURANCE COMPANY,)
)
Respondent.)

CONFIDENTIAL – FILED UNDER SEAL

EXHIBIT B

PROOFS OF CLAIM RECOMMENDED FOR DENIAL

TO
FINAL ACCOUNTING AND RECOMMENDATION
FOR THE RELEASE AND DISCHARGE OF THE LIQUIDATOR

CONFIDENTIAL – FILED UNDER SEAL

Donald J. Graham
BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204-4900

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT

CAUSE NO. 49C01-0811-MI-053358

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the Department of Insurance)
of the State of Indiana,)
)
Petitioner,)
)
v.)
)
MEDICAL SAVINGS INSURANCE COMPANY,)
)
Respondent.)

CONFIDENTIAL – FILED UNDER SEAL

EXHIBIT C

PROOFS OF CLAIMS RECOMMENDED FOR DENIAL
BASED ON PAYMENTS BY AFFECTED ASSOCIATIONS

TO
FINAL ACCOUNTING AND RECOMMENDATION
FOR THE RELEASE AND DISCHARGE OF THE LIQUIDATOR

CONFIDENTIAL – FILED UNDER SEAL

Donald J. Graham
BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204-4900

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0811-MI-053358

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the Department of Insurance)
of the State of Indiana,)
)
Petitioner,)
)
v.)
)
MEDICAL SAVINGS INSURANCE COMPANY,)
)
Respondent.)

**NOTICE OF HEARING ON THE LIQUIDATOR'S FINAL ACCOUNTING
AND PETITION TO CLOSE THE MSIC ESTATE**

TO: All persons interested in Medical Savings Insurance Company, In Liquidation.

Indiana Insurance Commissioner, Stephen W. Robertson, in his capacity as the Court appointed Liquidator of Medical Savings Insurance Company ("MSIC"), has filed a Final Accounting and Recommendation for the Release and Discharge of the Liquidator ("Final Accounting") with the Marion Circuit Court ("Liquidation Court"). In that filing the Liquidator reports that all assets and/or property of MSIC have now been recovered on behalf of the estate and that all Proofs of Claim filed with the Liquidator against MSIC have been reviewed and processed, including assigning each Proof of Claim to the appropriate Claim priority class in accordance with Indiana's Liquidation Act (Ind. Code 27-9-3-40).

The Final Accounting also explains that the MSIC estate does not have sufficient assets to fully pay all the costs and expenses of administering the insolvency proceeding (which are Class 1 claims under Ind. Code 27-9-3-40) and, therefore, no MSIC assets are available for payment of claims falling in Class 2 or lower (which includes claims arising out of MSIC's policies, claims of MSIC's general creditors, etc.). However, the Final Accounting does explain that valid claims arising out of MSIC's policies (Class 2 claims under Ind. Code 27-9-3-40), were covered by the life and health insurance guaranty associations in the states in which MSIC was licensed to do business and further explains how such claims were addressed and resolved by the guaranty associations working in conjunction with the Liquidator.

A copy of the Final Accounting as filed with the Liquidation Court (excluding Exhibits filed "Under Seal") has been posted on the Indiana Department of Insurance website – www.in.gov/idoi. You can also obtain a copy of the Final Accounting (excluding Exhibits filed "Under Seal") by sending a written request to the Special Deputy Liquidator at the following address, along with a check in the amount of fifteen dollars (\$15.00) to cover the Liquidator's cost of copying, handling and postage (make checks payable to "Medical Savings Insurance Company, In Liquidation"):

Special Deputy Liquidator
MEDICAL SAVINGS INSURANCE COMPANY
c/o Noble Consulting Services
8365 Keystone Crossing, Suite 200
Indianapolis, IN 46240

The Liquidation Court has scheduled a hearing to consider the Final Accounting on _____, commencing at _____. The hearing will be held at the following location:

Marion Circuit Court
City-County Building
200 E. Washington Street, Room W-506
Indianapolis, IN 46204

At the hearing the Liquidation Court will consider the Final Accounting and the Liquidator's recommendations set forth therein, including the Liquidator's recommendations regarding all Proofs of Claim and the release and discharge of the Liquidator and those operating under the direction and control of the Liquidator. The hearing may be continued from day to day until complete without further notice, except as may be announced at the hearing.

If you wish to appear at the hearing to object to the Final Accounting or otherwise wish to present any information to the Court regarding the Final Accounting or the recommendations of the Liquidator contained therein, then you must, on or before _____, send a written Notice of Intention to Appear or Object to the Liquidation Court (at the above referenced address for the Liquidation Court) and to the Liquidator's counsel at the following address:

Donald J. Graham
Bingham Greenebaum Doll LLP
2700 Market Tower
10 West Market Street
Indianapolis, IN 46204.

