19TH JUDICIAL DISTRICT COURT FOR THE PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

NUMBER: 641928 DIVISION SEC. 26

JAMES J. DONELON
COMMISSIONER OF INSURANCE FOR THE STATE OF LOUISIANA

VERSUS

LOUISIANA HEALTH COOPERATIVE, INC.

FILED: SEP - 1 2015 DEPUTY CLERK

BY DY CLERK OF COURT

Filed on Behalf of – State of Louisiana – State Pays No Court Costs
La. R.S. 13:4521

PETITION FOR REHABILITATION, INJUNCTIVE RELIEF AND RULE TO SHOW CAUSE OF LOUISIANA HEALTH COOPERATIVE, INC.

The petition of James J. Donelon, Commissioner of Insurance for the State of Louisiana (the "Commissioner"), respectfully represents that:

1.

Made defendant herein is Louisiana Health Cooperative, Inc. ("LAHC"), a Louisiana corporation that holds a health maintenance organization ("HMO") license from the Louisiana Department of Insurance, organized and doing business and domiciled in the State of Louisiana, and maintains its home offices at 3445 N. Causeway Boulevard, Suite 800, Metairie, 70002, Jefferson Parish, State of Louisiana. La. R.S. 22:2, La. R.S. 22:46; La. R.S. 22:241, et seq., La. R.S. 22:2001, et seq.

2.

LAHC is engaged in the business of insurance and is deemed an insurer within the State of Louisiana pursuant to La. R.S. 22:242 (7); La. R.S.22:2002 and La. R.S. 22:2003.

3.

La. R.S. 22:2001, et seq. constitutes the sole and exclusive method of liquidation and rehabilitation of a Louisiana domiciled insurer.

4.

After examination and review of the financial condition and affairs of LAHC, the Commissioner has found that LAHC is financially troubled, is or may be impaired, and is or may no longer meet the minimum surplus requirements set by statutes, as shown by the affidavit attached hereto and incorporated herein as **Exhibit A**. This provides sufficient grounds to justify the issuance of an

EBR3150275

order of rehabilitation under La. R.S. 22:2001, et seq. and other applicable law.

5.

The Commissioner has reason to believe that LAHC is financially troubled, is currently or may soon become insolvent and is or soon may be in violation of the minimum surplus requirements of the Louisiana Insurance Code. **Exhibit A.** This provides sufficient grounds to justify the issuance of an order of rehabilitation under La. R.S. 22:2005 and other applicable law.

6.

The condition of LAHC under current management is such that the continued operation and further transaction of business by LAHC would be hazardous to the policyholders, subscribers, members, enrollees, creditors and/or the public. La. R.S. 22:2005. **Exhibit A.**

7.

After an examination and review of the financial condition and affairs of LAHC, the Commissioner has found that LAHC has announced its intention to wind up its affairs and has ceased to enroll additional enrollees and has ceased to advertise and/or solicit new business (La. R.S. 22:257(C) and (D)) and intends to conduct no further business except as may be essential to the orderly conclusion of the affairs of LAHC, as is shown by July 7, 2015 LAHC board resolution, **Exhibit B,** and the July 24, 2015 press release and LAHC provider letter, which are attached hereto and incorporated herein as **Exhibit C.**

8.

The Commissioner has determined, based on information provided by LAHC, that LAHC may no longer be able to maintain the minimum surplus requirements mandated by La. R.S. 22:241, et seq., and in particular, La. R.S. 22:254, and may be insolvent and below said minimum surplus requirements. **Exhibit A.**

9.

LAHC is a non-profit consumer oriented and operated plan ("COOP") organized under federal law. 42 USC 18042 (Pub. Law111-148, section1322 of the Patient Protection and Affordable Care Act and 45 CFR section 156.515).

10.

LAHC is no longer offering coverage to new enrollees, is in the process of winding up its affairs, and is conducting business only essential to the orderly conclusions of its affairs. See **Exhibits A**

and B.

11.

On or about July 7, 2015, the Board of Directors of LAHC adopted a resolution authorizing a wind down of the affairs of LAHC, which may not be in the best interest of the LAHC policyholders, members, subscribers and enrollees. A copy of the Board of Directors resolution of July 7, 2015 is attached hereto as **Exhibit B** and incorporated herein.

12.

For the foregoing reasons, the Commissioner has the power and authority to place LAHC in rehabilitation.

13.

In as much as LAHC is deemed a domestic Louisiana insurance company in accordance with Louisiana law, (La. R.S. 22:46; La. R.S. 22:242; and La. R.S. 22:2003) and for the foregoing reasons, the Commissioner desires and is entitled to have this Court issue an order forthwith, without hearing, declaring that LAHC is in need of rehabilitation under the Louisiana Insurance Code and appoint the Commissioner as Rehabilitator of LAHC and appoint Billy Bostick as Receiver of LAHC, and any other deputy which he may designate.

