

SUPREME COURT OF THE STATE OF NEW YORK  
COUNTY OF NEW YORK: PART 35

-----X  
In the Matter of

Index No.: 450500/16

the Liquidation of

**AFFIRMATION**

HEALTH REPUBLIC INSURANCE OF NEW  
YORK, CORP.  
-----X

Holly Sutton, an attorney at law, duly admitted to practice before the Courts of the State of New York, hereby affirms the following to be true under penalties of perjury:

1. I am an attorney with the New York Liquidation Bureau (“NYLB”), which serves as the staff of Adrienne A. Harris, Superintendent of the Department of Financial Services of the State of New York (“Superintendent”), in her capacity as liquidator (“Liquidator”) of Health Republic Insurance of New York, Corp. (“Health Republic”). I submit this affirmation upon information and belief, based on my review of the Health Republic files maintained by the NYLB and the conversations I have had with employees of the Liquidator, in support of the Liquidator’s application for an order approving the Liquidator’s report on the status of and request to close the Health Republic liquidation proceeding (“Closing Report”) and the financial transactions therein detailed.

2. A copy of the proposed order is annexed hereto as Exhibit 1.

3. The Closing Report is annexed hereto as Exhibit 2.

4. The Liquidator proposes to give notice of the return date of the accompanying Order to Show Cause by posting the Order to Show Cause and its supporting papers on (i) the Health Republic Internet web page at <http://www.healthrepublicny.org/> and (ii) the NYLB Internet web page at <https://www.nylb.org/home.htm>, under Legal and Estate Notices, within five (5) days following the Liquidator’s receipt of a signed copy of the Order to Show Cause.

5. No previous application for the relief sought herein has been made to this or any other court or judge thereof.

WHEREFORE, it is respectfully requested that the Court grant an order substantially in the form of the proposed order annexed hereto as Exhibit 1: (i) approving the Closing Report and the financial transactions detailed therein, annexed hereto as Exhibit 2; (ii) authorizing the continued payment of actual and necessary administrative expenses incurred by the Liquidator in the administration of the Health Republic liquidation proceeding, including such expenses pertaining to the closing of the liquidation proceeding; (iii) authorizing the Liquidator to distribute Health Republic's assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Health Republic with allowed claims; (iv) terminating and closing the liquidation proceeding; (v) authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation proceeding; (vi) authorizing the Liquidator, after termination of the liquidation proceeding and without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Health Republic estate; (vii) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding; and (viii) for such other and further relief that this Court deems just and proper.

Dated: New York, New York  
September 15, 2023



---

Holly Sutton

**Exhibit 1 – Proposed Order**

At IAS Part 15 of the Supreme Court of the State of New York, County of New York, at the Courthouse located at 60 Centre Street, New York, New York, on the \_\_\_ day of \_\_\_\_\_, 2023.

P R E S E N T:

HON. TA-TANISHA D. JAMES, J.S.C.

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

-----X

In the Matter of

Index No.: 450500/2016

the Liquidation of

**ORDER**

HEALTH REPUBLIC INSURANCE OF NEW YORK, CORP.

-----X

Upon the motion of the Superintendent of the Department of Financial Services of the State of New York, as liquidator (“Liquidator”) of Health Republic Insurance of New York, Corp. (“Health Republic”), for an order, *inter alia*: (i) approving the Liquidator’s report on the status of and request to close the Health Republic liquidation proceeding (“Closing Report”), and the financial transactions detailed therein, annexed as Exhibit 2 to the affirmation of Holly Sutton; (ii) authorizing the continued payment of actual and necessary administrative expenses incurred by the Liquidator in the administration of the Health Republic liquidation proceeding, including such expenses pertaining to the closing of the liquidation proceeding; (iii) authorizing the Liquidator to distribute Health Republic’s assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Health Republic with allowed claims; (iv) terminating and closing the liquidation proceeding; (v) authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation proceeding; (vi) authorizing the Liquidator, after

termination of the liquidation proceeding and without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Health Republic estate; (vii) releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys and employees, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding; and (viii) for such other and further relief that this Court deems just and proper;

NOW, on the motion of the Liquidator, and no opposition having been filed with the Court, it is:

**ORDERED**, that the application is granted; and it is further

**ORDERED**, that the Closing Report and the financial transactions detailed therein are approved; and it is further

**ORDERED**, that continued payment of actual and necessary administrative expenses, if any, including such expenses pertaining to the closing of the Health Republic liquidation proceeding, is authorized; and it is further

**ORDERED**, that the Liquidator is authorized to distribute Health Republic's assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Health Republic with allowed claims; and it is further

**ORDERED**, that the liquidation proceeding is terminated and closed; and it is further

**ORDERED**, that the Liquidator's receipt and disbursement, without further application to this Court, of any receipts that are received after the termination of the liquidation proceeding, is authorized; and it is further

**ORDERED**, that the Liquidator, after termination of the liquidation proceeding and without further order of this Court, is authorized to destroy or otherwise dispose of any and all of

the books, files, records (paper or electronic) and other property of the Health Republic estate; and  
it is further

**ORDERED**, that the Liquidator, her predecessors and successors in office, and their  
agents, attorneys and employees, are released and discharged from any and all liability arising  
from their acts or omissions in connection with the liquidation proceeding.

