

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

IN RE: Healthcare Providers Insurance :
Exchange, In Liquidation : No. 1 HPI 2017

LIQUIDATOR'S REPORT PURSUANT TO 40 P.S. § 221.36
REGARDING THE DISTRIBUTION OF ASSETS TO GUARANTY ASSOCIATIONS

1. Healthcare Providers Insurance Exchange ("HPIX") was placed into liquidation by the Commonwealth Court of Pennsylvania by Order dated January 12, 2018 ("Liquidation Order"). The Liquidation Order appointed the Acting Insurance Commissioner, and her successor, if any, as the Statutory Liquidator of HPIX ("Liquidator").¹

2. On January 12, 2018, the Commonwealth Court also entered an Order declaring HPIX to be insolvent.

3. Pursuant to Article V of the Insurance Department Act of 1921 ("Article V") at § 221.36, the Liquidator of HPIX is required to file with the Court an application for approval to distribute assets to guaranty associations (hereinafter referred to as "an early access distribution") within 120 days of a final determination that the insurer is insolvent or in such condition that its further transaction of business will be hazardous to, *inter alia*, its policyholders.

4. Section 221.36 also provides that the Liquidator need not make application for approval to distribute assets to guaranty associations in instances where it is reasonable to conclude

¹ Since the Liquidation Order was entered, the Acting Insurance Commissioner, Jessica K. Altman, has been confirmed, and thus, Ms. Altman is now the Insurance Commissioner of Pennsylvania.

that the assets of the insolvent insurer will not exceed the amounts necessary to pay, *inter alia*, the costs of liquidation.

5. Pursuant to § 221.36, the Liquidator's proposal must provide, *inter alia*, provisions for reserving amounts for the payment of expenses of liquidation; disbursement of assets marshaled to date and subsequent disbursement as assets become available; and equitable allocation of disbursements to each of the guaranty associations entitled thereto.

6. Based on the information currently available, the Liquidator anticipates that there will be sufficient assets in the HPIX estate to seek the approval of an early access distribution to the guaranty associations. However, the Liquidator believes that it is in the best interests of all interested parties to wait until the information is available that is needed to propose a fully informed early access distribution, including the timing of the proposed early access distribution, rather than filing an early access distribution proposal that is based on incomplete information and data.²

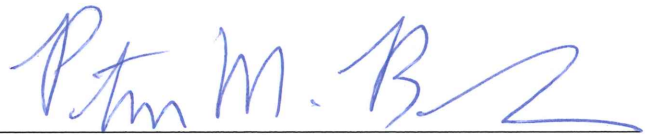
7. Accordingly, in recognition of § 221.36, the Liquidator files this report to inform all interested parties, including the guaranty associations, that, based on currently available information, she anticipates that a proposal regarding an early access distribution will be filed sometime after the claims filing deadline as established by this Court.³

²The Liquidator would note that there are only four states with guaranty associations handling HPIX claims. They are Pennsylvania, New Jersey, Delaware and Maryland, with the vast majority of claims being handled by the Pennsylvania and New Jersey guaranty associations.

³By order dated January 12, 2018, this Court directed that the Liquidator may petition the Court to set a date by which proof of claims shall be filed. The Liquidator currently anticipates filing such a petition within the next 30 to 60 days.

WHEREFORE, the Liquidator respectfully submits this report in recognition of 40 P.S. § 221.36, and in anticipation, based on currently available information, of filing an early access distribution proposal some time following the claims filing deadline as established by this Court.

Respectfully submitted,



PRESTON M. BUCKMAN (I.D. #57570)

Insurance Department Counsel
Office of Liquidations, Rehabilitations
& Special Funds
Governor's Office of General Counsel
Capital Associates Building
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Attorney for Jessica K. Altman, Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her capacity as Statutory Liquidator
of Healthcare Providers Insurance Exchange, In
Liquidation

Dated: _____

5/3/18

CERTIFICATE OF SERVICE

I hereby certify that I am this day serving the foregoing document upon all parties of record in this proceeding in accordance with the requirements of 1 Pa. Code Chapter 33 in the following manner:

Service via regular U.S. Mail addressed as follows:

Carl Maio, Esquire
CAMaio@foxrothschild.com
Healthcare Providers Insurance Exchange
1250 Camp Hill Bypass, Suite 108
Camp Hill, PA 17011

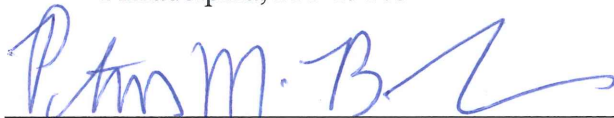
Steven Sawyer, Senior Vice President
Steven.Sawyer@MMICNC.com
Corporate Administration
700 Spring Forest Road, Suite 400
Raleigh, NC 27609

Barry Miller, Executive Director
bmiller@deiga.com
Delaware Insurance Guaranty Association
220 Continental Drive, Suite 309
Newark, DE 19713

John R. Spielberger, President
jspiel@pcigc.com
Maryland P&C Insurance Guaranty Assn.
305 Washington Avenue, Suite 600
Towson, MD 21204-4715

Joseph L. DellaFera, CEO
jdellafera@njguaranty.org
New Jersey Property-Liability Insurance
Guaranty Association
233 Mount Airy Road
Basking Ridge, NJ 07920

Stephen F. Perrone, Executive Director
sperrone@ppciga.org
Pennsylvania P&C Insurance Guaranty Assn
1617 John F. Kennedy Blvd., Suite 1850
Philadelphia, PA 19103

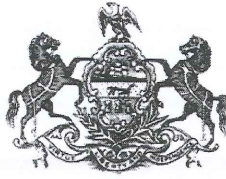


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Insurance Department Counsel
Office of Liquidations, Rehabilitations
& Special Funds
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Capital Associates Building
901 North 7th Street
Harrisburg, PA 17102
(717) 787-6009

Attorney for Jessica K. Altman, Acting Insurance
Commissioner of the Commonwealth of
Pennsylvania, in her capacity as Statutory Liquidator
of Healthcare Providers Insurance Exchange, In
Liquidation

Dated: 5/3/18



COMMONWEALTH OF PENNSYLVANIA
GOVERNOR'S OFFICE OF GENERAL COUNSEL

May 3, 2018

Michael F. Krimmel, Chief Clerk
Commonwealth Court of Pennsylvania
601 Commonwealth Avenue, Suite 2100
P.O. Box 69185
Harrisburg, PA 17120-9185

***Re: In Re: Healthcare Providers Insurance Exchange ("HPIX") (In Liquidation)
No. 1 HPI 2017***

Dear Mr. Krimmel:

Attached for filing please find the Liquidator's Report Pursuant to 40 P.S. § 221.36 Regarding the Distribution of Assets to Guaranty Associations with regard to the above-referenced matter.

Thank you for your assistance in this matter.

Very truly yours,

A handwritten signature in blue ink, appearing to read "P. M. Buckman".

Preston M. Buckman
Insurance Department Counsel

PMB:drh

Enclosure