

CAUSE NO. D-1-GN-23-001549

THE TEXAS DEPARTMENT OF INSURANCE, <i>Plaintiff,</i>	§ § § §	IN THE DISTRICT COURT OF
v.	§	TRAVIS COUNTY, TEXAS
FRIDAY HEALTH INSURANCE COMPANY, INC. <i>Defendant.</i>	§ § §	345th JUDICIAL DISTRICT

FIRST SUPPLEMENT TO SPECIAL DEPUTY RECEIVER’S APPLICATION FOR APPROVAL OF FEES AND EXPENSES

COMES NOW, CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Friday Health Insurance Company, Inc. (“FHIC”), and files its *First Supplement to the Application for Approval of Fees and Expenses* (the “Application”).

I. BACKGROUND

1.1. On March 23, 2023, the Court entered an *Agreed Order Appointing Liquidator, Permanent Injunction, and Notice of Automatic Stay* appointing the Texas Commissioner of Insurance as Liquidator of FHIC. Effective March 23, 2023, the Texas Commissioner of Insurance, as Liquidator, appointed CANTILO & BENNETT, L.L.P. as Special Deputy Receiver of FHIC.

II. JURISDICTION

2.1. This Court has jurisdiction over the subject matter of this Application and of the parties herein pursuant to TEX. INS. CODE § 443.005.

III. STATUTORY AUTHORITY

3.1 The SDR is authorized to file this Application pursuant to TEX. INS. CODE § 443.015, which provides for the approval of the SDR’s expenses and compensation by the Court. The subject matter of this Application has been referred to the Special Master appointed in this

proceeding in accordance with the Agreed Order of Reference to Master entered on March 23, 2023.

IV. BASIS FOR APPLICATION

4.1 TEX. INS. CODE § 443.015(c)(1) requires the Receiver, to submit an application for the approval of the terms of compensation of a contractor when the Receiver reasonably expects that the total amount of compensation to be paid over the course of the proceeding will exceed Two Hundred Fifty Thousand Dollars (\$250,000), or such another amount established by the Court. In addition, TEX. INS. CODE § 443.015(d) permits the Receiver, at his discretion, to submit an application to approve any compensation, anticipated expenses, or incurred expenses not described by Subsection (c)(1).

4.2 This Court previously approved the SDR's original Application on April 20, 2023. The SDR now files this First Supplement to the Application to request approval of proposed fees and expenses for additional personnel associated with the previously-approved Fennemore law firm and to add an additional subcontractor, Lewis Brisbois, Delaware counsel to the SDR. At this time, the SDR anticipates that the compensation paid to Lewis Brisbois may exceed \$250,000 for the duration of this proceeding. The rates for previously approved subcontractors remain unchanged. The rates for compensation for all contractors are shown on Exhibit A, which is attached hereto and incorporated by reference. The SDR requests the Court to approve such rates pursuant to TEX. INS. CODE § 443.015(c)(1) and (d), effective as of October 1, 2023. These rates have been approved by the Receiver in accordance with TEX. INS. CODE § 443.154(a).

4.3 The SDR requests that the Court approve the SDR's First Supplement to the Application for Approval of Fees and Expenses for the individuals and entities identified on the attached Exhibit A.

4.4 TEX. INS. CODE § 443.015(g) provides that on a quarterly basis, or as otherwise provided by this Court, the Receiver shall submit to the Court a summary of expenses incurred during the period. The SDR requests the Court to confirm quarterly reporting periods that coincide with the State of Texas fiscal year. The SDR further requests that such reports be filed by the 15th day of the month following the end of the quarterly reporting period.

V. NOTICE

5.1 The SDR has served this Application to all known parties in interest, including all affected guaranty associations, and all individuals and entities identified by the SDR in the Certificate of Service by e-mail and as noted, by mail or overnight delivery to certain government agencies.

VI. OFFER OF PROOF AND VERIFICATION

6.1 This Application is verified by the affidavit and certification pursuant to TEX. INS. CODE § 443.017(b) by Susan E. Salch, Partner in CANTILO & BENNETT, L.L.P., Special Deputy Receiver of FHIC.

VII. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

7.1 All pleadings filed in response to this Application or in regard to this estate shall be served by e-mail on the undersigned counsel and all parties shown in the attached Certificate of Service.

PRAYER

WHEREFORE, PREMISES CONSIDERED, CANTILO & BENNETT, L.L.P., solely in its capacity as Special Deputy Receiver of FHIC, prays that this Court grant this Application and grant the SDR such other and further relief to which it may justly entitled.

