

RECEIVERSHIP STATUS REPORT TO THE SPECIAL MASTER

May 1, 2026

R-565 Friday Health Insurance Company

Special Deputy Receiver:	CANTILO & BENNETT, L.L.P.	TX Guaranty Assoc.:	TLHIGA
SDR Responsible Person:	Susan E. Salch	Receiver's Counsel:	David Ashton
SDR's Counsel:	Greg Pierce	Est'd Closing Date:	TBD

SPECIFIC ACCOMPLISHMENTS SINCE THE LAST STATUS CONFERENCE

- Reached settlement in principle regarding overpayment claim with US Renal Care.
- Reopened negotiations with HCA for collection of overpayments.
- Completed review of data systems to reduce redundancy and expense of data systems.

SPECIFIC ESTATE GOALS TO ACHIEVE IN THE NEXT QUARTER

- File first Report of Claims.
- File application to approve settlement with US Renal Care.
- Work with new counsel for HCA to reach settlement or initiate arbitration.

Receivership Background

- Date of Permanent Injunction (Liquidation): March 23, 2023
- Date of Appointment of SDR: March 23, 2023
- Claims Filing Deadline: September 5, 2024
- States Where Licensed: Texas
- Lines of Business: Affordable Care Act (“ACA”) individual and small group health insurance plans
- Early Access Distributions: \$46,456,812

Statement of Assets and Liabilities as of March 31, 2026

Total Assets:	\$497,829,141
Cash:	\$181,091,755
Non-Cash Assets:	\$181,601,893
Restricted Assets:	\$135,135,493
Total Liabilities:	\$827,628,354
Negative Equity:	(\$329,799,213)

Asset Recovery Activity

Reinsurance: FHIC has a quota share agreement with AXA France Vie (“AXA”) with coverage of 60% for 2021, and 80% for 2022. Shortly before receivership, AXA gave notice that it considered the agreement to be terminated as of January 1, 2022. Following regulatory action against the companies of the other states, AXA sent each of them a notice of dispute. The SDR and AXA have communicated regarding the reinsurer’s contentions, and the SDR responded to AXA’s requests for information. In response, AXA requested more information, which was provided on April 30, 2025. The data reflects that AXA owes FHIC approximately \$226 million as of December 31, 2024. On October 15, 2025, the SDR’s counsel met with AXA’s counsel in Austin. The SDR agreed to update the reinsurance calculations as of September 30, 2025, and provide certain other data to AXA. That information was provided in early November, and AXA’s counsel replied on November 21, and posed additional questions. The SDR’s counsel responded on November 26 and followed up on December 8, 2025. AXA’s counsel requested further information in March 2026, to which the SDR responded on April 1, 2026. To date, AXA has not made a substantive offer to resolve the dispute.

The SDR filed its application to approve the commutation with Odyssey Re in April 2025. AXA objected to the commutation and requested a stay of the application. The SDR and AXA filed a stipulation regarding the Odyssey Re commutation to resolve AXA’s objection. The Receivership Court approved the Odyssey Re commutation on June 27, 2025. AXA also filed objections to the Nevada and Oklahoma receivers’ applications to approve the commutation. The parties in those matters agreed to the entry of stipulations similar to that used in Texas to allow the commutation to be approved in those states. The other states obtained approvals and have executed the agreement. The SDR received the funds on January 23, 2026.

Subrogation: Before receivership, Phia pursued subrogation recoveries for FHIC even though the only written agreement was between Phia and the Friday Colorado affiliate. Estate counsel notified Phia of the receivership and instructed it that all collections and communications regarding Texas claims had to go through the SDR.

TLHIGA agreed to the SDR contracting with Phia for the collection of all Texas claims. The SDR will work with TLHIGA to reconcile which recoveries go to the estate (pre-liquidation claims) and which will be credited to TLHIGA (from their claim processing). Subsequently, the SDR added Phia as a Receivership Service Provider. As of March 31, 2026, the SDR received \$708,105 (\$526,025 net of fees) in subrogation; all on pre-liquidation claim payments.

Overpayment Recovery: FHIC's financial records reflect significant overpayments to providers that are owed to the company. The SDR continues to update the amounts owed and is reconciling guaranty association payments and credits. Negotiations with provider HCA stalled due to HCA's refusal to engage with the SDR. HCA has recently reached out to reopen discussions with the SDR. The parties committed to providing each other with data supporting their positions regarding the amount of overpayments. Nevertheless, arbitration may be necessary to recover sums owed by HCA.