14.

The Commissioner desires and is entitled to have this Court issue an order forthwith, without hearing, declaring, that LAHC is in need of rehabilitation by the Commissioner and empower the Commissioner with authority to take any action he deems necessary for the orderly rehabilitation of LAHC pursuant to La. R.S. 22:254; La. R.S. 22:257; La. R.S. 22:2005, et seq., La. R.S. 22:2005, La. R. S. 22:2006, La. R.S. 22:2007, La. R.S. 22:2008, and La. R.S. 2009.

15.

It is therefore necessary that this Court, pursuant to La. R.S. 22:2006, issue an order forthwith, without hearing, directing the Commissioner, the Receiver, his agents and/or employees, to take possession and control of the property, business, affairs, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and Twitter accounts), documents, claims files, records, software, electronic data, e-mail, websites, copyrights, trademarks, patents, books, records, accounts and other assets of LAHC, including all real property, whether in the possession of LAHC or its

officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, affiliates, or subsidiaries, and of the premises occupied by LAHC for LAHC's business and to rehabilitate same.

16.

The Commissioner further shows that he is entitled to be vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and Twitter accounts), documents, claims files, records and all other assets of LAHC as of the date of the order of rehabilitation entered herein. La. R.S. 22:2008.

17.

The Commissioner desires and is entitled, under the provisions of La. R.S. 22:2006, to an injunction forthwith, without hearing, staying LAHC and its policyholders, subscribers, members, enrollees, officers, directors, employees, servants, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, or third party administrators, from disposing of property or assets and from the transaction of business by LAHC, except with the concurrence of the Commissioner until further order of this Court.

18.

The Commissioner desires and is entitled, under the provisions of La. R.S. 22:2036, to an injunction forthwith, without hearing, staying any and all persons and entities from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LAHC, its property and assets while in his possession and control.

19.

The Commissioner further shows that he is entitled to the right to enforce or cancel, for the benefit of the policyholders, subscribers, members, and enrollees of LAHC, contract performance by any party, provider or other third party who had a contract with LAHC and for such other relief as the nature of the case and the interests of LAHC's policyholders, subscribers, members, and enrollees, creditors or the public may require.

20.

The Commissioner further shows that he is entitled to the right to enforce or cancel contract performance by any party who had a contract with LAHC.

21.

The Commissioner further shows that he is entitled to enjoin LAHC from issuing any further policies and engaging in any further advertising or solicitation whatsoever.

22.

The Commissioner further shows that he is entitled to permit such further operation of LAHC as he may deem necessary to be in the best interests of the policyholders, subscribers, members, and enrollees, to the end that the policyholders, subscribers, members, and enrollees will be afforded the greatest practical opportunity to retain current health care coverage through the end of the current in force policies and/or obtain other continuing health care coverage to ensure uninterrupted health care without further liability to the policyholders, subscribers, members, and enrollees.

23.

Because LAHC policies will remain in effect at least through December 31, 2015, and beyond, the Commissioner of Insurance is seeking an order of rehabilitation in an effort to continue to service LAHC policies in effect to ensure uninterrupted healthcare for the policyholders, subscribers, members, and enrollees, and if necessary, either locate a viable health maintenance organization or another health care insurer to assume all or part of the book of business being operated and/or managed by LAHC.

24.

The Commissioner of Insurance further requests that within ten (10) days of the entry of the order providing the relief requested herein, a Rule to Show Cause issue herein directed to LAHC ordering LAHC to appear and show cause on a date and time to be set by this Court why this Court should not find, order and declare that sufficient cause exists for the rehabilitation of LAHC and further order and direct the Commissioner, the Receiver, his agents and/or employees to take and/or maintain possessions of all the affairs, property, business, books, records, claim files, account, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and Twitter accounts), documents, claims files, software, electronic data, e-mail, websites, copyrights, trademarks, patents, and all other assets of LAHC, all real property and the premises occupied by LAHC, whether in possession of LAHC or its officers, directors, employees, managers, trustees,

agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, or any other person acting on behalf of LAHC to conduct LAHC's business and rehabilitate same according to law; and why the other relief prayed for and granted herein should not be continued.

25.

The Commissioner submits that service of the order of rehabilitation entered by the Court should be made forthwith and asks that that Matthew Stewart, Norrie Falgoust, Jimmy Henry, and Rudy Babin be appointed as Process Servers for service of all process and further pleadings on LAHC.

WHEREFORE, James J. Donelon, Commissioner of Insurance for the State of Louisiana, prays that this Petition for Rehabilitation and Injunctive Relief be accepted and filed and that an order issue forthwith, without hearing, herein, that provides the following immediate relief, as follows:

1) Finding that sufficient cause exists for the rehabilitation of LAHC.

