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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 **FIRST 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<sup>1</sup>  
32 (“SDR”), file this quarterly Status Report (“Report”). Pursuant to this Court’s orders and NRS  
33 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).

36 <sup>1</sup> Ellingson & Associates was appointed by the Receiver to serve as SDR. A motion is currently pending to  
37 approve the SDR’s rates and the method to submit invoices for this Court’s review and consideration.  
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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.<sup>2</sup> 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 and a liquidation order was requested as explained below.

16 The SDR also had ongoing communication with the Silver State Health Insurance  
17 Exchange<sup>3</sup> (“Exchange”) regarding the ongoing operations of Friday Health. On July 14, 2023, the  
18 SDR received notification of pending decertification of all Friday Health policies from the  
19 Exchange. On July 18, 2023, the Commissioner determined that, as a result of Friday Health’s

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21 <sup>2</sup> Friday Health is one of several related companies scattered across the United States offering health  
22 insurance, all of which are also in ongoing receivership or regulatory proceedings due to financial  
23 inadequacy. As further detailed in the Petition for Appointment of Receiver and exhibits thereto, Friday  
24 Health is a subsidiary of Friday Health Plans Management Services Company, Inc. (“FHP Parent”), which  
25 is licensed as a non-resident third-party 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 regulatory and/or receivership control.

26 <sup>3</sup> The Exchange is an online health insurance marketplace, known as Nevada Health Link. The Nevada  
27 Health Link website was created by the state agency, the Silver State Health Insurance Exchange, to help  
28 consumers find an affordable health insurance plan in Nevada that fits their needs and budget. Through the  
Exchange individuals can shop for, compare, and purchase qualified health insurance plans with tax credits  
or subsidies that are based on their income. See [www.nevadahealthlink.com](http://www.nevadahealthlink.com).

1 hazardous financial condition, the continuation of Friday Health’s business would further  
2 jeopardize the insurer’s solvency and thus all policies terminated at the end of the day on August 31,  
3 2023.

4 With the decertification of Friday Health by the Exchange, the cancellation of policies by  
5 the Commissioner, and the fact that the continued transaction of business would result in the further  
6 depletion of limited assets, the Receiver petitioned the Court for a liquidation order. As a result,  
7 this Court entered an order on June 25, 2023, finding Friday Health to be insolvent and placing  
8 Friday Health into liquidation as of September 1, 2023 (“Liquidation Order”).

9 **II. Receivership Administration**

10 **A. Notice of Receivership, Liquidation and Policy Cancellation**

11 The Receiver has made good faith efforts to distribute Notices of Termination of Coverage  
12 and Special Enrollment which contain contact information for the submission of questions, claims,  
13 and correspondence, as well as details regarding the continuation of, and the need to replace, all  
14 Friday Health policies by August 31, 2023, to avoid a lapse in coverage.

15 In addition to sending out the policy cancellation notice via the United States Postal Service  
16 in the form approved by the Court, the SDR sent policy cancellation notices *via* e-mail where email  
17 contact information was available. Additionally, the SDR worked closely with the Exchange on an  
18 outreach program by which the Exchange also reached out to Friday Health policy holders  
19 telephonically to assist them in transitioning to new health insurance coverage as soon as practicable.  
20 Information about the liquidation process was also distributed to healthcare providers and brokers  
21 of Friday Health through various trade organizations. Information regarding the process was made  
22 available on the Exchange website as well as a website established by the SDR at  
23 [www.fridayhealthplansofnevada.com](http://www.fridayhealthplansofnevada.com). The website established by the SDR not only contains  
24 contact information for the SDR, all receivership pleadings, and a list of important dates, but it also  
25 contains a link to the Exchange Website to facilitate enrollment in new plans, and contains a  
26 “Frequently Asked Questions” section for members, agents and providers.

27 In addition to the SDR’s website, information was posted on Friday Health’s website  
28 (<https://www.fridayhealthplans.com/en/nv/health-network.html>) and on the Exchange’s website,

1 Nevada Health Link (<https://www.nevadahealthlink.com/>). Additionally, the Division posted a  
2 press release regarding the cancellation of policies on its website and its staff directed any inquiries  
3 to the SDR and/or the Exchange for additional information.

4 As of July 1, 2023, Friday Health had 3,335 Nevada policyholders and, as of the liquidation  
5 date, approximately 1,906 of on-exchange<sup>4</sup> policyholders have transitioned to new health care plans.  
6 The remaining policyholders either need to enroll with a new carrier or have already enrolled with  
7 an off-exchange carrier which the SDR is not able to measure.

