

**IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT,  
IN AND FOR LEON COUNTY, FLORIDA**

State of Florida, ex rel., the  
Department of Financial Services of  
the State of Florida,  
Relator

v.

CASE NO.:

Florida Healthcare Plus, Inc.  
Respondent \_\_\_\_\_/

**THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES' APPLICATION FOR AN  
ORDER REQUIRING FLORIDA HEALTHCARE PLUS INC., TO SHOW CAUSE WHY  
IT SHOULD NOT BE PLACED IN RECEIVERSHIP FOR PURPOSES OF  
LIQUIDATION, INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

The Florida Department of Financial Services (hereinafter "Department") hereby applies to this Court pursuant to sections 631.031 and 631.061, Florida Statutes, for the entry of an Order Requiring Florida HealthCare Plus, Inc. ("Respondent" or "Company") to Show Cause Why It Should Not Be Placed in Receivership For Purposes of Liquidation, Injunction, and Notice of Automatic Stay. In support of its Application, the Department states:

1. This Court has jurisdiction over these proceedings pursuant to section 631.021(1), Florida Statutes, and venue is proper pursuant to section 631.021(2), Florida Statutes.
2. Section 631.025, Florida Statutes, authorizes this Court to exercise jurisdiction over any person required to cooperate with the Department and the Office of Insurance Regulation ("OIR") pursuant to section 631.391, Florida Statutes.
3. Respondent is a corporation authorized, as of April 21, 2011, to transact business in the State of Florida as a health maintenance organization ("HMO") pursuant to the Florida Insurance Code. Respondent's principal place of business is located at 2100 Ponce De Leon Blvd. Suite PH 1, Coral Gables, FL 33134.

4. Upon a determination by OIR that one or more grounds exist to initiate a delinquency proceeding against an insurer and upon OIR's determination that a delinquency proceeding should be initiated, OIR is required to refer the insurer to the Department for the initiation of such delinquency proceeding. § 631.031(1), Fla. Stat.

5. Section 641.215, Florida Statutes, provides that a delinquency proceeding pursuant to chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving an HMO. Sections 631.051-.091, Florida Statutes, outline the grounds for initiating a delinquency proceeding.

6. If the statutory grounds are present as to an insurer, the Department is empowered by section 631.031(2), Florida Statutes, to commence a delinquency proceeding against the insurer, by either (1) making an application to this Court for an order to show cause directing the insurer to show cause why delinquency proceedings should not be initiated or (2) filing a petition with this Court for entry of a consent order of conservation, rehabilitation, or liquidation.

7. Pursuant to section 631.031(1), Florida Statutes, by letter dated October 17, 2014, Kevin McCarty, Commissioner of OIR, advised Florida's Chief Financial Officer, Jeff Atwater, of OIR's conclusion that grounds exist for the initiation of liquidation proceedings against Respondent. A copy of the letter is attached hereto as Exhibit "A."

8. Pursuant to section 631.061, Florida Statutes, the grounds for liquidating an insurer include any of the grounds specified in section 631.051 or if the insurer is or is about to become insolvent. Based on the documentation received from OIR, the Department has determined that grounds for the liquidation of Respondent exist pursuant to section 631.061(1), Florida Statutes, in that Respondent is or is about to become insolvent. The basis for the determination is summarized as follows:

A. On April 21, 2011, Respondent entered into a Consent Order, Case No. 116991-11-CO, with the OIR which required Respondent to maintain capital and surplus in the greater of \$3,000,000 or 125% of capital and surplus required by section 641.225, Florida Statutes, for the period beginning when Respondent accepts any premium and for the 36 months thereafter. Consent Order 116991-11-CO (“Consent Order”) is attached hereto as Exhibit “1” to Exhibit “A.”

B. On August 13, 2014, Respondent filed with OIR its quarterly financial statement for the period ending June 30, 2014 (“Financial Statement”), reporting surplus in the amount of \$3,559,444. OIR reviewed the Financial Statement and determined that a material accounting error of \$600,000 had been made in the calculation of Respondent’s surplus.

C. On August 22, 2014, Respondent filed an amended quarterly financial statement for the period ending June 30, 2014 (“Amended Financial Statement”), reporting surplus in the amount of \$2,959,444. The amount of surplus reported is less than the minimum surplus requirement specified in the Consent Order; thus, rendering Respondent impaired. The Amended Financial Statement is attached hereto as Exhibit “2” to Exhibit “A.”

D. On September 8, 2014, OIR initiated a financial examination of Respondent which focused on verifying Respondent’s balance sheet for the period ending June 30, 2014. The examination resulted in the following determinations: as of June 30, 2014, Respondent’s total assets were overstated by \$4,897,682, and its total liabilities were understated by \$9,829,987. These findings resulted in examination adjustments totaling (\$14,727,669), which ultimately reduced Respondent’s surplus to approximately (\$11,768,225) for the period ending June 30, 2014, rendering Respondent insolvent. An excerpt of the Examination Issue Summary which details these findings is attached hereto as Exhibit “5” to Exhibit “A.”

E. On September 29, 2014, OIR entered a Final Order of Suspension against Respondent's Certificate of Authority, effective as of close of business on September 23, 2014, suspending Respondent's authority to enroll new subscribers until, *inter alia*, Respondent files an accurate financial statement reflecting compliance with minimum surplus requirements. A copy of the Final Order of Suspension is attached hereto as Exhibit "4" to Exhibit "A."

9. The Department has determined that grounds for Respondent's liquidation also exist pursuant to section 631.051(2), Florida Statutes, in that Respondent has failed to comply with an order of OIR to make good on an impairment of capital or surplus or both. Pursuant to the Consent Order entered on April 21, 2011, if any of Respondent's actual financial results, on a quarterly or annual basis, reflect that Respondent's capital and surplus has fallen below the amount specified in the Consent Order, Respondent is required to immediately infuse such additional funds so as to make Respondent's capital and surplus equal or greater than the amounts specified in the Consent Order. Evidence of such infusion must be reflected in the statutory quarterly and annual financial statements filed with OIR. To date, Respondent has failed to comply with this requirement.

10. Pursuant to section 631.051(3), Florida Statutes, due to Respondent's insolvency, Respondent's further transaction of insurance is presently or prospectively hazardous to policyholders, creditors, stockholders, or the public.

11. Section 631.041(1), Florida Statutes, provides that the Department's Application for an Order to Show Cause operates as an automatic stay of certain actions. Notice of the automatic stay should be contained within the Order to Show Cause. However, the Court order should provide that regulatory actions against Respondent by any regulatory body shall not be

stayed. Sections 631.041(3) and 63.041(4), Florida Statutes, authorize this Court to enter certain injunctions to preserve the remaining assets of the Respondent.

12. It is in the best interest of Respondent, its creditors and insureds that the relief requested in this Application be granted.

**WHEREFORE**, the Florida Department of Financial Services respectfully requests that this Court enter an Order:

A. Directing Respondent to appear before this Court within 35 days of the entry of the Court's Order and show good cause, if any, as to why the Department should not be appointed Receiver of Respondent for purposes of liquidation under the provisions of chapter 631, Florida Statutes.

B. Requiring Respondent to file a written response along with any defenses it may have to the Department's allegations no later than twenty (20) days after the service of any Order to Show Cause issued by this Court and at least fifteen (15) days prior to hearing.

C. Directing that in order to protect the interests of policyholders, creditors, and the public and to protect and preserve the assets, books, and records of Respondent pending hearing on the Department's Application, Respondent and its officers; directors; stockholders; members; agents; trustees; employees; affiliates, as defined by section 631.011, Florida Statutes; and all other persons or entities within the jurisdiction of this Court, be enjoined and restrained, pursuant to sections 631.041(3) and 631.041(4), Florida Statutes, from removing, destroying, concealing or otherwise disposing of any documents, books, records, or assets of Respondent (or pertaining to Respondent); from doing, through acts of commission or omission, or permitting to be done any action which might waste or otherwise dispose of the books, records, and assets of, or

directly or indirectly relating to, Respondent; from denying the Department access to the books, records, and assets of, or directly or indirectly relating to, Respondent; from in any manner interfering with the Department or the conduct of these proceedings; from commencement or prosecution of any actions against Respondent; or the obtaining of preferences, judgments, writs of attachment or execution against Respondent or its property or assets. However, regulatory actions against Respondent by any regulatory body should not be stayed or enjoined;

D. Authorizing the Department to conduct, at its discretion, an investigation authorized by section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs.

E. Ordering, Directing, and Enjoining, to the fullest extent required by section 631.391, Florida Statutes, cooperation with the Department from Respondent; Respondent's officers, directors, managers, trustees, agents, adjusters, employees independent contractors; Respondent's affiliates, including Respondent's parent company and subsidiaries; and any other persons who possess any executive authority over, or who exercises any control over, any segment of the affairs of Respondent. Such cooperation shall include but shall not be limited to:

i. Making all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, wherever located, available for full, free and unhindered inspection and examination by the Department during normal business hours (8:00a.m. to 5:00p.m.) Monday through Friday, from the date of this Order.

ii. Providing access to any and all reviews, compilations, audits or any other work of whatever nature performed by any accounting firm to include all work papers, on behalf

of, related to or in any way connected with Respondent, its affiliates and/or Respondent's corporate structure and affiliations.

iii. Providing oral testimony under oath in the attestor's official, representative and individual capacities and producing all of the documents that are calculated to disclose the true state of Respondent's affairs.