2) That LAHC be placed into rehabilitation and that the Commissioner be appointed Rehabilitator for LAHC and that Billy Bostick be appointed Receiver.

3) That the Commissioner and/or the Receiver be authorized to employ and authorize the compensation of accountants, clerks, and such assistants as he 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 LAHC in the possession of the Commissioner and/or Receiver or coming into LAHC's possession.

4) That the Commissioner be vested by operation of law with the title to all property, business, affairs, accounts, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and Twitter accounts), documents, claims files, records and other assets of LAHC as of the date of the order of rehabilitation entered herein.

5) Directing the Commissioner, his agents and/or employees, to take possession and control of the property, business, affairs, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and Twitter accounts), documents, claims files, software, electronic data, e-mail, websites, books, records, accounts, copyrights, trademarks, patents, and all other assets of LAHC, including all real property, whether in the possession of LAHC or its officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, subsidiaries, affiliates, or agents, and of the premises occupied by LAHC for its business, conduct all of the business and affairs of LAHC, or so much thereof as he may deem appropriate, manage the affairs of LAHC, and to rehabilitate same, until further order of this Court.

6) Enjoining LAHC, its policyholders, subscribers, members, enrollees, officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, banks, savings and loan associations, and any other partnership, company or entity controlled by same and/or other persons acting for or on behalf of LAHC, from disposing of the property, business, affairs, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including,

but not limited to Facebook and Twitter accounts), documents, claims files, software, electronic data, e-mail, websites, books, records, accounts, and other assets of LAHC, including all real property of LAHC and from the transaction of its business except with the concurrence of the Commissioner, until further order of this Court.

7) Pursuant to La. R.S. 22:2006, an injunction be issues forthwith staying any person from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LAHC, its property and assets while in the Commissioner's possession and control.

8) Pursuant to La. R.S. 22:2006, the Commissioner be immediately vested with and/or maintain the authority to enforce, for the benefit of the policyholders, subscribers, members, and enrollees, and LAHC, contract performance by any provider or other third party who contracted with LAHC, and for such other relief as the nature of the case and the interest of LAHC's policyholders, subscribers, members, enrollees, creditors or the public may require.

9) The Commissioner be entitled to the right to enforce or cancel, for the benefit of the policyholders, subscribers, members, enrollees of LAHC and LAHC contract performance by any party who had contracted with LAHC.

10) The Commissioner be entitled to permit such further operation of LAHC as he may deem necessary to be in the best interests of the policyholders, subscribers, members, and enrollees, and creditors of LAHC and the orderly rehabilitation of LAHC.

11) All authority of all officers, directors, and managers of LAHC be suspended and all authority of said officers, directors and managers be vested in the Commissioner.

12) The Rehabilitator and Receiver of LAHC be allowed and authorized to:

a) Employ and authorize the compensation of accountants, clerks, and such assistants as he deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, out of the funds or assets of LAHC in the possession of the Receiver or coming into LAHC's possession;

b) Defend or not defend legal actions wherein LAHC or the Receiver is a party defendant, commenced prior to or subsequent to the entry of the order herein, without the authorization of the Court, except, however, in actions where LAHC is a nominal party, as in certain foreclosure actions and the action does not affect a claim against or adversely affect the assets of LAHC, the Receiver may file appropriate pleadings in his discretion;

c) Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding;

d) Collect all debts, which are economically feasible to collect and which are due and owing to LAHC;

e) Take possession of all of LAHC's securities and certificates of deposit on deposit with any financial institution or any other person or entity, if any, and convert to cash so much of the same as may be necessary, in his judgment, to pay the expenses of administration of this receivership;

f) Issue endorsements on existing policies.

13) Any officer, director, employee, manager, trustee, agent, adjustor, accountant, actuary, attorney, contractor, consultant, or third party administrator of LAHC and any person who possesses or possessed any executive authority over, or who exercises or exercised any control over any segment of LAHC's affairs be required to fully cooperate with the Receiver and the

Commissioner, notwithstanding their dismissal pursuant to the order entered herein.

14) All attorneys employed by LAHC as of the date of the order entered herein shall, within ten (10) days notice of the order entered herein, report to the Receiver or Commissioner on the name, company, claim number and status of each file they are handling on behalf of LAHC. Said report shall also include an account of any funds received from or on behalf of LAHC. All attorneys described herein are hereby discharged as of the date of the order entered herein unless the Receiver or Commissioner retains their services in writing. All attorneys employed by LAHC 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 LAHC shall deliver such litigation files, material, documents or records intact and without purging to the Receiver notwithstanding any claim of a retaining lien, which, if otherwise valid, shall not be extinguished by such turn-over of documents.

15) Reinsurance amounts due to or payable by LAHC shall be remitted to, or disbursed by the Receiver at the Receiver's discretion and with the consent of the court where required by law. The Receiver shall handle reinsurance losses recoverable or payable by LAHC. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary unless otherwise authorized by the Receiver.

