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**SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF LOS ANGELES
CENTRAL CIVIL WEST COURTHOUSE**

INSURANCE COMMISSIONER OF THE
STATE OF CALIFORNIA,

Applicant,

v.

SEECCHANGE HEALTH INSURANCE
COMPANY,

Respondent.

Case No. BS152302
Assigned to Hon. Amy D. Hogue

~~PROPOSED~~ LIQUIDATION ORDER

Hearing
Date: January 28, 2015
Time 9:30 a.m.
Place: Central Civil West Courthouse
Department 307
600 South Commonwealth Avenue
Los Angeles, California 90005
Judge: Hon. Amy D. Hogue

FILED
LOS ANGELES SUPERIOR COURT

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Central Civil West
DEC 31 2014
By: K. Bennett

JAN 28 2015
SHERIFF'S OFFICE EXECUTIVE OFFICER/CLERK
BY *N. Navarro* Deputy
NANCY NAVARRO

1 On January 28, 2015, in Department 307 of the above-entitled Court, the Court held a
2 hearing on the *Notice of Application and Application for Liquidation Order and Supplemental*
3 *Injunctive Relief* (the “**Application**”), filed by the Insurance Commissioner of the State of
4 California (including his successor in office, the “**Commissioner**”). Appearances are noted in the
5 record.

6 Having considered the Application, the memorandum and declarations in support of the
7 Application, and all other documents and evidence submitted, and having heard and considered
8 the arguments presented to the Court, and upon good cause shown, the Court hereby finds that it
9 would be futile for the Commissioner to proceed as Conservator of SeeChange and, therefore,
10 sufficient grounds exist in accordance with Insurance Code section 1016 for entry of this order of
11 liquidation of SeeChange.

12 **THEREFORE, IT IS HEREBY ORDERED:**

- 13 1. The Application is GRANTED.
- 14 2. SeeChange Health Insurance Company (“**SeeChange**”) is hereby found to be
15 insolvent.
- 16 3. The Commissioner’s status as Conservator of SeeChange is terminated. The
17 Insurance Commissioner is appointed Liquidator of SeeChange as set forth in Insurance Code
18 section 1016, with (1) David E. Wilson to serve as the Special Deputy Insurance Commissioner in
19 charge of the SeeChange liquidation and (2) Joseph Holloway, Jr., to serve as the on-site manager
20 for Special Deputy Insurance Commissioner Wilson (hereinafter, the “**Liquidator**”). The
21 Liquidator is directed to liquidate and wind up the business of SeeChange and to act in all ways
22 and exercise all powers necessary for the purpose of carrying out this Order and the liquidation
23 provisions of the Insurance Code, Insurance Code sections 1010 *et seq.*
- 24 4. Title to all of the assets of SeeChange, wherever situated, shall be vested in the
25 Liquidator, in his official capacity as such, including without limitation real and personal
26 property, deposits, certificates of deposit, bank accounts, mutual funds, securities, contracts,
27 rights of actions, books, records and other assets of any and every type and nature, wherever
28 situated, presently in SeeChange’s possession and/or those which may be discovered hereafter.

1 5. All funds and assets (including without limitation deposits, certificates of deposit,
2 bank accounts, securities, and mutual fund shares of SeeChange) in various financial depository
3 institutions (including without limitation banks, savings and loan associations, industrial loan
4 companies, mutual funds and/or stock brokerages) wherever situated, are subject to withdrawal
5 only upon direction or order by the Liquidator.

6 6. The Liquidator is authorized to collect all moneys due to SeeChange, and to do
7 such other acts as are necessary or expedient to collect, protect and liquidate SeeChange's assets,
8 property and business.

9 7. The Liquidator is authorized to collect all debts due and claims belonging to
10 SeeChange and to have the authority to sell, compound, compromise, or assign, for the purpose of
11 collection upon such terms and conditions as the Liquidator deems best, any bad or doubtful
12 debts.

13 8. The Liquidator is authorized to compromise or in any other manner negotiate
14 settlements of claims against SeeChange upon such terms and conditions as the Liquidator shall
15 deem to be in the best interests of SeeChange.

16 9. The Liquidator is authorized, without permission of the Court and without notice,
17 to acquire, hypothecate, encumber, lease, improve, sell, transfer, abandon, or otherwise dispose of
18 or deal with, any real or personal property of SeeChange at its reasonable market value, or, in
19 cases other than acquisition, sale, or transfer on the basis of reasonable market value, upon such
20 terms and conditions as the Liquidator may deem proper; provided, however, that the market
21 value of the property involved does not exceed the sum of twenty thousand dollars (\$20,000).

