

At the Supreme Court of the State of New York, County of Westchester, at the courthouse located at 111 Martin Luther King Boulevard, White Plains, New York, on the 9<sup>th</sup> day of April, 2018.

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF WESTCHESTER

-----X

In the Matter of

Index No. 54964/2018

the Application of

ORDER TO SHOW CAUSE

Maria T. Vullo, Superintendent of Financial Services of the State of New York, for an order to take possession and liquidate the business and affairs of

TOUCHSTONE HEALTH HMO, INC.

-----X

Based on the verified petition ("Verified Petition") of Maria T. Vullo, Superintendent of Financial Services of the State of New York ("Superintendent"), duly verified on March 8, 2018, the supporting Affidavit of Stephen J. Wiest, dated February 27, 2018, and the exhibits attached thereto, and it appearing that the relief sought 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;

LET Touchstone Health HMO, Inc. ("Touchstone") show cause before <sup>the Hon. William J. Giacalone,</sup> this Court at the <sub>JSC,</sub> Courthouse located at 111 Martin Luther King Boulevard, White Plains in the County of <sub>at</sub> Westchester, State of New York, on the 7<sup>th</sup> day of May, 2018, at 9 o'clock a.m., or as soon thereafter as counsel can be heard ("Return Date"), why an order in the form of Exhibit 1 to the Verified Petition (the "Liquidation Order") should not be made, pursuant to Article 74 of the New York Insurance Law ("Insurance Law"), *inter alia*: (1) appointing the Superintendent,

and her successors in office, as liquidator of Touchstone (the "Liquidator"); (2) directing the Liquidator to take possession of Touchstone's property and to liquidate Touchstone's business and affairs; (3) vesting title to all of Touchstone's property, contracts, and rights of action and all of its books and records, wherever located, in the Liquidator and her successors; (4) permitting the Liquidator to deal with the property and business of Touchstone in Touchstone's name or in the name of the Liquidator; (5) granting the injunctions provided for in Insurance Law § 7419(a), permanently enjoining and restraining all persons and entities from wasting the assets of Touchstone, and permanently enjoining and restraining all persons and entities, except as authorized by the Liquidator, from transacting Touchstone's business (including the issuance of plans providing Medicare Advantage and Medicare Advantage Part D prescription drug coverage ("Plans")) or disposing of Touchstone's property; (6) granting the injunctions provided for in Insurance Law § 7419(b), permanently enjoining and restraining all persons and entities from interfering with the Liquidator or this proceeding, obtaining any preferences, judgments, attachments or other liens, or making any levy against Touchstone, its assets or any part thereof, and commencing or prosecuting any actions or proceedings against the Liquidator, Touchstone, the New York Liquidation Bureau, or their present or former employees, attorneys, or agents, relating to this proceeding or the discharge of their duties under Insurance Law Article 74 in relation thereto; (7) vesting all rights in Touchstone's contracts and agreements, however described, in the Liquidator and permitting the Liquidator to, in her discretion, reject any executory contracts to which Touchstone is a party, in which case all liability under such contracts or agreements shall cease and be fixed as of the date of rejection; (8) requiring that any bank, savings and loan association, other financial institution, or any other entity or person, that has on deposit or in its possession, custody, or control any of Touchstone's funds, accounts

(including escrow accounts) or assets shall immediately, upon the Liquidator's request and direction: (a) turn over custody and control of such funds, accounts, or assets to the Liquidator; (b) transfer title of such funds, accounts, or assets to the Liquidator; (c) change the name of such accounts to the name of the Liquidator; (d) transfer funds from such bank, savings and loan association, or other financial institution; and (e) take any other action reasonably necessary for the proper conduct of the liquidation proceeding; (9) requiring that all persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, Plans, underwriting data, any reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Touchstone, shall preserve such property and/or information and immediately, upon the Liquidator's request and direction, assign, transfer, turn over and deliver such property and/or information to the Liquidator; (10) authorizing, permitting and allowing the Liquidator to sell, assign, or transfer any and all stocks, bonds, or other securities at the best price reasonably obtainable at such times and upon such terms and conditions as, in her discretion, she deems to be in the best interest of the creditors of Touchstone, and further authorizing the Liquidator to take such steps and to make and execute such agreements and other papers as may be necessary to effect and carry out such sales, transfers, and assignments, without the further approval of this Court; (11) establishing a date by which all claims against Touchstone, other than the Liquidator's claims for administrative expenses ("Administrative Claims"), and all evidence supporting such claims, must be submitted to the Liquidator (the "Bar Date") that is the earlier of: (a) the contractual deadline for the submission of claims established in a Plan or an agreement between Touchstone and a medical services provider for the provision of such services to beneficiaries under the Plans ("Members"); or (b) the date that is six (6) months after the