If you submit a Notice of Intention to Appear or Object, you must specifically identify and describe therein any and all objections which you intend to present to the Court, the basis of such objection(s) and any other matter which you wish to raise at the hearing.

BY ORDER OF THE LIQUIDATION COURT dated _____.

Indiana Insurance Commissioner Stephen W. Robertson,
as Liquidator of Medical Savings Insurance Company

STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0811-MI-053358

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the Department of Insurance)
of the State of Indiana,)
)
Petitioner,)
)
v.)
)
MEDICAL SAVINGS INSURANCE COMPANY,)
)
Respondent.)

**FINAL JUDGMENT APPROVING LIQUIDATOR'S FINAL ACCOUNTING
AND RELEASE AND DISCHARGE OF THE LIQUIDATOR**

On November 7, 2014, Indiana Insurance Commissioner, Stephen W. Robertson, as Liquidator of Medical Savings Insurance Company ("MSIC"), filed a Final Accounting and Recommendation for the Release and Discharge of the Liquidator ("Final Accounting"). The Final Accounting was set for hearing and the Liquidator was directed to provide notice, (by mailings, publication and website postings) that the Final Accounting had been filed and the date, time and location at which the hearing would be held. The Liquidator thereafter confirmed that such notice had been provided, as indicated in the Certificate of Compliance filed on _____.

Having considered the Final Accounting, the arguments and evidence presented in conjunction therewith at the hearing held on the ____ day of _____, 2014 and being fully advised, the Court hereby makes and enters the following findings:

- a) This Court has exclusive subject matter and personal jurisdiction, pursuant to Ind. Code 27-9-1-3(f) and 27-9-3-22, over all proceedings related to the liquidation of

MSIC and has summary jurisdiction to hear and determine the rights of any parties arising under Ind. Code 27-9-3;

- b) Notice of the Final Accounting and the hearing scheduled thereon was provided by the Liquidator (by mailings, publication and website postings as ordered by the Court) and such constitutes appropriate and sufficient notice and, considering the rights of interested parties, meets the requirements of due process;
- c) The Liquidator has pursued and recovered all assets and/or property of MSIC;
- d) The Liquidator has identified, reviewed and processed all Proofs of Claim against the MSIC estate, in accordance with Ind. Code 27-9 and Orders issued by this Court; and
- e) The Final Accounting, including all recommendations set forth therein, should be approved in all respects.

IT IS, THEREFORE, ORDERED, ADJUDGED and DECREED that:

1. The Final Accounting, including all recommendations contained therein, is approved and granted in all respects.

2. The Proofs of Claim listed on Exhibit A to the Final Accounting are hereby assigned to Class 3 or lower under Ind. Code 27-9-3-40.

3. The Proofs of Claim listed on Exhibit B to the Final Accounting do not constitute valid claims against MSIC and, therefore, such Proofs of Claim are denied.

4. The Proofs of Claim listed on Exhibit C to the Final Accounting relate to claims arising under MSIC policies and, therefore, are properly assigned to Class 2 under Ind. Code 27-9-3-40. The valid portion of these Proofs of Claim were covered and paid by the Life and Health Insurance Guaranty Association of the state in which applicable MSIC insured resided (collectively "Affected Associations") and, therefore, all such Proofs of Claim filed by MSIC insureds or the health care provider which rendered services are denied. This denial does not apply to the claims as assigned and subrogated to the Affected Associations who provided

coverage, which were asserted in the Omnibus Claim as addressed by the Court in paragraph 5 below.

5. With respect to the Omnibus Proof of Claim (“Omnibus Claim”) which the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”) filed on behalf of all Affected Associations:

- a) To the extent the Affected Associations incurred reasonable costs and expenses to administer claims arising out of the MSIC insolvency for which they provide coverage, such claims are assigned to Class 1 under Ind. Code 27-9-3-40; and
- b) To the extent the Affected Associations, in discharge of their statutory obligations, provided coverage for claims arising under the terms and conditions of MSIC policies, such claims are assigned to Class 2 under Ind. Code 27-9-3-40.

Because the MSIC estate does not have sufficient funds to make payment to the Affected Associations on either Class 1 or Class 2 claims, there was no need for the Liquidator to expend time or cost to determine the specific amounts of the Class 1 and Class 2 claims to be recommended for each of the Affected Associations (or for the Affected Associations collectively), nor is there any need for this Court to consider and approve the specific amounts of such claims.

6. Consistent with the Court’s Order dated July 10, 2014, all MSIC records will be maintained at least until June 30, 2015 and shall, thereafter, be destroyed in a safe and secure manner.