#### 8 **B. Claims Administration and Third-Party Support**

9 The SDR will propose a formal claim administration process at a later date and provide  
10 notice of the same to all interested parties. In the interim, the Nevada Life & Health Insurance  
11 Guaranty Association<sup>5</sup> (“Guaranty Association”) has been activated and is working closely with the  
12 SDR to pay Friday Health’s claims while providing coverage to Nevada's resident policyholders  
13 pursuant to the provisions of NRS 686C.

14 To assist in the valuation of claims and receivership matters, Examination Resources was  
15 engaged to assist with forensic accounting, reinsurance collections, financial reporting, litigation  
16 support, and other liquidation support. Examination Resources is a well-respected entity that  
17 provides consulting services specializing in insurance regulatory matters. They have valuable  
18 experience with standards, expectations and regulatory requirements in the insurance industry and  
19 will provide valuable resources to the estate. A motion is currently pending to approve Examination  
20 Resources rates.

21 As the Court is aware, the Receiver has engaged the law firm of Greenberg Traurig LLP

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23 <sup>4</sup> “On-exchange policy holders” refers to policy holders enrolled through the Nevada Health Exchange.  
Friday Health also had policy holders that enrolled independent of the Exchange.

24 <sup>5</sup> 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  
28 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](http://www.nvlifega.org)

1 (“Greenberg Traurig”) as counsel in this receivership matter.

2 **C. Financial Records & Accounts**

3 Subsequent to the Receivership Order, the SDR has been in constant communication with  
4 FHP Parent to obtain records relating to Friday Health including information regarding policy  
5 holders, claims status, and the company’s financial records. This process was complicated given  
6 that many of Friday Health’s records were held by Friday Health Plans Management Services  
7 Company, Inc. (“MSC”) pursuant to a management services agreement. The SDR worked with  
8 MSC to obtain the files and was in the process of negotiating a transition services agreement when  
9 MSC and its corporate parent Friday Health Plans, Inc. commenced an Assignment for the Benefit  
10 of Creditors proceeding in the Court of Chancery for the State of Delaware (“ABC Proceeding”).  
11 Although the Executive Manager of FHP ABC, LLC has confirmed in writing that the SDR and/or  
12 Examination Resources have custody and control over all Friday Health records, the SDR continues  
13 to monitor the ABC Proceeding to protect the interests of Friday Health.

14 The SDR has been in communication with other receivers and regulators that have taken  
15 control of Friday Health affiliates in other states. Due to concerns regarding the scope of the ABC  
16 Proceeding and certain representations made therein regarding the control of assets that may include  
17 Friday Health assets, the decision was made to work jointly with other state regulators to contest  
18 the ABC action and collectively assert state receivership rights in the ABC Proceeding. The SDR  
19 will update this Court on future developments in the ABC Proceeding that may impact this  
20 receivership.

21 **D. Reinsurance**

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

26 **E. Receivership Assets and Liabilities**

27 The Receiver continues to gather information and evaluate Friday Health’s assets and  
28 liabilities. The SDR worked diligently to obtain access to and control of Friday Health bank

1 accounts and promptly provided multiple financial institutions a copy of the Receivership Order to  
2 facilitate the same. Unfortunately, the account turnover process took longer than anticipated and  
3 full access has not been provided to the Receiver by Wells Fargo Bank. The SDR is in the process  
4 of preparing a liquidating balance sheet for submission to the Court. Unfortunately, the delay by  
5 Wells Fargo Bank in providing the SDR access to Friday Health bank accounts has slowed down  
6 this process.<sup>6</sup> Notwithstanding, cash on hand as of August 31, 2023, was approximately  
7 \$3,794,338.

8 Professional invoices have been submitted to the Receiver, but none have been paid pending  
9 review and approval of the same and this Court's approval of proposed rates. All payments made  
10 to professionals will be reported to the Court with future status report filings and detailed billings  
11 will be submitted *in-camera*.

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28 <sup>6</sup> The SDR anticipates providing the Court with a cash flow report with the next status report and intends to do so going forward.

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 11th day of September, 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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19 10845 Griffith Peak Drive, Suite 600

20 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 11th day of  
3 September 2023, I caused a true and correct copy of the foregoing ***First 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 **September 11, 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  
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19 */s/ Andrea Lee Rosehill*  
20 \_\_\_\_\_  
21 An employee of Greenberg Traurig, LLP  
22  
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26  
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