

STATE OF SOUTH CAROLINA
RICHLAND COUNTY

IN THE COURT OF COMMON PLEAS
FOR THE 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
DECEMBER 31, 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 December 31, 2020. Said financial statements are attached as Exhibit A to this filing.

March 26, 2021

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 2020

	December 31,	
	2019	2020
Assets		
Cash & Equivalents	5,629,596	59,481,374
CMS Receivables (a):		
Reinsurance	19,306,809	-
Risk Corridor	-	-
Exchange Fees	86,352	-
Commercial Reinsurance Recoverable	125,135	473,585
Early Access Advances to Guaranty Association	5,125,263	-
Other	14,264	8,527
Total Assets	30,287,419	59,963,486
Liabilities		
Provider Claims	1,069,431	1,915,711
Claim Adjustment Cost	113,532	30,000
Payable to SC GA	35,995,102	-
Administrative Costs	4,007,371	5,283,906
SC DOI Liq Payable	1,252,473	29,971
CMS Payables:		
Advance Premiums and CSR Advances	2,067,175	-
CSR Settlement	1,352,057	-
Risk Adjustment	15,026,263	-
Risk Adjustment Fees	66,115	-
RI Payable	735,665	-
PCORI Payable	145,887	-
Startup Loan	18,709,800	-
Total Liabilities	80,540,871	7,259,587
Capital		
Surplus Notes/Solvency Loans	68,868,408	68,868,408
Retained Earnings	(119,121,860)	(16,164,509)
Unassigned Funds	(50,253,452)	52,703,899
Total Liabilities, Capital and Surplus	30,287,419	59,963,486

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

Consumers' Choice Health Insurance Company in Liquidation
Income Statement
Years Ended December 31, 2019 and 2020

	Years Ended December 31,	
	2019	2020
Revenue		
Other Non-Health Revenue	120	-
Total Revenue	120	-
Medical Costs		
Medical and Hospital	(84,421)	774,043
Reinsurance	-	(348,450)
Claim Adjustment	(26,000)	(58,300)
Total Medical and Hospital Claims Incurred	(110,421)	367,293
Other Costs		
Administrative Expenses	840,535	6,559,314
Total Other Costs	840,535	6,559,314
Total underwriting deductions	730,114	6,926,607
Net Underwriting Gain (Loss)	(729,994)	(6,926,607)
Investment Income Earned	109,747	21,312
Realized Capital Gains	-	-
Net Investment Gains (Losses)	109,747	21,312
Net Income (Loss)	(620,247)	(6,905,295)
Beginning Capital and Surplus	(49,633,205)	(50,253,452)
Net Income (Loss)	(620,247)	(6,905,295)
Change in Non-Admit	-	109,862,645
Ending Capital and Surplus	(50,253,452)	52,703,899

Consumers Choice Health Insurance Company in Liquidation
Receipts and Disbursements
Commencing January 8, 2016 and Ending December 31, 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	28,980	377,146
Premiums	137,434	-	-	-	-	137,434
Provider Refunds/Subrogation	2,612,035	522,789	92,535	85,721	25,424	3,338,504
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)
CMS	-	-	-	-	91,152,846	91,152,846
Other	129,879	1,696	-	-	-	131,575
Total receipts	7,195,765	3,263,809	(270,543)	(2,083,165)	91,207,250	99,313,117
Disbursements						
Bank Fees	16,155	6,720	4,323	3,001	1,932	32,130
Office Supplies	1,119	1,827	4,739	4,935	5,032	17,652
Accounting Fees	107,219	63,105	1,638	5,374	5,092	182,429
TPA fees	3,058,423	393,194	128,358	21,000	13,250	3,614,225
Claim & Claim Adjustment Payments	(69,840)	(566)	11,520	6,235	35,835,008	35,782,357
Early Access Advances to Guaranty Association	-	-	5,000,000	-	(5,000,000)	-
Special Deputy Fees	288,642	276,455	232,848	182,622	258,151	1,238,717
SC DOI	11,160	-	-	-	5,800,000	5,811,160
Legal fees	284,014	537,635	113,222	65,489	195,674	1,196,034
Federal Reinsurance Fee	2,206,996	-	-	-	-	2,206,996
Payroll	2,921,155	267,340	48,519	50,527	60,797	3,348,338
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	89,700	2,633,576
Total Disbursements	11,424,136	2,318,758	5,786,354	780,992	37,355,473	57,665,713
Net Cash Flow	(4,228,371)	945,051	(6,056,897)	(2,864,157)	53,851,778	41,647,404
Ending Cash	13,605,599	14,550,650	8,493,753	5,629,596	59,481,374	59,481,374

Consumers' Choice Health Insurance Company in Liquidation
Payments to Consultants and Professionals
Commencing January 8, 2016 and Ending December 31, 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	\$ 258,151	\$ 1,238,717
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	240	75,353
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	195,674	1,173,763
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	17,894	992,849
	\$ 1,491,272	\$ 1,396,963	\$ 553,303	\$ 285,273	\$ 478,506	\$ 4,205,317