16) Any bank, savings and loan association, financial institution, and any other person or entity which has on deposit, in its possession, custody or control any funds, accounts and any other assets of LAHC, be ordered to immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver, and instructed that the Receiver has absolute control over such funds, accounts and other assets. The Receiver may change the name of such accounts and other assets, withdraw the funds from such bank, savings and loan associations or other financial institutions or take such lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association, or other financial institution, person or entity shall freeze or place a hard hold on, or 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 the permission of this Court.

17) Any bank, savings and loan association, financial institution, and any other person or entity which has on deposit, in its possession, custody or control any funds, accounts and any other assets of LAHC, shall not be permitted to freeze or place a hard hold on, or 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 control of the Commissioner, the Receiver or his appointees without the permission of this Court.

18) Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to LAHC be required to maintain such service and transfer any such accounts to the Receiver as of the date of the order entered herein, unless instructed to the contrary by the Receiver.

19) Any 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 LAHC be required to transfer custody and control of such records to the Commissioner.

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

21) Upon request by the Receiver, any company providing telephone services to LAHC shall provide a reference of calls from the number presently assigned to LAHC to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership of LAHC.

22) The Commissioner and his assistants be authorized to conduct an investigation of LAHC and its subsidiaries and affiliates to uncover and make fully available to the Court the true state of LAHC's financial affairs. In furtherance of this investigation, LAHC, its subsidiaries, its

affiliates, owners, officers, directors, managers, attorneys, trustees, agents, adjusters, employees, accountants, attorneys, actuaries, servants, employees, contractors, consultants, or third party administrators of LAHC and its third party administrators, be required to make all books, documents, accounts, records and affairs, which either belong to or pertain to LAHC available for full, free and unhindered inspection and examination by the Commissioner during normal business hours, Monday through Friday, from the date of the order entered herein. LAHC and the above-specified entities shall fully cooperate with the Commissioner, including, but not limited to, the taking of oral testimony under oath of LAHC and its officers, directors, managers, trustees, agents, employees, adjustors, accountants, actuaries, attorneys, servants, employees, contractors, consultants, or third party administrators of LAHC, its affiliates and subsidiaries and any other person or entity who possesses any executive authority over, or who exercises any control over, any segment of the affairs of LAHC in both their official, representative, and individual capacities and the production of all documents that are calculated to disclose the true state of LAHC's affairs.

23) LAHC be prohibited from engaging in any advertising or solicitation whatsoever.

24) LAHC, its members, subscribers, enrollees, and policyholders, officers, directors, agents, adjustors, accountants, actuaries, attorneys, servants, employees, contractors, consultants, third party administrators, and any other partnership, company or entity controlled by same and/or other persons acting for or on behalf of LAHC, or subject to their control, and all other persons or entities who have access to, control or possession of the property, assets, and affairs of LAHC be enjoined:

a) from disposing of or encumbering any of the property or assets of LAHC;

b) from disposing of any records or other documents belonging of LAHC or relating to the business and affairs of the of LAHC;

c) from the transaction of any business by, for, or on behalf of LAHC, including, but not limited to:

i) the writing, issuance or renewal of any certificate of coverage, insurance policy, binder, or endorsement to an existing policy or certificate of coverage;

ii) the payment of claims and of any policy or certificate of coverage benefits;

iii) the incurring of any claim or loss adjustment expense;

iv) the incurring of any debt or liability; and

v) the interfering with the acquisition of possession by the exercise of dominion and control over the property of LAHC by the Commissioner or the Commissioner's conduct of the business and affairs of LAHC.

25) Any and all individuals and entities be enjoined from instituting and/or taking further action in any suits, proceedings, and seizures against LAHC, the Commissioner in his capacity as rehabilitator of LAHC, the Receiver, and any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, accountants, or attorneys of same, to prevent any preference, judgment, seizure, levy, attachment, or lien being rendered against LAHC, its estate and assets, and/or its members, subscribers, enrollees, and policyholders, the Commissioner in his capacity as rehabilitator and/or liquidator, the Receiver, any affiliates, subsidiaries, insurers, officers, directors, representatives, agents, employees, or attorneys of same, and the making of any levy against LAHC, its property or assets.

