



South Carolina Department of Insurance

NIKKI R. HALEY
Governor

Office of General Counsel
P.O. Box 100105, Columbia, S.C. 29202-3105
Telephone: (803) 737-6219
Facsimile: (803) 737-6229

February 17, 2016

HAND-DELIVERED

The Hon. Jeanette W. McBride
Clerk of Court for Richland County
1701 Main Street
Columbia, South Carolina 29201

Re: *Farmer v. Consumers' Choice Health Ins. Co.*
Case No. 2016-CP-40-00034
Petition for Order Commencing Liquidation Proceedings

Dear Ms. McBride:

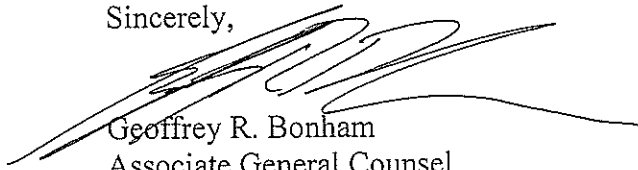
Enclosed herewith for filing are the original and two copies of a Petition for Order Commencing Liquidation Proceedings, together with a completed motion cover sheet and the requisite \$25.00 filing fee.

Please return to us the clocked-in copies and a receipt for the filing fee.

By copy of this letter, a copy of this filing is also being served on, among others, Respondent's agent for service and counsel for the relevant Guaranty Association.

Thank you very much for your attention to this matter. Of course, if you have any questions regarding this, please feel free to contact me.

Sincerely,



Geoffrey R. Bonham
Associate General Counsel
One of the Attorneys for the Receiver

Enclosures

c: David S. Cox, Esq.
John C. Bruton, Jr., Esq.
Michael J. FitzGibbons, Special Deputy Receiver

STATE OF SOUTH CAROLINA)
)
 COUNTY OF RICHLAND)
)
 Raymond G. Farmer, etc.)
 Plaintiff)
)
 v.)
)
 Consumers' Choice Health Ins. Co/. In Rehab.)
 Defendant.)

IN THE COURT OF COMMON PLEAS

CASE NO.
 2016-CP-40-00034

MOTION AND ORDER INFORMATION
 FORM AND COVER SHEET

Plaintiff's Attorney: Geoffrey R. Bonham, Bar No. 13058 Address: PO Box 100105, Columbia SC 29202-3105 phone: 803-737-6219 fax: 803-737-6229 e-mail: gbonham@doi.sc.gov other:	Defendant's Attorney: David S. Cox, Bar No. Address: Barnwell Whaley Patterson & Helms, LLC 288 Meeting St., Suite 200, Charleston SC 29401 phone: 843-577-7700 fax: 843-577-7708 e-mail: dcox@barnwell-whaley.com other:
<input type="checkbox"/> MOTION HEARING REQUESTED (attach written motion and complete SECTIONS I and III) <input type="checkbox"/> FORM MOTION, NO HEARING REQUESTED (complete SECTIONS II and III) <input checked="" type="checkbox"/> PROPOSED ORDER/CONSENT ORDER (complete SECTIONS II and III)	
SECTION I: Hearing Information Nature of Motion: Petition for Order Commencing Liquidation Proceedings Estimated Time Needed: NA Court Reporter Needed: <input type="checkbox"/> YES / <input checked="" type="checkbox"/> NO	
SECTION II: Motion/Order Type <input checked="" type="checkbox"/> Written motion attached <input type="checkbox"/> Form Motion/Order I hereby move for relief or action by the court as set forth in the attached proposed order.	
Signature of Attorney for <input checked="" type="checkbox"/> Plaintiff / <input type="checkbox"/> Defendant	Date submitted February 17, 2016
SECTION III: Motion Fee <input checked="" type="checkbox"/> PAID – AMOUNT: \$25.00 <input type="checkbox"/> EXEMPT: <input type="checkbox"/> Rule to Show Cause in Child or Spousal Support (check reason) <input type="checkbox"/> Domestic Abuse or Abuse and Neglect <input type="checkbox"/> Indigent Status <input type="checkbox"/> State Agency v. Indigent Party <input type="checkbox"/> Sexually Violent Predator Act <input type="checkbox"/> Post-Conviction Relief <input type="checkbox"/> Motion for Stay in Bankruptcy <input type="checkbox"/> Motion for Publication <input type="checkbox"/> Motion for Execution (Rule 69, SCRPC) <input type="checkbox"/> Proposed order submitted at request of the court; or, reduced to writing from motion made in open court per judge's instructions Name of Court Reporter: <input type="checkbox"/> Other:	
JUDGE'S SECTION <input type="checkbox"/> Motion Fee to be paid upon filing of the attached order. <input type="checkbox"/> Other:	JUDGE _____ CODE: _____ Date: _____
CLERK'S VERIFICATION Date Filed: _____ Collected by: _____ <input type="checkbox"/> MOTION FEE COLLECTED: _____ <input type="checkbox"/> CONTESTED – AMOUNT DUE: _____	

RICHLAND COUNTY
 FILED
 2016 FEB 17 PM 4:23
 JEANETTE W. MCBRIDE
 C.C.J. & G.S.

