

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

In Re: The Receivership of
CHAMPION HEALTHCARE INC.,
a Health Maintenance Organization.

CASE NO. 98-4098

RECEIVER'S MOTION FOR APPROVAL OF FIRST INTERIM CLAIMS REPORT

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, DIVISION OF REHABILITATION AND LIQUIDATION, as Receiver of Champion Healthcare Inc. (hereinafter "Receiver"), moves this Honorable Court for an entry of an Order approving the Receiver's First Interim Claims Report and in support of its motion states:

1. On July 24, 1998, this Court entered its *Consent Order Appointing the Department of Insurance as Receiver (of Champion) for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay; Consent Order of Liquidation; Injunction, and Notice of Automatic Stay* (the "Consent Order"). On January 7, 2003, the Florida Department of Insurance became a part of the Florida Department of Financial Services.

2. This Court has jurisdiction over the Champion Receivership and is "authorized to make all necessary or proper orders to carry out the purposes of" the Florida Insurers Rehabilitation and Liquidation Act. Section 631.021(1), Florida Statutes (2009).

3. Section 631.182, Florida Statutes (2009), sets forth provisions applicable to the Receiver in furtherance of evaluating and reporting claims to the Court. More specifically, Section 631.182, Florida Statutes (2009) states as follows:

631.182 Receiver claims report and claimants objections procedure.

(1) As soon as it has evaluated claims filed in the delinquency proceeding, the receiver shall report the claims to the circuit court, specifying in the report its recommendations with respect to the actions to be taken thereon. Upon receipt of

the report, the court shall enter an order approving the claims so reported, unless an objection is filed thereto within a deadline set by the court. The court shall direct the receiver to provide notice to each claimant of the amount recommended on the claim and the deadline for filing objections to the receiver's report. The receiver shall resolve objections to the satisfaction of the claimant or schedule a hearing before the court on objections filed to its report, and shall provide reasonable written notice of hearing to each claimant for which a hearing is scheduled.

(2) At the hearing, any interested person is entitled to appear. The hearing shall not be de novo but shall be limited to the record as described in s. 631.181(2). The court shall enter an order allowing, allowing in part, or disallowing the claim. Any such order is deemed to be an appealable order. In the interests of judicial economy, the court may appoint a special magistrate to resolve objections or to perform any particular service required by the court. This subsection shall apply to receivership proceedings commencing prior to, or subsequent to, July 1, 1997.

4. Section 631.271, Florida Statutes (2009), establishes the priority of distribution of claims from the receivership estate. The order of distribution of claims is set forth as follows:

631.271 Priority of claims.

(1) The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this subsection. Every claim in each class shall be paid in full or adequate funds shall be retained for such payment before the members of the next class may receive any payment. No subclasses may be established within any class. The order of distribution of claims shall be:

(a) *Class 1.*--

1. All of the receiver's costs and expenses of administration.
2. All of the expenses of a guaranty association or foreign guaranty association in handling claims.

(b) *Class 2.*--All claims under policies for losses incurred, including third-party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which claims are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, may not be included in this class, other than benefits or

advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to her or his employee may be treated as a gratuity.

(c) *Class 3.*--Claims under nonassessable policies for unearned premiums or premium refunds.

(d) *Class 4.*--Claims of the Federal Government.

(e) *Class 5.*--Debts due to employees for services performed, to the extent that the debts do not exceed \$2,000 for each employee and represent payment for services performed within 6 months before the filing of the petition for liquidation. Officers and directors are not entitled to the benefit of this priority. This priority is in lieu of any other similar priority that is authorized by law as to wages or compensation of employees.

(f) *Class 6.*--Claims of general creditors.

(g) *Class 7.*--Claims of any state or local government. Claims, including those of any state or local government for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (j).

(h) *Class 8.*--Claims filed after the time specified in s. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (i) or under paragraph (j).

(i) *Class 9.*--Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law.

(j) *Class 10.*--The claims of shareholders or other owners.

5. In accordance with the Consent Order and Section 631.182, Florida Statutes (2009), the Receiver completed its evaluation and recommendations on the Class 1 through Class 6 claims in the Champion receivership estate. At this time, the Receiver does not anticipate the available assets of the receivership will allow for a distribution beyond the evaluated Class 1 through Class 6 claims. Attached, and by reference made a part hereof, is the Receiver's First

Interim Claims Report and Recommendation on Claims dated December 18, 2009 (hereinafter the "Report"). The Report is attached in electronic form as a CD-R attached and incorporated herein as Attachment "A."