26) Except with the concurrence of the Commissioner or until further written order of this Court, all suits, proceedings, and seizures against LAHC and/or its respective members/enrollees/subscribers be stayed in order to prevent the obtaining of any preference, judgment, seizure, levy, or lien, and to preserve the property and assets of LAHC, including, but

not limited to, suits and proceedings and all litigation where:

a) LAHC is a party;

b) A member, subscriber, enrollee, policyholder or any other person who is named as a party to the litigation claims insurance coverage under any policy of insurance, subscriber agreement or certificate of coverage issued or assumed by LAHC;

c) The litigation involves or may involve the adjudication of liability or determines any possible rights or obligations of any member, subscriber, enrollee, policyholder or person as to any insurance policy, subscriber agreement, or certificate of coverage issued or assumed by LAHC, or determines any possible future liability of LAHC with regard to any insurance policy, subscriber agreement or certificate of coverage issued or assumed by LAHC;

d) LAHC would otherwise be obligated to provide a defense to any party in any court pursuant to any policy of insurance, subscriber agreement, or certificate of coverage issued or assumed by LAHC;

e) The ownership, operations, management and/or control of LAHC is at issue; and

f) Any party is seeking to create, perfect or enforce any preference, judgment, attachment, lien or levy against LAHC or its assets or against any member, subscriber, enrollee and/or policyholder of LAHC.

27) Any action in any suit or proceeding against the Commissioner in his capacity as Rehabilitator of LAHC, the Receiver, and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner in his capacity as rehabilitator of LAHC, and their representatives, agents, employees, or attorneys, when acting in accordance with this Order and/or as Rehabilitator, Receiver, or Deputy Receiver of LAHC be barred.

28) That there shall be no liability on the part of, and that no cause of action of any nature shall exist against the Commissioner in his capacity as Commissioner and/or regulator of LAHC, the Receiver and/or the Attorney General of the State of Louisiana in his capacity as attorney for the Commissioner as Commissioner and/or regulator of LAHC, and/or their assistants, representatives, agents, employees, or attorneys, for any action taken by them when acting in accordance with the orders of this Court and/or in the performance of their power and duties as Rehabilitator, Receiver, Commissioner and/or regulator of LAHC.

29) That all participating and non-participating providers of LAHC be enjoined from seeking to collect and/or collecting any amounts claimed as payment for services rendered to LAHC, its enrollees, members, subscribers, and policyholders from any said enrollee, member, policyholder and/or subscriber of LAHC, except for amounts that are member obligations as defined in the member agreement, including, but not limited to, co-payments, deductibles, and co-insurance.

30) That any and all individuals and entities be enjoined from interfering with these proceedings, or with the Commissioner's possession and control; from interfering with the conduct of the business of LAHC by the Commissioner; from wasting the assets of LAHC, and from obtaining preferences, judgments, attachments or other like liens or the making of any levy against LAHC or its property and assets while in the possession and control of the Commissioner.

31) That all premiums and all other debts and payables due to LAHC be paid to the Commissioner.

32) That the Commissioner be permitted to notify every holder of a certificate of coverage, subscriber agreement, or contract of insurance issued by LAHC and every known provider and other creditor of LAHC of the order of rehabilitation and injunction entered herein within forty-five (45) days of the date of this order, notwithstanding the provisions of La. 22:2011.

33) That all contracts between LAHC and any and all persons or entities providing services to LAHC and its policyholders, members, subscribers and enrollees shall remain in full force and effect unless canceled by the Receiver, until further order of this Court.

34) That the Commissioner be granted all legal and equitable relief as may be necessary to fulfill his duties as rehabilitator and for such other relief as the nature of the case and the interests of LAHC's members, enrollees, subscribers, policyholders, providers and other creditors, or the public, may require, including but not limited to the Receiver's appointment and authorization to prosecute all action which may exist on behalf of LAHC members, subscribers, enrollees, policyholders, or creditors against any existing or former officer, director or employee of LAHC or any other person.

35) That an order issue forthwith that all contracts between LAHC and any and all persons or entities providing services to LAHC and its policyholders, members, subscribers and enrollees remain in full force and effect unless canceled by the Receiver, until further order of this Court.

36) That the Commissioner be granted all legal and equitable relief as may be necessary to fulfill his duties as Commissioner and for such other relief as the nature of the case and the interests of LAHC's members, enrollees, subscribers, policyholders, providers and other creditors, or the public, may require.

37) That LAHC and all interested persons appear and show cause on a date and time set by this Court why this Court should not find, order and declare that sufficient cause exist for the rehabilitation of Louisiana Health Cooperative, Inc.; and further why this Court should not order and direct the Commissioner, his agents and/or employees to take and/or maintain possessions of all the affairs, property, business, books, records, claim files, account, bank accounts, safety deposit boxes, statutory deposits, computers, all primary and secondary storage media, social media (including, but not limited to Facebook and Twitter accounts), documents, claims files, software, electronic data, e-mail, websites, copyrights, trademarks, patents, and all other assets of LAHC, including all real property and the premises occupied by LAHC, whether in possession of LAHC or its officers, directors, employees, managers, trustees, agents, adjustors, accountants, actuaries, attorneys, contractors, consultants, third party administrators, subsidiaries, affiliates, or any other person acting on their behalf to conduct their business and conserve the same according to law; and why the other relief prayed for and granted herein should not be continued.

