



1 **SR**

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17 **EIGHTH JUDICIAL DISTRICT COURT**
18 **CLARK COUNTY, NEVADA**

19 SCOTT J. KIPPER, COMMISSIONER OF
20 INSURANCE, STATE OF NEVADA,

21 *Petitioner,*

22 *vs.*

23 FRIDAY HEALTH PLANS OF NEVADA, INC.,

24 *Defendant.*

25 CASE NO. A-23-871639-C
26 DEPARTMENT 18

27 **[NO HEARING REQUESTED]**

28 **FIFTH STATUS REPORT**

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1 **I. INTRODUCTION AND BACKGROUND**

2 Friday Health is a Nevada-domiciled insurer offering life and health products and health
3 insurance. In 2022, the Nevada Division of Insurance (“Division”) required Friday Health to infuse
4 capital to increase its total capital and surplus.¹ Despite the infusion, Friday Health’s financial
5 filings with the Division suggested that its capital was insufficient, and it was in financial distress.
6 The Commissioner of Insurance thus initiated delinquency proceedings with Friday Health’s
7 consent due to concerns about Friday Health’s financial condition.

8 On June 12, 2023, the Court entered an order, authorizing the Receiver to assume control
9 over Friday Health and attempt rehabilitation (“Receivership Order”). Subsequent to the
10 Receivership Order, the SDR worked to obtain records relating to Friday Health including
11 information regarding policyholders, claims status, and the company’s financial records. Upon
12 review of the same, the Receiver determined that Friday Health could not be rehabilitated as it was
13 unable to meet financial obligations as they become due and continuing operations would result in
14 further depletion of the limited remaining assets to the detriment of the company, policyholders,
15 creditors and public. As a result, this Court entered an order on June 25, 2023, finding Friday
16 Health to be insolvent and placing Friday Health into liquidation as of September 1, 2023.

17 **II. Receivership Administration**

18 **A. Liquidation, Policy Cancellation and Claims Processing**

19 As referenced in previous status reports, all Friday Health policies terminated on August 31,
20 2023. Prior to the termination date, the SDR worked diligently to provide notice to those affected
21 and provided resources to assist in finding replacement policies.
22
23

24 ¹ Friday Health is one of several related companies scattered across the United States offering health
25 insurance, all of which are also in ongoing receivership due to financial inadequacy. As further detailed in
26 the Petition for Appointment of Receiver and exhibits thereto, Friday Health is a subsidiary of Friday Health
27 Plans Management Services Company, Inc. (“FHP Parent”), which is licensed as a non-resident third-party
28 administrator in Nevada, and as a non-resident producer firm in Nevada. FHP Parent is a subsidiary of
Friday Health Plans, Inc. (“FHP Ultimate Parent”), a Delaware company located in Colorado. FHP Parent
and FHP Ultimate Parent have other “Friday Health Plan” insurance companies in other states, including
Colorado, Texas, Georgia, Oklahoma, and North Carolina (collectively, “FHP Companies”). FHP Ultimate
Parent operated the FHP companies which are all now subject to receivership proceedings.

1 On April 29, 2024, the Court issued an order Setting Claiming Filing Deadline and Granting
2 Related Relief. The order set a formal claim administration process including a claims filing
3 deadline of July 31, 2024. As of the date of this report, 118 proof of claims have been received by
4 SDR and the SDR is reviewing and processing the same.

5 In the interim, the Nevada Life & Health Insurance Guaranty Association² (“Guaranty
6 Association”) has been activated and is working closely with the SDR to pay Friday Health’s claims
7 while providing coverage to Nevada's resident policyholders pursuant to the provisions of NRS
8 686C. As of August 9, 2024, the Guaranty Association has paid over 13,063 health claims in the
9 amount of \$11,850,754 and pharmacy benefits in the amount of \$1,486,008. The Guaranty
10 Association has approximately 200 remaining claims to process. Providers continue to submit a
11 small number of claims and appeals on a daily basis.