6. The Report is broken down into two parts:

Part A – For Non Guaranty Association Claimants

Part B – For Guaranty Association Claimants

7. Part A of the Report shows that the gross number of filed claims for non-guaranty association claimants is 1,047 for a total amount claimed of \$6,665,845.09. The total amount recommended by the Receiver in Part A of the Report is \$4,591,038.35. For the Court's convenience, a paper copy of the summary totals from Part A of the report is attached and incorporated herein as Attachment "B."

8. Part B of the Report shows that the gross number of filed claims for guaranty association claimants is 3 for a total amount claimed of \$2,051,819.48. The total amount recommended by the Receiver in Part B of the Report is \$2,051,819.48. For the Court's convenience, a paper copy of the summary totals from Part B of the report is attached and incorporated herein as Attachment "C."

9. Pursuant to Section 631.182, Florida Statutes (2009), claimants are entitled to notice of the Receiver's recommendation on their claims and the deadline for filing an objection. The Receiver proposes to issue notices to the claimants of this determination and provide them with an opportunity to object. A sample copy of the "Notice of Determination" is incorporated herein as Attachment "D."

10. The Receiver proposes establishing a deadline of March 5th, 2010 for claimants to file an objection with the Court. The Receiver has a procedure for dealing with late filed objections. For any objection filed after the deadline, the Receiver will send a letter to the

claimant advising them that their objection was not filed in compliance with Florida Statutes and this Court's Order and will not be handled as a filed objection. A copy of this letter will be filed with the Court.

11. The Receiver requests that its recommendations set forth in the Report provided herein as Attachment "A" be approved unless an objection is filed thereto within the deadline approved by the Court.

WHEREFORE, the Receiver respectfully requests this Court enter an Order:

A. Authorizing and directing the Receiver to provide notice to each claimant, as herewith reported to the Court, of the Receiver's determination regarding their claim, by United States Mail to the last known address of such person, as shown in the Receiver's files.

B. Directing all persons who have filed claims, as herewith reported to the Court, to file any objection they might have to the Receiver's Report with the Clerk of this Court on or before 11:59 p.m. on March 5th, 2010 at:

Clerk of Court
Second Judicial Circuit
Leon County Courthouse
301 S. Monroe Street
Tallahassee, FL 32301

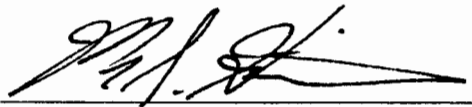
and requiring that a copy of said objection be served on the Receiver at the following address:

The Florida Department of Financial Services
as Receiver for Champion Healthcare Inc.
P.O. Box 110
Tallahassee, Florida 32302-0110

C. Requiring any persons filing objections to submit documentation to support their claim and that the Court will not consider any information or documentation submitted after the objection is filed.

- D. Approving the Receiver's First Interim Claims Report for which no objections are filed.
- E. Approving the Receiver's procedure for addressing late filed objections.

SUBMITTED on this 2nd day of January, 2010.

By: 
MARK S. HAMILTON
SENIOR ATTORNEY
Florida Bar Number: 0063819
Florida Department of Financial Services
As Receiver of Champion Healthcare Inc.
Post Office Box 110
Tallahassee, Florida 32302-0110
phone: (850) 413-4410
fax: (850) 488-1510

FLORIDA DEPARTMENT OF FINANCIAL SERVICES -DIVISION OF REHABILITATION AND LIQUIDATION
CHAMPION HEALTHCARE INC
FIRST INTERIM CLAIMS REPORT
PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS	\$6,665,845.09
TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS	\$4,591,038.35
 TOTAL NUMBER	 1,047

Secured Claims

COUNT OF SECURED CLAIMS :	0
AMOUNT CLAIMED FOR SECURED CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR SECURED CLAIMS TO NON GUARANTY ASSOCIATION	\$0.00

UnSecured Claims

COUNT OF CLASS 1 CLAIMS :	0	COUNT OF CLASS 6 CLAIMS :	794
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY NON GUARANTY ASSOCIATION	\$6,113,521.65
AMOUNT RECD FOR CLASS 1 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :		AMOUNT RECD FOR CLASS 6 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :	\$4,560,691.73
 COUNT OF CLASS 2 CLAIMS :	 142	 COUNT OF CLASS 7 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS	\$103,919.66	AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 2 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$25,614.82	AMOUNT RECD FOR CLASS 7 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
 COUNT OF CLASS 3 CLAIMS :	 1	 COUNT OF CLASS 8 CLAIMS :	 83
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION	\$3,621.80	AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION	\$290,867.06
AMOUNT RECD FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$3,621.80	AMOUNT RECD FOR CLASS 8 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
 COUNT OF CLASS 4 CLAIMS :	 7	 COUNT OF CLASS 9 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY NON GUARANTY ASSOCIATION	\$114,479.53	AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 4 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$1,110.00	AMOUNT RECD FOR CLASS 9 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
 COUNT OF CLASS 5 CLAIMS :	 20	 COUNT OF CLASS 10 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY NON GUARANTY ASSOCIATION	\$39,435.39	AMOUNT CLAIMED FOR CLASS 10 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
AMOUNT RECD FOR CLASS 5 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:		AMOUNT RECD FOR CLASS 10 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :	