E N T E R

---

J.S.C.

**Exhibit 2 – Closing Report**

**FINAL REPORT ON THE STATUS OF AND REQUEST TO CLOSE  
THE LIQUIDATION PROCEEDING OF  
HEALTH REPUBLIC INSURANCE OF NEW YORK, CORP.**

**INTRODUCTION**

Adrienne A. Harris, Superintendent of the Department of Financial Services of the State of New York (“Superintendent”), as liquidator (“Liquidator”) of Health Republic Insurance of New York, Corp. (“Health Republic”), reports that she has completed her duties regarding the liquidation of Health Republic.<sup>1</sup>

The Liquidator submits this final report to apprise the Court of the status of the liquidation proceeding (“Closing Report”) and to respectfully request that the Court enter an order substantially in the form of the proposed order annexed as Exhibit 1 to the accompanying affirmation of Holly Sutton, *inter alia*, approving the Closing Report and the financial transactions detailed herein and terminating and closing the Health Republic liquidation proceeding.

**BACKGROUND**

**A. Health Republic and Its Consent to Liquidation**

Health Republic was incorporated as Freelancers Health Service Corporation on October 4, 2011, and changed its name to Health Republic Insurance of New York, Corp. on October 21, 2014. Health Republic was licensed as a not-for-profit corporation under Article 43 of the New York Insurance Law (“Insurance Law”) and operated as a Consumer Operated and Oriented Plan (“CO-OP”) under the Patient Protection and Affordable Care Act (“ACA”) with the goal of providing affordable health insurance to New Yorkers.

---

<sup>1</sup> The Liquidator has appointed David Axinn as Special Deputy Superintendent and Agent of the Liquidator and other agents to carry out through her staff at the New York Liquidation Bureau (“NYLB”) the responsibilities of the Liquidator.



Starting on January 1, 2014, and continuing through September 25, 2015, Health Republic issued individual and small group health insurance policies to New Yorkers through the New York State of Health, the official health plan marketplace in New York State, through private brokers, and issued one large group policy to its employees. During its first year of operation, Health Republic's enrollment surpassed projections, and by October 2015, Health Republic had approximately 215,000 enrollees and experienced losses significantly greater than expected.

In 2015, after an audit and review of Health Republic's 2014 financial statements, the Centers for Medicare & Medicaid Services ("CMS") and the New York State Department of Financial Services determined that Health Republic's liabilities and required reserves would exceed its assets by December 31, 2015. As a result, on September 15, 2015, the New York State Department of Financial Services directed Health Republic to cease writing new health insurance and begin winding down its business operations. In October 2015, after Health Republic did not receive expected federal funding and its financial condition worsened,<sup>2</sup> the New York State Department of Financial Services accelerated the winding down, directing the company to terminate all insurance policies as of November 30, 2015, and assist in the orderly transition of insureds to other health insurance carriers.

---

<sup>2</sup> On October 1, 2015, the Department of Health and Human Services reported that the Risk Corridors program, an ACA program established to protect insurers from pricing uncertainties and limit profits and losses in the first years following enactment of the ACA, had insufficient collections for 2014 to make full payments to insurers that year, and health insurance companies like Health Republic would receive a reduced proration rate of 12.6 percent. As a result, Health Republic received approximately \$18.1 million of the \$149.3 million it had anticipated to help protect it from higher than expected losses during the early years of the ACA. NYSCEF 1, ¶¶ 3, 13.

On October 27, 2015, Health Republic's board of directors unanimously consented to the entry of an order of liquidation pursuant to Article 74 of the Insurance Law, and on May 11, 2016, the Supreme Court of the State of New York, County of New York (the "Court"), entered an order placing Health Republic into liquidation and appointing the Superintendent as Liquidator ("Liquidation Order"). NYSCEF 12.

