DEPARTMENT OF FINANCIAL SERVICES

Division of Rehabilitation and Liquidation
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NOTICE TO AGENTS --- APRIL 5, 2013

REGARDING THE LIQUIDATION OF UNIVERSAL HEALTH CARE, INC. AND UNIVERSAL HEALTH CARE INSURANCE COMPANY, INC.

We are sending you this letter because records indicate that you were an agent of record for Universal Health Care, Inc., ("UHC"), and Universal Health Care Insurance Company, Inc., ("UHCIC"). Both UHC and UHCIC are now in receivership for purposes of liquidation. The Receiver is sending this official notice of liquidation to all of UHC and UHCIC's agents of record in order to provide detailed information which will better assist them in advising the UHC and UHCIC members/policyholders who are their clients.

UHC was a Florida only health maintenance organization which provided health care coverage to approximately 40,000 Medicare and 60,000 Medicaid members. On March 21, 2013, UHC was ordered into receivership for purposes of rehabilitation by the Second Judicial Circuit Court (the "Court") in Tallahassee, Florida.

UHCIC was a Florida based health insurance company which provided health care coverage to approximately 37,500 Medicare recipients. UHCIC was licensed in 26 states and had policyholders in most of those states. On March 22, 2013, Universal Health Care Insurance Company, Inc., ("UHCIC") was also ordered into receivership for purposes of rehabilitation by the Court in Tallahassee, Florida. The Florida Department of Financial Services is the Court appointed Receiver of both UHC and UHCIC.

APRIL 1, 2013 LIQUIDATION OF UHC AND UHCIC AND CANCELLATION OF COVERAGE:

UHC and UHCIC have been ordered liquidated effective 12:01 a.m. on April 1, 2013. By Court Order, all health care coverage with UHC and UHCIC is cancelled as of that time/date. As you are an agent of record, you are advised that the receivership orders significantly affect the companies' members/policyholders and legally impose certain obligations on you. The Florida Department of Financial Services, as Receiver of UHC and UHCIC expects you to contact your member/policyholder clients and assist them with any questions they may have regarding the receivership proceeding.

As agent for UHC and/or UHCIC and pursuant to Section 631.341, Florida Statutes, you are also expected to provide a written notice of the receivership, by registered or certified mail, to members/policyholders whose

policies have not been replaced or reinsured with a solvent authorized insurer. A copy of Section 631.341, Florida Statutes, is found at the end of this notice. The Receiver has mailed a notice of the liquidation proceeding to each of the UHC and UHCIC members/policyholders. Please note, however, that you are still responsible for providing notice to members/policyholders under Section 631.341, Florida Statutes. When providing notice of the liquidation to the members/policyholders, you should also inform them of the claims filing deadlines for UHC and UHCIC. Please see the section below regarding claims for information on how to file a claim for services provided or amounts otherwise owed prior to the liquidation date of April 1, 2013 and for important information regarding the claims filing deadlines for each of the receiverships.

ARRANGEMENTS FOR CONTINUED HEALTH CARE COVERAGE FROM APRIL 1, 2013:

MEDICARE RECIPIENTS: Medicare contracts and premiums are administered through the Federal Centers for Medicare & Medicaid Services ("CMS").

Beneficiaries currently enrolled in UHC and UHCIC will not experience a gap in their Medicare coverage. Effective April 1, 2013, CMS will automatically enroll beneficiaries who are currently UHC and UHCIC enrollees in Original Medicare through which they will be able to obtain Original Medicare (Part A and B) coverage. Those beneficiaries who also currently have prescription drug coverage through UHC or UHCIC will be enrolled into a comparable Prescription Drug Plan, either Coventry Health Care, Inc., Envision Insurance Company, Humana Insurance Company or United Healthcare. Beneficiaries can learn which Prescription Drug Plan they are enrolled in by contacting 1-800-MEDICARE.

Beneficiaries impacted by the contract termination will receive a notice in the mail from or on behalf of CMS explaining the changes in coverage and providing information about their new prescription drug coverage. They will also receive a letter from their new Prescription Drug Plan. Beneficiaries will be able to continue to see their current primary and specialty care providers under Original Medicare. Those currently in the hospital or receiving skilled nursing care or other medical treatments will continue with such care without interruption.