7. The Court approves all Class 1 Claims for the costs and expense of administering the MSIC estate which have been incurred by the Liquidator (including the persons and entities operating under the direction and control of the Liquidator) to date. The Liquidator is further authorized and directed to pay, as Class 1 claims under Ind. Code 27-9-3-40, the final costs and

expenses of administration incurred by the Liquidator (including the persons and entities operating under the direction and control of the Liquidator), including:

- a) The costs to store and ultimately destroy (on or after June 30, 2015) all the records of MSIC which are in the possession of the Liquidator or those operating under his direction or control;
- b) All costs associated with providing notice (by mailings, publication and website postings) of both the filing of the Final Accounting and the hearing scheduled thereon;
- c) The costs of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, including Bingham Greenebaum Doll LLP, to prepare for and participate in the hearing on the Final Accounting or any other hearing which may be scheduled before the release and discharge of the Liquidator;
- d) The costs of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, to prepare and file final tax returns with the Internal Revenue Service and the Indiana Department of Revenue, confirming that the Liquidator is being discharged and that there are no tax obligations owed by the estate; and
- e) The costs of the Liquidator, the Special Deputy Liquidator and those operating under their direction and control, to make the final distribution of assets from the MSIC estate as authorized and directed in paragraph 8 below and to Escheat any Unclaimed Funds as set forth in paragraph 10 below.

8. After payment of the Liquidator's final Class 1 administrative costs and expenses as set forth in paragraph 7 above, the Liquidator shall deliver all funds or assets which then remain in the Liquidator's possession to NOLHGA, for the benefit of the Affected Associations and in accordance with the terms of the Claims Settlement Agreement.

9. After the Liquidator has distributed all of MSIC's assets as directed in paragraphs 7 and 8 above, the Liquidator shall file a Certificate of Compliance with the Court confirming that such final distribution has been completed in accordance with this Order. Service of that

Certificate of Compliance shall only be made on those individuals currently listed on the schedule of service.

10. The Liquidator shall deposit with the Indiana State Treasurer, in accordance with Ind. Code 27-9-3-43, any final disbursement checks which have not been negotiated or other funds that are still unclaimed more than sixty (60) days following the final disbursement of MSIC's assets.

11. Upon final distribution of MSIC assets, the filing of final tax returns consistent with paragraph 7(d) above, the delivery of unclaimed funds, if any, to the Indiana State Treasurer as required in paragraph 10 above and the filing of a Certificate of Compliance as required in paragraph 9 above:

- a) The corporate existence of MSIC shall be dissolved in accordance with Ind. Code 27-9-3-9(a); and
- b) The Liquidator, prior Liquidators, prior Rehabilitators, Special Deputy, Assistant Special Deputy, Indiana Insolvency, Inc., Noble Consulting Services, Inc., Consultants (as those terms are defined in the Final Accounting) and Bingham Greenebaum Doll LLP (including all of their respective officers, employees, partners, agents, representatives, predecessors, successors and assigns) shall be completely and fully discharged and released from any and all further duties and responsibilities and from any and all claims, demands, actions, causes of action, liabilities or any other exposure (direct or indirect, known or unknown, personal or otherwise, which now exist or may hereafter arise and whether based on statutory, contract, equitable or any other claim or theory) which in any manner arise out of or relate to MSIC, the prior Rehabilitation proceeding, this Liquidation proceeding, claims which were or could have been asserted in this proceeding and any acts, omissions or other conduct related to the Rehabilitation and/or Liquidation of MSIC.

12. Other than the Liquidator's obligation to file and serve the Certificate of Compliance in accordance with paragraph 9 above, no further notice will be provided of the Court's approval of the Final Accounting or any of the actions to be performed as directed herein.

13. There is no just reason to delay approval of the Final Accounting in all respects as specifically and expressly set forth above and, therefore, this Order constitutes a FINAL JUDGMENT.

Dated: _____

JUDGE, Marion County Circuit Court

Distribution:

Donald J. Graham
Thomas C. Scherer
Whitney L. Mosby
BINGHAM GREENEBAUM DOLL LLP
2700 Market Tower
10 West Market Street
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STATE OF INDIANA)
) SS:
COUNTY OF MARION)

IN THE MARION CIRCUIT COURT
CAUSE NO. 49C01-0811-MI-053358

STEPHEN W. ROBERTSON, as the Insurance)
Commissioner of the Department of Insurance)
of the State of Indiana,)
)
Petitioner,)
)
v.)
)
MEDICAL SAVINGS INSURANCE COMPANY,)
)
Respondent.)