**B. Bar Dates**

The Liquidation Order required presentment of all claims for payment under Health Republic policies, or Class Two claims in the proceeding, in accordance with the deadlines and procedures set forth in the policies or contracts governing the provision of healthcare services, as applicable. NYSCEF 12, ¶ 18. Because Health Republic's assets appeared insufficient to pay claims below Class Two, the deadline for presentment to the Liquidator of claims below Class Two claims was deferred until further order of the Court. *Id.*, ¶ 19.

**C. Classes of Creditors**

The priority of distribution of assets from a liquidating insurer is set forth in Insurance Law § 7434, which provides that all members of a senior class be paid in full before the members of the next class may receive any payment, and establishes the following classes:

Class One – Administrative Claims

Claims with respect to the actual and necessary costs and expenses of administration incurred by the Liquidator;

Class Two – Claims Under Policies

All claims under policies including claims of the federal, state or local government for losses incurred, third-party claims, claims for unearned premiums, and all claims of the security fund guaranty associations, but excluding claims arising under reinsurance contracts;

Class Three – Federal and Government Claims

Claims of the federal government, except those stated above in Class Two;

Class Four – Employee Claims

Claims for wages owing to employees of an insurer against whom an Article 74 proceeding is commenced and claims for unemployment insurance contributions required by Article 18 of the New York Labor Law;

Class Five – State and Local Government Claims

Claims of state and local governments, except those stated above in Class Two;

Class Six – General Creditor Claims

Claims of general creditors, including, but not limited to, claims under reinsurance contracts;

Class Seven – Late Filed Claims

Claims filed late or any other claims other than claims under Class Eight or Class Nine below;

Class Eight – § 1307 Loans

Claims for advanced or borrowed funds made pursuant to Insurance Law § 1307; and

Class Nine – Shareholder Claims

Claims of shareholders or other owners in their capacity as shareholders.

**D. Adjudication Procedure for Class Two Claims – Claims Under Policies**

By order entered October 17, 2016, this Court established an adjudication procedure to resolve Class Two claims against the Health Republic estate. NYSCEF 37. In accordance with the Liquidation Order, the adjudication procedure was limited to policy claims because Health Republic's assets appeared insufficient to pay claims below Class Two pursuant to the priority scheme of Insurance Law § 7434.

The adjudication procedure applied to policy claims of persons covered by a Health Republic insurance policy ("Members"), and health care professionals, providers and facilities that provided health care services to Members (collectively, "Providers"). To minimize the burden on claimants, the procedure incorporated to the extent possible Health Republic's existing process of adjudicating policy claims set forth in Members' policies and Providers' contracts.

Pursuant to the adjudication procedure, the Liquidator issued explanations of benefits (“EOBs”) to Members and Providers that allocated among Health Republic, the Member and Provider the charge for services provided to the Member, identifying the amount of a claim the Liquidator would recommend for allowance. Members and Providers who disagreed with an EOB had the opportunity to appeal and were entitled to have their objections referred to a court-appointed referee or healthcare qualified claim examiner, as applicable, who would hear and report on the dispute.<sup>3</sup>

The adjudication procedure also required the Liquidator to periodically file under seal with the Court a list of resolved Class Two policy claims (“Policy Claim List”), identifying each claimant and the amount, if any, that the Liquidator recommended to allow for the claim.<sup>4</sup> Claimants appearing on a Policy Claim List were notified of same by email or First-Class Mail and could securely review the disposition of their claim on the Health Republic website. Claims were fully and finally determined by the Court in the amounts set forth on Policy Claim Lists.

#### **E. Initial Court Report**

On February 22, 2018, this Court entered an order approving the Liquidator’s initial report (“Initial Report”) on the status of the liquidation proceeding. NYSCEF 130. The Initial Report set forth Health Republic’s financial condition as of September 30, 2017, when the Liquidator was engaged in the review of Class Two claims. At that time, Health Republic had assets of

---

<sup>3</sup> By order entered May 26, 2017, this Court appointed the Honorable Anthony J. Carpinello and Alberto Torres, Esq., to serve as referees to hear and report on the validity of unresolved objections, and authorized the Liquidator to engage Independent Medical Expert Consulting Services, Inc., to provide medical review services on an as-needed basis to support referee review of unresolved objections. NYSCEF 112.

<sup>4</sup> The adjudication procedure required Policy Claims Lists to show the disposition of (i) claims for which no appeal was initiated within the required timeframe; (ii) claims for which no objection to the Liquidator’s determination on appeal was filed within the required timeframe; (iii) claims that settled; (iv) claims regarding which a referee or healthcare qualified examiner reached a final recommendation with the consent of the Provider/Member and Liquidator; and (v) disputed recommendation claims, once resolved by order of the Court. *Id.*, ¶ 3(o).

approximately \$39,927,230, Class One liabilities of \$513,266, and Class Two liabilities of \$212,943,662, resulting in insolvency regarding Class Two creditors of \$173,529,698.

