

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

Raymond G. Farmer, as Director of the South
Carolina Department of Insurance,

Petitioner,

vs.

Consumers' Choice Health Insurance
Company,

Respondent.

IN THE COURT OF COMMON PLEAS

FOR THE FIFTH JUDICIAL CIRCUIT

C.A. No. 2016-CP-40-00034

**ORDER APPROVING LIQUIDATOR'S
THIRD CLAIMS REPORT,
RECOMMENDATION AND
PROPOSAL FOR PAYMENT OF
SECOND INTERIM DISTRIBUTION**

This matter comes before the Court pursuant to the Liquidator's Third Claims Report, Recommendation and Proposal for Payment of Second Interim Distribution and Application for Order Approving Same (the "Application") in accordance with S.C. Code Ann. § 38-27-610 through -630 (2015). Attached as Exhibit A to the Application and pertaining to the Third Claims Report and Recommendation is a schedule containing the names and addresses of all relevant claimants, recommended valuations for each claim, and the priority class. Attached as Exhibits B and C to the Application and pertaining to the Proposal are schedules containing the names and addresses of all relevant claimants, this Court's previously-allowed amount on each claim, the proposed interim distribution and the priority class of each claim. Also attached as Exhibit D to the Application is an Affidavit in support filed by the Special Deputy Liquidator.

Having reviewed the Application and Exhibits, including the Affidavit of the Special Deputy Liquidator, the Court finds that Liquidator's claims recommendations are in the interests of all policyholders and creditors in this matter. The Court also finds that the Proposal for Payment of Second Interim Distribution is well-founded and that the distribution as proposed will not prejudice the rights of any person with an interest in the liquidation estate and is otherwise

consistent with the best interests of the estate and its policyholders, its creditors and the public. The assets of the liquidation estate are more than adequate to support the proposed distributions without impairing the rights of any policyholder or creditor. The distribution as proposed is appropriate under S.C. Code Ann. § 38-27-630 (2015) in that it assures the proper recognition of priorities, as well as a reasonable balance between the expeditious completion of the liquidation and the protection of other claimants.

IT IS THEREFORE ORDERED that pursuant to S.C. Code Ann. §§ 38-27-10 *et seq.*, the Third Claims Report and Recommendation is APPROVED.

IT IS FURTHER ORDERED that if any additional factors hereafter come to the attention of the Liquidator or his Special Deputy that may require modification, the Liquidator shall promptly file an application to modify these claims.

IT IS FURTHER ORDERED that pursuant to S.C. Code Ann. § 38-27-630 (2015), the Proposal for Payment of Second Interim Distribution is APPROVED, and the Liquidator is authorized to make distributions from the liquidation estate's assets in accordance with that Proposal.

AND IT IS SO ORDERED.

L. Casey Manning
Chief Administrative Judge
Fifth Judicial Circuit

June __, 2021
Columbia, South Carolina



Richland Common Pleas

Case Caption: Raymond G Farmer , plaintiff, et al vs Consumers Choice Health Insurance Company

Case Number: 2016CP4000034

Type: Order/Other

So Ordered

s/L. Casey Manning, 2061

-STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND

Raymond G. Farmer, as Director of the South
Carolina Department of Insurance,

Petitioner,

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Consumers' Choice Health Insurance
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FOR THE FIFTH JUDICIAL CIRCUIT

C.A. No. 2016-CP-40-00034

**LIQUIDATOR'S THIRD CLAIMS
REPORT, RECOMMENDATION AND
PROPOSAL FOR PAYMENT OF
SECOND INTERIM DISTRIBUTION
AND APPLICATION FOR ORDER
APPROVING SAME**

Comes now Petitioner Raymond G. Farmer, as Liquidator of the above-captioned insurance company ("Consumers' Choice"), by and through the undersigned counsel, and files his Third Claims Report, Recommendation and Proposal for Payment of Second Interim Distribution and applies to the Court for an Order approving his undisputed claims determinations and recommendations specified herein and, further, authorizing the Liquidator to pay a second interim distribution to certain approved claimants.