F. Directing that the failure of Respondent and its affiliates and all other persons or entities within the jurisdiction of this Court, to cooperate with the Department's investigations as required by section 631.391, Florida Statutes, and failure to comply with any Order to Show Cause issued by this Court, shall result in the immediate entry of an order of liquidation.

G. Giving notice of the automatic stay provisions of section 631.041(1), Florida Statutes.

H. Directing the Officers and Directors of Respondent to comply with the provisions of section 641.39001(1), Florida Statutes which prohibits an insolvent HMO from soliciting or accept new or renewal HMO contracts or provider contracts ; and

I. Granting such other relief as the Court deems appropriate.

**AND FURTHER**, at hearing or on consent of Respondent, if this Court determines that a receiver should be appointed, the Department moves this Court for entry of its Order of Liquidation or an Order substantially similar to the Proposed Order attached to this Application as Exhibit "B."

**RESPECTFULLY SUBMITTED** on this the **20th** day of **October**, 2014.

/s/ Jamila G. Gooden

**JAMILA G. GOODEN**

**Senior Attorney**

Florida Bar No. 46740

[Jamila.Gooden@myfloridacfo.com](mailto:Jamila.Gooden@myfloridacfo.com)

/s/ Yamile Benitez-Torviso

**YAMILE BENITEZ-TORVISO**

**Senior Attorney**

Florida Bar No. 151726

[Yamile.Benitez-Torviso@myfloridacfo.com](mailto:Yamile.Benitez-Torviso@myfloridacfo.com)

Florida Department of Financial Services

Division of Rehabilitation and Liquidation

2020 Capital Circle S.E.

Suite 310

Tallahassee, Florida 32301

Telephone: (850) 413-3179

Facsimile: (850) 413-3990





## OFFICE OF INSURANCE REGULATION

**KEVIN M. MCCARTY**  
COMMISSIONER

**FINANCIAL SERVICES  
COMMISSION**

**RICK SCOTT**  
GOVERNOR

**JEFF ATWATER**  
CHIEF FINANCIAL OFFICER

**PAM BONDI**  
ATTORNEY GENERAL

**ADAM PUTNAM**  
COMMISSIONER OF  
AGRICULTURE

October 17, 2014

The Honorable Jeff Atwater  
Chief Financial Officer  
Department of Financial Services  
The Capitol, PL-11  
Tallahassee, FL 32399

**VIA EMAIL**

Re: Florida Healthcare Plus, Inc.

Dear Chief Financial Officer Atwater:

Please be advised that the Florida Office of Insurance Regulation (hereinafter referred to as the "Office") has determined that one or more grounds exist for the initiation of delinquency proceedings, pursuant to Chapter 631, Florida Statutes, against Florida Healthcare Plus, Inc. (hereinafter referred to as "Florida Healthcare"). Florida Healthcare is a Florida corporation authorized to transact business as a health maintenance organization (hereinafter referred to as "HMO") in the State of Florida, and is authorized to sell Medicare HMO products. As specified in Sections 631.051 and 631.061, Florida Statutes, the grounds that allow a petition for an order appointing the Department of Financial Services (hereinafter referred to as the "Department") as receiver and directing it to rehabilitate or liquidate the business of a domestic insurer include, among other things, the following:

If the insurer:

- (1) Is impaired or insolvent.

The Office finds for the reasons set forth in the attached documents that Florida Healthcare has insufficient assets to pay all outstanding obligations and therefore is insolvent.

...

KEVIN M. MCCARTY • COMMISSIONER  
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0305 • (850) 413-5914 • FAX (850) 488-3334  
WEBSITE: WWW.FLOIR.COM • EMAIL: KEVIN.MCCARTY@FLOIR.COM

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**EXHIBIT "A"**

- (2) Has failed to comply with an order of the Office to make good an impairment of capital or surplus or both.

The Office finds that Florida Healthcare has failed to comply with the capital and surplus requirements outlined in the Consent Order it entered into on April 21, 2011, case number 116991-11-CO.

- (3) Is found by the Office to be in such condition or is using or has been subject to such methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, or the public.

The Office finds that Florida Healthcare's insolvency poses a serious danger to the financial safety of the policyholders, subscribers, claimants, creditors, and citizens of the State of Florida.

I am advising you of the Office's determinations so that delinquency proceedings can be initiated by the Department's Division of Rehabilitation and Liquidation. The following documents are attached in support of the Office's determination:

Exhibit A - Affidavit of Carolyn Morgan, Director Life & Health Financial Oversight,  
Florida Office of Insurance Regulation, with Exhibits

As always, the Office stands ready to provide any additional information or assistance the Department needs in order for this matter to proceed as expeditiously as possible. Thank you for your attention to this matter.

Sincerely,



Kevin M. McCarty  
Commissioner

cc: Drew Parker, General Counsel  
Department of Financial Services

Sha'Ron James, Division Director  
Division of Rehabilitation and Liquidation  
Department of Financial Services

**AFFIDAVIT OF CAROLYN MORGAN**

**BEFORE ME**, the undersigned authority, personally appeared Carolyn Morgan, Director of Life & Health Financial Oversight for the Florida Office of Insurance Regulation, who after being sworn, deposes and says:

1. I, Carolyn Morgan, am over the age of eighteen (18), sui juris, and I am competent to testify to and have personal knowledge of the facts contained herein.

2. I, Carolyn Morgan, currently hold the position of Director of the Life & Health Financial Oversight business unit of the Florida Office of Insurance Regulation (“Office”). I graduated from Florida State University in 2007 with a Bachelor’s degree in Accounting. I hold one professional certification, Associate Professional in Regulation (APIR). I have been employed by the Office since June 2004. My responsibilities include managing the activities regarding the compliance, operations, and solvency of life and health insurers licensed by the Office.

3. Florida Healthcare Plus, Inc. (“Florida Healthcare”) is a domestic health maintenance organization, licensed in Florida on April 21, 2011, under Part I of Chapter 641, Florida Statutes, and is subject to the regulation of the Office, pursuant to the Florida Insurance Code.

4. The Office has determined that grounds exist for the Department of Financial Services (“Department”) to petition for an order, under Section 631.051, Florida Statutes, directing the Department to initiate delinquency proceedings against Florida Healthcare. The basis for this determination is summarized as follows:

a. Pursuant to a Consent Order that Florida Healthcare entered into on April 21, 2011, case number 116991-11-CO (“Consent Order 116991-11-CO,” attached as Exhibit 1),

Florida Healthcare is required to maintain capital and surplus equal to the greater of \$3,000,000 or 125% of the capital and surplus required by Section 641.225, Florida Statutes. As of June 30, 2014, Florida Healthcare's minimum capital and surplus requirement was \$3,000,000.

b. On August 13, 2014, Florida Healthcare filed with the Office its quarterly financial statement for the period ending June 30, 2014, which the Office determined contained a material accounting error of six hundred thousand U.S. Dollars (\$600,000). On August 22, 2014, Florida Healthcare filed with the Office its second amended quarterly financial statement for the period ending June 30, 2014, reporting surplus of \$2,959,444, which was \$40,556 below the minimum surplus requirement, rendering the company impaired (excerpt attached as Exhibit 2).

c. Because Florida Healthcare failed to maintain compliance with the minimum surplus requirements set forth in Consent Order 116991-11-CO and filed a financial statement with the Office that contained accounting errors, on August 27, 2014, the Office issued an Order of Suspension (attached, without exhibits, as Exhibit 3). Pursuant to the Notice of Rights attached to the Order of Suspension, Florida Healthcare had until September 23, 2014, to file a petition challenging the Order of Suspension. Florida Healthcare failed to file a petition or otherwise request a hearing in accordance with Sections 120.569, 120.57(1), or 120.57(2), Florida Statutes, by September 23, 2014. Therefore, on September 29, 2014, the Office issued a Final Order of Suspension (attached as Exhibit 4), suspending Florida Healthcare's authority to enroll new subscribers until, among other things, "the filing of FLORIDA HEALTHCARE of an accurate financial statement reflecting compliance with minimum surplus requirements."

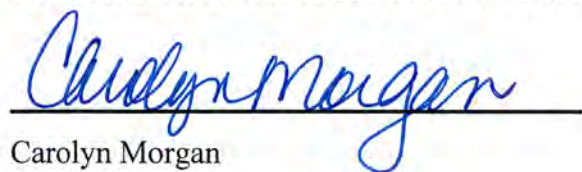
d. Due to material accounting errors in Florida Healthcare's quarterly financial statement, on September 8, 2014, the Office began a financial examination of Florida Healthcare, focusing on verifying Florida Healthcare's balance sheet as of June 30, 2014. On

October 17, 2014, the Office received an Examination Issue Summary report outlining the examination findings (excerpt attached as Exhibit 5).

e. Based on the Examination Issue Summary report, the Office has determined that as of June 30, 2014, Florida Healthcare's total assets were overstated by \$4,897,682 and total liabilities were understated by \$9,829,987, resulting in examination adjustments totaling (\$14,727,669). The adjustment of (\$14,727,669) reduces Florida Healthcare's reported surplus as of June 30, 2014, to approximately (\$11,768,225), rendering Florida Healthcare insolvent.

5. Based on the above findings, the Office determined that Florida Healthcare is "insolvent," "[h]as failed to comply with an order of the office to make good an impairment of capital or surplus or both," and is "in such condition or is using or has been subject to such methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, or the public," as outlined in Section 631.051(1), (2), and (3), Florida Statutes. Thus, grounds for the initiation of delinquency proceedings exist under Sections 631.051(1), (2), and (3) and 631.061, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT.