#### **F. Litigation**

On September 1, 2017, while the administration of Class Two claims was in progress, the Liquidator initiated a lawsuit, *Maria T. Vullo (in her capacity as Liquidator of Health Republic Insurance of New York, Corp.) v. United States of America*, No. 1185C, in the Federal Court of Claims (the “Federal Lawsuit”). In the Federal Lawsuit, the Liquidator sought to recover over \$575 million owed to Health Republic under ACA Programs.<sup>5</sup> By order entered April 9, 2021, this Court approved a Stipulation for Entry of Final Judgment between the Liquidator and the federal government (the “Federal Lawsuit Stipulation”) requiring the federal government to pay the Liquidator a net balance of \$220,838,583.33 to resolve the Federal Lawsuit, and allowing the federal government’s remaining claim in the liquidation proceeding for a solvency loan (“Solvency Loan”) made to Health Republic as a Class Eight claim under Insurance Law § 7434(a)(1)(viii) in the amount of \$246,976,417.52. NYSCEF 179.

As a result of the Federal Lawsuit, the Health Republic estate had sufficient assets to pay allowed Class Two claims in full, with potential remaining assets to make distributions on allowed claims below Class Two. Accordingly, the order approving the Federal Lawsuit Stipulation also provided that claimants could submit below-Class Two claims to the Liquidator for a period of

---

<sup>5</sup> Soon after it was filed, the case was stayed pending the outcome of appeals in other ACA-related cases on the primary question of whether Congress properly limited its obligation to make payments owed to insurers by the United States under the Risk Corridors program, or whether all the monies due insurers under the program were required to be paid. On April 27, 2020, the United States Supreme Court decided the issue in *Maine Community Health Options v. United States*, 140 S. Ct. 1308 (2020), and two consolidated cases, holding that the United States’ obligation to pay balances due under the Risk Corridors program had not been abrogated or limited by subsequent appropriations laws. Following this decision, the Liquidator and the United States agreed to settle the Liquidator’s lawsuit with the United States.

four months from the date of entry of the order, or August 9, 2021, thereafter barring all claims against Health Republic.<sup>6</sup> NYSCEF 179.

**G. Federal Waiver**

On November 2, 2021, the Liquidator and the United States entered into a conditional release agreement under the Federal Priority Statute, 31 U.S.C. § 3713, (the “Release Agreement”), to enable the Liquidator to distribute the assets of the Health Republic estate for allowed claims and close the estate without the threat of being held personally liable under the Federal Priority Statute for unknown or unasserted claims of the federal government. NYSCEF 202. By order entered April 25, 2022, this Court approved the Release Agreement. NYSCEF 209. The Release Agreement provides that it is contingent on payment by Health Republic of the federal government’s Solvency Loan claim to the extent funds are available to pay Class Eight claims. As an allowed Class Eight claim, the Solvency Loan claim is not eligible to receive a distribution under Insurance Law § 7434(a)(1) unless every claim in each class above it is paid in full. The net result is that the Release Agreement will not be effective unless and until the Court authorizes the closing of the liquidation proceeding and the Liquidator pays final distributions to all eligible classes.

**H. Adjudication Procedure for Claims Below Class Two**

By order entered December 23, 2021, this Court established an adjudication procedure to resolve non-policy claims asserted against the Health Republic estate and appointed the Honorable Anthony Carpinello as referee (“Referee”) to hear and report on objections raised by the Liquidator’s determination of claims. NYSCEF 196. The procedure required the Liquidator to examine and issue Notices of Determination (“NOD”) for the claims and inform claimants whether

---

<sup>6</sup> Holders of claims below Class Two that were submitted previously and on the books and records of Health Republic were not required to resubmit the claims.

the Liquidator would recommend that their claims be allowed in whole or in part, or disallowed and the reason for disallowance. Claimants who objected to the Liquidator's determination were entitled to have their objections referred to the Referee to hear and report on the dispute, and either the claimant or the Liquidator then could petition the Court on notice to confirm or deny the Referee's report and recommendation.

The Liquidator opened an electronic portal on the Health Republic website to facilitate the submission of claims, and the claim submission period for both electronic and hard copy submissions remained open until August 9, 2021. NYSCEF 196, ¶ 3(c). The Liquidator was required to submit status updates to the Court every sixty days. NYSCEF 187.