12 **B. Assignment for the Benefit of Creditors**

13 Friday Health Plans Management Services Company, Inc. (“MSC”) provided all operational
14 and management services to the various Friday Health plans pursuant to a management services
15 agreement. The MSC Board of Directors and Officers retained and authorized consultants to re-
16 domesticate MSC to Delaware. MSC and its corporate parent Friday Health Plans, Inc. commenced
17 an Assignment for the Benefit of Creditors proceeding in the Court of Chancery for the State of
18 Delaware (“ABC Proceeding”). MSC ceased active operations on July 6, 2023, leaving the
19 Receivers to reconstruct the network of vendor agreements and secure critical employees necessary
20 to the continued operations of the estates. MSC violated its management services agreements to
21 provide services to the Friday Health companies. MSC is attempting to dispose of assets belonging
22 to the Friday Health estates in the ABC Proceeding in violation of multiple receivership court
23 injunctions. Due to concerns regarding the scope of the ABC Proceeding and certain

24 _____
25 ² The Guaranty Association is “a statutory entity created in 1973 when the Nevada legislature enacted the
26 Nevada Life and Health Insurance Guaranty Association Act. The Guaranty Association is composed of all
27 insurers licensed to sell life insurance, accident and health insurance, and individual annuities in the state of
28 Nevada. In the event a member insurer is found to be insolvent and is ordered to be liquidated by a court,
the Guaranty Association Act enables the Guaranty Association to provide protection (subject to the
exclusions and limits spelled out in the Act) to Nevada residents who are holders of life and health insurance
policies and individual annuities with the insolvent insurer.” www.nvlifega.org

1 representations made therein regarding the control of assets that include Friday Health assets, the
2 decision was made to work jointly with the other state receivers to contest the ABC action and
3 collectively assert state receivership rights in the ABC Proceeding. This Court has granted the
4 Receiver's motion to approve the rates of the Rosner Law Group.

5 A hearing on a motion to dismiss took place in the ABC Proceeding in June of 2024. The
6 ABC Judge granted the various SDRs 60 days to file a status report regarding the actions taken to
7 enforce the liquidation orders in the state court receivership actions. The SDR will update this Court
8 on future developments in the ABC Proceeding that may impact this receivership.

9 **C. Reinsurance**

10 Friday Health participated in two reinsurance agreements. The SDR received notice from
11 AXA France Vie of their attempt to avoid certain liabilities owed to Friday Health under the parties
12 January 1, 2021, quota share reinsurance agreement. The SDR is currently evaluating the
13 reinsurer's claims. The second reinsurance agreement with OdysseyRe is currently performing
14 while both parties participate in commutation discussions.

15 **D. Receivership Assets and Liabilities**

16 The Receiver continues to gather information and evaluate Friday Health's assets and
17 liabilities. The SDR worked diligently to obtain access to and control of Friday Health bank
18 accounts. The SDR has prepared a liquidating balance sheet for submission to the Court. The
19 liquidating balance sheet is an estimate of assets and liabilities. The SDR makes no representations
20 or warranties. Cash on hand as of June 30, 2024, was \$5,567,494. *See, Exhibit A.*

21 Professional invoices for services and expenses have been reviewed and approved by the
22 Receiver and paid in accordance with this Court's approved process and a summary of the same is
23 attached hereto as **Exhibit B**. Copies of the invoices detailing the payments are being submitted for
24 *in-camera* review. *See, Exhibit C.*

25 **E. Receivers Allocation of Common Costs**

26 As outlined above, MSC provided all operational and management services to the various
27 Friday Health plans pursuant to a management services agreement including entering into all
28 contracts with vendors. The Receivers had to develop a methodology for the continuation of services