22 10. The Liquidator is authorized, for the purpose of executing and performing any of
23 the powers and authority conferred upon the Liquidator under Insurance Code sections 1010 *et*
24 *seq.*, in the name of SeeChange or in the Liquidator's own name, to initiate, prosecute and/or
25 defend any and all suits and other legal proceedings, legal or equitable, and to execute,
26 acknowledge and deliver any and all deeds, assignments, releases and other instruments necessary
27 and proper to effectuate any sale of any real and personal property or other transaction in
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1 connection with the administration, liquidation or other disposition of the assets of SeeChange, in
2 this or other states as may appear to him necessary to carry out his functions as Liquidator.

3 11. The Liquidator is authorized to divert, take possession of and secure all mail of
4 SeeChange and to effect a change in the rights to use any and all post office boxes and other mail
5 collection facilities used by SeeChange.

6 12. The Liquidator is authorized, without permission of the Court and without notice,
7 to invest and reinvest, in such manner as the Liquidator may deem suitable for the best interests
8 of the policyholders and/or creditors of SeeChange, such portions of the funds and assets of
9 SeeChange in his possession as do not exceed the amount of the reserves required by law to be
10 maintained by SeeChange as reserves for life insurance policies, annuity contracts, supplementary
11 agreements incidental to life business, and reserves for non-cancelable disability policies, and
12 which funds and assets are not immediately distributable to creditors; provided, however, the
13 investment or reinvestment to be made does not exceed the sum of one hundred thousand dollars
14 (\$100,000), except that the Liquidator, without permission of the court and without notice, may
15 make investments or reinvestments in excess of \$100,000, but not exceeding \$5,000,000 per
16 investment or reinvestment, if such investments or reinvestments are part of SeeChange's existing
17 investments or are made pursuant to the investment guidelines of the Commissioner's
18 Conservation & Liquidation Office (including investments and reinvestments through an
19 investment pool consisting exclusively of assets from conserved and/or liquidating estates).

20 13. The Liquidator is authorized, in his discretion, without permission of the Court and
21 without notice, to pay or defer payment of some or all claims, expenses, liabilities and/or
22 obligations of SeeChange, in whole or in part, accruing prior and/or subsequent to his
23 appointment as Liquidator.

24 14. The Liquidator is authorized to appoint and employ under his hand and official
25 seal, legal counsel, as his agents, and to employ clerks and/or assistants, and to give to each of
26 them those powers that the Liquidator deems necessary.

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1 15. The Liquidator is authorized to fix the costs of employing special deputy
2 commissioners, legal counsel, clerks, and/or assistants, and all expenses of taking possession of,
3 conserving, conducting, liquidating, disposing of, or otherwise dealing with the business and
4 property of SeeChange and—subject to Court approval—he is authorized to pay such costs out of
5 the assets of SeeChange. If there are insufficient funds to pay such costs, then—subject to Court
6 Approval—the Liquidator may pay such costs out of the Insurance Fund pursuant to Insurance
7 Code section 1035.

8 16. The Liquidator is authorized to assume or reject, or to modify, any executory
9 contract, including without limitation, any lease, rental or utilization contract or agreement
10 (including any schedule to any such contract or agreement), and any license or other arrangement
11 for the use of computer software of business information systems, to which SeeChange is a party
12 or as to which SeeChange agrees to accept an assignment of such contract, not later than 120 days
13 of the date of the Order Appointing Conservator (i.e., November 19, 2014), unless such date is
14 extended by application to and further order of this Court. All executory contracts not expressly
15 assumed by the Conservator within that time shall be deemed rejected.

16 17. The Liquidator is authorized to terminate compensation arrangements with
17 employees, to enter into new compensation arrangements with employees (including
18 arrangements containing retention incentives), and to hire employees on such terms and
19 conditions as he deems reasonable.

20 18. The Liquidator is vested with all the powers of the directors, officers and managers
21 of SeeChange, whose authorities are suspended except as such powers may be re-delegated by
22 the Liquidator.