### **CURRENT STATUS OF CLAIMS PRESENTED**

#### **A. Claims Submitted**

Because the deadlines for Class Two claims and the August 9, 2021, deadline for claims below Class Two have passed, no additional claims or evidence in support of such claims against Health Republic or its insureds may be presented to the Liquidator. In total, 882,035 claims either were on Health Republic's books and records when the liquidation proceeding began in 2016, or were presented to the Liquidator by August 9, 2021.

#### **B. Class Two Claims Adjudicated**

Following an independent audit of policy claims in 2017 to ensure that no payments would be made on duplicative or otherwise invalid claims,<sup>7</sup> the Liquidator reviewed a total of 881,903 policy claims. From August 7, 2017, to October 27, 2017, on a rolling basis, the Liquidator issued determinations to Members and Providers that were batched into 190,369 EOBs based on Provider

---

<sup>7</sup> Following a request for proposals as required by the Court, Truven Health Analytics, a medical claim auditor, was selected to conduct an independent audit of the policy claims submitted to Health Republic. NYSCEF 67.

to resolve the 881,903 claims. NYSCEF 143, ¶ 8. The EOBs identified the amount of the claim the Liquidator recommended for allowance, if any, or disallowance, and provided an explanation of how the charge for services would be allocated among Health Republic, the Member and the Provider.

The Liquidator received 1,457 appeals, all of which were resolved without the need for a Court-appointed referee or health care qualified claims examiner. NYSCEF 143, ¶ 9. By order entered March 29, 2019, this Court approved the recommended allowances and disallowances<sup>8</sup> for the 190,369 EOBs, resulting in a total Class Two allowance of \$217,990,891.21.<sup>9</sup> NYSCEF 150. The allowed Class Two claims then were grouped by Provider tax identification number, which reduced the number of EOBs from 190,369 to 14,729 to decrease mailing costs and excessive paper in processing the claims.

### **C. Adjudicated Claims Below Class Two**

The Liquidator received a total of 132 below-Class Two claims, consisting of claims submitted prior to the August 9, 2021, bar date, including claims that were on Health Republic's books and records. The Liquidator reviewed and issued NODs for the claims, which informed claimants how to object to the Liquidator's determination, if they wished, in accordance with the adjudication procedure. The Liquidator received no objections, the time period for objections lapsed, and the Liquidator's recommended allowances and disallowances were deemed accepted.

---

<sup>8</sup> Claims recommended for disallowance included claims of ineligible Members, duplicative and/or late-filed claims, and non-covered claims.

<sup>9</sup> Subsequent to Court approval of the Liquidator's recommended allowances and disallowances, a purchaser of approximately \$66.6 million in Provider claims that were allowed by the Court filed an Addendum to Proof of Claim seeking over \$40 million in interest on the purchased claims. The Referee heard and reported on the claim, rejecting it for reasons including that Health Republic in liquidation was not subject to the statutory interest provisions of Article 32 of the Insurance Law and that the claim was time-barred. By order entered October 12, 2022, this Court confirmed the Referee's report. NYSCEF 216.



The 132 claims below Class Two consist of the following, which have been aggregated by claimant to the extent possible to reduce administrative expenses:

- Class Three - There were nine Class Three claims, four of which were recommended for a total allowance of \$8,795,317.85. The recommended allowance for one of the claims, submitted by the Department of Health and Human Services (“DHHS”), was determined as part of a settlement with the federal government, and five other Class Three claims of the DHHS were voided as part of the settlement reached.
- Class Four – There were no Class Four claims.
- Class Five – There were four Class Five claims, which were recommended for a total allowance of \$19,159,690.48.
- Class Six – There were seventeen Class Six claims, fifteen of which the Liquidator recommended for a total allowance of \$6,929,208.88, and two of which the Liquidator recommended for disallowance.
- Class Seven – There were no Class Seven claims.
- Class Eight – The sole Class Eight claim is by the federal government for the Solvency Loan made to Health Republic under the ACA and was allowed by this Court by Order entered April 9, 2021. NYSCEF 179.
- Class Nine - There are no Class Nine claims.

By order entered April 18, 2023, this Court approved the Liquidator’s recommended allowances and disallowances of Class Three through Class Seven claims. NYSCEF 229.

### **CLOSING PLAN**

As of October 2022, the Liquidator completed adjudication of all claims and has been working to close the estate. At that time, the Liquidator posted a notice to creditors of the Liquidator's closing plan on the Health Republic and NYLB websites. The form of notice and the Health Republic closing plan are attached as Exhibit A. The notice provided that those creditors who do not submit the required forms or whose information cannot be validated will not receive a distribution. Such distributions will be placed in a segregated account pending closure of the estate, and thereafter handled in accordance with New York Abandoned Property Law.