STATE OF SOUTH CAROLINA
RICHLAND COUNTY

IN THE COURT OF COMMON PLEAS
FIFTH JUDICIAL CIRCUIT

Raymond G. Farmer, as Director of the South
Carolina Department of Insurance,

Petitioner,

vs.

Consumers' Choice Health Insurance
Company,

Respondent.

Civil Action No. 2016-CP-40-00034

PETITION FOR ORDER
COMMENCING LIQUIDATION
PROCEEDINGS

2016 FEB 17 PM 4:23
JUANNETTE W. NOBRIDE
C.C.P. & G.S.

RICHLAND COUNTY
FILED

Petitioner, Raymond G. Farmer, as Director of the South Carolina Department of Insurance and Rehabilitator of Respondent, Consumers' Choice Health Insurance Company, by and through counsel, hereby petitions the Court for an Order pursuant to the South Carolina Insurers Rehabilitation and Liquidation Act, S.C. Code Ann. §§ 38-27-10 *et seq.*, for an order appointing him as Liquidator of Respondent. Respondent is being served with a copy of this Petition pursuant to S.C. Code Ann. § 38-27-60 (2015). In support of this Petition, Petitioner would respectfully show the Court as follows.

1. This cause was originated by way of a Consent Order Commencing Rehabilitation Proceedings & Granting an Injunction & Automatic Stay of Proceedings filed pursuant to S.C. Code Ann. § 38-27-60(f), -310 & -320 (2015).

2. In that Order, which was filed on January 8, 2016, the Court appointed Petitioner as Rehabilitator and approved his designation of Michael J. FitzGibbons of FitzGibbons and Company, Inc., 9821 N. 95th Street, Suite 105, Scottsdale Arizona 85258 as Deputy Rehabilitator. A copy of the Rehabilitation Order is attached hereto as Exhibit A.

3. Said Order also provides that upon petition by the Rehabilitator stating that further efforts to rehabilitate Respondent would substantially increase the risk of loss to creditors, policyholders or the public, or would be futile, the Court will consider entry of an Order of Liquidation of Respondent in accordance with S.C. Code Ann. § 38-27-350(a) (2015), and that such petition shall have the same effect as a petition filed under S.C. Code Ann. § 38-26-360 (2015).

4. The Rehabilitator has completed his analysis of the financial position of the Respondent. The Rehabilitator's financial statement for Respondent is attached as Exhibit B.

5. Exhibit B evidences that the Respondent is statutorily insolvent in the amount of \$39.5 million.

6. The Rehabilitator has concluded that the Respondent is insolvent and efforts to rehabilitate Respondent would be futile and would be harmful to its policyholders and other creditors.

7. Similarly, the Rehabilitator believes that liquidating Respondent will benefit creditors and policyholders in that the adoption of a formal notice, proof of claim and claim adjudication and prioritization process will assure policyholders and other creditors will be treated fairly and uniformly in accordance with the objective statutory procedures set forth in S.C. Code Ann. §§ 38-27-410, -540, -550, -580, -600 and -610 (2015).

8. The affidavit of Michael J. FitzGibbons, Special Deputy Rehabilitator, in support of this application is attached as Exhibit C.

9. Pursuant to S. C. Code Ann. § 38-27-360 (2015), grounds for liquidation include:

- a. Any ground for an order of rehabilitation as specified in S. C. Code Ann. § 38-27-310, whether or not there has been a prior order directing the rehabilitation of the insurer;

- b. The insurer is insolvent; or
- c. The insurer is in such a condition that the further transaction of business would be hazardous, financially or otherwise, to its policyholders, its creditors, or the public.

10. Respondent is in a condition in which the further transaction of business would be hazardous, financially or otherwise, to its policyholders, creditors, or the public, and is insolvent as defined in S.C. Code Ann. § 38-27-50(10) (2015), both of which constitute grounds for the commencement of liquidation, as set forth in Section 38-27-360, and further efforts to rehabilitate Respondent would be futile and detrimental to the estate, policyholders and creditors.