Other options open to beneficiaries:

Affected beneficiaries can choose to enroll in another Medicare Advantage or Prescription Drug Plan, if they do not want to remain in Original Medicare or the newly assigned Prescription Drug Plan. They have been granted a special election period during which they may make one change in their Medicare health care and prescription drug coverage. This special election period is in effect now through May 31, 2013. Coverage in the new plan is effective the first of the month following their plan selection. For example, if a beneficiary called 1-800-MEDICARE by March 31 and enrolled in a plan, the beneficiary's coverage in the plan would have been effective on April 1.

If you or your clients need more information regarding Medicare, other Medicare Advantage plans, or coverage options from 12:01 a.m. on April 1, 2013, please visit www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

MEDICAID RECIPIENTS: Medicaid contracts and premiums are administered through the Florida Agency for Health Care Administration ("AHCA"). AHCA has made arrangements for the former UHC members who were Medicaid recipients to receive continued health care coverage from April 1, 2013, and has mailed a notice to these recipients regarding their continued health care options.

If you or your clients need more information regarding Medicaid plans or coverage options from 12:01 a.m. on April 1, 2013, please visit www.ahca.myflorida.com or call 1-866-454-3959 or 1-866-467-4970 (TDD) if in Broward, Baker, Clay, Duval and Nassau Counties. Medicaid recipients in all other counties should call 1-888-367-6554.

REMEMBER: Former UHC and UHCIC members/policyholders will receive continued health care coverage from 12:01 a.m. on April 1, 2013, through arrangements made by CMS and/or AHCA. The Florida Department of Financial Services, as Receiver of UHC and UHCIC, is working with CMS and AHCA to assist in their efforts to provide a smooth transition for UHC's and UHCIC's members/policyholders to other health care coverage beginning on April 1,

2013. The Receiver has mailed letters to each of the UHC and UHCIC members/policyholders informing them of the receiverships and of their continued health care coverage as arranged through CMS and AHCA. Sample copies of these notices are available on the Receiver's website at www.myfloridacfo.com/division/receiver. **Please strongly encourage your UHC or UHCIC clients to carefully read any letters they receive from the Receiver, CMS, or AHCA. These letters will provide them with extremely important information regarding the continuation of their health care coverage from April 1, 2013, including arrangements made for continued prescription drug coverage, as well as explain their other Medicare/Medicaid options.**

PREMIUM ISSUES: Under Section 631.155, Florida Statutes, and the UHC and UHCIC liquidation orders, all premiums and unearned commissions you collected on behalf of UHC and/or UHCIC must be accounted for and paid directly to the Receiver within 30 days. No agent, broker, premium finance company or other person may use premium monies owed to UHC and/or UHCIC for refund of unearned premium or for any purpose other than payment to the Receiver. Violation constitutes contempt of Court. You have the right to appear before the Court and show cause if you feel that you are not required to account to the Receiver.

Until further notice, please remit premiums to UHC and UHCIC as normal.

In the very near future, you will receive commission statements and guidance on where to submit unearned commissions due back to UHC and UHCIC.

PRE-LIQUIDATION CLAIMS: Claims for services or goods provided to or on behalf of the UHC and UHCIC members/policyholders prior to 12:01 a.m. on April 1, 2013 must be filed with the Receiver on the Receiver's Proof of Claim Form in order to be considered for payment. At a later date, the Receiver will provide additional instructions to all known members, medical providers, and other creditors of UHC and UHCIC regarding the filing requirements. **The deadline for filing claims in the UHC receivership proceeding is 11:59:59 p.m. on March 21, 2014. The deadline for filing claims in the UHCIC receivership proceeding is 11:59:59 p.m. on March 22, 2014.**

The procedure for the filing and evaluation of claims in a receivership is set out in Part I, Chapter 631, Florida Statutes. Assuming there are sufficient assets in the receivership, the Receiver will evaluate claims in order of their priority as set out in Section 631.271, Florida Statutes. This statute establishes a system of priorities in paying claims. When the evaluation process has been completed, the Receiver will file a report with the Court setting out our recommendations as to the amounts, if any, which should be allowed on each of the claims evaluated. Notice of the Receiver's recommendations and the deadline for filing any objections to the recommendations will then be provided to the claimants. It is unlikely that claimants will receive any correspondence or other communication from the Receiver until that time unless the Receiver has questions regarding the claim which has been filed. This is because the Receiver is trying to minimize the claims' processing costs in order to maximize potential distribution to the claimants.