In January 2023, the Liquidator implemented measures to protect policyholders by posting notice on the Health Republic website and mailing creditors notifications regarding requirements to complete W-9 forms and address verification forms to receive distributions. The Liquidator also created an online portal for the electronic submission of forms to facilitate processing. After validating creditor information, the Liquidator began making Class Two policyholder claims distributions on a rolling basis in March 2023 and continues to date.

The Liquidator has commenced the verification and payment process for all claims below Class Two claims. Assuming the Court approves this Closing Report by year end, the Liquidator anticipates making final distributions to all remaining creditors in January 2024.

### **FINANCIAL REPORT**

Health Republic's financial books and records were closed on July 31, 2023 (the "Closing Date"). Health Republic's Statement of Assets and Liabilities, and the Statement of Changes of Cash and Invested Assets for the period May 11, 2016 (Liquidation Date), to July 31, 2023 (Closing Date), are attached hereto as Exhibit B.

**A. As of the Closing Date**

As of the Closing Date, Health Republic's records reflect total assets in the amount of \$76,688,697, and total liabilities in the amount of \$314,716,259.

**1. Disbursement of Assets**

As of the Closing Date, the Liquidator had incurred and paid \$18,678,948 in administrative expenses, consisting of: \$3,614,735 for salaries of the Liquidator's staff and related payroll taxes, \$2,577,701 for employee relations and welfare, \$1,409,269 for rent and related expenses, \$9,075,411 for professional fees (e.g., accountants to prepare financial statements and other consultants for litigation support), \$1,189,467 for general and administrative expenses (e.g., insurance, office equipment and supplies, printing, postage and telephone services), and \$812,365 in miscellaneous expenses.

**2. Assets**

As of the Closing Date, Health Republic's records reflect total assets in the amount of \$76,688,697, consisting of \$4,700,299 in cash and cash equivalents, \$71,587,549 in bonds at fair market value, and \$400,849 in accrued investment income.

**3. Liabilities**

As of the Closing Date, Health Republic's records reflect total liabilities of \$314,716,259, consisting of \$548,262 in Class One administrative expenses, \$32,307,363 in Class Two policyholder claims, \$8,795,318 in Class Three federal government claims, \$19,159,690 in Class Five state and local government claims, \$6,929,208 in Class Six general creditor claims, and \$246,976,418 in Class Eight § 1307 (shareholder) loans claims.

#### **4. Distribution to Claimants**

As of the Closing Date, Health Republic's records reflect distributions to Class Two claimants totaling \$185,940,631 of the total Class Two allowance of \$217,955,319.63. No distribution of assets has been made to any class of claimant below Class Two.

Because the Liquidator has not received responses from creditors representing the balance of the Class Two allowance, the Liquidator has engaged in ongoing efforts to reach these creditors to verify payee identification and address information. The forms of the final notice sent to Members and Providers are attached as Exhibit C. After the estate is closed, any unclaimed distributions will be escheated to the State of New York pursuant to the Abandoned Property Law. To that end, the Liquidator is establishing an online creditor portal through which Health Republic creditors who did receive distributions on allowed claims can search for unclaimed funds in their name. Notice and accessibility of this unclaimed funds portal will be available on the NYLB website after the estate is closed.

#### **RELIEF SOUGHT**

The Liquidator submits this Closing Report to report that the affairs of the Health Republic liquidation proceeding have been completed and that it is in the best interests of the estate to close the liquidation proceeding at this time under the terms and conditions outlined herein. Accordingly, the Liquidator respectfully requests that the Court issue an order:

1. Approving the Closing Report and the financial transactions detailed herein;
2. Authorizing the continued payment of actual and necessary administrative expenses, if any, including such expenses pertaining to the closing of the liquidation proceeding;
3. Authorizing the Liquidator to distribute Health Republic's assets, consistent with the priorities set forth in Insurance Law § 7434, to those former policyholders and creditors of Health Republic with allowed claims;

4. Terminating and closing the liquidation proceeding;
5. Authorizing the Liquidator to receive and disburse, without further application to this Court, any receipts that are received after the termination of the liquidation proceeding;
6. Authorizing the Liquidator, after termination of the liquidation proceeding and without further order of this Court, to destroy or otherwise dispose of any and all of the books, files, records (paper or electronic) and other property of the Health Republic estate; and
7. Releasing and discharging the Liquidator, her predecessors and successors in office, and their agents, attorneys, and employees, from any and all liability arising from their acts or omissions in connection with the liquidation proceeding.

Dated: New York, New York  
September 15, 2023



David Axinn  
Special Deputy Superintendent and  
Agent of Adrienne A. Harris,  
Superintendent of the Department of  
Financial Services of the State of New York,  
as Liquidator of Health Republic Insurance  
of New York, Corp.