issuance of the Liquidation Order, and that all claims submitted after the Bar Date are barred and discharged; (12) requiring that all claims against Touchstone submitted for the first time after the issuance of the Liquidation Order, and all evidence supporting such claims, be filed using the electronic portal for the submission of claims located on the website [www.nylbpc.org](http://www.nylbpc.org) on or before the Bar Date; (13) extending immunity to the Superintendent in her capacity as Liquidator of Touchstone, her successors in office, the New York Liquidation Bureau, and their agents and employees, for any cause of action of any nature against them, individually or jointly, for any act or omission when acting in good faith, in accordance with the orders of this Court, or in the performance of their duties pursuant to Insurance Law Article 74; and (14) granting such other and further relief as the Court may deem proper and just.


AND, sufficient cause having been shown therefor, let service of a copy of this order to show cause and the papers upon which it is granted be made: (i) by overnight delivery upon Richard Lipeles, Chief Executive Officer, Touchstone Health HMO, Inc., One North Lexington Avenue, 12<sup>th</sup> Floor, White Plains, New York 10601; and (ii) by posting on the internet web page maintained by the New York Liquidation Bureau at <http://www.nylb.org>; and let such service be made at least 15 days prior to the Return Date, and such service shall be deemed good and sufficient service; and it is hereby

ORDERED, that all answering papers and supporting documentation (“Answering Papers”) be served on the Superintendent so as to be received at least seven days prior to the Return Date, and that service on the Superintendent shall be made by first class mail or overnight carrier at the following addresses:


Office of the Attorney General  
120 Broadway  
New York, NY 10271  
Attention: Rosalie Hronsky

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

and any such Answering Papers shall be filed with the Court on or before the Return Date; and it is further

 ORDERED, that pursuant to New York Insurance Law § 7419(a), pending the determination of this application, Touchstone, its officers, directors, shareholders, members, trustees, agents, servants, employees, attorneys, and managers, and all other persons are hereby restrained from obtaining preferences, judgments, attachments or other liens, or making any levy or commencing or prosecuting any actions or proceedings against Touchstone or its assets; and it is further

ORDERED, that pursuant to New York Insurance Law § 7419(b), pending the determination of this motion, all actions or proceedings against Touchstone are stayed; and it is further

 ORDERED, that pending the determination of this motion:

1. All persons or entities having property, papers (including attorney work product and documents held by attorneys) and/or information, including, but not limited to, Plans, underwriting data, any reinsurance policies, claims files (electronic or paper), software programs and/or bank records owned by, belonging to or relating to Touchstone shall preserve such property and/or information and, upon issuance of the Liquidation Order directing turnover, shall immediately, upon the Superintendent's request and direction, assign, transfer, turn over, and deliver such property and/or information to the Superintendent; and

2. Touchstone, its officers, directors, shareholders, members, trustees, agents, servants, employees, attorneys, managers, and all other persons are restrained from wasting the assets of Touchstone, or, except as authorized in writing by the Superintendent, from (i) transacting Touchstone's business (including the issuance of new Plans), (ii) disposing of Touchstone's property, or (iii) disclosing (a) the name, address or contact information of any Member or (b) any other information that is proprietary to Touchstone or not in the public domain.

*No appearance on the return date.*

*April 9, 2018*

ENTER

*William J. Glasco*  
 J.S.C.  
 Hon. William J. Glasco, JSC