



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
22 **Petitioner,**
23
24 vs.
25
26 FRIDAY HEALTH PLANS OF NEVADA, INC.,
27
28 **Defendant.**

CASE NO. A-23-871639-C
DEPARTMENT 18
[NO HEARING REQUESTED]
SECOND STATUS REPORT

Petitioner, SCOTT J. KIPPER, COMMISSIONER OF INSURANCE, STATE OF NEVADA as Receiver (“Commissioner” or “Receiver”) for FRIDAY HEALTH PLANS OF NEVADA, INC. (“Friday Health”), and Ellingson & Associates, LLC, as Special Deputy Receiver (“SDR”), file this second quarterly Status Report (“Report”). Pursuant to this Court’s orders and NRS Chapter 696B, the Receiver makes this “true report[s] in summary form of the insurer’s affairs under the receivership and of progress being made in accomplishing the objectives of the receivership.” NRS 696B.290(7).

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 has 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 the First Quarterly status report, all Friday Health policies terminated on
20 August 31, 2023. Prior to the termination date, the SDR worked diligently to provide notice to
21 those affected and provided resources to assist in finding replacement policies.
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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 The SDR will propose a formal claim administration process to the Court at a later date and
2 provide notice of the same to all interested parties. In the interim, the Nevada Life & Health
3 Insurance Guaranty Association² (“Guaranty Association”) has been activated and is working
4 closely with the SDR to pay Friday Health’s claims while providing coverage to Nevada's resident
5 policyholders pursuant to the provisions of NRS 686C. To date the Guaranty Association has paid
6 approximately 8,750 Friday Health claims in the amount of \$9,439,000.

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

8 Friday Health Plans Management Services Company, Inc. (“MSC”) provided all operational
9 and management services to the various Friday Health plans pursuant to a management services
10 agreement. The MSC Board of Directors and Officers retained and authorized consultants to
11 redomesticate MSC to Delaware. MSC and its corporate parent Friday Health Plans, Inc.
12 commenced an Assignment for the Benefit of Creditors proceeding in the Court of Chancery for
13 the State of Delaware (“ABC Proceeding”). MSC ceased active operations on July 6, 2023, leaving
14 the Receivers to reconstruct the network of vendor agreements and secure critical employees
15 necessary to the continued operations of the estates. MSC violated its management services
16 agreements to provide services to the Friday Health companies. MSC is attempting to dispose of
17 assets belonging to the Friday Health estates in the ABC Proceeding in violation of multiple
18 receivership court injunctions. Due to concerns regarding the scope of the ABC Proceeding and
19 certain representations made therein regarding the control of assets that include Friday Health
20 assets, the decision was made to work jointly with the other state receivers to contest the ABC
21 action and collectively assert state receivership rights in the ABC Proceeding. In conjunction with
22 the same, the Receiver filed a Motion to approve the rates of the Rosner Law Group³ on November

23 _____
24 ² The Guaranty Association is “a statutory entity created in 1973 when the Nevada legislature enacted the
25 Nevada Life and Health Insurance Guaranty Association Act. The Guaranty Association is composed of all
26 insurers licensed to sell life insurance, accident and health insurance, and individual annuities in the state of
27 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

28 ³ Rosner Law Group is also representing various other state receivers in the ABC proceedings and the affect
states are working together to conserve resources.

1, 2023 and a decision on the unopposed motion is pending.

The SDR will update this Court on future developments in the ABC Proceeding that may impact this receivership.

C. Reinsurance

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

D. Receivership Assets and Liabilities

The Receiver continues to gather information and evaluate Friday Health's assets and liabilities. The SDR worked diligently to obtain access to and control of Friday Health bank accounts. The SDR is in the process of preparing a liquidating balance sheet for submission to the Court. Notwithstanding, cash on hand as of November 30, 2023, was approximately \$3,273,964.

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

E. Receivers Allocation of Common Costs

As outlined above, MSC provided all operational and management services to the various Friday Health plans pursuant to a management services agreement including entering into all contracts with vendors. The Receivers had to develop a methodology for the continuation of services each vendor rendered prior to the receiverships. The SDR has reached an agreement with the Receivers for the Friday Health estates from Colorado, Georgia, North Carolina, and Oklahoma to fairly and equitably distribute common costs and assets for coordinated activities of the group. Additionally, it is anticipated that the Guaranty Associations for the states of Colorado, Georgia, North Carolina, Nevada, Oklahoma and Texas will sign onto the agreement. Coordination and cooperation of the Receivers and Guaranty Associations was critical to ensure continuity of services

1 necessary for the runoff of the various estates in addition to the equitable recovery and distribution
2 of comingled assets. The Receivers have entered into runoff agreements with all vendors who were
3 necessary for the successful runoff of the estates. The agreements obligate the Receivers only for
4 post receivership services. All pre-receivership obligations will not be owed by the receivership
5 estates. An account has been established by the parties to prefund expenses to be paid in accordance
6 with the predetermined distribution methodology. The SDR has prefunded the account by
7 contributing \$551,000.00 with the Oklahoma Receiver as administrator of the account. Payments
8 to the vendors will be allocated among each of the receivership estates and each estate will either
9 owe its equal share of the amounts due certain vendors or will owe its percentage share of the fees
10 based on metrics including number of insureds and claims. These metrics provide for the most cost
11 efficient method of retaining vendors as Frday Health of Nevada had the fewest number of insureds.
12 All vendor payments are preapproved by the SDR and will be reported to the Court in future status
13 reports.

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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 8th day of December , 2023. Respectfully submitted:

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

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

13 Respectfully submitted by:

14 **GREENBERG TRAURIG, LLP**

15 /s/ Kara B. Hendricks

16 MARK E. FERRARIO, ESQ.

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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 11th day of
3 September 2023, I caused a true and correct copy of the foregoing ***Second Status Report*** to be filed
4 with the Clerk of Court using the Odyssey e-FileNV Electronic Service system and served on all
5 parties 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 **December 8, 2023**, 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
22
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26
27
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EXHIBIT A

Exhibit A

Professional invoices for services and expenses have been reviewed and approved by the Receiver and paid in accordance with this Court’s approved process and a summary of the same is set forth below.

COMPANY	DESCRIPTION	AMOUNT
Ellingson Associates, LLC	& May 2023	\$5,750.00
Ellingson Associates, LLC	& June 2023	\$31,309.37
Ellingson Associates, LLC	& July 2023	\$50,099.44
Ellingson Associates, LLC	& August 2023	\$55,904.03
Ellingson Associates, LLC	& September 2023	\$42,578.50
Ellingson Associates, LLC	& October 2023	\$38,323.05
Examination Resources	June 2023	\$3,257.50
Examination Resources	July 2023	\$117.50
Examination Resources	August 2023	\$112.50
Greenberg Traurig	June 2023	\$4,331.50
Greenberg Traurig	July 2023	\$18,743.00
Greenberg Traurig	August 2023	\$4,481.00
Greenberg Traurig	September 2023	\$2,930.00