38) That Mathew Stewart, Norrie Falgoust, Jimmy Henry, and Rudy Babin be appointed as Process Servers for service of all process and further pleadings on LAHC.

And for all other appropriate relief.

EXHIBITS

EXHIBIT A Affidavit and Verification of Caroline Brock

EXHIBIT B Excerpt of the meeting of the Board of Directors of Louisiana Health Cooperative, Inc. on July 7, 2015

EXHIBIT C LAHC Press Release and Provider Letter of July 24, 2015 announcing that LAHC's decision to cease offering policies after December 31, 2016 and to voluntarily cease operations as of January 1, 2016

Respectfully Submitted,

JAMES D. "BUDDY" CALDWELL
LOUISIANA ATTORNEY GENERAL

By: _____

MICHAEL CHARLES GUY (#25406)
ASSISTANT ATTORNY GENERAL
P.O. BOX 94005
BATON ROUGE, LA 70804
(225) 326-6400
Fax: (225) 326-6498

PLEASE SERVE THIS **PETITION** AND **SIGNED ORDER** AND **ALL ATTACHMENTS AS FOLLOWS**:

BY PRIVATE PROCESS SERVER APPOINTED BY THE COURT TO:

1. LOUISIANA HEALTH COOPERATIVE, INC.
through its agent for service of process
Rudolph R. Ramelli, Esquire
Jones Walker Waechter Poitevent Carrere and Denegre
201 St. Charles Avenue, Suite 5100
New Orleans, LA 70170

2. George Gregory Cromer
Chief Executive Officer of Louisiana Health Cooperative, Inc.

3. William A. Oliver
Chairman of the Board and Board Member of Louisiana Health Cooperative, Inc.

4. Troy James Prevot
Board Member of Louisiana Health Cooperative, Inc.

5. Ann Davis Duplessis
Board Member of Louisiana Health Cooperative, Inc.

6. Michael Francis Hulefield
Board Member of Louisiana Health Cooperative, Inc.

7. Peter Charles November
Board Member of Louisiana Health Cooperative, Inc.

FILED
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19TH JUDICIAL DISTRICT COURT FOR THE PARISH OF EAST BATON ROUGE

STATE OF LOUISIANA

NUMBER: DIVISION:

JAMCES J. DONELON,
COMMISSIONER OF INSURANCE FOR THE STATE OF LOUISIANA

VERSUS

LOUISIANA HEALTH COOPERATIVE, INC.

FILED:_____ _____
DEPUTY CLERK

AFFIDAVIT AND VERIFICATION

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary, and in the presence of the undersigned competent witnesses, personally came and appeared:

CAROLINE BROCK

a competent major, who after being duly sworn, did depose and state:

I am the Deputy Commissioner of Financial Solvency for the Department of Insurance, State of Louisiana, duly appointed by the Commissioner of Insurance.

I have read the foregoing petition for rehabilitation and injunctive relief for Louisiana Health Cooperative, Inc., a Louisiana health maintenance organization and the allegations contained therein are true and correct to the best of her knowledge.

WITNESSES:

Sheri Smith

CAROLINE BROCK

Sworn to and Subscribed before me this 1st day of Sept., 2015.

NOTARY PUBLIC

Sue Buser
Notary Public
LA Bar Roll #18151
My Commission Is For Life

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19TH JUDICIAL DISTRICT COURT FOR THE PARISH OF EAST BATON ROUGE

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FILED:_____ _____
DEPUTY CLERK

AFFIDAVIT

STATE OF LOUISIANA

PARISH OF EAST BATON ROUGE

BEFORE ME, the undersigned notary, and in the presence of the undersigned competent witnesses, personally came and appeared:

CAROLINE BROCK

a competent major, who after being duly sworn, did depose and state:

I am the Deputy Commissioner of the Office of Financial Solvency for the Department of Insurance, State of Louisiana, duly appointed by the Commissioner of Insurance.

In connection with my duties, I reviewed the proposed Petition for Rehabilitation and Injunctive Relief and the 2015 Quarterly Statement for the period ending June 30, 2015 of Louisiana Health Cooperative, Inc. (the "LAHC") which was filed with the Commissioner of Insurance.

The information contained in this affidavit is based on my personal knowledge obtained from my review of the wind down plan, the financial statement, and the records of LAHC and my conversations with my staff.

My review of the financial records of LAHC reveals that LAHC is financially troubled and impaired and in violation of the minimum surplus requirements of the Louisiana Insurance Code.

My review of the financial records of LAHC reveals that the continued operation of LAHC would be hazardous to its policyholders, subscribers, members and enrollees, creditors and/or the public; that LAHC has announced its intention to wind down its affairs and has ceased to enroll additional enrollees and has ceased to advertise and/or solicit new business, and that LAHC intends to conduct no further business except as may be essential to the orderly conclusion of the affairs of LAHC.