This application is made pursuant to the South Carolina Insurers Rehabilitation and Liquidation Act, S.C. Code Ann. §§ 38-27-10 *et seq.*, specifically, S.C. Code Ann. § 38-27-620(a) (2015), wherein the Liquidator is required to review all claims duly filed in the liquidation proceedings, make such further investigation as he deems necessary and submit a claims report to the Court containing his claim recommendations, and S.C. Code Ann. § 38-27-630 (2015), which allows the Liquidator to pay distributions under the direction of the Court in a manner that will assure the proper recognition of priorities and a reasonable balance between the expeditious completion of the liquidation and the protection of unliquidated and undetermined claims.

In support of his report, recommendation, proposal and application, the Liquidator respectfully shows the following:

1. Between the entry of the Order of Liquidation on March 28, 2016 and December 31, 2016, the Claims Bar Date, the Liquidator issued eighty-seven thousand, seven-hundred thirty-six (87,736) Notices of Liquidation and Proof of Claim (POC) forms, with instructions to members, general creditors and other potential claimants and/or creditors of Consumers' Choice.

2. On April 25, 2016, notice of the liquidation was published in the Post & Courier, Greenville News, The State, The Sun and The Island Packet, all being newspapers of general circulation in Charleston, Greenville, Columbia, Myrtle Beach and Beaufort/Bluffton, informing interested parties of the liquidation proceedings and including contact information and instructions for the timely filing of a claim.

3. On or before the Bar Date of December 31, 2016, the Liquidator received five-hundred ninety-nine (599) valid, timely-filed POCs and twenty-three (23) late-filed POCs. An additional forty-nine (49) timely filed POCs were created by the Liquidator for (a) various providers attributable to certain members claims, whose claims are in excess of the South Carolina Life and Accident and Health Insurance Guaranty Association's \$300,000 limit, and one member's claims, which involves ongoing settlement discussions. Total timely filed POC's now amount to six hundred forty-eight (648). Late filed claims amount to twenty-three (23).

4. One-hundred fifty-four (154) claims were approved by this Court by Order entered July 24, 2017.

5. Six (6) claims resolved by the Special Referee were approved by this Court with Orders entered on February 12, 2019, June 4, 2019, June 6, 2019, October 15, 2019, and February 11, 2020.

6. Four hundred twenty-five (425) claims were approved by this Court by Order entered on July 2, 2020.

7. An additional fifteen (15) claims have now been adjudicated. There are only seventy-one (71) remaining POCs pending adjudication, and all are presently under evaluation. Notice of valuations, once determined, will be forwarded to remaining claimants via first class mail.

8. Attached hereto as Exhibit A and incorporated by reference herein is a schedule listing the names and addresses of the fifteen (15) claimants, referenced in paragraph 7 above, holding a class 8 claim as defined by S.C. Code Ann. § 38-27-610(8) (2015), the POC number, the Liquidator's recommendation to the Court regarding the valuation of each claim and the class code.

9. Pursuant to S.C. Code Ann. § 38-27-610, the priority of distribution of claims from the insurer's estate must be in accordance with the order in which each class of claims is set forth in that Code section, and "[e]very claim in each class must be paid in full or adequate funds retained for the payment before the members of the next class receive any payment."

10. The Liquidator has recovered approximately \$91 million due to Consumers' Choice from the Centers for Medicare & Medicaid Services (CMS) for unpaid risk corridor payments, of which thirty-eight million six-hundred thirty-three thousand three-hundred and thirty-three dollars (\$38,633,333) has been disbursed to the General Fund pursuant to an Order of the Court dated November 10, 2020 approving a first interim distribution, leaving approximately \$59.9 million in assets in the liquidation estate.

11. Having marshaled the majority of the assets of the estate, the Special Deputy Liquidator has determined that there are sufficient assets to pay, in full, Class 1 through 8 claims.