**Exhibit A – Notice and Closing Plan**

**IN THE MATTER OF THE LIQUIDATION OF  
HEALTH REPUBLIC INSURANCE OF NEW YORK, CORP.  
Supreme Court, County of New York  
Index No.: 450500/2016**

**NOTICE**

1. Health Republic Insurance of New York, Corp. (“Health Republic”) has posted a Closing Plan and timeline (“[Closing Plan](#)”) for making distributions and closing the Health Republic estate. All dates in the Closing Plan are projections and subject to change.
2. Under the Closing Plan, Health Republic creditors with claims allowed by the Court (“Allowed Creditors”) are required to promptly submit a verification form to the New York Liquidation Bureau (“NYLB”). The NYLB will process and confirm all changes/updates to creditor information and pay distributions to Allowed Creditors with validated forms.
  - a. Any person who was a former policyholder is required to submit a [Policyholder Address Verification Form](#).
  - b. All other Allowed Creditors, including health providers, general creditors and secondary purchasers, are required to submit a completed [Form W-9](#).
3. Allowed Creditors who do not submit a [Policyholder Address Verification Form](#) or [Form W-9](#) or whose information cannot be validated by the time the Liquidator files as closing report with the court supervising the liquidation proceeding will not receive a distribution. Such distributions will be placed in a segregated account pending closure of the estate, and thereafter handled in accordance with New York Abandoned Property Law.
4. The last day for Allowed Creditors to submit requests to assign claims is **November 16, 2022**, without exception.
5. If you have other questions, please submit an online inquiry at [Submit an Inquiry](#).

Dated: October 19, 2022

ADRIENNE A. HARRIS  
Superintendent of Financial Services of the State  
of New York as Liquidator of Health Republic  
Insurance of New York, Corp.

**IN THE MATTER OF THE LIQUIDATION OF  
HEALTH REPUBLIC INSURANCE OF NEW YORK, CORP.  
Supreme Court, County of New York  
Index No.: 450500/2016**

**CLOSING PLAN**

<b>Projected Date*</b>	<b>Event</b>
<b>Nov. 16, 2022</b>	<b>Last date for creditors to submit claim assignment requests to Liquidator</b>
<b>Jan. 9, 2023</b>	<b>Liquidator mails notifications to all creditors with allowed claims requiring completion of Policyholder Address Verification Form and Form W-9</b>
<b>Mar. 1, 2023</b>	<b>Liquidator begins rolling distributions to Class Two creditors with verified forms</b>
<b>Mar. 31, 2023</b>	<b>Liquidator submits motion to allow Class Three through Six claims</b>
<b>Sept. 15, 2023</b>	<b>Liquidator submits final closing report to Court</b>
<b>Oct. 31, 2023</b>	<b>Court hearing on closing report (per court's availability)</b>
<b>Jan. 12, 2024</b>	<b>Final distribution to all remaining creditor classes and closing of estate</b>

**\* All dates are projections and subject to change**



**Exhibit B – Financial Report**

# Health Republic Insurance of New York, Corp.

## Assets As of July 31, 2023

---

**Unrestricted Assets:**

Cash and Cash Equivalents	\$ 4,700,299
Bonds, at fair market value	71,587,549
<b>Total Cash, Cash Equivalents and Investments</b>	<u>76,287,848</u>
Accrued Investment Income	400,849
<b>Total Assets</b>	<u>\$ 76,688,697</u>

# Health Republic Insurance of New York, Corp.

## Liabilities As of July 31, 2023

Secured Claims	\$	-
Class I - Administrative Claims		548,262
Class II - Claims and Related Costs		32,307,363
Class III - Federal Government Claims		8,795,318
Class IV - Employee Claims		-
Class V - State and Local Government Claims		19,159,690
Class VI - General Creditor Claims		6,929,208
Class VII - Late Filed Claims		-
Class VIII - Section 1307 (Shareholder) Loans		246,976,418
Class IX - Shareholder Claims		-
<b>Total Liabilities</b>		<u>314,716,259</u>
(Deficit) Surplus		(238,027,562)
<b>Total Liabilities and (Deficit) Surplus</b>	\$	<u>76,688,697</u>

# Health Republic Insurance Of New York, Corp.

## Receipts and Disbursements For The Period May 11, 2016 to July 31, 2023

**Receipts:**

Net Investment Income	\$ 11,485,943
Litigation Awards	223,038,750
Pharmacy Recoverables	5,408,320
Reinsurance Recoverables	1,862,139
Miscellaneous	2,251,173