WHEREFORE, your Petitioner prays this Honorable Court for an Order:

- 1. Appointing Petitioner and his successors in office and/or his designee Liquidator of Respondent, with all powers as provided by S.C. Code Ann. § 38-27-400 (2015);
- 2. Directing the Liquidator to take possession and control of all of the property, books, accounts, documents, business affairs and other records of Respondent and of the premises occupied by it for transaction of its business;
- 3. Declaring Respondent to be insolvent;
- 4. Maintaining a stay pursuant to S.C. Code Ann. §§ 38-27-70 & -430 (2015) preventing anyone other than Petitioner or his designee, or such other persons as may obtain his specific consent, from engaging in any of the activities described in that Code Section, including, but not limited to, disposition of any property of Respondent or transaction of any of its business, waste of its assets or dissipation of any bank accounts, obtaining of any preferences, interference with the Liquidator or with a proceeding under Chapter 27 of Title 38 of the Code, or instituting, maintaining or presenting any action at law or equity, either in this State or elsewhere;

5. Retaining jurisdiction over this matter for the purpose of granting such other and further relief as from time to time may be necessary and appropriate;

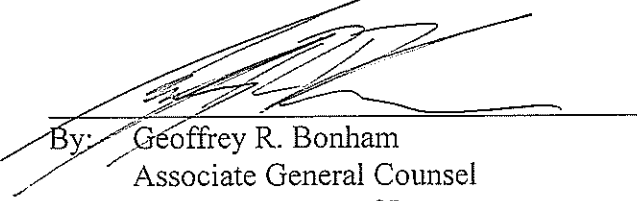
6. Dissolving Respondent upon filing by Petitioner with the office of the Secretary of State a certified true copy of the Liquidation Order;

7. Approving Petitioner's designation of Michael J. FitzGibbons of FitzGibbons and Company, Inc., 9821 N. 95th Street, Suite 105, Scottsdale, Arizona 85258, as a consultant to the Liquidator and as Deputy Liquidator in this matter; and

8. Granting such other relief as may be necessary to preserve the assets of Respondent and effectuate the purpose of the liquidation.

Respectfully submitted,

RAYMOND G. FARMER, PETITIONER



By: Geoffrey R. Bonham
Associate General Counsel
S.C. Department of Insurance

P.O. Box 100105
Columbia, SC 29202-3105
803-737-6200

Attorney for Petitioner
gbonham@doi.sc.gov

Columbia, South Carolina
February 12, 2016

STATE OF SOUTH CAROLINA
COUNTY OF RICHLAND
IN THE COURT OF COMMON PLEAS

JUDGMENT IN A CIVIL CASE

CASE NUMBER: 2016CP4000034

Raymond G Farmer

Consumers Choice Health Insurance Company

SC Department of Insurance

PLAINTIFF(S)

DEFENDANT(S)

Submitted by: _____

Attorney for : Plaintiff Defendant or Self-Represented Litigant

DISPOSITION TYPE (CHECK ONE)

- JURY VERDICT.** This action came before the court for a trial by jury. The issues have been tried and a verdict rendered.
- DECISION BY THE COURT.** This action came to trial or hearing before the court. The issues have been tried or heard and a decision rendered.
- ACTION DISMISSED (CHECK REASON):** Rule 12(b), SCRPC; Rule 41(a), SCRPC (Vol. Nonsuit);
 Rule 43(k), SCRPC (Settled); Other _____
- ACTION STRICKEN (CHECK REASON):** Rule 40(j), SCRPC; Bankruptcy;
 Binding arbitration, subject to right to restore to confirm, vacate or modify arbitration award; Other _____
- DISPOSITION OF APPEAL TO THE CIRCUIT COURT (CHECK APPLICABLE BOX):**
 Affirmed; Reversed; Remanded; Other _____

NOTE: ATTORNEYS ARE RESPONSIBLE FOR NOTIFYING LOWER COURT, TRIBUNAL, OR ADMINISTRATIVE AGENCY OF THE CIRCUIT COURT RULING IN THIS APPEAL.

IT IS ORDERED AND ADJUDGED: See attached order (formal order to follow) Statement of Judgment the Court:

ORDER INFORMATION

This order ends does not end the case.

Additional Information for the Clerk : _____

RICHLAND COUNTY
FILED
2016 JAN - 8 PM 12: 01
JEANETTE W. McBRIDE
C.P. & G.S.