**ORDER APPROVING NOTICE AND SETTING HEARING ON LIQUIDATOR'S
FINAL ACCOUNTING**

On November 7, 2014, Indiana Insurance Commissioner Stephen W. Robertson, as Liquidator of Medical Savings Insurance Company ("MSIC"), filed a Final Accounting and Recommendation for Release and Discharge of the Liquidator ("Final Accounting"). The Court hereby ORDERS that:

1. A hearing to consider the Final Accounting and all the relief requested therein is now scheduled for the ____ day of _____, 201__, commencing at _____ .m. in Room W-506, City County Building, Indianapolis, Indiana 46204.

2. The Liquidator is directed, within fifteen (15) days of the date of this Order, to cause the Notice (in the form attached as Exhibit D to the Final Accounting and with the date and time of the hearing inserted therein) to be printed and mailed (by first class United States Mail, postage prepaid) to the following groups of persons at the last known address indicated in MSIC's records (except the Liquidator is not required to mail the Notice to any address where it is known, based on prior mailings, that the addressee cannot be found):

- (a) Former officers and directors of MSIC;
- (b) Medical Savings Investment, Inc.;
- (c) Reinsurers of MSIC, if any;
- (d) All insureds of MSIC;
- (e) All insurance producers of MSIC;
- (f) All known healthcare providers who previously rendered services to MSIC insureds;
- (g) All known creditors of MSIC;
- (h) The Insurance Commissioners or Departments in each state or jurisdiction and the National Association of Insurance Commissioners;
- (i) The Indiana Life and Health Insurance Guaranty Association, similar associations in the other states and jurisdictions where MSIC was licensed to do business and the National Organization of Life and Health Insurance Guaranty Associations (“NOLHGA”);
- (j) The Indiana Secretary of State;
- (k) The Indiana Attorney General;
- (l) The Auditor of Marion County, Indiana;
- (m) The Internal Revenue Service, both at its national and local offices;
- (n) The Indiana Department of Revenue;
- (o) The United States Attorney for the Southern District of Indiana;
- (p) The Department of Justice; and
- (q) All who have filed their appearance in this proceeding.

3. The Liquidator is further directed, within fifteen (15) days of the date of this Order, to cause the Notice (in the form attached as Exhibit D to the Final Accounting and with the date and time of the hearing inserted therein) to be published once in a newspaper of general circulation in Marion County, Indiana.

4. Within fifteen (15) days of the date of this Order, a copy of the Final Accounting (except for Exhibits A, B and C which have been filed with the Court "Under Seal") and a copy of the Notice (in the form attached as Exhibit D to the Final Accounting and with the date and time of the hearing inserted therein) shall be posted on the website of the Indiana Department of Insurance ("IDOI").

5. Upon providing Notice as required by paragraphs 2, 3 and 4 above, the Liquidator shall file with the Court a Certificate of Compliance confirming that the required mailings were timely made, identifying the name of the newspaper in which publication was made (and the date thereof) and confirming that the required information was timely posted on the IDOI's website.

6. The Liquidator shall mail a copy of the Final Accounting, including Exhibits (except for Exhibits A, B and C which have been filed with the Court "Under Seal"), to any person who sends a written request therefore to the Liquidator, along with a check made payable to "Medical Savings Insurance Company, in Liquidation" in the amount of \$15.00 to cover the costs of copying, handling and mailing.

7. The Court finds that the mailings, publication and website posting as required herein constitute appropriate and sufficient notice of the Liquidator's filing of the Final Accounting and the hearing which has been scheduled thereon. The forms of Notice and the procedure for providing Notice contemplated hereunder are reasonably calculated to reach interested persons, to describe the actions, orders and relief that the Liquidator is requesting and to apprise interested persons of the terms thereof in sufficient detail to allow interested persons to determine whether to attend and/or participate in the Final Accounting Hearing. The Court further finds, considering the rights of interested parties, that the notice as directed herein meets the requirements of due process.

8. Any person wishing to object to the Final Accounting or any of the recommendations of the Liquidator contained therein, or if any person otherwise intends to appear at the hearing, such person shall file with the Court, no later than ten (10) days before the hearing, a Notice of Intention to Appear or Object. Such person shall also concurrently furnish a copy of such Notice to Appear or Object to the Liquidator's counsel, Donald J. Graham, Bingham Greenebaum Doll LLP, 2700 Market Tower, 10 West Market Street, Indianapolis, Indiana 46204. Any Notice of Intention to Appear or Object must specifically identify and describe any and all objections to be raised, along with a detailed description of the basis for such objection(s) and any other matter to be raised at the hearing.

Dated: _____

JUDGE, Marion County Circuit Court

Distribution:

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