

At IAS Part 37 of the Supreme Court of the State of New York, County of New York, at the courthouse located at 90 Centre Street, New York City, New York, on the 22nd day of April, 2016.

PRESENT: ENOORON
FDN.

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK

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In the Matter of :
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the Application of :
:
Maria T. Vullo, Acting Superintendent of :
Financial Services of the State of New York, :
for an order to take possession of the property of and :
liquidate the business and affairs of :
:
HEALTH REPUBLIC INSURANCE OF NEW YORK, :
CORP. :
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Index No. 450500 /2016

ORDER TO SHOW CAUSE

Upon reading (i) the annexed Verified Petition of Maria T. Vullo, Acting Superintendent of Financial Services of the State of New York (the "**Superintendent**"), duly verified on the 20th day of April, 2016 (the "**Petition**"),¹ which seeks entry of the Proposed Liquidation Order (as defined below) based upon (a) the consent of Health Republic Insurance of New York, Corp. ("**HRINY**") and (b) HRINY's insolvency; (ii) the exhibits attached to the Petition, and (iii) the Memorandum of Law in Support of the Petition; and it appearing that the requested relief should be granted;

NOW, on motion of Eric T. Schneiderman, Attorney General of the State of New York, attorney for the Superintendent, and after due deliberation having been had thereon;

¹ Capitalized terms not otherwise defined shall have the meanings ascribed to them in the Petition.

LET HRINY, or their counsel, appear and show cause before this Court at IAS Part 35 Room 430, thereof, at the Courthouse located at 60 Centre St. in the County, City and State of New York, on the 10th day of May, 2016, at 9:30 clock a.m., or as soon thereafter as counsel can be heard (the "**Return Date**"), why an order should not be made, pursuant to Article 74 of the New York Insurance Law (the "**NYIL**"), substantially in the form attached to the Petition as **Exhibit A** (the "**Proposed Liquidation Order**"), (i) appointing the Superintendent and her successors in office as liquidator ("**Liquidator**") of HRINY; (ii) directing the Liquidator to take possession and/or control of the property and assets of HRINY and to liquidate the business and affairs thereof; and (iii) granting injunctive relief and other relief, as more thoroughly set forth in the Petition, its supporting papers and the Proposed Liquidation Order;

AND, sufficient cause having been shown therefor, let service of a copy of this order to show cause and the Petition and the other supporting papers on which it is granted be made by personal service upon Ronald J. Vance, Jr., Chief Restructuring Officer of HRINY, as designated agent for service of process, or any other officer, director, trustee, or managing agent of HRINY, on or before the 26th day of APRIL, 2016, ~~and~~ such service shall be deemed good and sufficient service; and it is hereby

ORDERED, that answering papers, either in support of or opposition to the relief sought herein (the "**Answering Papers**"), shall be served on the Superintendent at the following addresses:

Office of the Attorney General
120 Broadway
New York, NY 10271
Attention: David Holgado

and

New York Liquidation Bureau
110 William Street, 15th Floor
New York, New York 10038
Attention: General Counsel

and

Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, New York 10153
Attention: Gary T. Holtzer, Esq. and Joseph T. Verdesca, Esq.

at least seven (7) days before the Return Date, and that any Answering Papers, together with an affidavit of service, shall be filed with the Court on or before the Return Date; and it is further

ORDERED, that any person or entity that fails to serve Answering Papers as provided herein shall be deemed to have waived any objections to the relief sought in the Petition and shall be barred from raising objections in this or any other proceeding concerning matters set forth herein; and it is further

ORDERED, that any person or entity that has served Answering Papers as provided herein shall be deemed to have waived any objections that are not set forth in the Answering Papers; and it is further

ORDERED, that pending a hearing on the Petition ~~and entry of the Proposed~~
~~Liquidation Order or such other order of this Court;~~



HON. ARTHUR F. ENGORON

1. All persons and entities are enjoined and restrained, except as authorized by the Superintendent or her designee in writing, from:
 - a. transacting HRINY's business;
 - b. disposing of HRINY's property; and
 - c. disclosing the name, address, or contact information of any person who was covered by an insurance policy issued by HRINY ("**Member**"), or any other information that is proprietary to HRINY or not in the public domain;

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2. All persons and entities are enjoined and restrained from wasting or permitting to be done any act or thing that might waste HRINY's property;
3. Except for any investigation or enforcement action by any state or federal agency, all persons and entities are enjoined and restrained from (a) commencing, continuing, advancing, or otherwise prosecuting any action, claim, lawsuit, arbitration, alternative dispute resolution proceeding, or other formal legal or administrative proceeding (each, a "**Proceeding**") in any municipal, state, federal, or foreign court, administrative body, or other tribunal or (b) proceeding with any discovery or other litigation tasks or procedures, including serving any subpoenas or other third-party discovery requests in any pending or future action, against (i) HRINY; or (ii) the New York State Department of Financial Services ("**NYDFS**"), the Superintendent, or any of their respective officers, employees, attorneys, representatives, or agents, or any directors, officers, employees, attorneys, representatives, or agents of HRINY, in each case arising out of or related to HRINY or the commencement or continuation of this liquidation proceeding (the "**Liquidation Proceeding**");
4. All persons and entities are enjoined and restrained from asserting or obtaining any preferences, judgments, attachments or other liens, or taking any steps to transfer, foreclose, sell, assign, garnish, levy, encumber, attach, dispose of, exercise or enforce purported rights, in or against HRINY, any claimed interest in any property or assets of HRINY or any part thereof;
5. Any party that has contracted with HRINY (or any third-party beneficiary of such a contract) is prohibited from modifying or terminating such contract or the rights or obligations of HRINY thereunder, including by declaring an event of default under the existing contract on account of the insolvency of HRINY, commencement or continuation of this Liquidation Proceeding, non-payment or the financial condition of HRINY prior to this Liquidation Proceeding, or any action by the Superintendent with respect to HRINY;
6. In accordance with Section 4307(d) of the NYIL, no Member shall be liable to any provider of health care services ("**Provider**"), irrespective of whether the Provider participated in the HRINY network, for any services covered by HRINY, no Provider shall collect or attempt to collect from any Member sums owed by HRINY, and no Provider shall maintain any action against any Member to collect such sums; provided, however, that nothing in this paragraph shall affect a Member's liability for, or prohibit a

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Provider from collecting or attempting to collect from or maintaining an action against any Member to collect, coinsurance amounts, copayments, and deductibles owed by such Member;

- 7. HRINY and all persons and entities having any property, papers (including attorney work product and documents held by attorneys) and/or information, including but not limited to business records, insurance policies, underwriting data, reinsurance policies, claims files (electronic or paper), software programs, bank records, and/or any tangible or intangible items of value belonging to or relating to HRINY shall preserve such property and/or information; and
- 8. Any person or entity providing claims processing services, data processing services, electronic records retention services, or other information technology services to or on behalf of HRINY shall maintain and preserve all information in its possession relating in any way to HRINY and its rights and obligations, wherever located, including but not limited to all documents, data, electronic files and records, computer equipment (e.g., servers and printers), software programs, and software licenses owned or leased by HRINY.

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J. S. C.

HON. ARTHUR F. ENGORON