INFORMATION FOR THE JUDGMENT INDEX

Complete this section below when the judgment affects title to real or personal property or if any amount should be enrolled. If there is no judgment information, indicate "N/A" in one of the boxes below.

Judgment in Favor of (List name(s) below)	Judgment Against (List name(s) below)	Judgment Amount To be Enrolled
		\$
		\$
		\$

If applicable, describe the property, including tax map information and address, referenced in the order:

The judgment information above has been provided by the submitting party. Disputes concerning the amounts contained in this form may be addressed by way of motion pursuant to the SC Rules of Civil Procedure. Amounts to be computed such as interest or additional taxable costs not available at the time the form and final order are submitted to the judge may be provided to the clerk. Note: Title abstractors and researchers should refer to the official court order for judgment details.

Circuit Court Judge _____ Judge Code _____ Date _____

For Clerk of Court Office Use Only

This judgment was entered on the _____ day of _____, 20____ and a copy mailed first class or placed in the appropriate attorney's box on this 11 day of Jan, 2016 to attorneys of record or to parties (when appearing pro se) as follows:

Geoffrey Ross Bonham

ATTORNEY(S) FOR THE PLAINTIFF(S)

ATTORNEY(S) FOR THE DEFENDANT(S)

Court Reporter _____

Clerk of Court _____

Jeanette W. McBride

**STATE OF SOUTH CAROLINA
RICHLAND COUNTY**

**IN THE COURT OF COMMON PLEAS
FIFTH JUDICIAL CIRCUIT**

Raymond G. Farmer, as Director of the
South Carolina Department of Insurance,

Civil Action No. 2016-CP-40- 00034

Petitioner,

vs.

**CONSENT ORDER
COMMENCING REHABILITATION
PROCEEDINGS & GRANTING AN
INJUNCTION & AUTOMATIC STAY OF
PROCEEDINGS**

Consumers' Choice Health Insurance
Company.

Respondent.

This matter comes before me pursuant to the South Carolina Insurers Supervision, Rehabilitation and Liquidation Act, pursuant to S.C. Code Ann. §§ 38-27-10 *et seq.* Petitioner seeks an Order appointing him as Receiver of Respondent, Consumers' Choice Health Insurance Company (Respondent), for the purposes of rehabilitation. By the signature of its authorized representative below, Respondent acknowledges service of the Petition pursuant to S.C. Code Ann. § 38-27-60 (2015) and has otherwise been informed of Petitioner's intent, and does not oppose rehabilitation as set forth more fully below. The Court, having reviewed the record and otherwise being fully informed in the premises, finds:

1. This Court has jurisdiction over the subject matter and is the proper venue for this proceeding pursuant to S.C. Code Ann. §§ 38-27-60(f) & -310 through -330 (2015).
2. Petitioner is the duly appointed Director for the State of South Carolina Department of Insurance with such powers, duties and responsibilities as are prescribed under the insurance laws of this State to the Director for company licensing, delinquency and receivership matters, and is specifically authorized to file a petition for rehabilitation pursuant to § 38-27-310 (2015).

3. The Department has regulatory jurisdiction over the Respondent pursuant to, *inter alia*, Chapters 3 and 25 and 71 of Title 38 of the South Carolina Code of Laws 1976, as amended.

4. Respondent CCH is a South Carolina Consumer Operated and Oriented Plan (CO-OP) organized and licensed under the provisions of Section 1322 of the Affordable Care Act, Pub. L. No. 111-148, 45 CFR §§ 156.500 *et seq.* and S.C. Code Ann. §§ 38-25-10 *et seq.* and §§ 38-71-10 *et seq.* The Department granted CCH a license to transact business as an accident and health insurer on May 2, 2013. It started enrolling members in October 2013 and commenced operations on the federally-facilitated exchange (FFE) in January 2014.

5. As a Consumer Operated and Oriented Plan, CCH is owned by its members, and is governed by a board consisting of seven board members. CCH, like other federal CO-OPs, was funded by a start-up loan of \$18,709,800 and an interest bearing solvency loan of \$68,868,408 from the federal government pursuant to a contract between the Centers for Medicare & Medicaid Services (CMS) and the CO-OP.

6. As of October 2015, CCH had approximately 67,000 participating members.

7. On or about October 1, 2015, CCH was informed by CMS that it would receive only 12.6% of the risk corridor payments that it was scheduled to receive for 2014. These payments were to be made in full in 2015. CMS represented to CCH and the Department that the remaining 87.4% would be paid in subsequent years based on collections and funding.