The Special Deputy Liquidator has concluded that no policyholder or creditor would be prejudiced by a proposed interim 100% distribution to approved POC claimants in Classes 6 and 8 as defined by S.C. Code Ann. § 38-27-610(6) & (8) (2015).

12. All priority classes of claims with a priority superior to classes 6 and 8 have been paid in full or properly reserved for, and no claimant will be prejudiced by payment in full of any claims with a superior priority.

13. With the exception of a single claim by the United States Government that has been assigned priority Class 9, no other claims with a priority class subordinate to class 9 have been filed against the liquidation estate.

14. Attached hereto as Exhibit B and incorporated by reference herein is a schedule of previously-approved claims listing the names and addresses of sixty (60) claimants holding a Class 6 claim as defined by S.C. Code Ann. § 38-27-610(6) (2015), the POC number assigned by the Liquidator, the Court-allowed amount and the proposed interim distribution.

15. Attached hereto as Exhibit C and incorporated herein is a schedule of previously-approved claims listing the names and addresses of two (2) claimants holding a Class 8 claim as defined by S.C. Code Ann. § 38-27-610(8) (2015), the POC number assigned by the Liquidator, the Court-allowed amount and the proposed interim distribution.

16. In further support of this submission, attached hereto as Exhibit D and incorporated by reference herein is the affidavit of Michael J. FitzGibbons, Special Deputy Liquidator.

WHEREFORE, the Liquidator prays the Court issue an Order approving this Third Claims Report, Recommendations and Proposal for Payment of Second Interim Distribution in accordance with S.C. Code Ann. §§ 38-27-610 & -630 (2015), specifically, approving his claims recommendations as set forth in Exhibit A and authorizing the interim distribution as proposed

and as set forth in detail in Exhibits B and C, as well as such other relief as the Court deems just and proper.

May 20, 2021

Respectfully submitted,

s/ Geoffrey R. Bonham
S.C. Bar No. 13058
Associate General Counsel
S.C. Department of Insurance
P.O. Box 100105
Columbia SC 29202-3105

Capitol Center
1201 Main Street, Suite 1000
Columbia SC 29201

Telephone: 803-737-6200
Fax: 803-737-6229
Email: gbonham@doi.sc.gov

One of the Attorneys for the Liquidator

Consumers' Choice Health Insurance Company in Liquidation
Third Claims Report
Exhibit A

POC No.	Claimant Name	Address 1	Address 2	City	State	Zip	CLASS	Liquidator's Recommended Amount
3231900001	S. A. A.	1765 New Cut Road		Spartanburg	SC	29303	8	-
61700014	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700013	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700012	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700011	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700010	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700009	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700008	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700007	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700006	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700005	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700004	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700003	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700002	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-
61700001	S. S. & D.S.	40 ROYAL JAMES DRIVE		HILTON HEAD	SC	29926	8	-

Consumers' Choice Health Insurance Company in Liquidation
Class 6 Claims
Exhibit B

