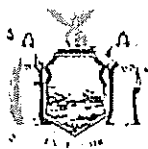


TAB 1



NEW YORK STATE LEGISLATURE

December 13, 2016

Hon. Maria Vullo
Superintendent
NYS Department of Financial Services
One Commerce Plaza
Albany, NY 12257

Dear Superintendent Vullo:

We are writing to request a status update on the matter of the liquidation of Health Republic Insurance of New York. The Supreme Court has ordered that the legal documents be posted to the Health Republic website to keep interested stakeholders abreast of the liquidation proceedings, which has been helpful. What would also be most helpful is for DFS as Liquidator to provide the Legislature with an update regarding what has transpired to date as well as what is to be expected in the coming months. Members continue to hear from constituents on this matter regarding when they can expect the liquidation process to be complete and whether they should anticipate reimbursement of any outstanding claims.

Also available on the Health Republic website, is an unaudited balance sheet, as of September 30, 2016. This document indicates that the total assets are just under \$100 million and there are more than \$465 million in liabilities. We understand that these figures are subject to adjustments, but are unaware of whether adjustments have been made since the September 30th posting. In addition, according to the balance sheet, from May 11, 2016 to September 30, 2016 over \$3.9 million was paid out for consulting fees, legal fees, professional fees and administrative fees. It is our understanding that many of these fees have not been approved by the court and many of the contracted obligations are things traditionally handled by the Liquidation Bureau in other complicated insolvencies. It would be beneficial to better understand these costs, why and if they are necessary, and what you estimate the total costs of these outside vendors will be for the entire liquidation process, in order to ensure what little assets remain are not unnecessarily spent.

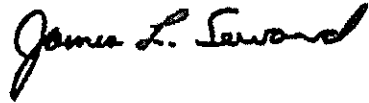
Further it is our understanding, based on comments raised during the Senate Roundtable and discussed in the press, that DFS has an ongoing internal investigation as to why Health Republic failed in the first place. We would appreciate the current status of the investigation. We further expect that there will be a report provided on the results of the

investigation. It is paramount that such a failure be avoided by other Health Insurers in the future.

Sincerely,

Handwritten signature of Kemp Hannon in black ink.

Senator Kemp Hannon
Senate Health Committee Chair

Handwritten signature of James L. Seward in black ink.

Senator James L. Seward
Senate Insurance Committee Chair