8. Subsequently, the Department received communications from CMS indicating that CCH would not receive any of the remaining risk corridor payments owed for 2014. This resulted in CCH having to non-admit this asset because it no longer qualified as an admitted asset and is required by statutory accounting principles to be non-admitted. Consequently, CCH's risk-based capital (RBC) ratio dropped from 877% as of December 31, 2014 to an amount at or below the regulatory action

level.

9. As a result of the action by CMS relating to the risk corridor payments, the Department requested that the insurer provide pro forma projections for its operation for 2015, 2016 and 2017. These pro forma projections indicated that CCH would be in hazardous financial condition without additional federal financial support or a significant capital infusion.

10. CCH represented that it had an investor willing to infuse an additional \$10 to \$12 million. Assuming this infusion would meet all statutory requirements, it would not have been enough to bring CCH's RBC back up to a level that would not require regulatory action on the part of the Department. The current RBC would place the CO-OP in violation of the contract with CMS to operate on the federally-facilitated exchange.

11. On October 20, 2015, CMS advised that it would not approve the reclassification of the start-up loan as a surplus note. It further stated that it was extremely unlikely that any additional federal funds would be forthcoming.

12. Based on CCH's required monthly reports, assets as of August 31, 2015 were sufficient to pay claims; however, without continued federal support, the premium structure for CCH is not sufficient to support its ongoing operation.

13. For the reasons articulated above, Petitioner determined that CCH was in a hazardous financial condition rendering its continued operation hazardous to the public and/or its insureds, warranting supervision pursuant to S.C. Code Ann. § 38-26-40(A)(1) (2015), and issued a consent order placing CCH into supervision on October 21, 2015.

14. CCH is not offering coverage for the plan year 2016 on the federally-facilitated health insurance exchange for South Carolina, and all of its policies shall expire no later than December 31, 2015.

15. On October 22, 2015, the Department issued a public notice indicating that CCH had agreed to wind down its operations, would be entering run-off and would not offer health insurance coverage in 2016.

16. Accompanying this notice were answers to frequently asked questions which advised CCH plan members that they would be able to choose a new health insurer for 2016 during the next open enrollment period, which began on November 1, 2015 and runs through January 31, 2016, and further advised them that consumers would have to enroll by December 15, 2015 to have insurance on January 1, 2016.

17. CCH posted a similar notice on its website at <http://www.echpsc.org:2016-important-message/>.

18. On or about December 10, 2015, the Department issued a notice to CCH plan members reminding them they needed to enroll in a replacement plan by December 15th in order to ensure they had health insurance coverage beginning January 1, 2016. Effective December 31, 2015, all health insurance policies issued by CCH are terminated or expire by their own terms.

19. In October 2015, the Department determined that, based on the most recent unaudited financial statement available at the time, CCH's net admitted assets as of August 31, 2015, were \$134,218,875, its liabilities were \$86,820,719 and its capital and surplus, after deducting the non-admitted 2015 risk corridor asset of \$23,000,000, was \$24,398,156.

20. In December 2015, CCH submitted a monthly financial statement for the month ending October 31, 2015, which reflected net admitted assets of \$91,176,691, total liabilities of \$89,753,788 and capital and surplus of \$1,422,904.

21. Additional risk corridor payments were expected from the federal government, but it has now been determined that no additional payments would be forthcoming in 2015. It is also unlikely

that any additional risk corridor payments will be received by CCH in 2016.

22. Although there may be additional recoverables from the federal government in 2016, it is anticipated that they will not be sufficient to cover all obligations.

23. CCH's projections indicate that, even counting potential accrued receivables, its total capital and surplus as of December 31, 2015 will be a negative \$23,453,366.

24. On December 23, 2015, CMS issued a letter notifying CCH that its start-up and solvency loan agreement would terminate effective December 31, 2015 and that the amount of the loans, together with all interest accrued thereon, and all fees, costs, expenses, indemnities and other amounts payable under this agreement are immediately due and payable without further notice or cure opportunities. This action results in the addition of approximately \$69 million in liabilities to CCH's books.

25. S.C. Code Ann. § 38-27-310 (2015) sets forth the grounds upon which an insurer may be placed into rehabilitation, including but not limited to the insurer is in such condition that the further transaction of business would be hazardous, financially, to its policyholders, its creditors and/or the public. Additionally, an insurer may be placed into rehabilitation when the board of directors or a majority of the voting shares request or consent to rehabilitation.

26. CCH is in a condition that the further transaction of business would be hazardous, financially, to its policyholders, its creditors and/or the public.

27. The Board of Directors of CCH has consented to rehabilitation, as evidenced by the copy of the resolution accompanying this Petition and the signature of the Board Chairperson below.