My review of financial records of LAHC reveals that based on information provided by LAHC, that LAHC no longer meet the minimum surplus requirements mandated by La. 22:241, et seq., and in particular, La. R.S. 22:254, and may become insolvent and below said minimum surplus.

My review of the financial records of LAHC reveals that LAHC is no longer offering coverage to new policyholders, members, subscribers or enrollees, is in the process of winding up its affairs, and is conducting business essential to the orderly conclusions of its affairs.

My review of the financial records of LAHC reveals that the further transaction of business by LAHC would be hazardous to its policyholders, members subscribers, enrollees, its creditors and/or to the public, and any delay in action by the Commissioner would endanger the interests of

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EXHIBIT
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such policyholders, members, subscribers, enrollees, creditors, and/or the public.

My review of the financial records of LAHC reveals that on or about July 7, 2015, the Board of Directors of LAHC announced its plan for wind down of the affairs of LAHC.

LAHC is a health maintenance organization and is therefore subject to the regulatory authority of the Commissioner of Insurance.

That the above is true and correct to the best of her knowledge.

WITNESSES:

Sheri Smith

CAROLINE BROCK

Sworn to and Subscribed before me this 1st day of Sept., 2015.

NOTARY PUBLIC

Sue Buser
Notary Public
LA Bar Roll #18151
My Commission Is For Life

Sue Buser
Notary Public
LA Bar Roll #18151
My Commission Is For Life

The following Motion was made by Mr. Oliver and seconded by Mr. Prevot.

RESOLUTION OF THE BOARD OF DIRECTORS OF LOUISIANA HEALTH COOPERATIVE, INC.

WHEREAS, Louisiana Health Cooperative, Inc. ("LAHC") was organized in 2011 as a qualified nonprofit health insurer under Section 501(c)(29) of the Internal Revenue Code, Section 1322 of the Patient Protection and Affordable Care Act of 2010, and the Louisiana Nonprofit Corporation Law;

WHEREAS, LAHC has experienced a number of competitive successes, and has successfully enrolled and provided access to healthcare for approximately 15,000 Louisiana citizens who receive care from LAHC's network of participating providers;

WHEREAS, although LAHC has achieved a number of competitive successes, LAHC has also experienced competitive, operational and financial challenges;

WHEREAS, after careful consideration of these challenges and the competitive environment, the Board of Directors of LAHC has determined that the long-term viability of LAHC as a participant in the Consumer Operated and Oriented Plan Program cannot be assured;

WHEREAS, rather than continuing to issue policies into 2016, the Board of Directors of LAHC, after careful consideration of its options, has determined that it is in the best interests of LAHC and its members, employees and providers to voluntarily undertake to not issue new policies after December 31, 2015, and to undertake to voluntarily wind-down the operations of LAHC in a manner to ensure that its members maintain coverage through December 31, 2015, and so that all of its due and payable provider claims are paid;

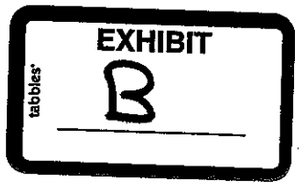
WHEREAS, in order to ensure that LAHC's members and providers are properly protected, the Board of Directors desires to authorize and direct management of LAHC and its professional advisors to prepare a voluntary wind-down plan which will ensure that the operations of LAHC are wound down in an orderly manner, and in conformity with all legal requirements, and in consultation and cooperation with state and federal regulatory agencies;

NOW THEREFORE, be it resolved:

1. In accordance with its Articles of Incorporation and Bylaws, and subject to compliance with all applicable federal and state laws, rules and regulations, LAHC shall develop and implement a voluntary wind-down and dissolution of LAHC, commencing on January 1, 2016.

2. Management of LAHC, together with LAHC's professional advisors, shall develop and present to the Board of Directors of LAHC for its approval, a plan for the voluntary wind-down and ultimate dissolution of LAHC. Said plan shall be further subject to the approval of all required federal and state regulatory agencies.

3. The Board of Directors hereby directs that said voluntary wind-down plan shall include provisions that (i) the members of LAHC shall maintain uninterrupted coverage through December 31, 2015, subject to the applicable benefit agreement; (ii) all properly due and payable provider claims and other obligations shall be paid in accordance with the terms of the participation agreements or law; (iii)



fair and reasonable severance for the employees of LAHC, and retention incentives for personnel whose services shall be required through the wind-down period shall be included;

4. Management of LAHC is hereby authorized and directed to request that the Center for Medicare and Medicaid Services ("CMS") authorize the disbursement of any remaining loan funds which would enable LAHC to assure that all properly due and payable obligations of LAHC are met, and to ensure that the winding up of LAHC can be accomplished and completed in an orderly and fair manner;

5. Management is authorized to enter into a contract to engage a communications consultant to assist LAHC with member and provider communications, so that the wind-down of LAHC will be accomplished in a clear and transparent manner.