Carolyn Morgan  
Director  
Life & Health Financial Oversight  
Florida Office of Insurance Regulation

STATE OF Florida

COUNTY OF Leon

The foregoing instrument was acknowledge before me this 17 day of October, 2014

by Carolyn Morgan as Director of Life & Health Financial Oversight  
(Name of Person) (E.g., officer, director, attorney-in-fact)

for Florida Office of Insurance Regulation  
(Company Name)



Monica Steen  
(Signature of the Notary)

Monica Steen  
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known ☒ OR Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

# EXHIBIT

1

FILED

APR 21 2011

OFFICE OF  
INSURANCE REGULATION

Dictated by:                     



OFFICE OF INSURANCE REGULATION

Kevin M. McCarty  
COMMISSIONER

IN THE MATTER OF:

FLORIDA HEALTHCARE PLUS, INC.

CASE NO. 116991-11-CO

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing by FLORIDA HEALTHCARE PLUS, INC. (hereinafter referred to as the "APPLICANT") a licensed prepaid health clinic subject to the jurisdiction and regulation of the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE"), of an application for issuance of a Certificate of Authority to operate as a health maintenance organization pursuant to Part I of Chapter 641, Florida Statutes. The OFFICE, having considered said application and being otherwise fully advised in the premises, finds as follows:

1. The OFFICE has jurisdiction over the subject matter of and parties to this proceeding.
2. APPLICANT, a Florida corporation, has applied for and, subject to the terms and conditions established herein, has satisfactorily met all of the conditions precedent to the granting of a Certificate of Authority to operate as a health maintenance organization pursuant to Part I of Chapter 641, Florida Statutes.
3. APPLICANT shall within ten (10) business days of the execution of this Consent Order, register with the National Association of Insurance Commissioners.



4. APPLICANT represents that none of its funds or assets are currently pledged, committed or encumbered and said funds and assets shall remain free and clear of any and all liens and/or encumbrances unless prior written approval to pledge, commit, or encumber is obtained from the OFFICE.

5. Except as disclosed in the application, APPLICANT has made material representations that none of its officers, directors, and/or stockholders have been found guilty of, or have pleaded guilty or nolo contendere to a felony or a misdemeanor, other than a minor traffic violation, without regard to whether a judgment or conviction was entered by the Court.

6. APPLICANT has further represented that it has submitted complete background information on each of the persons described in paragraph five (5), and that if such material information has not been provided, any such individual shall be removed within thirty (30) days of receipt of notification from OFFICE.

7. If upon receipt of such notification from the OFFICE, pursuant to paragraph six (6) above, APPLICANT does not timely take the required corrective action, APPLICANT agrees that such failure to act would constitute an immediate danger to the public and the OFFICE immediately may suspend or revoke the Certificate of Authority of the APPLICANT, without further proceedings pursuant to Sections 120.569(2)(m) and 120.60(6), Florida Statutes.

8. The OFFICE has relied upon APPLICANT's projected financial statements filed with the application. For the period beginning when APPLICANT accepts any premium and for the thirty-six (36) months thereafter, APPLICANT shall maintain capital and surplus of the greater of three million U.S. dollars (\$3,000,000) or one hundred and twenty-five percent (125%) of capital and surplus required by Section 641.225, Florida Statutes. Should APPLICANT's actual financial results, on a quarterly or annual basis be less than the above amount,

APPLICANT shall immediately infuse such additional funds so that APPLICANT's capital and surplus will be equal or greater than the specified amount. Evidence of any infusion necessary to meet requirements must be included with APPLICANT's statutory quarterly and annual financial statements filed with the OFFICE.

9. APPLICANT represents that Carlos J. Gonzalez shall make all necessary funds available to maintain APPLICANT in compliance with the surplus requirements of Section 641.225, Florida Statutes and paragraph eight (8) above. Said representation is material to issuance of this Consent Order.

10. APPLICANT represents that there are no other agreements, written or oral, related to the management of APPLICANT that have not been provided to the OFFICE.

11. APPLICANT represents that there are no agreements, written or oral, related to the initial funding of APPLICANT that have not been provided to the OFFICE.

12. APPLICANT shall file with the Division of Insurance Fraud of the Department of Financial Services its anti-fraud plan pursuant to Section 641.3915, Florida Statutes, within sixty (60) days of the date of execution of this Consent Order.

13. The OFFICE has relied on the APPLICANT's Plan of Operations and any material deviation from such Plan of Operations must be approved by the OFFICE in advance and in writing.

14. APPLICANT shall file with the OFFICE, via the National Association of Insurance Commissioners' electronic filing system, quarterly and annual financial statements in accordance with Section 641.26, Florida Statutes. APPLICANT shall file with the OFFICE, via the Regulatory Electronic Filing System at <https://apps.fldfs.com/REFS/Security/LogOn.aspx>, monthly financial statements starting with the first month of enrollment for the following thirty-

six (36) months. The monthly financial statements are due on or before the twenty-fifth (25) day of the following month from the period ending date. The monthly financial statements include the Jurat page, Assets, Liabilities, Capital and Surplus, Statement of Revenue and Expenses, Cash Flow and Exhibit of Premiums, Enrollment and Utilization. The Statement of Revenue and Expenses and Cash Flow shall be filed on a cumulative year-to-date basis for monthly statements. All statements shall be in the current National Association of Insurance Commissioners Health blank format.

15. APPLICANT shall submit any affiliated contracts to the OFFICE for written approval prior to the execution and/or consummation of such contract.

16. APPLICANT agrees that failure to adhere to one or more of the terms and conditions established in this Consent Order shall result, without further proceedings, in the immediate suspension or revocation of APPLICANT's Certificate of Authority pursuant to Sections 120.569(2) (n) and 120.60(6), Florida Statutes, or in such lesser penalties or sanctions as may be determined by the OFFICE in its sole discretion.

17. APPLICANT represents that all information, representations, documents, explanations and statements provided to the OFFICE as part of this application process fully describes all agreements and understandings with regard to the licensure and the future operations of APPLICANT, and further agrees and affirms that said information, representations, documents, explanations and statements are material to the issuance of this Consent Order and have been relied upon by the OFFICE in its determination to enter into this Consent Order.

18. The deadlines set forth in this Consent Order may be extended by written approval of the OFFICE. Additionally, the various reporting requirements and any other provision or requirement set forth in this Consent Order may be altered or terminated by written

approval of the OFFICE. Approval of any deadline extension is subject to statutory or administrative regulation limitations.

19. APPLICANT expressly waives a hearing in this matter, and the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which the parties may be entitled by law or rules of the OFFICE. APPLICANT hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order in any forum now or in the future available, including the rights to any administrative proceeding, circuit or federal court action, or any appeal.

20. APPLICANT shall report to the OFFICE, Life and Health Financial Oversight, any time that it is named as a party defendant in a class action lawsuit, within fifteen (15) days after the class is certified, and APPLICANT shall include a copy of the complaint at the time it reports the class action lawsuit to the OFFICE.

21. Executive Order 13224, which was signed by President George W. Bush on September 23, 2001, blocks the assets of terrorists and terrorist support organizations identified by the Office of Foreign Assets Control of the Treasury Department. The Executive Order also prohibits any transactions by U.S. persons involving the blocked assets and interests. The list of identified terrorists and terrorist support organizations is periodically updated at the Treasury Department's website, Office of Foreign Assets Control website, <http://www.gov/ofac>.

22. APPLICANT shall maintain and adhere to procedures necessary to detect and prevent prohibited transactions with individuals and entities which have been identified at the Treasury Department's Office of Foreign Assets Control website.

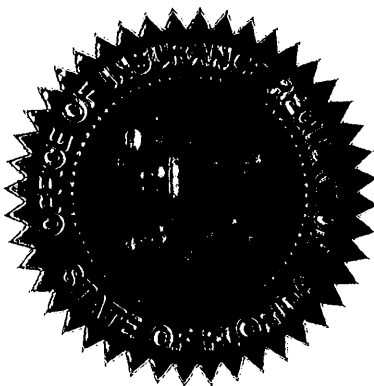
23. The parties agree that this Consent Order shall be deemed to be executed when the OFFICE has executed a copy of this Consent Order bearing signature of APPLICANT or its

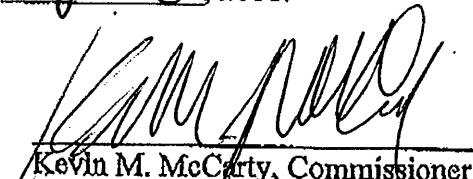
authorized representative notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, APPLICANT agrees that its signature as affixed to this Consent Order shall be under the seal of a Notary Public.

WHEREFORE, subject to the terms and conditions set forth above, the OFFICE hereby approves the application for issuance of a Certificate of Authority to FLORIDA HEALTHCARE PLUS, INC. to transact the business of insurance in Florida as a health maintenance organization, in accordance with Part I of Chapter 641, Florida Statutes.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 21st day of April, 2011.



  
Kevin M. McCarty, Commissioner  
Office of Insurance Regulation

By execution hereof, FLORIDA HEALTHCARE PLUS, INC. consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind FLORIDA HEALTHCARE PLUS, INC. to the terms and conditions of this Consent Order and has personal knowledge of the APPLICATION and the information provided therein.

FLORIDA HEALTHCARE PLUS, INC.