28. Although CCH may be insolvent, in order to avoid the least disruption and/or loss to employers and their employees and to preserve the limited assets of CCH, Petitioner is seeking appointment as receiver for the purpose of rehabilitation in order to avoid unnecessary disruption to

policyholders, plan members, providers, creditors, the public and the industry and to facilitate the continued orderly runoff of claims.

29. It is in the best interest of Respondent, its policyholders, its creditors and the public that the relief requested be granted.

IT IS THEREFORE ORDERED THAT:

1. PURSUANT TO S.C. Code Ann. §§ 38-27-310 and 38-27-320 (2015), Petitioner and his successors in office are appointed Receiver for the purposes of rehabilitation of Respondent.

2. PURSUANT TO S.C. Code Ann. § 38-27-320 (2015):

a) The filing or recording of this Order with the Clerk of Court or Register of Deeds of the county in which the principal business of the company is conducted or the county in which its principal office or place of business is located imparts the same notice which a deed, bill of sale, or other evidence of title duly filed or recorded with that office would have imparted.

b) By operation of law, title to all assets of Respondent is vested in the Receiver.

c) The Receiver shall file an accounting with the Court at no less than six-month intervals, the first such accounting to be filed no sooner than 180 days from the date of entry of this Order, as set forth in S.C. Code Ann. § 38-27-320(b) (2015); and, he shall also ensure that Respondent continues to comply with the quarterly and annual reporting requirements set forth in Title 38 of the Code of Laws of South Carolina 1976, as amended, and any other reports prescribed by law or the National Association of Insurance Commissioners (NAIC). Copies of all such reports and filings shall be made available to Respondent's Board of Directors or its representative.

3. PURSUANT TO S.C. Code Ann. §§ 38-27-320 & -330 (2015), Petitioner and his successors shall have all the powers and responsibilities set forth under those sections to assist his or his

designee as Receiver for Rehabilitation, including but not limited to:

a) Conducting the business of Respondent and taking all steps, as the Court may direct, toward the removal of the causes and conditions which have made this Order necessary and taking such further action as the Receiver deems necessary or appropriate to reform and revitalize Respondent.

b) Taking immediate possession of all the property, assets and estate, and all other property of every kind whatsoever and wherever located, belonging to Respondent.

c) Applying for and ensuring the enforcement of any restraining orders, preliminary and permanent injunctions, and other orders considered necessary pursuant to S.C. Code Ann. § 38-27-70 and -340 (2015).

d) Employing and authorizing the compensation of legal counsel, actuaries, accountants, consultants and other assistants as he deems necessary, and authorizing the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of Respondent that are in the possession of the Receiver or that come into his possession.

e) Imposing, if, within the Receiver's sole judgment, it is determined to be necessary, a moratorium on the payment of claims with consideration given to hardship exceptions, whereby claims meeting certain established criteria would be paid at a pre-determined percentage or amount. In establishing such procedures, the Receiver shall be fully informed as to coverage issues and how claims will be handled in the future. If the Receiver implements a hardship procedure, approved by the Court, it shall be detailed and carefully documented, and shall include an appeal process. These procedures must include a complete description of the information that needs to be submitted by the policyholder requesting the hardship payment and the methodology utilized to evaluate that

information.

(f) If it appears to the Receiver that there has been criminal or tortious conduct or breach of any contractual or fiduciary obligation detrimental to the insurer by any officer, manager, agent, broker, employee, or other person, pursuing all appropriate legal remedies on behalf of Respondent.

(g) Assuming all the powers of the directors, officers, and managers, whose authority is suspended, except as they are re-delegated, in writing, by the Receiver; and, having full power to direct and manage, to hire and discharge employees subject to any contract rights they may have, and to deal with the property and business of Respondent.

(h) Taking any action respecting pending litigation he considers necessary in the interests of justice and for the protection of creditors, policyholders, and the public, and after immediately considering all litigation pending outside this State, petitioning the courts having jurisdiction over that litigation for stays whenever necessary to protect the estate of the insurer, with all litigation pending within this State to be governed by S.C. Code Ann. §§ 38-27-70 & -340 (2015) and this Order.

4. PURSUANT TO S.C. Code Ann. § 38-27-330 (2015), the Receiver has the power under S.C. Code Ann. §§ 38-27-450 and 38-27-460 (2015) to avoid fraudulent transfers.

5. In the event the Receiver determines that reorganization, consolidation, conversion, reinsurance, merger or other transformation of Respondent is appropriate, the Receiver is directed to prepare a plan to effect such changes and submit the plan to this Court for consideration.

