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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 **SIXTH STATUS REPORT**

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

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37 ...

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 ¹ Friday Health is one of several related companies scattered across the United States offering health
24 insurance, all of which are also in ongoing receivership due to financial inadequacy. As further detailed in
25 the Petition for Appointment of Receiver and exhibits thereto, Friday Health is a subsidiary of Friday Health
26 Plans Management Services Company, Inc. (“FHP Parent”), which is licensed as a non-resident third-party
27 administrator in Nevada, and as a non-resident producer firm in Nevada. FHP Parent is a subsidiary of
28 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
8 NRS 686C. As of September 30, 2024, the Guaranty Association has paid over 13,132 health
9 claims in the amount of \$11,861,512 and pharmacy benefits in the amount of \$1,486,000. The
10 Guaranty Association has fewer than 100 remaining claims to process and is assisting the Receiver
11 with proof of claim review. Providers continue to submit a small number of claims and appeals on
12 a daily basis.

13 The Receiver has filed a Motion Requesting Approval of Early Access Agreement and
14 Payments to the Guaranty Association. A hearing on the same is currently scheduled for
15 December 17, 2024.

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

17 Friday Health Plans Management Services Company, Inc. (“MSC”) provided all operational
18 and management services to the various Friday Health plans pursuant to a management services
19 agreement. The MSC Board of Directors and Officers retained and authorized consultants to re-
20 domesticate MSC to Delaware. MSC and its corporate parent Friday Health Plans, Inc. commenced
21 an Assignment for the Benefit of Creditors proceeding in the Court of Chancery for the State of
22 Delaware (“ABC Proceeding”). MSC ceased active operations on July 6, 2023, leaving the
23 Receivers to reconstruct the network of vendor agreements and secure critical employees necessary
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 to the continued operations of the estates. MSC violated its management services agreements to
2 provide services to the Friday Health companies. MSC is attempting to dispose of assets belonging
3 to the Friday Health estates in the ABC Proceeding in violation of multiple receivership court
4 injunctions. Due to concerns regarding the scope of the ABC Proceeding and certain
5 representations made therein regarding the control of assets that include Friday Health assets, the
6 decision was made to work jointly with the other state receivers to contest the ABC action and
7 collectively assert state receivership rights in the ABC Proceeding. This Court has granted the
8 Receiver's motion to approve the rates of the Rosner Law Group.³

9 A hearing on a motion to dismiss took place in the ABC Proceeding in June of 2024. The
10 ABC Judge granted the various SDRs additional time to file a status report regarding the actions
11 taken to enforce the liquidation orders in the state court receivership actions. The SDRs are
12 planning to participate in a mediation with MSC and its corporate parent Friday Health Plans, Inc.
13 during the month of January 2025.

14 **C. Reinsurance**

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

20 **D. Receivership Assets and Liabilities**

21 The Receiver continues to gather information and evaluate Friday Health's assets and
22 liabilities. The SDR worked diligently to obtain access to and control of Friday Health bank
23 accounts. The SDR has prepared a liquidating balance sheet for submission to the Court. The
24 liquidating balance sheet is an estimate of assets and liabilities. The SDR makes no representations
25 or warranties. Cash on hand as of September 30, 2024, was \$5,911,268. *See, Exhibit A.*

26
27 ³ The lead attorney at Rosner Law Group that was handling the matter moved firms and is now working at
28 Esbrook P.C. under the same terms as the previous engagement. As the terms of compensation have not
changed, the Receiver requests the ability to pay Esbrook P.C. consistent with the Court' prior directive.

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

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

6 As outlined above, MSC provided all operational and management services to the various
7 Friday Health plans pursuant to a management services agreement including entering into all
8 contracts with vendors. The Receivers had to develop a methodology for the continuation of
9 services each vendor rendered prior to the receiverships. The SDR has reached an agreement with
10 the Receivers for the Friday Health estates from Colorado, Georgia, North Carolina, and Oklahoma
11 to fairly and equitably distribute common costs and assets for coordinated activities of the group.
12 Additionally, the Guaranty Associations for the states of Colorado, Georgia, North Carolina,
13 Nevada, Oklahoma and Texas have signed onto the agreement. Coordination and cooperation of
14 the Receivers and Guaranty Associations was critical to ensure continuity of services necessary for
15 the runoff of the various estates in addition to the equitable recovery and distribution of comingled
16 assets. The Receivers have entered into runoff agreements with all vendors who were necessary for
17 the successful runoff of the estates. The agreements obligate the Receivers only for post
18 receivership services. All pre-receivership obligations will not be owed by the receivership estates.
19 An account has been established by the parties to prefund expenses to be paid in accordance with
20 the predetermined distribution methodology. The SDR prefunded the account by contributing
21 \$687,000.00 with the Oklahoma Receiver as administrator of the account. A refund was issued in
22 the second quarter from the prefunded cost share account to the Nevada estate in the amount of
23 \$575,000 as a result of modifications to the allocation methodology. Friday Health of Nevada's
24 total distribution to the common vendors at the end of the second quarter totaled \$106,258.64 and
25 earned \$1,337.71 in interest with a remaining balance in the prefunded account of \$7,079.07.
26 Payments to the vendors will be allocated among each of the receivership estates and each estate
27 will either owe its equal share of the amounts due certain vendors or will owe its percentage share
28 of the fees based on metrics including number of insureds and claims. These metrics provide for

