

**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

**NOTICE OF FILING OF
FINANCIAL STATEMENTS AS OF
JUNE 30, 2020**

Pursuant to the South Carolina Insurers Rehabilitation and Liquidation Act, S.C. Code Ann. §§ 38-27-10 *et seq.*, the Liquidator of Consumers' Choice Health Insurance Company in Liquidation (Consumers' Choice) hereby files the financial statements of Consumers' Choice as of June 30, 2020. Said financial statements are attached as Exhibit A to this filing.

August 18, 2020

Respectfully submitted,

s/ Geoffrey R. Bonham
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EXHIBIT A

Consumers' Choice Health Insurance Company in Liquidation
Balance Sheet
December 31, 2019 and June 30, 2020

	December 31, 2019	June 30, 2020
Assets		
Cash & Equivalents	5,629,596	5,276,705
CMS Receivables (a):		
Reinsurance	19,306,809	19,306,809
Risk Corridor	-	-
Exchange Fees	86,352	86,352
Commercial Reinsurance Recoverable	125,135	131,086
Early Access Advances to Guaranty Association	5,125,263	5,125,263
Other	14,264	8,528
Total Assets	30,287,419	29,934,743
Liabilities		
Provider Claims	1,069,431	1,543,086
Claim Adjustment Cost	113,532	96,550
Payable to SC GA	35,995,102	35,958,576
Administrative Costs	4,007,371	5,315,981
SC DOI Liq Payable	1,252,473	5,808,334
CMS Payables:		
Advance Premiums and CSR Advances	2,067,175	2,067,175
CSR Settlement	1,352,057	1,352,057
Risk Adjustment	15,026,263	15,026,263
Risk Adjustment Fees	66,115	66,115
RI Payable	735,665	735,665
PCORI Payable	145,887	145,887
Startup Loan	18,709,800	18,709,800
Total Liabilities	80,540,871	86,825,489
Capital		
Surplus Notes/Solvency Loans	68,868,408	68,868,408
Retained Earnings	(119,121,860)	(125,759,154)
Unassigned Funds	(50,253,452)	(56,890,746)
Total Liabilities, Capital and Surplus	30,287,419	29,934,743

(a) Admitted only up to CMS Statutory Liabilities, excluding Startup Loan beginning in 2018

Consumers' Choice Health Insurance Company in Liquidation
Income Statement
Year Ended December 31, 2019 and Six Months Ended June 30, 2020

	Year Ended December 31, 2019	Six Months Ended June 30, 2020
Revenue		
Other Non-Health Revenue	120	-
Total Revenue	120	-
Medical Costs		
Medical and Hospital	(84,421)	403,257
Reinsurance	-	(5,951)
Claim Adjustment	(26,000)	2,000
Total Medical and Hospital Claims Incurred	(110,421)	399,306
Other Costs		
Administrative Expenses	840,535	6,250,475
Total Other Costs	840,535	6,250,475
Total underwriting deductions	730,114	6,649,781
Net Underwriting Gain (Loss)	(729,994)	(6,649,781)
Investment Income Earned	109,747	12,487
Realized Capital Gains	-	-
Net Investment Gains (Losses)	109,747	12,487
Net Income (Loss)	(620,247)	(6,637,294)
Beginning Capital and Surplus	(49,633,205)	(50,253,452)
Net Income (Loss)	(620,247)	(6,637,294)
Change in Non-Admit	-	-
Ending Capital and Surplus	(50,253,452)	(56,890,746)

Consumers Choice Health Insurance Company in Liquidation
Receipts and Disbursements
Commencing January 8, 2016 and Ending June 30, 2020