6. Upon petition by the Receiver stating that further efforts to rehabilitate Respondent would substantially increase the risk of loss to creditors, policyholders, or the public or would be futile, this Court will consider entry of an Order of Liquidation of Respondent in accordance with S.C. Code

Ann. § 38-27-350(a) (2015), and such petition shall have the same effect as a petition filed under S.C. Code Ann. § 38-27-360 (2015).

8. The rehabilitation may be otherwise terminated as provided in S.C. Code Ann. § 38-27-350 (2015).

9. Michael J. FitzGibbons of FitzGibbons and Company, Inc., 8300 N. Hayden Rd., Suite A100, Scottsdale, Arizona 85258 is hereby appointed as Special Deputy Receiver in this matter.

NOTICE OF AUTOMATIC STAY

Notice is hereby given that pursuant to S.C. Code Ann. §§ 38-27-70 & -340 (2015), the Court grants an automatic stay applicable to all persons and proceedings, other than the Receiver, which shall be permanent and survive the entry of the Order and which prohibits:

- (1) The transaction of further business;
- (2) The transfer of property;
- (3) Interference with the Receiver or with a proceeding under Chapter 27 of Title 38 of the South Carolina Code;
- (4) Waste of Respondent's assets;
- (5) Dissipation and transfer of bank accounts;
- (6) The institution or further prosecution of any actions or proceedings;
- (7) The obtaining of preferences, judgments, attachments, garnishments, or liens against Respondent, its assets, or its policyholders;
- (8) The levying of execution against Respondent, its assets, or its policyholders;
- (9) The making of any sale or deed for nonpayment of taxes or assessments that would lessen the value of the assets of Respondent;

(10) The withholding from the receiver of books, accounts, documents, or other records relating to the business of Respondent; or

(11) Any other threatened or contemplated action that might lessen the value of Respondent's assets or prejudice the rights of policyholders, creditors, or shareholders, or the administration of any proceeding under Chapter 27 of Title 38 of the South Carolina Code.

This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time may be necessary and appropriate.

AND IT IS SO ORDERED.



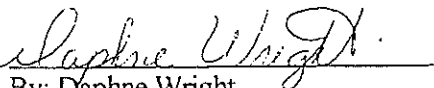
Alison R. Lee
Chief Administrative Judge
Fifth Judicial Circuit

January 8, 2016

This 6 day of January, 2016
Columbia, South Carolina

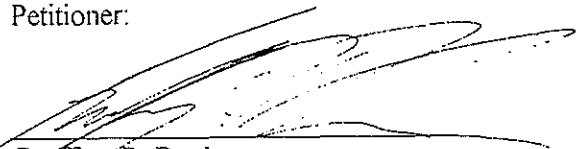
WE CONSENT:

Consumers' Choice Health Insurance Company.
Respondent



By: Daphne Wright
Its: Chairperson, Board of Directors

Petitioner:



Geoffrey R. Bonham
One of the Attorneys for Petitioner

RESOLUTION

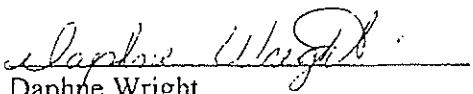
I, Daphne Wright, hereby state as follows:

1. That I am the Chair of the Board of Directors for Consumers' Choice Insurance Company (Consumers' Choice), a corporation duly organized and existing under the laws of the State of South Carolina with its principal office located at 4995 LaCrosse Road, Suite 1300, North Charleston, S.C. 29406;
2. That during a special meeting of the Board of Directors held on January 5, 2016, wherein a quorum was present and acted throughout, after being informed of all necessary facts and particulars concerning the financial condition of the Company, the Board approved the following resolution, to wit:

RESOLVED, that the Consumers' Choice Board of Directors fully supports and consents to exploring any and all options for rehabilitating the Company, if possible;

RESOLVED FURTHER, that the Board of Directors of Consumers' Choice, hereby authorizes its Chairman, Daphne Wright, to sign, execute and deliver a consent order in the Richland County of Common Pleas for the Fifth Circuit in Columbia, South Carolina placing Consumers' Choice Health Insurance Company, into Rehabilitation in accordance with the provisions of Chapter 27 of Title 38 of the Code of Laws of South Carolina 1976, as amended,

Dated this 6 day of January, 2016.


