

DISTRICT COURT CIVIL COVER SHEET

A-15-725244-C

County, Nevada

I

Case No.

(Assigned by Clerk's Office)

**I. Party Information** (provide both home and mailing addresses if different)

Plaintiff(s) (name/address/phone): State of Nevada, ex rel Commissioner of Insurance, i in her Official Capacity as Statutory Receiver for Delinquent Domestic Insurer	Defendant(s) (name/address/phone): Nevada Health CO-OP
Attorney (name/address/phone): Joanna N. Grigoriev, SDAG Office of the Attorney General 555 E. Washington Ave., #3900 Las Vegas, NV 89101 702-486-3101	Attorney (name/address/phone):

**II. Nature of Controversy** (please select the one most applicable filing type below)

**Civil Case Filing Types**

<p><b>Real Property</b></p> <p><b>Landlord/Tenant</b></p> <input type="checkbox"/> Unlawful Detainer <input type="checkbox"/> Other Landlord/Tenant <p><b>Title to Property</b></p> <input type="checkbox"/> Judicial Foreclosure <input type="checkbox"/> Other Title to Property <p><b>Other Real Property</b></p> <input type="checkbox"/> Condemnation/Eminent Domain <input type="checkbox"/> Other Real Property	<p><b>Negligence</b></p> <input type="checkbox"/> Auto <input type="checkbox"/> Premises Liability <input type="checkbox"/> Other Negligence <p><b>Malpractice</b></p> <input type="checkbox"/> Medical/Dental <input type="checkbox"/> Legal <input type="checkbox"/> Accounting <input type="checkbox"/> Other Malpractice	<p><b>Torts</b></p> <p><b>Other Torts</b></p> <input type="checkbox"/> Product Liability <input type="checkbox"/> Intentional Misconduct <input type="checkbox"/> Employment Tort <input type="checkbox"/> Insurance Tort <input type="checkbox"/> Other Tort
<p><b>Probate</b> (select case type and estate value)</p> <input type="checkbox"/> Summary Administration <input type="checkbox"/> General Administration <input type="checkbox"/> Special Administration <input type="checkbox"/> Set Aside <input type="checkbox"/> Trust/Conservatorship <input type="checkbox"/> Other Probate <p><b>Estate Value</b></p> <input type="checkbox"/> Over \$200,000 <input type="checkbox"/> Between \$100,000 and \$200,000 <input type="checkbox"/> Under \$100,000 or Unknown <input type="checkbox"/> Under \$2,500	<p><b>Construction Defect &amp; Contract</b></p> <p><b>Construction Defect</b></p> <input type="checkbox"/> Chapter 40 <input type="checkbox"/> Other Construction Defect <p><b>Contract Case</b></p> <input type="checkbox"/> Uniform Commercial Code <input type="checkbox"/> Building and Construction <input type="checkbox"/> Insurance Carrier <input type="checkbox"/> Commercial Instrument <input type="checkbox"/> Collection of Accounts <input type="checkbox"/> Employment Contract <input type="checkbox"/> Other Contract	<p><b>Judicial Review/Appeal</b></p> <p><b>Judicial Review</b></p> <input type="checkbox"/> Foreclosure Mediation Case <input type="checkbox"/> Petition to Seal Records <input type="checkbox"/> Mental Competency <p><b>Nevada State Agency Appeal</b></p> <input type="checkbox"/> Department of Motor Vehicle <input type="checkbox"/> Worker's Compensation <input type="checkbox"/> Other Nevada State Agency <p><b>Appeal Other</b></p> <input type="checkbox"/> Appeal from Lower Court <input type="checkbox"/> Other Judicial Review/Appeal
<p><b>Civil Writ</b></p> <p><b>Civil Writ</b></p> <input type="checkbox"/> Writ of Habeas Corpus <input type="checkbox"/> Writ of Mandamus <input type="checkbox"/> Writ of Quo Warrant	<p><b>Other Civil Filing</b></p> <p><b>Other Civil Filing</b></p> <input type="checkbox"/> Compromise of Minor's Claim <input type="checkbox"/> Foreign Judgment <input checked="" type="checkbox"/> Other Civil Matters	

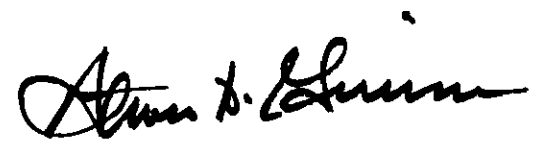
Business Court filings should be filed using the Business Court civil coversheet.

09/25/2015

Date

Signature of initiating party or representative

See other side for family-related case filings.