Respectfully submitted,

/s/ Greg Pierce
Gregory A. Pierce
State Bar No. 15994250
P.O. Box 40
Austin, Texas 78767
Tel: (512) 474-2154
gpierce@gpiercelaw.com

-and-

Christopher Fuller
State Bar No. 07515500
FULLER LAW GROUP
4612 Ridge Oak Drive
Austin, Texas 78731
Telephone: (512) 470-9544
cfuller@fullerlaw.org

**Attorneys for CANTILO & BENNETT, LLP,
Special Deputy Receiver of
Friday Health Insurance Company, Inc.**

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Agreed Order of Reference to Master entered by the District Court in this cause, the *Application for Approval of Fees and Expenses* is hereby set for written submission before the Special Master, Tom Collins, on **December 26, 2023**.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by e-mail by such date on:
 - (a) The Special Master's Docket Clerk, at specialmasterclerk@tdi.texas.gov;
 - (b) The undersigned counsel, Greg Pierce at gpierce@gpiercelaw.com; and
 - (c) All interested parties, including those listed on the SDR's Certificate of Service.
3. The objecting party shall coordinate with the SDR's counsel and the Docket Clerk [(512) 676-6915] to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. **Please note that if an objection is not filed as described in the Notice of Submission, the Master may consider the Application without a hearing.**
6. **Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.**
7. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Greg Pierce
Gregory A. Pierce

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the *Application for Approval of Fees and Expenses* was sent in accordance with TEX. INS. CODE § 443.007(d) on December 6, 2023 to:

Via Email: specialmasterclerk@tdi.texas.gov

Tom Collins, Receivership Master
c/o Special Master's Clerk
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via e-Service: Brian.Riewe@tdi.texas.gov

Brian Riewe
TEXAS DEPARTMENT OF INSURANCE
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: John.Walker@tdi.texas.gov

John Walker
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Via Email: Shawn.Martin@tdi.texas.gov

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Office of Financial Counsel
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Austin, TX 78711-2030

Via Email: Vane.Hugo@tdi.texas.gov

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Austin, TX 78711-2030

Via Email: David.Ashton@tdi.texas.gov

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Office of Financial Counsel
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PO Box 12030
Austin, TX 78711-2030

Via e-Service: Zachary.Rhines@oag.texas.gov

Zachary L. Rhines
Assistant Attorney General
General Litigation Division
OFFICE OF THE TEXAS ATTORNEY GENERAL
P.O. Box 12548, Mail Stop 01901
Austin, TX 78711-2548
Counsel for Texas Department of Insurance

Via e-Service: jrixen@rixenlaw.com

Jacqueline Rixen
RIXENLAW
P.O. Box 9879
Austin, TX 78766
*Counsel for the Texas Life and Health
Insurance Guaranty Association*

Via e-Service: sstrickland@mwlaw.com

Stanton Strickland
MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, P.L.L.C.
500 W. 5th Street, Ste. 1150
Austin, TX 78701
Counsel for Friday Health Insurance, Inc.

Via First Class Mail

INTERNAL REVENUE SERVICE
Special Procedures Branch
300 East 8th Street, Suite 352
Mail Stop 5026AUS
Austin, TX 78701

Via Email: BPollock@mayerbrown.com
Bronwyn Pollock
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333 Grand Ave., 47th Floor
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Counsel for AXA France Vie

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James Danford, Jr.
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19 Briar Hollow Lane, Suite 245
Houston, TX 77027
Counsel for Christus Health

Via Email: Kristen.Perry@faegredrinker.com
Kristen L. Perry
FAEGRE DRINKER BIDDLE & REATH LLP
1717 Main Street, Ste 5400
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Counsel for Quest Diagnostics Clinical Laboratories, Inc.

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Miranda H. Turner
CROWELL & MORING LLP
1001 Pennsylvania Avenue NW
Washington, DC 20004

Via Email: Amy_Condo@bcbsil.com
Amy Pinkerman Condo
HEALTH CARE SERVICE CORPORATION
300 E. Randolph Street
Chicago, IL 60601
*Counsel for Health Care Service Corporation
Blue Cross and Blue Shield of Illinois,
Montana, New Mexico, Oklahoma and Texas*

/s/ Greg Pierce
Gregory A. Pierce

**SPECIAL DEPUTY RECEIVER'S VERIFICATION AND CERTIFICATION
PURSUANT TO TEX. INS.CODE ANN. §443.017(b)**

AFFIDAVIT OF SUSAN E. SALCH

State of Texas

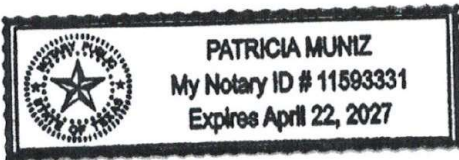
County of Travis

BEFORE ME, the undersigned authority appeared Susan E. Salch, who after being by me duly sworn, stated the following under oath:

1. "My name is Susan E. Salch. I am of sound mind, capable of making this affidavit, and am competent to testify to the matters contained in this affidavit.
2. I am a partner in CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Friday Health Insurance Company, Inc. (the "SDR" and "FHIC" respectively), I am duly authorized to make this Affidavit on behalf of the SDR.
3. I have reviewed the *First Supplement to the SDR's Application for Approval of Fees and Expenses* and the facts stated therein are true and correct based on my personal knowledge, my review of estate records and my consultation with the staff and subcontractors.
4. I certify that the exhibits, books, accounts, records, papers, correspondence, and/or other records and documents attached hereto were produced pursuant to TEX. INS. CODE § 443.017, are either true and correct copies of records of FHIC and were received from the custody of FHIC or found among its effects, or were created by and filed with the Receiver's office in connection with the receivership of this delinquent company, and are held by the Special Deputy Receiver in its official capacity."