POC No.	Claimant Name	Address 1	Address 2	City	State	Zip	CLASS	Court Allowed Amount	Proposed Distribution
791700002	J.H.G.	223 Cordillo Pkwy	UNIT 15	HILTON HEAD ISLAND	SC	29928	6	12,055.58	12,055.58
651700002	M.E.	223 Cordillo Pkwy	UNIT 15	HILTON HEAD ISLAND	SC	29928	6	3,827.51	3,827.51
31700036	T.L.	628 IVY CIRCLE		ANDERSON	SC	29621	6	31,862.02	31,862.02
31700030	E.B.A.	PO Box 1289		GREER	SC	29652	6	5,535.70	5,535.70
3641600015	J.A.D.I.A. LLC	1529 Sam Rittenburg Blvd.	SUITE 1-A	CHARLESTON	SC	29407	6	1,450.00	1,450.00
1301600007	P.W.	40 Heather Ct.		SUMTER	SC	29154	6	6,945.00	6,945.00
3631600001	I.M.G. INC.	1600 Saint Julian Place		COLUMBIA	SC	29204	6	5,314.64	5,314.64
3541600002	C.T.	616 SUMMERHILL DR.		COLUMBIA	SC	29203	6	511.90	511.90
3481600004	J.H.	PO Box 1853		WALTERBORO	SC	29488	6	13,440.70	13,440.70
3481600003	I.M. OF H.	841 Elm Street W		Hampton	SC	29924	6	7,435.88	7,435.88
3231600001	H.R./H.M.R. & A.	1905 Culbertson Avenue		Myrtle Beach	SC	29577	6	5,062.24	5,062.24
2951600002	P.H.P.	1559 Laurens Road		GREENVILLE	SC	29607	6	50,579.58	50,579.58
1321600002	G.W.	214 MORRIS ST.	APT. B	CENTRAL	SC	29630	6	914.33	914.33
2851600003	D.D.N.	117 Westridge Rd		Elgin	SC	29045	6	10,723.98	10,723.98
1321600004	A.C.I. INC.	213 THREE BRIDGES RD		GREENVILLE	SC	29611	6	69,648.00	69,648.00
2721600006	W.S.	105 N. Lucas Street		WALTERBORO	SC	29488	6	9,283.00	9,283.00
2721600005	A.I.C. LLC	3857 MILL POND RD		SMOAKS	SC	29481	6	26,197.00	26,197.00
2631600002	C.S.S. LLC	1275 Milwaukee Ave		Glenview	IL	60025	6	599.00	599.00
2561600004	V.I.A.	3126 CONSERVANCY LN		CHARLESTON	SC	29404	6	10,293.51	10,293.51
2511600005	W.S.	206 LONDON DR.		LAURENS	SC	29360	6	3,727.00	3,727.00
2421600004	S.I.C.	1061 Bickley Rd	PO Box 1396	Irmo	SC	29063	6	5,057.16	5,057.16
2071600003	W.A. INC.	1704 Laurel Street		COLUMBIA	SC	29201	6	1,051.53	1,051.53
1341600003	G.G.	1898 Calhoun Street	#6	Columbia	SC	29201	6	1,176.00	1,176.00
1941600012	A. & A.	675 B Wachesaw Rd		MURRELLS INLET	SC	29576	6	3,191.73	3,191.73
1341600006	S.L.	311 MCDONALD PLACE		BISHOPVILLE	SC	29010	6	506.15	506.15
1901600004	W.B. LLC	295 SEVEN FARMS DRIVE	STE C137	DANIEL ISLAND	SC	29492	6	17,802.60	17,802.60
1341600008	S.L.	1005 Alice Dr.	Apt. 615	SUMTER	SC	29150	6	1,191.00	1,191.00
1871600009	C.I.C. LLC	P O Box 812		White Rock	SC	29178	6	272.30	272.30
1871600008	C.I.C. LLC	P O Box 812		White Rock	SC	29177	6	476.73	476.73
1721600005	D.D.	c/o Timothy Ault, Ault Law Firm	991 Lomas Santa Fe Drive, Ste C-250	Solano Beach	CA	92075	6	51,067.85	51,067.85
1601600002	G.B.S. CO.	2800 W Oakland Park Blvd	Suite 207	Oakland Park	FL	33311	6	1,911.30	1,911.30
1581600008	O.S.S. LLC	109-A Regency Commons Dr		GREER	SC	29650	6	4,170.54	4,170.54
1341600017	R.C.	105 Lamplight Circle		Summerville	SC	29485	6	1,454.00	1,454.00
1581600007	W.I.G. LLC	111 COLUMBIA AVENUE		CHAPIN	SC	29036	6	586.48	586.48
1581600006	H.I. INC.	PO BOX 2369		ORANGEBURG	SC	29116	6	20,790.01	20,790.01
1341600020	F.M.I.A.	2 Chorus Christi Place	Suite 205	Hilton Head	SC	29928	6	11,193.00	11,193.00
1371600001	C.C.F.G. INC.	108 E Columbia Northeast Drive		Columbia	SC	29223	6	4,912.00	4,912.00
1581600004	H.M.	c/o Taylor Silver, Law Offices of Ronald J. Talbert	P.O. Box 528	Andrews	SC	29510	6	30,101.67	30,101.67
1551600004	M.F.G.	C/O Caudel & Spears, PA	121 W. Trade St., Ste 2600	Charlotte	NC	28202	6	286,149.26	286,149.26
1531600001	D.L.	PO BOX 12723		FLORENCE	SC	29504	6	4,022.25	4,022.25