Daphne Wright
Chair, Board of Directors
Consumer's Choice Health Insurance Company

Consumers Choice Health Insurance Company in Receivership
 Statutory Balance Sheet
 31-Dec-15

Assets

Cash & Equivalents	23,447,749
CMS Receivables	
Reinsurance	31,582,665
CSR	-
Other	675,677
Total Assets	55,706,091

Liabilities

Provider Claims	52,561,945
Claim Adjustment Cost	3,200,000
Administrative Costs	9,769,159
Amounts Withheld for Others	2,149
Due Consumer Alliance	343,038
CMS Payables	
Advance Premiums	2,170,653
Risk Adjustment	5,464,139
Start Up Loan	18,709,800
RI Payable	2,942,651
Total Liabilities	95,163,534

Capital

Surplus Notes/Solvency Loans	68,868,408
Unassigned Funds	(108,325,851)
Capital and Surplus	(39,457,443)

RECEIVED

FEB 17 2016

STATE OF SOUTH CAROLINA
RICHLAND COUNTY

IN THE COURT OF COMMON PLEAS
FIFTH JUDICIAL CIRCUIT
STATE OF SOUTH CAROLINA
DEPARTMENT OF INSURANCE

Raymond G. Farmer, as Director of the
South Carolina Department of Insurance,

Petitioner,

vs.

Consumers' Choice Health Insurance
Company,

Respondent.

Civil Action No. 2016-CP-40-00034

**AFFIDAVIT IN SUPPORT OF
PETITION FOR ORDER
COMMENCING LIQUIDATION
PROCEEDINGS**

PERSONALLY APPEARED BEFORE ME, Michael J. FitzGibbons, who, first
being duly sworn, says the following:

1. As the duly-appointed Special Deputy Receiver of Consumers' Choice Health Insurance Company (Consumers' Choice), I have personal knowledge of the efforts to rehabilitate Consumers' Choice and of its current financial situation.

2. I am directly responsible to the Director of the Department of Insurance of South Carolina in his capacity as Receiver for the rehabilitation of Consumers' Choice

3. I have read the Petition for Order Commencing Liquidation Proceedings (Petition) that is to be filed in this matter, more specifically paragraphs 3 through 10 of said Petition, and the statements contained therein are true of my own knowledge following my review and analysis of the business and financial records of Consumers' Choice.

4. I am a Certified Public Accountant and have the requisite experience and knowledge necessary to determine that Consumers' Choice should be liquidated.

5. At December 31, 2015, Consumers' Choice's liabilities exceed its assets by \$39.5

 MJF

Exhibit C

million, and it is unable to pay *its* obligations when due, rendering it insolvent. Liquidating Consumers' Choice will assure policyholders and other creditors will be treated fairly and uniformly in accordance with the objective statutory procedures set forth in S.C. Code §§ 38-27-410, -540, -550,-580, -600 and - 610 (2015).

6. I have concluded that further attempts to rehabilitate Consumers' Choice would be neither beneficial nor successful, would substantially increase the risk of loss to creditors, policyholders or the public and/or would be futile. Liquidation is the proper course of action at this time; and, I have recommended same.

7. I am ready, willing and able to serve as Special Deputy Liquidator for Consumers' Choice, under such terms as may be prescribed in accordance with applicable law, in the event the Court approves the Petition.


FURTHER AFFLIANT SAYETH NAUGHT.

Scottsdale, Arizona



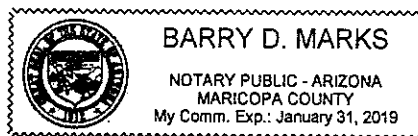
Michael J. FitzGibbons
Special Deputy Receiver for
Consumers' Choice Health Insurance
Company in Rehabilitation

Sworn to and subscribed before me
this 16th day of February 2016.



(Signature of Notary Public)

Barry D. Marks
(Print Name of Notary Public)
Notary Public for the State of Arizona
My Commission Expires: January 31, 2019



CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing *Petition for Order Commencing Liquidation Proceedings* has been served upon the following counsel by First Class U.S. Mail, postage prepaid, this 17th day of February, 2016, addressed as follows:

David S. Cox, Esq.
Barnwell Whaley Patterson & Helms, LLC
288 Meeting St., Suite 200
Charleston SC 29401

Michael J. FitzGibbons, Special Deputy Receiver
FitzGibbons and Company, Inc.
9821 N. 95th Street, Suite 105
Scottsdale, Arizona 85258

John C. Bruton, Jr., Esq.
Haynsworth Sinkler Boyd P.A.
1201 Main Street, 22nd Floor
Columbia, SC 29201-3226

2016 FEB 17 PM 4:23
JEANNETTE W. MCBRIDE
C.C.P. & G.S.
RICHLAND COUNTY
FILED


Christiline P. Lewis