CLERK OF THE COURT

1 **PET**  
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3 Attorney General  
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5 Senior Deputy Attorney General  
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11 *Attorney for the Division of Insurance*

8 **IN THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA**

9 **CLARK COUNTY, NEVADA**

A-15-725244-C

10 STATE OF NEVADA, EX REL. )  
11 COMMISSIONER OF INSURANCE, IN HER )  
12 OFFICIAL CAPACITY AS STATUTORY )  
13 RECEIVER FOR DELINQUENT DOMESTIC )  
14 INSURER, )

13 Plaintiff,

15 vs.

16 NEVADA HEALTH CO-OP,

17 Defendant.)

Case No.

I

Dept. No.

20 **PETITION FOR APPOINTMENT OF COMMISSIONER AS RECEIVER AND OTHER**  
21 **PERMANENT RELIEF; REQUEST FOR TEMPORARY INJUNCTION**  
22 **PURSUANT TO NRS 696B.270(1)**

22 COMES NOW Plaintiff State of Nevada, ex rel. Acting Commissioner of Insurance,  
23 Amy L. Parks ("Commissioner"), pursuant to Nevada Revised Statute ("NRS") 696B.250, and  
24 petitions this Honorable Court, which has original jurisdiction of delinquency proceedings  
25 pursuant to NRS 696B.190(1), to appoint the Commissioner as Receiver of the NEVADA  
26 HEALTH CO-OP ("CO-OP"), Company ID No. 119733 and NAIC ID No. 15132, for the  
27 purpose of conservation/rehabilitation and to grant permanent injunctive and other relief  
28 authorized by Chapter 696B of the NRS and other applicable law, in order to finally ascertain

1 the CO-OP's true and current state of affairs, to conserve its assets, and protect the  
2 policyholders and public from the dangers inherent to the delinquency of this entity. To that  
3 end, it is respectfully requested that the Court issue an order directing the CO-OP to appear in  
4 Court on the day fixed in the order and show cause why the Petition should not be granted.

5 The Commissioner further respectfully requests that the Court issue the following  
6 interim orders for injunctive relief pending the show cause hearing and further orders by the  
7 Court, on the grounds set forth in this Petition and as permitted in NRS 696B.270(1):

8 1. Pursuant to NRS 696B.210(2), on the grounds that the insurer is in unsound  
9 condition, and pursuant to NRS 696B.210(14), on the grounds that the majority of its directors  
10 consented to conservation/rehabilitation, to appoint the Commissioner as Temporary Receiver  
11 pending further orders by the Court, to enter the business and immediately oversee the  
12 operation and conservation/ rehabilitation of the business.

13 2. Pursuant to NRS 696B.270, pending further orders by the Court, to immediately  
14 enjoin the CO-OP, the officers, directors, stockholders, members, subscribers, agents,  
15 employees, and all other persons from transacting any further business on behalf of the CO-  
16 OP unless otherwise directed by the Receiver, or from wasting or disposing of any assets or  
17 property of the CO-OP.

18 3. Pursuant to NRS 696B.340, pending further orders by the Court, to immediately  
19 enjoin any and all persons from the commencement or prosecution of any actions by or on  
20 behalf of the CO-OP, or against the CO-OP. Further, all persons should be restrained from  
21 obtaining any preferences, judgments, attachments, or other liens as to any property of the  
22 CO-OP, or making any levy against the CO-OP or against their assets or any part thereof.

23 4. Pursuant to NRS 696B.270, pending further orders by the Court, to enjoin all  
24 persons other than the Receiver, or as directed by the Receiver, from withdrawal of any funds  
25 from the CO-OP's accounts, or removal of other property from the CO-OP.

26 5. Authorizing the Commissioner as Temporary Receiver to impose such partial or  
27 full lien or moratoria on any disbursements for such time and under such terms as she deems  
28 necessary and appropriate for the protection of members and creditors, provided that such

1 lien or moratoria shall apply in the same manner to all similarly situated persons and providing  
2 that under no circumstances shall the Receiver or her representatives be liable to any person  
3 for a good faith decision to impose, or refrain from imposing, such lien or moratorium.

4 6. Authorizing the Commissioner as Temporary Receiver to make such  
5 arrangements for the replacement or continuation of health care coverage provided by the  
6 CO-OP as she deems appropriate and in the interest of the CO-OP's members and to enter  
7 into such as agreements as she deems necessary for that purpose.

8 7. Authorizing the Commissioner as Temporary Receiver to appoint, without prior  
9 notice to or prior approval by the Court, such Special Deputy Receiver and consultants as she  
10 deems necessary for the conduct of the CO-OP's receivership; such Special Deputy Receiver  
11 thereby being vested with all the rights, duties, and authority of the Temporary Receiver  
12 subject to the supervision of the Commissioner as Temporary Receiver and of the Court.