By: [Signature]

Print Name: Ramon Quirantes

Title: CEO

Date: 4/19/11

Corporate Seal

STATE OF FL  
COUNTY OF Dade

The foregoing instrument was acknowledged before me this 19 day of April 2011,

by Ramon Quirantes as CEO  
(name of person) (type of authority ..... e.g. officer, trustee attorney in fact)

for Florida Healthcare Plus, Inc.  
(company name)

[Signature]  
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)



LUZ EDY DONADI  
MY COMMISSION # DD 975104  
EXPIRES: March 28, 2014  
Bonded Thru Budget Notary Services

By execution hereof, CARLOS J. GONZALEZ consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind CARLOS J. GONZALEZ to the terms and conditions of this Consent Order and has personal knowledge of the APPLICATION and the information provided therein.

CARLOS J. GONZALEZ

By: [Signature]

Print Name: Carlos J. Gonzalez

Title: President

Date: 4-19-2011

STATE OF FL  
COUNTY OF Dade

The foregoing instrument was acknowledged before me this 19 day of April 2011,

by Carlos J. Gonzalez as President  
(name of person) (type of authority .... e.g. officer, trustee attorney in fact)

for Florida Healthcare Plus, inc  
(company name)

[Signature]  
(Signature of the Notary)

(Print, Type or Stamp Commissioned Name of Notary)



LUZEDY DONADI  
MY COMMISSION # DD 975104  
EXPIRES: March 28, 2014  
Bonded Thru Budget Notary Services

Copies Furnished To:

JOHN BLACK, III, PRESIDENT  
Meridian Consulting, Inc.  
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Office of Insurance Regulation  
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Phone: (850) 413-4169  
Email: Catharine.Schoenecker@floir.com



# EXHIBIT

2

**QUARTERLY STATEMENT**

**OF THE**

**FLORIDA HEALTHCARE PLUS, INC.**

**of MIAMI-DADE**

**in the state of FLORIDA**

**TO THE**

**Insurance Department**

**OF THE**

**STATE OF**

**FLORIDA**

**FOR THE QUARTER ENDED**

**June 30, 2014**

**HEALTH**

**2014**



14050201420100102

QUARTERLY STATEMENT

AS OF JUNE 30, 2014  
OF THE CONDITION AND AFFAIRS OF THE

Florida Healthcare Plus, Inc.

NAIC Group Code	0000	0000	NAIC Company Code	14050	Employer's ID Number	58-2493693
	(Current Period)	(Prior Period)				
Organized under the Laws of					State of Domicile or Port of Entry	Florida
Country of Domicile						
Licensed as business type	Life, Accident & Health	[ ]	Property/Casualty	[ ]	Hospital, Medical & Dental Service or Indemnity	[ ]
	Dental Service Corporation	[ ]	Vision Service Corporation	[ ]	Health Maintenance Organization	[X]
	Other	[ ]	Is HMO Federally Qualified?	Yes [X] No [ ]		
Incorporated/Organized	December 2, 2004				Commenced Business	April 21, 2011
Statutory Home Office	2100 Ponce De Leon Blvd Ste PH 1				Coral Gables, FL US 33134	
	(Street and Number)				(City or Town, State, Country and Zip Code)	
Main Administrative Office	2100 Ponce De Leon Blvd Ste PH 1					
	(Street and Number)					
	Coral Gables, FL US 33134	305-888-2210				
	(City or Town, State, Country and Zip Code)		(Area Code) (Telephone Number)			
Mail Address	2100 Ponce De Leon Blvd Ste PH 1				Coral Gables, FL US 33134	
	(Street and Number or P.O. Box)				(City or Town, State, Country and Zip Code)	
Primary Location of Books and Records	2100 Ponce De Leon Blvd Ste PH 1				Coral Gables, FL US 33134	305-888-2210
	(Street and Number)				(City or Town, State, Country and Zip Code)	(Area Code) (Telephone Number)
Internet Website Address	floridahealthcareplus.com					
Statutory Statement Contact	Edward Maszak				305-888-2210	
	(Name)				(Area Code) (Telephone Number)	(Extension)
	emaszak@floridahealthcareplus.com				305-443-6061	
	(E-Mail Address)				(Fax Number)	

OFFICERS

	Name	Title
1.	Susan E Rawling Molina	Chief Executive Officer
2.	Susan E Rawling Molina	Secretary
3.	Edward Maszak	Chief Financial Officer

VICE-PRESIDENTS

Name	Title	Name	Title

DIRECTORS OR TRUSTEES

Jesus Quintero	Susan Rawlings Molina	Rene Yamin	Leonardo Gravier

State of .....

County of ..... ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

(Signature)	(Signature)	(Signature)
Susan E Rawling Molina	Susan E Rawling Molina	Edward Maszak
(Printed Name)	(Printed Name)	(Printed Name)
1.	2.	3.
Chief Executive Officer	Secretary	Chief Financial Officer
(Title)	(Title)	(Title)

Subscribed and sworn to before me this  
21 day of August, 2014

a. Is this an original filing? [ ] Yes [X] No  
b. If no: 1. State the amendment number 2  
2. Date filed August 22, 2014  
3. Number of pages attached 45



ASSETS

	Current Statement Date			4  December 31 Prior Year Net Admitted Assets
	1  Assets	2  Nonadmitted Assets	3  Net Admitted Assets (Cols. 1 - 2)	
1. Bonds				
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate:				
4.1 Properties occupied by the company (less \$ 0 encumbrances)				
4.2 Properties held for the production of income (less \$ 0 encumbrances)				
4.3 Properties held for sale (less \$ 0 encumbrances)				
5. Cash (\$ 3,601,987), cash equivalents (\$ 0), and short-term investments (\$ 0)	3,601,987		3,601,987	6,479,467
6. Contract loans (including \$ 0 premium notes)				
7. Derivatives				
8. Other invested assets				
9. Receivables for securities				
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets				
12. Subtotals, cash and invested assets (Lines 1 to 11)	3,601,987		3,601,987	6,479,467
13. Title plants less \$ 0 charged off (for Title insurers only)				
14. Investment income due and accrued				
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	2,026,467		2,026,467	
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ 0 earned but unbilled premiums)				
15.3 Accrued retrospective premiums	2,637,628		2,637,628	2,637,628
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	385,821		385,821	1,390,000
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	110,965		110,965	189,000
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon				
18.2 Net deferred tax asset				
19. Guaranty funds receivable or on deposit				
20. Electronic data processing equipment and software	271,569	200,660	70,909	89,941
21. Furniture and equipment, including health care delivery assets (\$ 0)	128,112	128,112		
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates				12,000,000
24. Health care (\$ 2,246,781) and other amounts receivable	2,246,781		2,246,781	1,362,536
25. Aggregate write-ins for other than invested assets	386,024	366,024	20,000	
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	11,795,354	694,796	11,100,558	24,148,572
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28. Total (Lines 26 and 27)	11,795,354	694,796	11,100,558	24,148,572

DETAILS OF WRITE-IN LINES				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)				
2501. Other than invested assets - Prepaid expenses	261,523	261,523		
2502. Other than invested assets - Security Deposits	78,140	78,140		
2503. Other than invested assets - Accreditation costs, net	21,361	21,361		
2598. Summary of remaining write-ins for Line 25 from overflow page	25,000	5,000	20,000	
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	386,024	366,024	20,000	

LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 0 reinsurance ceded)	6,011,860	1,187,969	7,199,829	16,705,682
2. Accrued medical incentive pool and bonus amounts				
3. Unpaid claims adjustment expenses	17,478		17,478	143,516
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act				
5. Aggregate life policy reserves				
6. Property/casualty unearned premium reserve				
7. Aggregate health claim reserves				371,650
8. Premiums received in advance				
9. General expenses due or accrued	(26,193)		(26,193)	1,924,722
10.1 Current federal and foreign income tax payable and interest thereon (including \$ 0 on realized gains (losses))				
10.2 Net deferred tax liability				
11. Ceded reinsurance premiums payable				
12. Amounts withheld or retained for the account of others				
13. Remittances and items not allocated				
14. Borrowed money (including \$ 0 current) and interest thereon \$ 0 (including \$ 0 current)				
15. Amounts due to parent, subsidiaries and affiliates				
16. Derivatives				
17. Payable for securities				
18. Payable for securities lending				
19. Funds held under reinsurance treaties (with \$ 0 authorized reinsurers, \$ 0 unauthorized reinsurers, and \$ 0 certified reinsurers)				
20. Reinsurance in unauthorized and certified (\$ 0) companies				
21. Net adjustments in assets and liabilities due to foreign exchange rates				
22. Liability for amounts held under uninsured plans				
23. Aggregate write-ins for other liabilities (including \$ 0 current)	950,000		950,000	
24. Total liabilities (Lines 1 to 23)	6,953,145	1,187,969	8,141,114	19,145,570
25. Aggregate write-ins for special surplus funds	X X X	X X X	690,000	
26. Common capital stock	X X X	X X X	1,000	1,000
27. Preferred capital stock	X X X	X X X		
28. Gross paid in and contributed surplus	X X X	X X X	31,984,023	31,044,023
29. Surplus notes	X X X	X X X	10,000,000	10,000,000
30. Aggregate write-ins for other than special surplus funds	X X X	X X X		
31. Unassigned funds (surplus)	X X X	X X X	(39,715,579)	(36,042,021)
32. Less treasury stock, at cost:				
32.1 0 shares common (value included in Line 26 \$ 0)	X X X	X X X		
32.2 0 shares preferred (value included in Line 27 \$ 0)	X X X	X X X		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	X X X	X X X	2,959,444	5,003,002
34. Total liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	11,100,558	24,148,572