1 each vendor rendered prior to the receiverships. The SDR has reached an agreement with the
2 Receivers for the Friday Health estates from Colorado, Georgia, North Carolina, and Oklahoma to
3 fairly and equitably distribute common costs and assets for coordinated activities of the group.
4 Additionally, the Guaranty Associations for the states of Colorado, Georgia, North Carolina,
5 Nevada, Oklahoma and Texas have signed onto the agreement. Coordination and cooperation of
6 the Receivers and Guaranty Associations was critical to ensure continuity of services necessary for
7 the runoff of the various estates in addition to the equitable recovery and distribution of comingled
8 assets. The Receivers have entered into runoff agreements will all vendors who were necessary for
9 the successful runoff of the estates. The agreements obligate the Receivers only for post receivership
10 services. All pre-receivership obligations will not be owed by the receivership estates. An account
11 has been established by the parties to prefund expenses to be paid in accordance with the
12 predetermined distribution methodology. The SDR prefunded the account by contributing
13 \$687,000.00 with the Oklahoma Receiver as administrator of the account. A refund was issued in
14 the second quarter from the prefunded cost share account to the Nevada estate in the amount of
15 \$575,000 as a result of modifications to the allocation methodology. Friday Health of Nevada's
16 total distribution to the common vendors at the end of the second quarter totaled \$102,972.20 and
17 earned \$1,331.84 in interest with a remaining balance in the prefunded account of \$10,359.64.
18 Payments to the vendors will be allocated among each of the receivership estates and each estate
19 will either owe its equal share of the amounts due certain vendors or will owe its percentage share
20 of the fees based on metrics including number of insureds and claims. These metrics provide for
21 the most cost efficient method of retaining vendors as Friday Health of Nevada had the fewest
22 number of insureds. *See Exhibit D.*

23 ///

1 **III. CONCLUSION**

2 In compliance with NRS 696B and this Court’s instructions for status reports regarding
3 Friday Health’s affairs, the Receiver submitted this Report and requests that the Court approve the
4 Report and the actions taken by the Receiver.

5 DATED this 23rd day of August 2024.

6 Respectfully submitted:

7 Scott D. Kipper, Commissioner of Insurance of
8 the State of Nevada, in his Official Capacity as
9 Statutory Receiver of Delinquent Domestic
10 Insurer

11 By: /s/ Darren Ellingson
12 Special Deputy Receiver, By Its Authorized
13 Representative Darren Ellingson

14 Respectfully submitted by:

15 **GREENBERG TRAURIG, LLP**

16 /s/ Kara B. Hendricks

17 MARK E. FERRARIO, ESQ.

18 Nevada Bar No. 01625

19 KARA B. HENDRICKS, ESQ.

20 Nevada Bar No. 07743

21 JERRELL L. BERRIOS, ESQ.

22 Nevada Bar No. 15504

23 10845 Griffith Peak Drive, Suite 600

24 Las Vegas, Nevada 89135

1 **CERTIFICATE OF SERVICE**

2 Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this 23rd day of
3 August 2024, I caused a true and correct copy of the foregoing ***Fifth Status Report*** to be filed with
4 the Clerk of Court using the Odyssey e-FileNV Electronic Service system and served on all parties
5 with an email address on record, pursuant to Administrative Order 14-2 and Rule 9 of the
6 N.E.F.C.R.

7 On **August 23, 2024**, I served the within document(s):

8 via **FIRST CLASS MAIL**, by mailing a copy of the document(s) listed above to the
9 person(s) at the e-mail address(es) set forth below.

10 Matthew Taylor
11 701 S. Carson Street, Suite 200
12 Carson, City, Nevada 89701

13 Steven L. Victor
14 Senior Managing Director
15 DEVELOPMENT SPECIALISTS, INC.
16 10 S. LaSalle Street, Suite 3300
17 Chicago, Illinois 60603
18 Email: SVictor@DSIConsulting.com

19 */s/ Andrea Lee Rosehill*
20 _____
21 An employee of Greenberg Traurig, LLP
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EXHIBIT A

Friday Health Plans of Nevada, Inc. in Liquidation
Nevada Commissioner of Insurance as Receiver
Statement of Affairs as of June 30, 2024