23 **Injunctions and Other Orders**

24 19. Except upon the express authorization of the Liquidator, all persons (including
25 without limitation SeeChange and its officers, directors, agents, servants, and employees) are
26 enjoined from the transaction of SeeChange's business or disposition of its property (including
27 without limitation disposing of, using, transferring, selling, assigning, canceling, alienating,
28 hypothecating or concealing in any manner or any way), or assisting any person in any of the

1 foregoing, until further order of this Court. All persons are enjoined from obstructing or
2 interfering with the Liquidator's conduct of his or her duties as Liquidator.

3 20. All persons are enjoined from instituting or prosecuting or maintaining any action
4 at law (including without limitation actions or proceedings to compel discovery or production of
5 documents or testimony, and matters in arbitration), and from obtaining or attempting to attain
6 preferences, judgments, foreclosures, attachments or other liens of any kind or nature, against
7 SeeChange, its assets, or the Liquidator, and from attaching, executing upon, foreclosing upon,
8 redeeming of, making levy upon, or taking any other legal proceedings against any of the
9 property and/or assets of SeeChange, except after an order from this Court.

10 21. All persons are enjoined from the sale or deed for nonpayment of taxes or
11 assessments levied by any taxing agency of property and/or assets of SeeChange.

12 22. Except with leave of Court, all persons are enjoined from accelerating the due date
13 of any obligation or claimed obligation, exercising any right of set-off, taking, retaining, retaking
14 or attempting to retake possession of any real or personal property, withholding or diverting any
15 rent or other obligation, and doing any act or other thing whatsoever to interfere with the
16 possession of, or management by, the Liquidator of the property and assets, owned, controlled, or
17 possessed by SeeChange.

18 23. All persons are enjoined from the waste of the assets of SeeChange.

19 24. SeeChange and its officers, directors, agents and employees are ordered to
20 immediately make available to the Liquidator all assets, books, accounts, records, information,
21 computers, tapes, discs, writings, other recordings of information, equipment and other property
22 of SeeChange, wherever situated, in their custody or control. They are directed to disclose to the
23 Liquidator, on his request, the exact whereabouts of the foregoing items if such items are not in
24 their possession, custody or control.

25 25. SeeChange and its officers, directors, trustees, employees or agents, and any other
26 person, firm, association, partnership, corporate parent, holding company, affiliate or other entity
27 in charge of any aspect of SeeChange's affairs, either in whole or in part (including but not
28 limited to banks, savings and loan associations, financial or lending institutions, brokers, stock or

1 mutual associations, or any parent, holding company, subsidiary or affiliated corporation or any
2 other representative acting in concert with SeeChange) are ordered to cooperate with the
3 Liquidator in the performance of his duties.

4 26. All persons who maintain records for SeeChange, pursuant to written contract or
5 any other agreement, are ordered to maintain such records and to deliver to the Liquidator such
6 records upon his request.

7 27. The Court hereby stays any and all provisions of any agreement entered into by
8 and between any third party and SeeChange, that provide, in any manner, that selection,
9 appointment or retention of a conservator, receiver or trustee, or entry of an order such as hereby
10 made, shall be deemed to be, or otherwise operate as, a breach, violation, event of default,
11 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation.
12 The assertion of any and all rights and remedies relating thereto are also stayed and barred, except
13 as otherwise ordered by this Court. This Court shall retain jurisdiction over any cause of action
14 that has arisen or may otherwise arise under any such a provision.

15 **Creditors and Setting of Claims Bar Date**

16 28. The rights and liabilities of claimants, policyholders, shareholders, members and
17 all other persons interested in the assets of SeeChange are fixed as of the date of entry of this
18 Order.

19 29. Any and all claims against SeeChange—including without limitation those claims
20 which in any way affect or seek to affect any of the assets of SeeChange, wherever or however
21 such assets may be owned or held—must be filed no later than December 31, 2015 (the “**Claims**
22 **Bar Date**”) in accordance with the provisions of Insurance Code sections 1010 *et seq.*, (including
23 without limitation Insurance Code section 1023). The claim must be timely filed on the form
24 provided by the Liquidator, together with proper proofs thereof, and must be supplemented with
25 such further information as the Liquidator requests, in accordance with Insurance Code section

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1 1023(f). As provided in Insurance Code section 1024, any claims not filed by the Claims Bar
2 Date shall be conclusively deemed forever waived and no action may be maintained thereon.

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DATED: 1/28/15



THE HONORABLE AMY D. HOGUE
Judge of the Los Angeles Superior Court