	2016 1-8-16 to 12-31-16	2017 YTD	2018 YTD	2019 YTD	2020 YTD	ITD
Beginning Cash	17,833,970	13,605,599	14,550,650	8,493,753	5,629,596	17,833,970
Receipts						
Investment income	3,949	64,383	139,607	140,226	19,219	367,384
Premiums	137,434	-	-	-	-	137,434
Provider Refunds/Subrogation	2,612,035	522,789	92,535	85,721	23,584	3,336,664
Reinsurance recoveries	906,652	26	-	-	-	906,677
OptumRx recoveries		2,247,651	-	-	-	2,247,651
Administrative Services Revenue	197,657	667,384	136,581	19,664	-	1,021,285
Funds held f/b/o CHA	3,208,161	(240,120)	(639,265)	(2,328,776)	-	(0)
Other	129,879	1,696	-	-	-	131,575
Total receipts	7,195,765	3,263,809	(270,543)	(2,083,165)	42,803	8,148,670
Disbursements						
Bank Fees	16,155	6,720	4,323	3,001	994	31,192
Office Supplies	1,119	1,827	4,739	4,935	1,971	14,591
Accounting Fees	107,219	63,105	1,638	5,374	4,972	182,309
TPA fees	3,058,423	393,194	128,358	21,000	7,000	3,607,975
Claim & Claim Adjustment Payments	(69,840)	(566)	11,520	6,235	1,695	(50,956)
Early Access Advances to Guaranty Association	-	-	5,000,000	-	-	5,000,000
Special Deputy Fees	288,642	276,455	232,848	182,622	110,726	1,091,292
SC DOI	11,160	-	-	-	-	11,160
Legal fees	284,014	537,635	113,222	65,489	92,919	1,093,279
Federal Reinsurance Fee	2,206,996	-	-	-	-	2,206,996
Payroll	2,921,155	267,340	48,519	50,527	31,843	3,319,384
Member Premium Refunds	941,806	657	-	-	-	942,463
Guaranty Association Expenses	161,013	59,964	-	347,823	90,836	659,635
Misc	1,496,275	712,428	241,187	93,986	52,738	2,596,614
Total Disbursements	11,424,136	2,318,758	5,786,354	780,992	395,694	20,705,934
Net Cash Flow	(4,228,371)	945,051	(6,056,897)	(2,864,157)	(352,891)	(12,557,264)
Ending Cash	13,605,599	14,550,650	8,493,753	5,629,596	5,276,705	5,276,705

Consumers' Choice Health Insurance Company in Liquidation
Payments to Consultants and Professionals
Commencing January 8, 2016 and Ending June 30, 2020

	2016	2017	2018	2019	2020	ITD
	1-8-16 to 12-31-16	YTD	YTD	YTD	YTD	
FitzGibbons and Company, Inc. - Special Deputy	\$ 288,642	\$ 276,455	\$ 232,848	\$ 182,622	\$ 110,726	\$ 1,091,292
Wakely Consulting Group-Actuarial	29,187	-	-	-	-	29,187
Dixon Hughes Goodman, LLP-Audit	31,940	22,500	-	-	-	54,440
Millennium Consulting Services, LLC-Statutory Reporting	11,471	7,125	-	-	-	18,596
Inovalon-Edge Server Compliance	377,246	-	-	-	-	377,246
Truven-Cost Share Reduction Compliance	75,800	-	-	-	-	75,800
Lattimore Black Morgan & Cain, PC-Accounting	34,621	33,480	1,638	5,374	120	75,233
Deloitte Tax LLP	-	-	-	-	4,852	4,852
Barnwell Whaley Patterson & Helms, LLC-Counsel	14,614	3,152	3,058	1,447	-	22,271
Nelson Mullins Riley & Scarborough, LLP-Counsel	269,400	534,483	110,164	64,042	92,919	1,071,008
Shahriar Arfa-Zanganeh CPA CFF	22,518	9,656	5,456	-	-	37,631
Beal LLC	-	-	11,520	6,235	1,695	19,451
CrowdStrike Inc.- IT Consulting	-	-	85,041	119	-	85,160
Former Employees-Contracted	335,832	510,112	103,578	25,433	12,736	987,691
	\$ 1,491,272	\$ 1,396,963	\$ 553,303	\$ 285,273	\$ 223,048	\$ 3,949,859