Assets		Estimated Realizable Value
Cash		\$ 5,095,025
Investments - Restricted	Note (4)	11,419,306
Statutory Deposit - Restricted	Note (4)	472,469
Premium Receivable	Note (5)	-
Risk Adjustment Receivable	Note (6)	7,163,379
Prepaid Expenses -FHP, OK	Note (7)	107,183
Prepaid Network Rental Fee	Note (8)	2,000,000
Reinsurance Recoverable	Note (9)	20,267,977
Other Receivables	Note (10)	989,788
Due From Related Entity	Note (11)	1,705,511
Allowance for Unrecoverable Assets	Note (12)	(24,000,000)
Total Assets		<u><u>\$ 25,220,638</u></u>
Liabilities		
Class 1 (A) Administrative Claims	Note (13)	619,090
Class 1 (B) Loss Claims	Note (14)	15,000,000
Class 1 (C) Unearned Premium Claims	Note (15)	186,268
Class 1 (D) Federal Claims	Note (16)	5,879,367
Class 1 (E) State and Local Claims	Note (17)	588,391
Class 1 (G) General Creditor Claims	Note (18)	151,274
Total Liabilities		<u>\$ 22,424,390</u>
Equity		
Excess (Deficiency) of Assets over Liabilities	Note (19)	<u>\$ 2,796,248</u>
Total Liabilities and Equity		<u><u>\$ 25,220,638</u></u>

EXHIBIT B

**Exhibit B with professional expenses for
period ending second quarter 2024**

Company	April	May	June
Greenberg Traurig, LLP	\$4,930.00	\$478.50	\$146.00
Examination Resources	\$6,127.50	\$10,012.50	\$3,450.00
Ellingson & Associates	\$23,863.67	\$19,827.50	\$18,495.00

EXHIBIT C

submitted *in camera*

EXHIBIT D

NEVADA PAID EXPENSES (THROUGH 06/2024)

Vendor	Total Cost Share
Adobe, Inc.	2,857.59
Arctic Wolf/ANM	1,414.78
Atlassian	5.68
BOK	17.30
CenturyLink	81.27
City of Alamosa	57.07
Consensus Cloud Solutions (eFax)	35.84
Dialpad	7,667.74
DocuSign, Inc.	9.13
DR Management Services LLC	489.70
Elevate Digital	171.31
Ellingson & Associates, LLC	527.10
FAIR Health	6,002.79
FedEx	0.90
FHP-OK	1,318.94
HealthEdge	2,989.68
Inovalon	18,212.05
Jade Communications	44.03
Lumen (CenturyLink)	7.18
Mission Cloud	6,164.16
Pitney Bowes Purchase Power	18.69
Propio LS, LLC	27.10
Risk Strategies	4.43
TeamSupport LLC	94.92
The Rosner Law Group	12,955.84
TK Elevator Corporation	9.12
UST Administration (SOW1)	14,110.00
UST Administration (SOW2)	11,093.27
UST Appeals and Grievances (SOW2)	4,564.75
UST Billing and Enrollment/Broker (SOW2)	4,933.55
WSB Computer Services, Inc.	3,012.35
XcelEnergy	43.44
Zenwork	1,650.00
Zipari	2,380.50
Vendor Total	<u>102,972.20</u>

NEVADA CONTRIBUTIONS

Contribution Date	Amount
1/17/2024	136,000.00
9/18/2023	551,000.00
5/21/2024	(575,000.00)
Contribution Total	<u>112,000.00</u>

Interest Earned	Amount
10/2023 Interest	108.71
11/2023 Interest	127.62
12/2023 Interest	103.95
01/2024 Interest	79.57
02/2024 Interest	86.64
03/2024 Interest	612.87
04/2024 Interest	203.04
05/2024 Interest	5.67
06/2024 Interest	3.77
Interest Total	<u>1,331.84</u>
Net Contribution	<u><u>10,359.64</u></u>