DETAILS OF WRITE-IN LINES				
2301. ACA Fee Payable	950,000		950,000	
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page				
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	950,000		950,000	
2501. Special Surplus Funds - ACA Fee Payable	X X X	X X X	690,000	
2502.	X X X	X X X		
2503.	X X X	X X X		
2598. Summary of remaining write-ins for Line 25 from overflow page	X X X	X X X		
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	X X X	X X X	690,000	
3001.	X X X	X X X		
3002.	X X X	X X X		
3003.	X X X	X X X		
3098. Summary of remaining write-ins for Line 30 from overflow page	X X X	X X X		
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	X X X	X X X		

NONE

# EXHIBIT

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**FILED**

AUG 27 2014

OFFICE OF INSURANCE REGULATION

OFFICE OF  
INSURANCE REGULATION  
Docketed by: 33

KEVIN M. MCCARTY  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 159459-14

FLORIDA HEALTHCARE PLUS, INC.  
\_\_\_\_\_ /

ORDER

TO: Susan Rawlings-Molina, Chief Executive Officer  
Florida Healthcare Plus, Inc.  
2100 Ponce De Leon Blvd, Suite PH 1  
Coral Gables, Florida 33134

THIS CAUSE came on for consideration as a result of the financial condition reported in the second quarter financial statement for the period ending June 30, 2014, filed by FLORIDA HEALTHCARE PLUS, INC. (hereinafter referred to as "FLORIDA HEALTHCARE"). The Office of Insurance Regulation (hereinafter referred to as the "OFFICE"), having considered the matter and otherwise advised in the premises, finds as follows:

1. The OFFICE has jurisdiction over FLORIDA HEALTHCARE and the subject matter of this proceeding.
2. FLORIDA HEALTHCARE is a domestic health maintenance organization, licensed under Chapter 641, Florida Statutes, and is subject to the regulation of the OFFICE, pursuant to the Florida Insurance Code.

3. FLORIDA HEALTHCARE entered into a consent order, case no. 116991-11-CO (attached as Exhibit 1), on April 21, 2011 requiring that, “for the period beginning when APPLICANT accepts any premium and for the thirty-six (36) months thereafter, APPLICANT shall maintain capital and surplus of the greater of three million U.S. dollars (\$3,000,000) or one hundred and twenty percent (125%) of capital and surplus required by Section 641.225, Florida Statutes.”

4. On August 13, 2014, FLORIDA HEALTHCARE filed with the OFFICE its quarterly financial statement for the period ending June 30, 2014 (hereinafter referred as the “Financial Statement”), reporting surplus in the amount of three million, five hundred fifty nine thousand, four hundred forty four U.S. Dollars (\$3,559,444). Based on the required capital and surplus outlined in Consent Order 116991-11-CO, FLORIDA HEALTHCARE is required to maintain a minimum surplus of three million U.S. Dollars (\$3,000,000).

5. The OFFICE has reviewed the Financial Statement and determined that a material accounting error of six hundred thousand U.S. Dollars (\$600,000) was made. A confirmation from the Chief Financial Officer, via email, verified the finding that indeed an error had been made. The correction of the accounting error resulted in a reduction to surplus in the amount of six hundred thousand U.S. Dollars (\$600,000), resulting in the impairment of FLORIDA HEALTHCARE’s surplus by forty thousand, five hundred and fifty six U. S. Dollars (\$40,556).

6. On August 15, 2014, FLORIDA HEALTHCARE filed an amended balance sheet reflecting the correction of the accounting error by increasing the claims unpaid. Concurrently, FLORIDA HEALTHCARE also included an increase of fifty thousand U.S. Dollars (\$50,000) in the accounts receivable, which is the amount of a cash infusion received on August 15, 2014. Pursuant to 641.183, Florida Statutes, all assets must be reported in accordance with the NAIC



Accounting Practices and Procedures Manual (hereinafter referred to as the "Manual"). As part of the Manual, Statement of Statutory Accounting Principle 72 (hereinafter referred to as SAPP 72) requires evidence of collection of the funds and approval of the OFFICE prior to the filing of the statutory financial statement. For this reason the OFFICE finds that the fifty thousand U.S. Dollars (\$50,000) is deemed a non-admitted asset.

7. On August 22, 2014 FLORIDA HEALTHCARE filed a second amended quarterly financial statement; as of June 30, 2014. FLORIDA HEALTHCARE reported surplus of two million, nine hundred fifty nine thousand, four hundred forty-four U.S. Dollars (\$2,959,444), which is less than the minimum surplus requirement of three million U.S. Dollars (\$3,000,000); therefore, rendering FLORIDA HEALTHCARE impaired as of June 30, 2014.

IT IS THEREFORE ORDERD THAT:

1. The Certificate of Authority of FLORIDA HEALTHCARE is hereby suspended. FLORIDA HEALTHCARE's authority to enroll new subscribers shall be immediately suspended until such time as FLORIDA HEALTHCARE files an accurate quarterly financial statement reflecting compliance with minimum surplus requirements and provides a plan, to the satisfaction of the OFFICE, addressing the competence and trustworthiness of those preparing and submitting the financial statements.

2. Pursuant to Section 641.23(4), Florida Statutes, FLORIDA HEALTHCARE is suspended for a period of one year from the date of this order. The conditions noted in paragraph 1 above must be met by FLORIDA HEALTHCARE prior to reinstatement of its authority to enroll new subscribers.

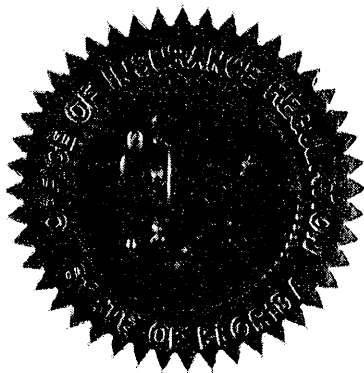
3. This order of suspension is subject to rescission or modification by further order of the OFFICE prior to the expiration of the suspension period.

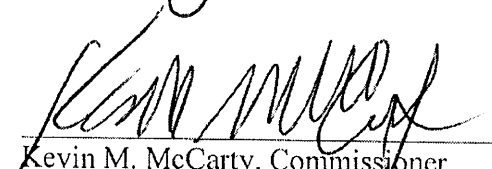
4. FLORIDA HEALTHCARE must request reinstatement of its authority to enroll new subscribers. Pursuant to Section 641.23(4), Florida Statutes, the OFFICE will not grant reinstatement if it finds that the circumstances for which the suspension occurred still exists or are likely to recur or if not in full compliance with the Florida Insurance Code.

5. FLORIDA HEALTHCARE must continue to file with the OFFICE all documents and information required by the Florida Insurance Code.

6. FLORIDA HEALTHCARE must continue to honor all claims and liabilities arising under its contractual obligations in the State of Florida.

DONE and ORDERED this 27<sup>th</sup> day of August, 2014.



  
Kevin M. McCarty, Commissioner  
Office of Insurance Regulation

## NOTICE OF RIGHTS

Pursuant to Sections 120.569 and 120.57, Florida Statutes and Rule Chapters 28-106, Florida Administrative Code (F.A.C.), you have a right to request a proceeding to contest this action by the Office of Insurance Regulation (hereinafter the "Office"). You may request a proceeding by filing a Petition. Your Petition must be in writing and must be filed with the General Counsel acting as the Agency Clerk, Office of Insurance Regulation. If served by U.S. Mail the Petition should be addressed to the Florida Office of Insurance Regulation at 647 Larson Building, Tallahassee, Florida 32399-4206. If Express Mail or hand delivery is utilized, the Petition should be delivered to 647 Larson Building, 200 East Gaines Street, Tallahassee, Florida 32399-0300. The written Petition must be received by, and filed in the Office no later than 5:00 p.m. on the twenty-first (21) day after your receipt of this notice. Unless your Petition challenging this action is received by the Office within twenty-one (21) days from the date of the receipt of this notice, the right to a proceeding shall be deemed waived. Mailing the response on the twenty-first day will not preserve your right to a hearing.

If a proceeding is requested and there is no dispute of material fact the provisions of Section 120.57(2), Florida Statutes would apply. In this regard you may submit oral or written evidence in opposition to the action taken by this agency or a written statement challenging the grounds upon which the agency has relied. While a hearing is normally not required in the absence of a dispute of fact, if you feel that a hearing is necessary one will be conducted in Tallahassee, Florida or by telephonic conference call upon your request.

If you dispute material facts which are the basis for this agency's action you may request a formal adversarial proceeding pursuant to Sections 120.569 and 120.57(1), Florida Statutes. If you request this type of proceeding, the request must comply with all of the requirements of Rule Chapter 28-106.2015, F.A.C., including but not limited to:

- a) A statement requesting an administrative hearing identifying those material facts that are in dispute. If there are none, the petition must so state; and
- b) A statement of when the respondent received notice of the agency's action.

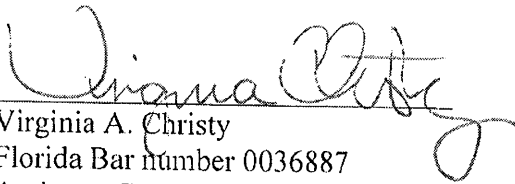
These proceedings are held before a State Administrative Law Judge of the Division of Administrative Hearings. Unless the majority of witnesses are located elsewhere the Office will request that the hearing be conducted in Tallahassee.