6. At such time as the voluntary wind-down of LAHC has been implemented and nearing completion, or at such other time as the professional advisors of LAHC believe it to be appropriate, LAHC shall commence formal administrative and judicial dissolution proceedings with the Louisiana Department of Insurance and the Louisiana Secretary of State;

7. The Board of Directors reaffirms its confidence in the Chief Executive Officer of LAHP and his executive management team, for their diligent efforts in pursuing the purpose and mission of LAHP;

8. The Chief Executive Officer and Chairman of the Board of Directors of LAHC be, and hereby are, authorized and directed to take any actions, and to execute any documents they either or both of them deem necessary or advisable, in their sole discretion, in order to implement this Resolution and the voluntary wind-down and dissolution of LAHC;

The matter having been put to a vote, the vote thereon was as follows:

Yeas: 4 (Oliver, Prevot, Duplessis, Hulefeld)
Nays: 0
Abstained: 0
Absent: 1 (November)

And the Resolution was declared adopted on the 7th day of July, 2015.

ATTEST:
William A. Oliver 7/18/2015
William A. Oliver

LOUISIANA
HEALTH COOPERATIVE

For Immediate Release
July 24, 2015

Contact: Aleis Tusa, APR
DEVENEY
atusa@deveney.com
(504)251-5710

Louisiana Health Cooperative to forgo participation in open enrollment

Local nonprofit, health insurer to minimize disruption for all parties during phase out period

Metairie, LA - Today, Louisiana Health Cooperative, Inc. (LAHC) announced that the company has voluntarily decided that it will not participate in the upcoming open enrollment period for policies effective January 1, 2016; but will continue to honor policies and protect lives through December 31, 2015, as it begins to cease operations. LAHC provides health insurance coverage to more than 16,000 Louisiana members and is committed to making this transition non-disruptive for all involved parties – members, providers, employees and brokers.

"LAHC has sustained itself over the last few years, but is not growing enough to maintain a healthy future. By proactively and voluntarily addressing our situation now, LAHC will be in a position to maintain all of its policies in force through the end of the year, and to cover all outstanding claims and operating expenses," stated Greg Cromer, LAHC's Chief Executive Officer. "We are committed to all of those impacted by this decision, and we have capital allocated to fulfill all financial obligations through and following the end of the year, including staffing, provider funds and our other obligations."

LAHC is proactively working with the Center for Medicare & Medicaid Services (CMS) and the Louisiana Department of Insurance (LDI) to ensure that all required deadlines are maintained, specifically as the open enrollment period approaches. Members will have the opportunity to shop for new, 2016 health insurance coverage through Healthcare.gov during the upcoming annual open enrollment period and avoid any lapse in health insurance coverage.

Since the closure is voluntary and fully funded, it should have minimal impact to members and providers.

"We will continue to act as a protector to our members, providers and dedicated staff. Our priority is to continue to safeguard each group and create a seamless transition." added Cromer. "There will be no lapse in coverage for members; all providers will be compensated as owed."

About LAHC
LAHC is a nonprofit, locally managed and operated health insurance company. With offices in New Orleans and Baton Rouge, LAHC is a home-grown company that understands the distinct personality and needs of our community.

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LOUISIANA
HEALTH COOPERATIVE

July 24, 2015

Dear Provider:

This letter is to inform you that the Louisiana Health Cooperative (LAHC) has voluntarily decided that it will no longer offer health insurance policies after December 31, 2015. Following much deliberation, the difficult decision was made that LAHC will voluntarily cease operations, effective January 1, 2016. Our outstanding health policies issued to our members will remain in full force and effect until they expire at the end of the year, however, they will not be renewed. All members, Centers for Medicare and Medicaid Services and the Louisiana Department of Insurance have been notified of this decision.

We are appreciative of you, our largest supporters, who have encouraged us throughout our journey. We could not have touched so many lives without you on our team. We want you to know that we are committed to fulfilling our obligations to our provider networks.

You should continue to treat our members as you normally would under the terms of your provider agreement through the end of the year. All properly due and payable claims for dates of service through December 31, 2015 will be processed and paid in the normal course of business according to the terms of your network participation agreement.

LAHC is working diligently to safeguard and create a seamless transition for all members ensuring there is absolutely no loss in coverage. Rest assured that we have the capital allocated to fulfill all obligations to our members through the end of the year.

From the entire team at LAHC, we greatly appreciate your support. Our goal is to continue our role throughout this process, minimizing negative impact. If you have any questions, please call us at **888-620-1297**, Monday thru Friday, from 8 a.m. to 6 p.m. You can also email us at Providers@mylahc.org.

Sincerely,

William A. Oliver

William A. Oliver
Chairman of the Board