Consumers' Choice Health Insurance Company in Liquidation
Class 6 Claims
Exhibit B

POC No.	Claimant Name	Address 1	Address 2	City	State	Zip	CLASS	Court Allowed Amount	Proposed Distribution
1521600010	P.G.	11 Doral Court		Hilton Head Island	SC	29926	6	800.14	800.14
1521600005	U.M.G. LLC	69 ROBERT SMALLS PARKWAY	Suite 4-F	BEAUFORT	SC	29906	6	12,081.00	12,081.00
1471600003	D.I.G. LLC	5315 S College Road	Suite F	Wilmington	NC	28412	6	8,291.45	8,291.45
1471600001	J.H.	C/O Deirdre Edmonds, Law Office of Deidre Edmonds	P.O. Box 16064	Surfside Beach	SC	29587	6	1,607.00	1,607.00
1371600011	A.B.	125 Hazeltine Bend		Summerville	SC	29483	6	1,138.00	1,138.00
1451600001	W.A. JR.	913 Hog Haven Road		Branchville	SC	29432	6	1,018.02	1,018.02
1441600019	I.I.S.	C/O Richard Bierman, Esquire-In house counsel	9151 Highway 26	North Richland Hills	TX	76180	6	149,626.00	149,626.00
1441600003	L.T.C.U.A., LLC	375 Fern House Walk		Mount Pleasant	SC	29464	6	1,483.00	1,483.00
1401600011	S.B.C.	3605 Exchange Way		AUGUSTA	GA	30909	6	15,565.00	15,565.00
1401600010	G.M.	216 REDWOOD DRIVE		EASLEY	SC	29642	6	439.10	439.10
1401600009	F.H.-H.I.A. INC.	219 W. Hampton Ave		SUMTER	SC	29150	6	1,036.49	1,036.49
1401600004	R.E.	6205 Abercorn St	Suite 106	Savannah	GA	31405	6	428.00	428.00
3641600007	F.C.L.P.	c/o Jake S. Barker	225 Seven Farms Drive, #207	Charleston	SC	29492	6	288,423.58	288,423.58
2671600006	G.T. LLC	P O Box 2567		Greenville	SC	29602	6	24,816.52	24,816.52
1941600010	E.S. CO.	1363 Veterans Highway	Suite 32	Hauppauge	NY	11788	6	11,726.75	11,726.75
1721600001	M.H. LLC	c/o Abraham Cho-Hearst	300 W. 57th Street, 40th Floor	New York	NY	10019	6	332,550.58	332,550.58
1651600003	G.S.A.	c/o Barbara George Barton, Esq.	PO Box 2746	Murrells Inlet	SC	29576	6	332,617.27	332,617.27
1611600004	A.C. LLC	C/O Jennifer Hatchett, Esq.	10350 Ormsby Park Place, Suite 104	Louisville	KY	40223	6	6,156.25	6,156.25
1551600001	H.D.S. CORP	C/O Thomas J. Roberts, General Counsel	100 Summer Street, Suite 1400	Boston	MA	2110	6	37,264.79	37,264.79
1481600005	W.	301 N. Main St.	Suite 5000	Greenville	SC	29601	6	143,110.06	143,110.06
Total								2,092,669.13	2,092,669.13

Consumers' Choice Health Insurance Company in Liquidation
Class 8 Claims
Exhibit C