By: Susan E. Salch
Susan E. Salch

SUBSCRIBED AND SWORN TO BEFORE ME on December 6, 2023, by
Susan E. Salch, Special Deputy Receiver of Friday Health Insurance Company, Inc.



Patricia Muniz
Notary Public

FRIDAY HEALTH INSURANCE COMPANY
SPECIAL DEPUTY RECEIVER FEE SCHEDULE

CANTILO & BENNETT, L.L.P.
Special Deputy Receiver

Primary Responsible Person/SDR Administration	\$260.00
SDR Administration	\$260.00
SDR Administration	\$260.00
SDR Administration	\$260.00
SDR Administration	\$200.00
SDR Administration	\$200.00
Senior Receivership Specialist	\$155.00
Receivership Specialist	\$155.00
Receivership Specialist	\$155.00
Law Clerk	\$130.00
Information Technology	\$100.00
Administrative/Clerical	\$ 35.00

Greg Pierce
Legal/Litigation Subcontractor

Attorney/SDR Counsel	\$275.00
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Fuller Law Group
Legal/Litigation Services Subcontractor

Attorney/SDR Counsel	\$275.00
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Fennemore
Legal/Litigation Subcontractor

Director/Attorney	\$910.00
Director/Attorney	\$690.00
Director/Attorney(s)	\$650.00
Director/Attorney	\$525.00
Of Counsel	\$790.00
Associate	\$420.00
Associate	\$375.00
Associate	\$360.00
Associate(s)	\$340.00-\$500.00
Paralegal(s)	\$250.00-\$340.00

Lewis Brisbois
Legal/Litigation Subcontractor (Delaware)

Partner	\$750.00
Associate(s)	\$350.00
Paralegal(s)	\$150.00



Inquest Resources*Legal Support Services Subcontractor**Information Technology/Data Processing Subcontractor*

Partner & Paralegal I	\$ 85.00
Partner & Paralegal/Receivership Specialist I	\$ 85.00
Paralegal II	\$ 70.00
Receivership Specialist II	\$ 55.00
Administrative Assistant	\$ 35.00
Clerical	\$ 30.00

Petrosewicz & Co., Inc.*Accounting Services Subcontractor*

CPA/Attorney	\$225.00
CPA	\$200.00
Senior Accountant	\$115.00
Senior Accountant	\$115.00
Staff Accountant	\$ 75.00
Clerical	\$ 35.00

EMKAY Associates, Inc.*Claims and IT Services Subcontractor*

Claims Manager and Consultant	\$105.00
Claims Management and IT Consulting	\$105.00
Claims Management and Consulting, Site Management	\$105.00
Claims Management and IT Consulting	\$ 85.00
Clerical	\$ 35.00

Milford Consulting, L.L.C.*Claims Subcontractor*

Receivership Specialist I, Claims Consultant	\$195.00
Receivership Specialist II, Data Analysis/Reports, Claims Support	\$150.00
Receivership Specialist III, Claims Support	\$130.00
Clerical	\$ 45.00

Jennan Enterprises, LLC*IT and Data Services Subcontractor*

Managing Member	\$150.00
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Tharp & Associates*Reinsurance Subcontractor*

CEO/Reinsurance Consultant	\$250.00
CFO/Reinsurance Consultant	\$250.00
Corporate Controller/Accountant	\$195.00
Information Systems Director/Database Administrator	\$195.00
Staff Accountant	\$125.00

Merlinos & Associates, Inc.*Actuarial Consulting Subcontractor*

Principal/Actuary	\$315.00
Consulting Actuary	\$295.00
Actuarial Analyst	\$250.00
Clerical	\$ 35.00

THE TEXAS DEPARTMENT OF INSURANCE, <i>Plaintiff,</i>	§ § § § § § § §	IN THE DISTRICT COURT OF TRAVIS COUNTY, TEXAS 345th JUDICIAL DISTRICT
v.		
FRIDAY HEALTH INSURANCE COMPANY, INC. <i>Defendant.</i>		

ORDER GRANTING FIRST SUPPLEMENT TO SPECIAL DEPUTY RECEIVER’S APPLICATION FOR APPROVAL OF FEES AND EXPENSES

On this date, the Court heard the *First Supplement to the Application for Approval of Fees and Expenses* (the “Application”) filed by CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Friday Health Insurance Company, Inc. (the “SDR” and “FHIC” respectively). The Special Deputy Receiver appeared by and through its counsel.