Note: If status is unevaluated, then dollar amounts have been suppressed

FLORIDA DEPARTMENT OF FINANCIAL SERVICES -DIVISION OF REHABILITATION AND LIQUIDATION
CHAMPION HEALTHCARE INC
FIRST INTERIM CLAIMS REPORT
PART B - FOR GUARANTY ASSOCIATION

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY GUARANTY ASSOCIATION	\$2,051,819.48
TOTAL AMOUNT RECOMMENDED TO GUARANTY ASSOCIATION	\$2,051,819.48
TOTAL NUMBER	3

COUNT OF CLASS 1 CLAIMS :	1	COUNT OF CLASS 6 CLAIMS :	1
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY GUARANTY ASSOCIATION :	\$276,972.99	AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY GUARANTY ASSOCIATION :	\$1,765,104.22
AMOUNT RECMD FOR CLASS 1 CLAIMS TO GUARANTY ASSOCIATION :	\$276,972.99	AMOUNT RECMD FOR CLASS 6 CLAIMS TO GUARANTY ASSOCIATION :	\$1,765,104.22
COUNT OF CLASS 2 CLAIMS :	0	COUNT OF CLASS 7 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00	AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00
AMOUNT RECMD FOR CLASS 2 CLAIMS TO GUARANTY ASSOCIATION :		AMOUNT RECMD FOR CLASS 7 CLAIMS TO GUARANTY ASSOCIATION :	
COUNT OF CLASS 3 CLAIMS :	1	COUNT OF CLASS 8 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY GUARANTY ASSOCIATION :	\$9,742.27	AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00
AMOUNT RECMD FOR CLASS 3 CLAIMS TO GUARANTY ASSOCIATION :	\$9,742.27	AMOUNT RECMD FOR CLASS 8 CLAIMS TO GUARANTY ASSOCIATION :	
COUNT OF CLASS 4 CLAIMS :	0	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00	AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00
AMOUNT RECMD FOR CLASS 4 CLAIMS TO GUARANTY ASSOCIATION :		AMOUNT RECMD FOR CLASS 9 CLAIMS TO GUARANTY ASSOCIATION :	
COUNT OF CLASS 5 CLAIMS :	0	COUNT OF CLASS 10 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00	AMOUNT CLAIMED FOR CLASS 10 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00
AMOUNT RECMD FOR CLASS 5 CLAIMS TO GUARANTY ASSOCIATION :		AMOUNT RECMD FOR CLASS 10 CLAIMS TO GUARANTY ASSOCIATION :	

Note: If status is unevaluated, then dollar amounts have been suppressed



**FLORIDA DEPARTMENT OF FINANCIAL SERVICES
RECEIVER**

CHAMPION HEALTHCARE INC

December 18, 2009

NOTICE of DETERMINATION

IDENTIFICATION NUMBER:

INSURED:

POLICY NUMBER:

CLAIM NUMBER:

AMOUNT CLAIMED:

AMOUNT RECOMMENDED CLAIMANT:

CLASS:

THIS IS NOT A BILL

RE: CHAMPION HEALTHCARE INC

THIS IS NOT A BILL

Civil Action: 984098

2nd Judicial Circuit Court

Leon County, Florida

OBJECTION FILING DEADLINE: MARCH 5, 2010

THIS IS NOT A BILL. The purpose of this Notice of Determination is to inform you of the Receiver's report of its final recommendations to the Circuit Court concerning the classification and amount on a claim filed by you against the Receivership Estate of **CHAMPION HEALTHCARE INC**. A copy of the court order reflecting approval of these recommendations can be obtained at www.floridainsurancereceiver.org.

The Receiver has evaluated Class 1 through Class 6 claims submitted in the estate of **CHAMPION HEALTHCARE INC** and is recommending the amount on the line reading "Amount Recommended Claimant." The Receiver's "Class" or "Priority" of your claim will affect the amount you may receive. Florida Statute 631.271, "Priority of claims", defines the classification of claims. (See F.S. 631.271 on reverse side of this form.) **Please be advised that the assets in the Receivership estate of CHAMPION HEALTHCARE INC are not sufficient to fund a distribution payment to all claimants. In fact, the Receiver does not anticipate a distribution to any claimants beyond Class 6.** No claims in Class 7 through Class 10 were evaluated. Therefore, if your class has been identified as Class 7 through Class 10, you will not see any amount on the line reading "Amount Recommended Claimant". Florida Statute 631.271, "Priority of claims", defines the classification of claims. (See F.S. 631.271 on reverse side of this form.)