The SDR reached a settlement agreement (in principle) with US Renal Care regarding overpayments it owed to FHIC. The SDR and US Renal Care are currently negotiating relevant settlement documents. The SDR anticipates filing an application to approve the settlement in May 2026.

Other Asset Recovery Activity: The SDR and counsel continue to research other potential asset recovery claims.

Claims Activity

POC Processing: No new POCs were received in March 2026. The SDR received 2,319 timely POCs including 1,261 by healthcare providers, 989 by providers on behalf of members, 3 for agent commissions, 13 for premiums or post-policy termination payments, 46 by members for unpaid claims, 2 by vendors, 2 by reinsurers (AXA and Odyssey), 1 from CMS, and 2 from TLHIGA (1 for claims, the other for expenses). As of March 31, 2026, 9 late POCs had been received: 6 by providers, 2 by members, and 1 by the IRS.

In the fall of 2025, the SDR reviewed data from TLHIGA regarding potential OTC claims and identified those which exceed the statutory cap. As of the date of this report, the SDR has deemed 133 POCs for \$4,365,442 and approved 20 POCs for \$250,271 for a total of \$4,615,713 in OTC claims related to 8 former FHIC member insureds.

In this quarter, the claims staff broke down POCs which included multiple claims and assigned each individual claim its own POC number, resulting in an increase of the "number" of POCs to 7,036 based on the 2,319 filed POC forms (including 20 late filed POCs and 133 deemed OTC POCs). As of March 31, 2026, the SDR has reviewed 1,234 POCs and issued 919 Notices of Claim Determination. A total of 5,802 POCs remain to

be reviewed. The SDR expects to prepare the estate's first report of claims in the next quarter.

TLHIGA: As of March 31, 2026, TLHIGA paid 167,781 claims totaling \$27,536,498. TLHIGA also reported administrative expenses of \$15,397,171 as of March 31, 2026.

General Legal Activity

Delaware Assignment for Benefit of Creditors ("ABC") Proceeding: The parties mediated their disputes on January 8, 2025, and continued negotiations for several months, but the issues between them remain unresolved. The deadline for the SDR to file a POC in the ABC matter was extended by agreement to October 31, 2025. On that date, the SDR filed a POC in the amount of \$161,281,393 comprised primarily of intercompany balances and the FHP Guaranty Agreement. The POC was submitted with a reservation of rights objecting to the ABC's jurisdiction.

On July 2, 2025, the OSRs moved to remove the Assignee and disgorge fees paid to the Assignee and his professionals. The Assignee filed its response in opposition, along with an expert report on September 8, 2025. The OSRs sought discovery, and the Assignee has until November 21, 2025, to respond/object. The Assignee's deposition was moved to January 20, and the Assignee's expert's deposition was moved to January 21, 2026. The OSRs deadline to respond to the Assignee's filings was in late January. The Assignee's counsel has requested a full-day hearing but, to the SDR's knowledge, the Delaware court has not set a hearing date.

On October 10, 2025, the Assignee filed an action against the primary lenders, seeking a declaration as to the extent, validity, and priority of the lenders' liens in the Assignment Estate. On December 11, 2025, the lender filed a motion for summary judgment. Counsel to the OSRs requested that the court decline to rule on the motion pending the outcome of their pending motion to remove the Assignee. The Delaware court provided guidance for the parties in a letter dated December 22, 2025, advising them it would not take up the motion at this time.

The SDR for the Georgia affiliate filed a suit in its state court against the ABC entity and the parent companies, FHPMSC and FHP, asserting causes of action for preferential transfers, conversion, and breach of guaranty agreement. The parent companies, FHP and FHPMSC, although named in the lawsuit, did not file answers and the Georgia SDR obtained default judgments against them. The ABC entity filed a motion to dismiss which was argued and fully briefed, and on October 29, 2025, the court dismissed the suit against the ABC entity with prejudice based upon failure to state a claim, lack of subject matter jurisdiction, failure to join a necessary party, and forum non conveniens. The Georgia receiver appealed the ruling, and a hearing is set for June 10, 2026.

The SDR for the Oklahoma affiliate filed a Motion for Citation of Contempt, Recovery of Funds, and Brief in Support against the primary lenders, Friday Health Plans Management Services Company, Inc., Friday Health Plans, Inc., the Assignee, and Elizabeth Bierbower (former CEO) relating to the transfer of assets to the Assignee. The respondents have yet to appear in the proceeding.

Litigation: There are no pending lawsuits against FHIC.

Estate Closing Date of Receivership: TBD

Identification of Factors Affecting Closing Date and Final Distribution: TBD