In some instances, you may have additional statutory rights than the ones described herein.

Failure to follow the procedure outlined with regard to your response to this notice may result in the request being denied. Any request for administrative proceeding received prior to the date of this notice shall be deemed abandoned unless timely renewed in compliance with the guidelines as set out above.

## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Order was sent by Certified Mail to Susan Rawlings-Molina, Chief Executive Officer, Florida Healthcare Plus, Inc., 2100 Ponce De Leon Blvd, Suite PH 1, Coral Gables, Florida 33134, this 27 day of August, 2014.



Virginia A. Christy

Florida Bar number 0036887

Assistant General Counsel

Florida Office of Insurance Regulation

200 East Gaines Street

Tallahassee, Florida 32399-4206

(850) 413-4220

Virginia.Christy@floiir.com

# EXHIBIT

4

# FILED

SEP 29 2014



OFFICE OF  
INSURANCE REGULATION

Docketed by: SRB

## OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 159459-14

FLORIDA HEALTHCARE PLUS, INC.  
\_\_\_\_\_ /

### FINAL ORDER OF SUSPENSION FLORIDA HEALTHCARE PLUS, INC.

TO: Susan Rawlings-Molina, Chief Executive Officer  
Florida Healthcare Plus, Inc.  
2100 Ponce De Leon Blvd, Suite PH 1  
Coral Gables, Florida 33134

THIS CAUSE came on for final agency action and the Commissioner of the Office of Insurance Regulation (hereinafter referred to as the "OFFICE") having considered the record in this case and the Order of Suspension dated August 27, 2014 (hereinafter referred to as the "ORDER"), and being fully advised in the premises, hereby finds that:

1. The OFFICE has jurisdiction over FLORIDA HEALTHCARE and the subject matter of this proceeding.

2. On August 27, 2014, an Order of Suspension was issued to FLORIDA HEALTHCARE PLUS, INC. (hereinafter referred to as "FLORIDA HEALTHCARE") alleging that FLORIDA HEALTHCARE was financially impaired pursuant to the Florida Insurance Code, for failure to maintain adequate statutory surplus and accounting errors.

3. The ORDER was served on FLORIDA HEALTHCARE on August 27, 2014. The ORDER was served by certified mail, return receipt requested, in accordance with subsection 120.60(5), Florida Statutes. The return receipt reflects delivery to FLORIDA HEALTHCARE on September 2, 2014.

4. Attached to the ORDER was a "Notice of Rights" which informed FLORIDA HEALTHCARE of its right to file a petition challenging the ORDER by filing such petition with certain required information within twenty-one (21) days from receipt of the ORDER.

5. The deadline for filing a petition challenging the ORDER was September 23, 2014. FLORIDA HEALTHCARE failed to file such petition or otherwise request a hearing in accordance with Sections 120.569, 120.57(1), or 120.57(2), Florida Statutes, by September 23, 2014.

6. Based on FLORIDA HEALTHCARE's failure to timely respond to the ORDER, the Commissioner of the OFFICE of Insurance Regulation finds that a Final Order of Suspension should be entered in this matter.

IT IS THEREFORE ORDERD THAT:

7. The certificate of authority of FLORIDA HEALTHCARE is suspended as of close of business on September 23, 2014, and their authority to enroll new subscribers is immediately suspended until the occurrence of the following specific events necessary for remedying the reasons for suspension, but no longer that one year from the date of this order:

a. the filing by FLORIDA HEALTHCARE of an accurate financial statement reflecting compliance with minimum surplus requirements ; and

b. the submission a plan, to the satisfaction of the OFFICE, addressing the competence and trustworthiness of those preparing and submitting the financial statements.

8. FLORIDA HEALTHCARE must continued to file with the OFFICE all documents and information required by the Florida Insurance Code

9. FLORIDA HEALTHCARE must request reinstatement of its authority to enroll new subscribers. Pursuant to Section 641.23(4), Florida Statutes, the OFFICE will not grant reinstatement if it finds that the circumstances for which the suspension occurred still exists or are likely to recur or if not in full compliance with the Florida Insurance Code.

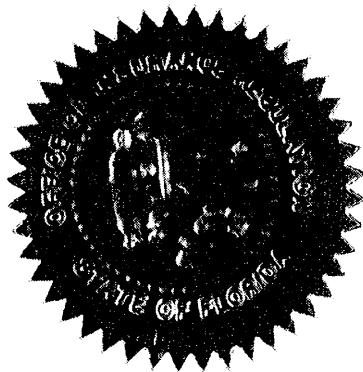
10. FLORIDA HEALTHCARE must continue to honor all claims and liabilities arising under its contractual obligations in the State of Florida.

IT IS FURTHER ORDERED THAT:

11. FLORIDA HEALTHCARE shall comply with all of the conditions specified in the ORDER which are incorporated herein as if fully set forth.

12. Failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a lawful order of the OFFICE, and shall subject FLORIDA HEALTHCARE to such administrative action as the OFFICE may deem appropriate.

DONE and ORDERED this 29<sup>th</sup> day of SEPTEMBER, 2014



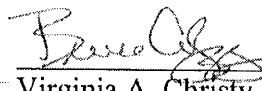
A handwritten signature in black ink, appearing to read "K. McCarty", is written over a horizontal line.

Kevin M. McCarty, Commissioner  
Office of Insurance Regulation



## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of this Order was sent by Certified Mail to Susan Rawlings-Molina, Chief Executive Officer, Florida Healthcare Plus, Inc., 2100 Ponce De Leon Blvd, Suite PH 1, Coral Gables, Florida 33134, this 29 day of September, 2014.

  
for Virginia A. Christy, Asst. Gen. Counsel  
Florida Bar number 0036887  
Assistant General Counsel  
Florida Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399-4206  
(850) 413-4220  
Virginia.Christy@floir.com

COPIES FURNISHED TO:

Susan Rawlings-Molina, Chief Executive Officer  
Florida Healthcare Plus, Inc.  
2100 Ponce De Leon Blvd, Suite PH 1  
Coral Gables, Florida 33134

Carolyn Morgan, Director  
Life and Health Financial Oversight  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399

Valerie Reglat, Chief Analyst  
Life and Health Financial Oversight  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399

Virginia A. Christy, Assistant General Counsel  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida  
Telephone: (850) 413-4220  
E-mail: Virginia.Gray@floir.com

# EXHIBIT

5

Florida Healthcare Plus  
June 30, 2014  
Examination Issue Summary  
Through September 25, 2014

As directed by the Office, the financial examination team expedited the review of the Company's balance sheet accounts and the underlying systems and operational issues with claims handling.

The examination commenced with fieldwork at the Company the week of September 8, 2014. This report was prepared in the interim to timely update the Office on the concerns noted and their impact to the June 30, 2014 balance sheet and Company solvency.

Given that the examination has been underway for less than three weeks, this report is intended to communicate the most critical solvency and operational concerns to the Office for the purpose of planning the continuation of the examination and/or special procedures as needed.

#### **BALANCE SHEET VERIFICATION**

The examination performed procedure to substantiate the Company's balance sheet accounts as of June 30, 2014. These procedures included meetings with management and accounting personnel, review of supporting documentation and schedules, and review of the Company's actuarial reserve studies prepared as of June 30, 2014.

The following page contains the balance sheet per examination.

Florida Healthcare Plus  
June 30, 2014  
Examination Issue Summary  
Through September 25, 2014

**Florida Health Care Plus, Inc.**  
**Admitted Assets, Liabilities, Capital and Surplus**  
**June 30, 2014**

	Per Company	Examination Adjustments	Per Examination
<b>Admitted Assets</b>			
Cash, cash equivalents and short-term investments	3,601,987	(2,611,534)	990,453
	3,601,987	(2,611,534)	990,453
Uncollected premiums	262,661	(44,000)	218,661
Accrued retrospective premiums	4,401,434	(144,417)	4,257,017
Amounts recoverable from reinsurers	385,821	-	385,821
Other amounts receivable under reinsurance contracts	110,965	-	110,965
EDP Equipment and software	70,909	-	70,909
Health care and other amounts receivable	2,246,781	(2,077,731)	169,050
Aggregate write-ins for other than invested assets	20,000	(20,000)	-
Total admitted assets	\$ 11,100,558	\$ (4,897,682)	\$ 6,202,876
<b>Liabilities</b>			
Claims unpaid	\$ 7,199,829	\$ 8,700,171	\$ 15,900,000
Unpaid claims adjustment expenses	17,478	438,522	456,000
Aggregate health claims reserves	-	156,584	156,584
General expenses due or accrued	(26,193)	500,970	474,777
Aggregate write-ins for other liabilities	950,000	33,740	983,740
Total liabilities	8,141,114	9,829,987	17,971,101
<b>Capital and Surplus</b>			
Aggregate write-ins for special surplus funds	690,000	-	690,000
Common capital stock	1,000	-	1,000
Gross paid in and contributed surplus	31,094,023	-	31,094,023
Surplus notes	10,940,000	-	10,940,000
Unassigned funds (deficit)	(39,765,579)	(14,727,669)	(54,493,248)
Total capital and surplus	2,959,444	(14,727,669)	(11,768,225)

**IN THE CIRCUIT COURT OF THE SECOND JUDICIAL CIRCUIT,  
IN AND FOR LEON COUNTY, FLORIDA**

State of Florida, ex rel., the  
Department of Financial Services of  
the State of Florida,  
Relator

v.