Below is a brief description of the class of claims being reported to the Court:

- Class 1 Costs & expenses of the Receiver and state guaranty funds
- Class 2 Loss claims covered by the policy
- Class 3 Refund of unearned premium on non-assessable policies
- Class 4 Claims of the Federal Government
- Class 5 Claims of employees
- Class 6 Claims of general creditors
- Class 7 Claims of any state or local government
- Class 8 Claims filed late
- Class 9 Surplus or contribution notes & premium refunds on assessable policies
- Class 10 Claims of shareholders or other owners

If you agree with the amount recommended and the class/priority, no further action on your part is necessary. If you object to the recommended amount or to the assigned class of your claim, **YOU MUST FILE YOUR WRITTEN OBJECTION WITH BOTH THE RECEIVER AND THE CLERK OF COURT, SECOND JUDICIAL CIRCUIT, LEON COUNTY COURT HOUSE, 301 S. MONROE STREET, TALLAHASSEE, FLORIDA 32301.**

YOUR OBJECTION MUST BE POSTMARKED BY MARCH 5, 2010. IT IS SUGGESTED THAT YOU SEND YOUR OBJECTION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

The objection procedure is:

1. At the top of your statement, include the following information: The Civil Action Number noted above, your identification number noted above, and your correct address and telephone number. State in detail all legal and factual reasons for your objection.
2. Attach a copy of this notice and any documentation to support your objection. By order of the Court, all documentation must be filed with your objection.
3. Mail original to the Clerk of Court, a copy to the Receiver, and keep a copy for yourself.
4. If your objection cannot be resolved, a hearing will be scheduled before the Circuit Court, Leon County, Florida.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER

CHAMPION HEALTHCARE INC, P.O. BOX 110

TALLAHASSEE, FLORIDA 32302-0110

Website: www.MyFloridaCFO.com/Receiver

Telephone: 850-413-3081, Toll Free: 800-882-3054, Facsimile: 850-922-9115

ATTACHMENT "D"

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES
RECEIVER
CHAMPION HEALTHCARE INC**

NOTE: Any distribution will be made on a pro-rata basis. If a distribution is made, you may not receive the full amount recommended for your claim. Depending on the assets available for distribution, you and other claimants in your classification may only receive a percentage of the amount recommended on your claim. (i.e. 25% equals 25 cents on the dollar.)

IF a distribution is made, the payee(s) name(s) on the claim check will be the same as the name(s) appearing on the front of this form. If the information on this form is incorrect, or becomes incorrect in the future, it is your responsibility to notify the Receiver and document any changes. Further instructions can be found on our website listed below.

FLORIDA STATUTE 631.271 Priority of Claims

631.271 Priority of claims.—

(1) The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this subsection. Every claim in each class shall be paid in full or adequate funds shall be retained for such payment before the members of the next class may receive any payment. No subclasses may be established within any class. The order of distribution of claims shall be:

(a) Class 1.—

1. All of the receiver's costs and expenses of administration.
2. All of the expenses of a guaranty association or foreign guaranty association in handling claims.

(b) Class 2.— All claims under policies for losses incurred, including third-party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which claims are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, may not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to her or his employee may be treated as a gratuity.

(c) Class 3.—Claims under nonassessable policies for unearned premiums or premium refunds.

(d) Class 4.—Claims of the Federal Government.

(e) Class 5.—Debts due to employees for services performed, to the extent that the debts do not exceed \$2,000 for each employee and represent payment for services performed within 6 months before the filing of the petition for liquidation. Officers and directors are not entitled to the benefit of this priority. This priority is in lieu of any other similar priority that is authorized by law as to wages or compensation of employees.

(f) Class 6.—Claims of general creditors.

(g) Class 7.—Claims of any state or local government. Claims, including those of any state or local government for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (j).

(h) Class 8.—Claims filed after the time specified in F.S. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (i) or under paragraph (j).

(i) Class 9.—Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law.

(j) Class 10.—The claims of shareholders or other owners.

(2) In a liquidation proceeding involving one or more reciprocal states, the order of distribution of the domiciliary state shall control as to all claims of residents of this and reciprocal states. All claims of residents of reciprocal states shall be given equal priority of payment from the insurer's assets regardless of where such assets are located.

<p>FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER CHAMPION HEALTHCARE INC, P.O. BOX 110 TALLAHASSEE, FLORIDA 32302-0110 Website: www.MyFloridaCFO.com/Receiver Telephone: 850-413-3081, Toll Free: 800-882-3054, Facsimile: 850-922-9115</p>
--