POC No.	Claimant Name	Address 1	Address 2	City	State	Zip	CLASS	Court Allowed Amount	Proposed Distribution
1181800001	V.F.	105 Dorian Drive		Simpsonville	SC	29680	8	1,471.36	1,471.36
1202000001	S.C. D. OF I.	1201 Main Street, Suite 1000		Columbia	SC	29201	8	1,606,100.00	1,606,100.00
Total								1,607,571.36	1,607,571.36

Exhibit D**STATE OF SOUTH CAROLINA****COUNTY OF RICHLAND**Raymond G. Farmer, as Director of the South
Carolina Department of Insurance,

Petitioner,

vs.

Consumers' Choice Health Insurance
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Respondent.

**IN THE COURT OF COMMON PLEAS
FOR THE FIFTH JUDICIAL CIRCUIT**

C.A. No. 2016-CP-40-00034

**AFFIDAVIT OF MICHAEL J.
FITZGIBBONS
IN SUPPORT OF LIQUIDATOR'S
THIRD CLAIMS REPORT,
RECOMMENDATION AND
PROPOSAL FOR PAYMENT OF
SECOND INTERIM DISTRIBUTION
AND APPLICATION FOR ORDER
APPROVING SAME**

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

1. I am the Special Deputy Liquidator of Consumers' Choice Health Insurance Company. ("Consumers' Choice"). I was appointed to my position by the Liquidator, Raymond G. Farmer, Director of the South Carolina Department of Insurance.

2. I am over 21 years of age and suffer no legal disability.

3. I submit this affidavit in support of the Liquidator's Third Claims Report, Recommendation and Proposal for Payment of Second Interim Distribution and Application for Order Approving Same ("Report, Recommendation, Proposal and Application").

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

5. The claims process has included the following components, all of which has been followed:

- a. Notice of Consumers' Choice's liquidation was given in accordance with S.C. Code Ann. § 38-27-410(a) (2015).
- b. In accordance with S.C. Code Ann. § 38-27-410(b) (2015), the notice specified that the last date to file a timely Proof of Claim (POC) with the Liquidator was December 31, 2016. Timely proofs of claim were required to have been postmarked no later than 5:00 P.M. Eastern Time, on such date.
- c. The Liquidator's POC forms are in compliance with S.C. Code Ann. § 38-27-550(a) (2015) and provided notice thereof in accordance with S.C. Code Ann. § 38-27-410(b) (2015).
- d. I am administering the POC process. I retained certain of the Company's claim professionals in addition to continuing the engagement of the Company's third-party administrator to assist me in the adjudication of claims under the policies. These claim professionals were retained with the responsibility to make recommendations to the Liquidator as to the validity, valuation and priority of each POC. I then, as Special Deputy Liquidator on behalf of the Liquidator, approved or denied recommendations in whole or in part and then submitted the same to this Court for approval.
- e. Each and every claim and POC subject to this Claims Report contains the necessary claim file documentation for the Liquidator's recommendation herein.
- f. To the extent this Claims Report includes claims that were denied in whole or in part, notice of such denial complying with S.C. Code Ann. § 38-27-580(a) (2015)

was provided to the affected claimants and either no timely objection was made by the affected claimants or the objection was resolved by mutual agreement.

- g. Between March 28, 2016 and December 31, 2016, I caused to be issued eighty-seven thousand, seven-hundred thirty-six (87,736) Notices of Liquidation and POC forms, with instructions to policyholders (members), general creditors, and/or other potential claimants and creditors of Consumers' Choice.
- h. On April 25, 2016, I caused to be published Notice of the liquidation in the Post & Courier, Greenville News, The State, The Sun and The Island Packet, all of which are newspapers of general circulation in Charleston, Greenville, Columbia, Myrtle Beach and Beaufort/Bluffton, informing interested parties of the liquidation proceedings and including contact information and instructions for the timely filing of a claim.