Having considered the Application, the Court finds as follows:

1. The *Order of Reference to Master* (“Order of Reference”) provides that motions filed pursuant to TEX. INS. CODE § 443.015 are referred to the Special Master appointed in this proceeding;
 2. Notice of the Application was provided in accordance with TEX. INS. CODE §443.007 (d) and the *Order of Reference to Master*;
 3. No objections to the Application were filed;
 4. The Texas Life and Health Insurance Guaranty Association has filed its acknowledgement and waiver;
 5. The Court has jurisdiction over the Application and the parties affected hereunder;
- and
6. The SDR’s Application should be granted in all respects.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED as follows:

1. The Application is GRANTED in all respects.
2. The terms of compensation of the Special Deputy Receiver and the contractors listed on Exhibit A to the Application are approved.
3. The anticipated expenses described in the Application are approved.
4. The Special Deputy Receiver shall file with this Court a summary of expenses incurred pursuant to TEX. INS. CODE § 443.015(g) on a quarterly basis.
5. This order constitutes a final Order fully resolving all issues relating to the Application.

SIGNED: _____, 2023.

JUDGE PRESIDING

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpiercelaw.com

Envelope ID: 82319091

Filing Code Description: No Fee Documents

Filing Description: FIRST SUPPLEMENT TO SPECIAL DEPUTY RECEIVER'S APPLICATION FOR APPROVAL OF FEES AND EXPENSES

Status as of 12/7/2023 8:58 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Christopher G. Fuller	7515500	cfuller@fullerlaw.org	12/6/2023 5:17:39 PM	SENT
Gregory Alan Pierce	15994250	gpierce@gpiercelaw.com	12/6/2023 5:17:39 PM	SENT
Thomas Daniel Hollaway	9866700	dhollaway@houstonlaw.com	12/6/2023 5:17:39 PM	SENT
Jacqueline Rixen	16962550	jrixen@rixenlaw.com	12/6/2023 5:17:39 PM	SENT
Kelly M. Olson		kelly.olson@faegredrinker.com	12/6/2023 5:17:39 PM	SENT
James Danford	24105775	jdanford@mayerbrown.com	12/6/2023 5:17:39 PM	SENT
Patricia Muniz		pmuniz@inquestresources.com	12/6/2023 5:17:39 PM	SENT
Brian Falligant		bfalligant@inquestresources.com	12/6/2023 5:17:39 PM	SENT

Associated Case Party: TEXAS DEPARTMENT OF INSURANCE

Name	BarNumber	Email	TimestampSubmitted	Status
Shawn Martin	13122100	shawn.martin@tdi.texas.gov	12/6/2023 5:17:39 PM	SENT
Brian E. Riewe	16915600	brian.riewe@tdi.texas.gov	12/6/2023 5:17:39 PM	SENT
Zachary L. Rhines		zachary.rhines@oag.texas.gov	12/6/2023 5:17:39 PM	SENT
Special MasterClerk		specialmasterclerk@tdi.texas.gov	12/6/2023 5:17:39 PM	SENT
Vane Hugo		Vane.Hugo@tdi.texas.gov	12/6/2023 5:17:39 PM	SENT
John Walker		John.Walker@tdi.texas.gov	12/6/2023 5:17:39 PM	SENT

Associated Case Party: FRIDAY HEALTH INSURANCE COMPANY, INC

Name	BarNumber	Email	TimestampSubmitted	Status
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Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpiercelaw.com

Envelope ID: 82319091

Filing Code Description: No Fee Documents

Filing Description: FIRST SUPPLEMENT TO SPECIAL DEPUTY RECEIVER'S APPLICATION FOR APPROVAL OF FEES AND EXPENSES

Status as of 12/7/2023 8:58 AM CST

Associated Case Party: FRIDAY HEALTH INSURANCE COMPANY, INC

Name	BarNumber	Email	TimestampSubmitted	Status
Stanton K. Strickland	786392	sstrickland@mwlaw.com	12/6/2023 5:17:39 PM	SENT

Associated Case Party: Quest Diagnostic Clinical Laboratories, Inc.

Name	BarNumber	Email	TimestampSubmitted	Status
Kristen Perry		Kristen.perry@faegredrinker.com	12/6/2023 5:17:39 PM	SENT

Associated Case Party: TEXAS LIFE AND HEALTH INSURANCE

Name	BarNumber	Email	TimestampSubmitted	Status
Jacqueline Rixen		jrixen@rixenlaw.com	12/6/2023 5:17:39 PM	SENT