CASE NO.:

Florida Healthcare Plus, Inc.  
Respondent \_\_\_\_\_/

**ORDER APPOINTING THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES AS  
RECEIVER OF FLORIDA HEALTHCARE PLUS, INC. FOR PURPOSES OF  
LIQUIDATION, INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

**THIS CAUSE** was considered on the Application of the State of Florida, Department of Financial Services (hereinafter the “Department”) for an Order Requiring Florida HealthCare Plus, Inc. (“Respondent” or “Company”) to Show Cause Why It Should Not Be Placed in Receivership For Purposes of Liquidation, Injunction, and Notice of Automatic Stay, which was filed on October 20, 2014, (hereinafter, “Application”). After consideration, this Court entered its Order Requiring Respondent to Show Cause on \_\_\_\_\_, 2014. A hearing was conducted on the Order to Show Cause on \_\_\_\_\_, 2014, wherein the Department and Respondent appeared and presented evidence and argument related to the Department’s allegations contained in its Application.

The Court, having reviewed and considered the pleadings of record, heard the evidence of the parties and arguments of counsel, and otherwise being fully informed in the premises, finds:

1. This Court has jurisdiction pursuant to section 631.021(1), Florida Statutes, and venue is proper pursuant to section 631.021(2), Florida Statutes.

2. Section 631.025, Florida Statutes, authorizes this Court to exercise jurisdiction over any person required to cooperate with the Department and the Office of Insurance Regulation (“OIR”) pursuant to section 631.391, Florida Statutes.

3. Respondent is a corporation authorized, as of April 21, 2011, to transact business in the State of Florida as a health maintenance organization (“HMO”) pursuant to the Florida Insurance Code. Respondent’s principal place of business is located at 2100 Ponce De Leon Blvd. Suite PH 1, Coral Gables, FL 33134.

4. Upon a determination by OIR that one or more grounds exist to initiate a delinquency proceeding against an insurer and upon OIR’s determination that a delinquency proceeding should be initiated, OIR is required to refer the insurer to the Department for the initiation of such delinquency proceeding. § 631.031(1), Fla. Stat.

5. Section 641.215, Florida Statutes, provides that a delinquency proceeding pursuant to chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving an HMO. Sections 631.051-.091, Florida Statutes, outline the grounds for initiating a delinquency proceeding.

6. If the statutory grounds are present as to an insurer, the Department is empowered by section 631.031(2), Florida Statutes, to commence a delinquency proceeding against the insurer, by either (1) making an application to this Court for an order to show cause directing the insurer to show cause why delinquency proceedings should not be initiated or (2) filing a petition with this Court for entry of a consent order of conservation, rehabilitation, or liquidation.

7. On October 17, 2014, pursuant to section 631.031(1), Florida Statutes, Kevin McCarty, Commissioner of OIR, advised by letter to Florida’s Chief Financial Officer, Jeff

Atwater, that the Office determined grounds existed for the initiation of liquidation proceedings against Respondent.

8. Pursuant to section 631.061, Florida Statutes, the grounds for liquidating an insurer include any of the grounds specified in section 631.051 or if the insurer is or is about to become insolvent. Based on the evidence presented at the hearing, the Court has determined that grounds for the liquidation of Respondent exist pursuant to section 631.061(1), Florida Statutes, in that Respondent is insolvent. The basis for the determination is summarized as follows:

A. On April 21, 2011, Respondent entered into a Consent Order, Case No. 116991-11-CO, with OIR which required Respondent to maintain capital and surplus in the greater of \$3,000,000 or 125% of capital and surplus required by section 641.225, Florida Statutes, for the period beginning when Respondent accepts any premium and for the 36 months thereafter.

B. On August 13, 2014, Respondent filed with OIR its quarterly financial statement for the period ending June 30, 2014 (“Financial Statement”), reporting surplus in the amount of \$3,559,444. OIR reviewed the Financial Statement and determined that a material accounting error of \$600,000 had been made in the calculation of Respondent’s surplus.

C. On August 22, 2014, Respondent filed an amended quarterly financial statement for the period ending June 30, 2014 (“Amended Financial Statement”), reporting surplus in the amount of \$2,959,444. The amount of surplus reported is less than the minimum surplus requirement specified in the Consent Order; thus, rendering Respondent impaired.

D. On September 8, 2014, OIR initiated a financial examination of Respondent which focused on verifying Respondent’s balance sheet for the period ending June 30, 2014. The examination resulted in the following determinations: as of June 30, 2014,



Respondent's total assets were overstated by \$4,897,682, and its total liabilities were understated by \$9,829,987. These findings resulted in examination adjustments totaling (\$14,727,669), which ultimately reduced Respondent's surplus to approximately (\$11,768,225) for the period ending June 30, 2014, rendering Respondent insolvent.

E. On September 29, 2014, OIR entered a Final Order of Suspension against Respondent's Certificate of Authority, effective as of close of business on September 23, 2014, suspending Respondent's authority to enroll new subscribers until, *inter alia*, Respondent files an accurate financial statement reflecting compliance with minimum surplus requirements.

9. Additionally, the Court has determined that grounds for Respondent's liquidation also exist pursuant to section 631.051(2), Florida Statutes, in that Respondent has failed to comply with an order of OIR to make good an impairment of capital or surplus or both. Pursuant to the Consent Order entered on April 21, 2011, if any of Respondent's actual financial results, on a quarterly or annual basis, reflect that Respondent's capital and surplus has fallen below the amount specified in the Consent Order, Respondent is required to immediately infuse such additional funds so as to make Respondent's capital and surplus equal or greater than the amounts specified in the Consent Order. Evidence of such infusion must be reflected in the statutory quarterly and annual financial statements filed with OIR. To date, Respondent has failed to comply with this requirement.

10. Pursuant to section 631.051(3), Florida Statutes, due to Respondent's insolvency, Respondent's further transaction of insurance is presently or prospectively hazardous to policyholders, creditors, stockholders, or the public. The Court therefore finds that it is in the best interests of Respondent, its policyholders, creditors, stockholders, and the public that the Department be appointed Receiver of Respondent for Purposes of Liquidation.

**THEREFORE, IT IS ORDERED AND ADJUDGED** as follows:

11. The Department of Financial Services of the State of Florida shall be and is hereby appointed Receiver of Respondent for purposes of liquidation effective on \_\_\_\_\_, \_\_\_\_\_, 20\_\_\_\_.

12. The Receiver shall be authorized and directed to:

A. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to sections 631.111 and 631.141, Florida Statutes, including but not limited to: offices maintained by Respondent, rights of action, books, papers, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, wherever situate and however titled, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates and all real property of Respondent, wherever situate, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates or other persons.

B. Liquidate the assets of Respondent, including but not limited to, funds held by Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives or others under agency contracts or otherwise which are due and unpaid to Respondent, including premiums, unearned commissions, agents' balances, agents' reserve funds, and subrogation recoveries.

C. Employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants, and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of

these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

D. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

E. Not defend or accept service of process on legal actions wherein Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

F. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

G. Collect all debts which are economically feasible to collect which are due and owing to Respondent.

H. Deposit funds and maintain bank accounts in accordance with section 631.221, Florida Statutes.

I. Take possession of all of Respondent's securities and certificates of deposit on deposit with the Chief Financial Officer of Florida or any similar official of any other state, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership.

J. Publish notice specifying the time and place fixed for the filing of claims

with the Receiver once each week for three consecutive weeks in the Florida Administrative Weekly published by the Secretary of State, and at least once in the Florida Bar News and to publish notice by similar methods in all states where Respondents may have issued insurance policies.

K. Negotiate and settle subrogation claims and Final Judgments without further order of this Court.

L. Sell any salvage recovered property without further order of this Court.

M. Give notice of this proceeding to Respondent's agents pursuant to section 631.341, Florida Statutes, and to its insureds, if any.

N. For purposes of this Order, the term "affiliate" shall be defined in accordance with section 631.011(1), Florida Statutes, and shall include, but not be limited to: **Florida HealthCare Holdings, LLC and JQ Florida Healthcare Plus, LLC.**

O. The Receiver is granted all of the powers of the Respondent's directors, officers, and managers, whose authority shall be suspended, except as such powers are re-delegated in writing by the Receiver. The Receiver has full power to direct and manage the affairs of Respondent, to hire and discharge employees, and to deal with the property and business of the Respondent.

P. The Receiver is authorized to update its records to incorporate change of address information for an interested individual/entity (eg. agent, claimant, creditor, policyholder, subscriber) if the Receiver determines that there has been a change of address for an interested individual/entity. The Receiver is authorized to use change of address information for future mailings.

Q. The Receiver is authorized to transfer unclaimed funds to the unclaimed property unit(s) of the states(s) reflected in the claimants' last address of record in the Receiver's files.

R. The Receiver is authorized to dispose of and destroy obsolete and unneeded records pursuant to section 631.171(10), Florida Statutes.

S. Apply to this Court for further instructions in the discharge of its duties as the Receiver deems necessary.

**IT IS FURTHER ORDERED AND DIRECTED:**

13. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates is required to fully cooperate with the Receiver, pursuant to section 631.391, Florida Statutes. Any person who fails to cooperate with the Receiver, interferes with the Receiver, or fails to follow the instructions of the Receiver, may be excluded from the building where the Respondent's offices are located at the Receiver's discretion.

14. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to sections 631.111 and 631.141, Florida Statutes.

15. All officers, directors, trustees, administrators, agents and employees and all other persons representing Respondent or currently employed or utilized by Respondent in connection with the Conduct of its business are discharged forthwith; provided, however, the Receiver may retain such persons in the Receiver's discretion.

16. All attorneys employed by Respondent as of the date of the Order, within ten (10) days of receiving notice of this Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report should also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent are advised that pursuant to sections 631.011(17) and 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1<sup>st</sup> DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent are required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, should not be extinguished by the delivery of these documents.

17. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent are required to account for and pay all premiums and commissions unearned due to cancellation of policies in the normal course of business owed to the Respondent directly to the Receiver within thirty (30) days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they should not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of the Order. No agent, broker, premium finance company or other person should use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

18. Any premium finance company, which has entered into a contract to finance a premium for a policy, which has been issued by the Respondent, is required to pay any premium owed to the Respondent directly to the Receiver.

19. Reinsurance premiums due to or payable by the Respondent shall be remitted to, or disbursed by, the Receiver. The Receiver shall handle reinsurance losses recoverable or payable by the Respondent. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

20. Upon request by the Receiver, any company providing telephonic services to the Respondent is directed to provide a reference of calls from the number presently assigned to the Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

21. Any bank, savings and loan association, financial institution or other person which has on deposit, in its possession, custody or control any funds, accounts and any other assets of the Respondent is directed to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver shall be authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without permission of this Court.

22. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to the Respondent is required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

23. Any information technology service provider or data processing service, which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to the Respondent is directed to transfer custody and control of such records to the Receiver. The Receiver shall be authorized to compensate any such entity for the actual use of hardware and software, which the Receiver finds to be necessary to this proceeding. Compensation should be based upon the monthly rate provided for in contracts or leases with Respondent which were in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver. Any past due or pending balances due from Respondent shall be processed as claims against the estate, and shall not be a basis for withholding the services contemplated in this Paragraph.

24. The United States Postal Service shall be directed to provide any information requested by the Receiver regarding the Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

25. All claims shall be filed with the Receiver on or before 11:59:59 p.m., on the date of one year following the entry of this Order, or be forever barred, and all such claims shall be filed on proof of claim forms prepared by the Receiver.

26. In order to assure the validity of claim assignments, to assure that the processing of assignments does not create an undue burden on estate resources, and to assure that



assignment decisions are made using the best information available, the Receiver shall not recognize or accept any assignment of claim by the claimant of record unless the following criteria are met:

- A. A distribution petition has not been filed with this Court;
- B. The Receiver has been provided with a properly executed and notarized assignment of claim agreement entered into between the parties; and
- C. The Receiver has been provided with a properly executed and notarized Receiver's Assignment of Claim Change Form and required supporting documentation.
- D. The Receiver's Assignment of Claim Change Form shall contain an acknowledgement by the claimant, or someone authorized to act on behalf of the claimant, that:
  - i. The claimant is aware that financial information regarding claims distributions and payments published on the Receiver's website or otherwise available can assist the claimant in making an independent and informed decision regarding the sale of the claim;
  - ii. The claimant understands that the purchase price being offered in exchange for the assignment may differ from the amount ultimately distributed in the receivership proceeding with respect to the claim;
  - iii. It is the claimant's intent to sell their claim and have the Receiver's records be permanently changed to reflect the new owner; and
  - iv. The claimant understands that that they will no longer have any title, interest, or rights to the claim including future mailings and distributions if they occur.

27. All executory contracts to which the Respondent was a party shall be cancelled and stand cancelled unless specifically adopted by the Receiver within ninety (90) days of the date of this Order or from the date of the Receiver's actual knowledge of the existence of such

contract, whichever is later. “Actual Knowledge” means the Receiver has in its possession a written contract to which the Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract.

A. Further, the Receiver shall have the authority to do the following:

i. Pay for services provided by any of Respondent’s vendors, in the ninety (90) day period prior to assuming or rejecting the contract, which are necessary to administer the Receivership estate;

ii. Once the Receiver determines Respondent’s vendor is necessary in the continued administration of the Receivership estate for a period to exceed the ninety (90) days from the date of this order, or from the date of Receiver’s actual knowledge of such contract, whichever is later, the Receiver may make minimal modifications to the terms of the contract, including, but not limited to, the expiration date of the agreement, the scope of the services to be provide, and/or the compensation to be paid to Respondent’s vendor pursuant to the contract. “Minimal Modifications” shall mean any minimum alteration made to the contract in order to adapt to the new circumstances of the Receivership estate. In no event will any minimal modification be construed as the receiver entering into a new contract with Respondent’s vendor.

B. **Any vendor, including but not limited to, any and all employees / contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship.** This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or goods were provided pursuant to the contract, any current, future and/or past due amounts owing under the

contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

28. All affiliated companies and associations, including but not limited to Florida HealthCare Holdings, LLC and JQ Florida Healthcare Plus, LLC shall make their books and records available to the Receiver, to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to Respondent. The Receiver shall have title to all policy files and other records of, and relating to Respondent, whether such documents are kept in offices occupied by an affiliate company or any other person, corporation, or association. The Receiver shall be authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be withheld from the Receiver's review, but should be safeguarded and presented to this Court for review prior to removal by the Receiver.

29. The Receiver shall have complete access to and administrative control of all information technology resources of the Respondent and its affiliates at all times including, but not limited to, Respondent's computer hardware, software and peripherals. Each affiliate shall be given reasonable access to such records for the purpose of carrying out its business operations.

30. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms is directed to appear before this Court to show good cause, if any they may

have, as to why they should not be held in contempt of Court for violation of the provisions of this Order.

31. Except as noted in the following paragraph, pursuant to the provisions of section 631.252, Florida Statutes, all policies of insurance or similar contracts of coverage that have not expired are canceled effective 12:01 a.m. on \_\_\_\_\_, \_\_\_\_, 20\_\_\_\_. Policies or contracts of coverage with normal expiration dates prior to the dates otherwise applicable under this paragraph, or which are terminated by insureds or lawfully cancelled by the Receiver or insurer before such date, shall stand canceled as of the earlier date.

32. The Receiver advises that it is working with the Centers for Medicare & Medicaid Services (“CMS”) to address issues surrounding Respondent’s participation in the Medicare program, primarily addressing the orderly movement of Respondent’s members to solvent plans within the Medicare program or to traditional Medicare.

33. Pursuant to sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, members, subscribers, agents and employees, are enjoined and restrained from the further transaction of the insurance business of the Respondent; from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books, records and assets of the Respondent; from in any means interfering with the Receiver or these proceedings; from the transfer of property and assets of Respondent without the consent of the Receiver; from the removal, concealment, or other disposition of Respondent’s property, books, records, and accounts; from the commencement or prosecution of any actions against the Respondent or the Receiver together with its agents or employees, the service of process and subpoenas, or the obtaining of preferences, judgments,

writs of attachment or garnishment or other liens; and, from the making of any levy or execution against Respondent or any of its property or assets. Notwithstanding the provisions of this paragraph, the Receivers should be permitted to accept and be subpoenaed for non-party production of claims files in its possession, including medical records, which may be contained therein. In such cases, the requesting party must submit an affidavit to the Receiver stating that notice of the non-party production was appropriately issued and provided to the patient and that the patient was given the opportunity to object and either did not object to the non-party production, or objected and the Court overruled the objection, in which case a copy of the Court's ruling must be attached to the affidavit. The Receiver should be authorized to impose a charge for copies of such claim files pursuant to the provisions of sections 119.07(1)(a), and 624.501, Florida Statutes.

34. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent shall fully cooperate with the Receiver in the effort to rehabilitate Respondent.

35. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the building located at 2100 Ponce De Leon Blvd. Suite PH 1, Coral Gables, FL 33134 or any other facility in which Respondent may operate, shall make available, at that location and at no charge to the Receiver or to Respondent, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

36. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the computer

equipment and software currently used by or for Respondent shall make such computer equipment and software available to the Receiver at no charge to the Receiver or Respondent to the extent deemed necessary by the Receiver in its sole discretion.

### **CONTINUATION OF INVESTIGATION**

37. The Receiver shall be authorized to conduct an investigation as authorized by section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent's parent corporations, its subsidiaries, and affiliates are required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. Respondent and the above-specified entities are required to cooperate with the Receiver to the fullest extent required by section 631.391, Florida Statutes. Such cooperation should include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

38. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates is directed to fully cooperate with the Receiver as required by section 631.391, Florida Statutes, and as set out

in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution is directed to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

39. All Sheriffs and all law enforcement officials of this state shall cooperate with and assist the Receiver in the implementation of this Order.

40. In the event the Receiver determines that reorganization, consolidation, conversion, reinsurance, merger, or other transformation of the Respondent is appropriate, the Receiver shall prepare a plan to effect such changes and submit the plan to this Court for consideration.

#### **NOTICE OF AUTOMATIC STAY**

41. Notice is hereby given that, pursuant to section 631.041(1), Florida Statutes, the filing of the Department's Application herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of the order, and which prohibits:

A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

B. The enforcement of a judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;

C. Any act to obtain possession of property of the insurer;

D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in section 631.011(21), Florida Statutes;

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in section 631.281, Florida Statutes.

42. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

43.

**DONE and ORDERED** in Chambers at the Leon County Courthouse in Tallahassee, Leon County, Florida this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

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**CIRCUIT JUDGE**