1 the most cost-efficient method of retaining vendors as Friday Health of Nevada had the fewest
2 number of insureds. *See Exhibit D.*

3 **III. CONCLUSION**

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

7 DATED this 15th day of November 2024.

8 Respectfully submitted:

9 SCOTT D. KIPPER, Commissioner of Insurance
10 of the State of Nevada, in his Official Capacity
11 as Statutory Receiver of Delinquent Domestic
12 Insurer

13 By: /s/ Darren Ellingson
14 Special Deputy Receiver, By Its Authorized
15 Representative Darren Ellingson

16 Respectfully submitted by:

17 **GREENBERG TRAURIG, LLP**

18 /s/ Kara B. Hendricks

19 MARK E. FERRARIO, ESQ.
20 Nevada Bar No. 01625
21 KARA B. HENDRICKS, ESQ.
22 Nevada Bar No. 07743
23 JERRELL L. BERRIOS, ESQ.
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25 10845 Griffith Peak Drive, Suite 600
26 Las Vegas, Nevada 89135
27
28

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 15th day of
3 November 2024, I caused a true and correct copy of the foregoing ***Sixth 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 **November 15, 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/ Evelyn Escobar-Gaddi
20 An employee of Greenberg Traurig, LLP
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INDEX OF EXHIBITS		
Exhibit	Description	Bates Range
A	STATEMENT OF AFFAIRS [as of September 30, 2024]	001-002
B	PROFESSIONAL EXPENSES [Ending Third Quarter 2024]	003-004
C	INVOICES [Submitted In-Camera]	005-067
D	NEVADA PAID EXPENSES [through September 2024]	068-070

EXHIBIT A

EXHIBIT A

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

Assets		Estimated Realizable Value
Cash		\$ 5,408,524
Investments - Restricted	Note (4)	11,617,963
Statutory Deposit - Restricted	Note (4)	502,744
Premium Receivable	Note (5)	-
Risk Adjustment Receivable	Note (6)	7,163,379
Prepaid Expenses -FHP, OK	Note (7)	7,079
Prepaid Network Rental Fee	Note (8)	2,000,000
Reinsurance Recoverable	Note (9)	20,268,251
Other Receivables	Note (10)	354,800
Due From Related Entity	Note (11)	1,705,511
Allowance for Unrecoverable Assets	Note (12)	(23,800,000)
Total Assets		<u>\$ 25,228,252</u>
Liabilities		
Class 1 (A) Administrative Claims	Note (13)	791,994
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>\$ 22,597,293</u>
Equity		
Excess (Deficiency) of Assets over Liabilities	Note (19)	<u>\$ 2,630,959</u>
Total Liabilities and Equity		<u>\$ 25,228,252</u>

The accompanying notes and schedules are an integral part of these financial statements

UNAUDITED

EXHIBIT B

EXHIBIT B

Exhibit B with professional expenses
for period ending third quarter 2024

Company	July	August	September
Greenberg Traurig, LLP	\$111.50	\$526.00	\$47.50
Examination Resources	\$1,317.50	\$7,440.00	\$150.00
Ellingson & Associates	\$23,687.50	\$24,145.55	\$17,425.00

EXHIBIT C

EXHIBIT C

SUBMITTED
IN CAMERA

EXHIBIT D

EXHIBIT D

NEVADA PAID EXPENSES (THROUGH 09/2024)

<u>Vendor</u>	<u>Total Cost Share</u>
Adobe, Inc.	2,857.59
Arctic Wolf/ANM	1,656.80
Atlassian	7.07
BOK	23.52
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	283.36
Ellingson & Associates, LLC	767.93
FAIR Health	6,002.79
FedEx	0.90
FHP-OK	1,527.42
GoDaddy	7.47
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	15,075.96
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.	3,360.19
XcelEnergy	43.44
Zenwork	1,650.00
Zipari	2,380.50
Total Nevada Paid Expenses	106,258.64

NEVADA CONTRIBUTIONS AND INTEREST

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

<u>Interest Earned</u>	<u>Amount</u>
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
07/2024 Interest	4.24
08/2024 Interest	1.63
Interest Total	<u>1,337.71</u>
Total Contributions and Interest	<u>113,337.71</u>
Net Contribution	<u><u>7,079.07</u></u>