During the claims evaluation period, the Receiver also commences litigation and/or takes whatever other action is necessary to collect and maximize the assets of the receivership estate. Please note: it may be several years before distributions, if any, are made in these receiverships. Distributions of assets are made on a pro rata basis in accordance with the priority of claims which is set out in Section 631.271, Florida Statutes. Those whose claims fall into lower priorities are paid only if there is money left after paying the higher priority claims. **It is too early in the receivership process for the Receiver to provide any estimate as to the timing and/or the pro rata percentage of the distributions, if any, which may be made in these receiverships.**

PLEASE NOTE: Under Section 641.3154, Florida Statutes, members of a health maintenance organization are not liable to any provider of health care services for any services covered by the health maintenance organization. Additionally, health care providers and their representatives are prohibited from attempting to collect payment from the health maintenance organization's members for such services.

CONTACT INFORMATION:

For Medicare: If you or your clients need more information regarding Medicare, other Medicare Advantage plans, or coverage options from 12:01 a.m. on April 1, 2013, please visit www.medicare.gov or call 1-800-MEDICARE (1-800-633-4227). TTY users should call 1-877-486-2048.

For Medicaid: If you or your clients need more information regarding Medicaid plans or coverage options from 12:01 a.m. on April 1, 2013, please visit www.ahca.myflorida.com or call 1-866-454-3959 or 1-866-467-4970 (TDD) if in Broward, Baker, Clay, Duval and Nassau Counties. Medicaid recipients in all other counties should call 1-888-367-6554.

For Receivership information: For additional information about the UHC and UHCIC Receiverships, for copies of the liquidation orders and other related documents, or for information about the receivership process in general, please contact the Receiver using the "Contact Us" form found on the Receiver's website at www.myfloridacfo.com/division/receiver. You may also call the Florida Department of Financial Services at 1-800-882-3054 (Florida only) or 850/413-3081.

We appreciate your continued cooperation in these matters.

631.341 Notice of insolvency to policyholders by insurer, general agent, or agent.—

(1) The receiver shall, immediately after appointment in any delinquency proceeding against an insurer in which the policies have been canceled, give written notice of such proceeding to each general agent and licensed agent of the insurer in this state. Each general agent and licensed agent of the insurer in this state shall forthwith give written notice of such proceeding to all subagents, producing agents, brokers, and service representatives writing business through such general agent or licensed agent, whether or not such subagents, producing agents, brokers, and servicing representatives are licensed or permitted by the insurer and whether or not they are operating under a written agency contract.

(2) Unless, within 15 days subsequent to the date of such notice, all agents referred to in subsection (1) have either replaced or reinsured in a solvent authorized insurer the insurance coverages placed by or through such agent in the delinquent insurer, such agents shall then, by registered or certified mail, send to the last known address of any policyholder a written notice of the insolvency of the delinquent insurer.

(3) The license, permit, or certificate of authority of any person, firm, or corporation which fails to comply with the provisions of this section is subject to revocation as otherwise provided by law.

(4) If such person, firm, or corporation is not licensed or permitted or the holder of a certificate of authority under any section of this code, such person, firm, or corporation, or the officers and directors thereof, are, upon failure to comply with the provisions of this section, guilty of a misdemeanor of the first degree, punishable as provided in s. 775.082 or by a fine of not more than $5,000.

History.—s. 750, ch. 59-205; s. 15, ch. 70-27; s. 809(1st), ch. 82-243; s. 24, ch. 83-38; ss. 187, 188, ch. 91-108; s. 4, ch. 91-429; s. 68, ch. 2002-206.