**Total Receipts**244,046,325**Distributions**

185,940,631

**Operating Expenses:**

Salaries	3,614,735
Employee Relations & Welfare	2,577,701
Rent and Related Expenses	1,409,269
Professional Fees	9,075,411
General and Administrative Expenses	1,189,467
Miscellaneous	812,365

**Total Operating Expenses**204,619,579**Receipts over Disbursements**

39,426,746

**Cash and Cash Equivalents; Beginning of Period**

39,355,219

**Unrealized loss on Investments**

(2,494,117)

**Cash and Cash Equivalents; End of Period**\$ 76,287,848

**Exhibit C – Notice to Members and Providers**



## New York Liquidation Bureau

Adrienne A. Harris  
Superintendent of Financial Services  
as Receiver

August 4, 2023

### FINAL NOTICE: PENDING PAYMENT

[NAME]  
[ADDRESS 1]  
[ADDRESS 2]

Re: **IN THE MATTER OF THE LIQUIDATION OF HEALTH REPUBLIC  
INSURANCE OF NEW YORK, CORP.**  
**Index No. 450500/2016 (Supreme Court, New York County)**

Dear [Name]:

By order of the Supreme Court of the State of New York, effective May 11, 2016, Health Republic Insurance of New York, Corp. ("Health Republic") was placed into liquidation and the Superintendent of Financial Services of the State of New York was appointed Liquidator (see [www.nylb.org/HealthRepublic.htm](http://www.nylb.org/HealthRepublic.htm)).

Based on Health Republic's records, you are a former policyholder/member of Health Republic with an allowed claim in the liquidation proceeding. To receive payment for that allowed claim, you are **REQUIRED TO SUBMIT A POLICYHOLDER VERIFICATION FORM** using the link on the Health Republic website at [www.healthrepublicny.org](http://www.healthrepublicny.org). On the Policyholder Verification Form you must indicate your most recent address. **Do not use a P.O. Box address.** If your address has changed since 2015, please check the required box and upload the required proof of that address change.

### WE CANNOT ISSUE YOU PAYMENT WITHOUT THE POLICYHOLDER VERIFICATION FORM.

We have tried previously to contact you. If you do not complete and submit a Policyholder Verification Form by the time the Liquidator files a closing report with the court supervising the liquidation proceeding, you will not receive a distribution. Such distributions will be placed in a segregated account pending closure of the estate, and thereafter handled in accordance with New York Abandoned Property Law.

Adrienne A. Harris, Superintendent of the  
Department of Financial Services of the  
State of New York as Liquidator of  
Health Republic Insurance of New York, Corp.



## New York Liquidation Bureau

**Adrienne A. Harris**  
Superintendent of Financial Services  
as Receiver

August 11, 2023

### **FINAL NOTICE: TAX DOCUMENTS REQUIRED**

[NAME]  
[ADDRESS 1]  
[ADDRESS 2]  
[ADDRESS 3]

Re: **IN THE MATTER OF THE LIQUIDATION OF HEALTH REPUBLIC  
INSURANCE OF NEW YORK, CORP.**  
**Index No. 450500/2016 (Supreme Court, New York County)**

Dear Service Provider:

By order of the Supreme Court of the State of New York, effective May 11, 2016, Health Republic Insurance of New York, Corp. ("Health Republic") was placed into liquidation and the Superintendent of Financial Services of the State of New York was appointed Liquidator (see [www.nylb.org/HealthRepublic.htm](http://www.nylb.org/HealthRepublic.htm)).

Based on Health Republic's records, you are a Medical Service Provider with an allowed claim in the liquidation proceeding related to services provided to a patient that had health insurance coverage with Health Republic. To receive payment for that allowed claim, you are **REQUIRED TO SUBMIT A FORM W-9** for [PROVIDER NAME] (TIN ending in [PROVIDER TIN]). Please submit your completed Form W-9 via the link on the Health Republic website at [www.healthrepublicny.org](http://www.healthrepublicny.org). On the Form W-9 you must indicate the address that you or your entity use on your tax return. **Do not use a P.O. Box address.** If your address has changed since the services were provided, please check the required box and upload the required proof of that address change.

### **WE CANNOT ISSUE YOU PAYMENT WITHOUT THE FORM W-9.**

We have tried previously to contact you. If you do not complete and submit a Form W-9 by the time the Liquidator files a closing report with the court supervising the liquidation proceeding, you will not receive a distribution. Such distributions will be placed in a segregated account pending closure of the estate, and thereafter handled in accordance with New York Abandoned Property Law.

Adrienne A. Harris, Superintendent of the  
Department of Financial Services of the  
State of New York as Liquidator of  
Health Republic Insurance of New York, Corp.