6. On or before the Bar Date of December 31, 2016, I received five-hundred ninety-nine (599) timely filed POCs. I received twenty-three (23) late-filed POCs. An additional forty-nine (49) timely filed POCs were created for various providers for members whose claims were excess of the South Carolina Life and Accident and Health Insurance Guaranty Association's \$300,000 limit and one member whose claim involves ongoing settlement discussions, resulting in a total of 648 valid timely-filed POCs.

7. As the Special Deputy Liquidator, I have made determinations and recommendations on five-hundred seventy-nine (579) claims, which have been approved by the Court by Orders entered on July 24, 2017 and July 2, 2020.

8. I have now considered and valued each of fifteen (15) additional POCs in accordance with the requirements of the South Carolina Insurers Rehabilitation and Liquidation

Act, S.C. Code Ann. §§ 38-27-10 *et seq.* Seventy-one (71) POCs are still under review.

9. Attached to the Report, Recommendation, Proposal and Application and incorporated by reference as Exhibit A is a listing of the names and addresses of fifteen (15) claimants holding a class 8 claim as defined in S.C. Code Ann. § 38-27-610(8) (2015), the POC number assigned to the POCs submitted by each of these claimants and the valuation of each claim recommended by the Liquidator pursuant to S.C. Code Ann. § 38-27-620 (2015).

10. Pursuant to S.C. Code Ann. § 38-27-610, the priority of distribution of claims from the insurer's estate must be in accordance with the order in which each class of claims is set forth in that Code section, and "[e]very claim in each class must be paid in full or adequate funds retained for the payment before the members of the next class receive any payment."

11. I recovered approximately \$91 million due to Consumers' Choice from the Centers for Medicare & Medicaid Services (CMS) for unpaid risk corridor payments, of which thirty-eight million six-hundred thirty-three thousand three-hundred and thirty-three dollars (\$38,633,333) has been disbursed to the General Fund pursuant to Order of the Court dated November 10, 2020 approving a First Interim Distribution, leaving approximately \$59.9 million in assets in the liquidation estate.

12. There are sufficient assets to fully pay all claims in Classes 1 through 8.

13. All priority classes of claims with a priority superior to Classes 6 and 8 have been paid or fully reserved for.

14. With the exception of a single priority class 9 claim in the amount of \$69.5 million by the United States Government, no other claims with a priority class subordinate to Class 8 have been made against the liquidation estate.

15. Therefore, I propose to make a second interim distribution in the full amount to

Classes 6 and 8 as defined by S.C. Code Ann. § 38-27-610(6) & (8) (2015). Such a distribution would not prejudice the rights of any claimant holding a claim of a superior priority class.

16. Attached as Exhibit B to the Report, Recommendation, Proposal and Application and incorporated by reference is a schedule of claims previously approved by the Court, listing the names and addresses of sixty (60) claimants holding a Class 6 claim as defined by S.C. Code Ann. § 38-27-610(6) (2015), the POC number assigned by the Liquidator, the Court-allowed amount and the proposed interim distribution.

17. Attached as Exhibit C to the Report, Recommendation, Proposal and Application and incorporated by reference is a schedule of claims previously approved by the Court, listing the names and addresses of two (2) claimants holding a Class 8 claim as defined by S.C. Code Ann. § 38-27-610(8) (2015), the POC number assigned by the Liquidator, the Court-allowed amount and the proposed interim distribution.

18. To the best of my knowledge and belief, the claims subject to this Report and Application are not subject to modification. If any additional factors hereafter come to my attention which may require any modification, such as third-party payments or releases of any such claims, I will immediately notify the Liquidator, and he and/or I will promptly bring those matters to the attention of this Court.

FURTHER AFFIANT SAYETH NOT.



Michael J. FitzGibbons
Special Deputy Liquidator

SWORN to before me this 19th day of May 2021

Sarah E. Alexander

Notary Public for the State of Arizona
My commission expires 9-15-2022



SARAH E. ALEXANDER
Notary Public - Arizona
Maricopa Co. / #551135
Expires 09/15/2022