13 8. Authorizing the Commissioner as Temporary Receiver to issue such Directives  
14 as she deems appropriate to memorialize and provide notice of the exercise of her authority  
15 under the Court's Orders and applicable law.

16 The Commissioner requests that, following the hearing to show cause, the Court issue  
17 orders to:

18 1. Pursuant to NRS 696B.210, appoint the Commissioner as Permanent Receiver  
19 to enter the business and immediately oversee the operation and conservation/rehabilitation  
20 of the business;

21 2. Pursuant to NRS 696B.255(1) and NRS 696B.290(6), authorize the  
22 Commissioner as Receiver to employ special deputies, counsel, assistants, employees,  
23 accountants, actuaries, investment counselors, asset managers, consultants, assistants, and  
24 other personnel as she considers necessary, without prior notice to or prior approval by the  
25 Court.

26 3. Pursuant to NRS 696B.255(1), authorize the Receiver to fix the compensation of  
27 special deputies, counsels, clerks and assistants with the approval of the Court and thereafter,  
28 without prior notice or prior approval of the Court, to pay compensation at such approved rate,

1 in addition to any other administrative expenses of taking possession of, conserving,  
2 collecting, or otherwise dealing with, the business and property of CO-OP: all actions to be  
3 subsequently included in Receiver's quarterly reports and subject to the Court's review, as  
4 provided in NRS 696B.290(7).

5 4. Pursuant to NRS 696B.270, permanently enjoin the CO-OP, the officers,  
6 directors, stockholders, members, subscribers, agents, employees, and all other persons from  
7 transacting any further business on behalf of the CO-OP unless otherwise directed by the  
8 Receiver, or from wasting or disposing of any assets or property of the CO-OP;

9 5. Pursuant to NRS 696B.340, permanently enjoin any and all persons from the  
10 commencement or prosecution of any actions by or on behalf of the CO-OP, or against the  
11 CO-OP. Further, all persons should be restrained from obtaining any preferences, judgments,  
12 attachments, or other liens as to any property of the CO-OP, or making any levy against the  
13 CO-OP or against their assets or any part thereof;

14 6. Pursuant to NRS 696B.270, permanently enjoin all persons other than the  
15 Receiver, or as directed by the Receiver, from withdrawal of any funds from the CO-OP's  
16 accounts, or removal of other property from the CO-OP;

17 7. Pursuant to NRS 696B.290 and 696B.270, vest the Commissioner as Receiver  
18 with the title to all of the CO-OP's real and personal property of every kind whatsoever and  
19 take possession of the assets wherever located, whether in the possession of the CO-OP or  
20 its officers, directors, employees, consultants, attorneys, agents, managers, parents,  
21 subsidiaries, affiliated corporations, or those acting in concert with any of these persons, and  
22 any other persons, including, but not limited to, all property, offices maintained or utilized by  
23 the CO-OP, books, papers, contracts, deposits, stocks, securities, rights of action, accounts,  
24 documents, data records, papers, evidences of debt, bonds, debentures, mortgages, furniture,  
25 fixtures, office supplies, safe deposit boxes, legal/litigation files, and all books and records of  
26 insurers, and administer them under the general supervision of the Court;

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2 **II. Facts**

3 NEVADA HEALTH CO-OP ("CO-OP"), Company ID No. 119733 and NAIC ID No.  
4 15132, is incorporated as a nonprofit, non-stock cooperative corporation pursuant to NRS  
5 81.410 - .540, inclusive, and operates as a health maintenance organization ("HMO")  
6 chartered in Nevada, with a certificate of authority issued on January 2, 2013. It operates as  
7 an HMO under the authority of NRS Chapter 695C.

8 The Patient Protection and Affordable Care Act ("ACA") established health insurance  
9 exchanges in order to provide individuals and small businesses another option through which  
10 to shop for health insurance and possibly receive certain tax credits. To expand the number  
11 of health insurance plans that could be made available on the exchanges, the ACA also  
12 provided for the creation of the Consumer Operated and Oriented Plan program ("Program").  
13 This Program is overseen by the Centers for Medicare and Medicaid Services' ("CMS").

14 In order to assist in the creation of co-ops through the Program, CMS made two types  
15 of loans to qualified applicants including the CO-OP: Startup Loans which were intended to  
16 assist co-op applicants with approved costs for beginning operations; and Solvency Loans  
17 that were intended to assist applicants with meeting the capital reserve requirement of the  
18 State in which they intended to be domiciled. Subsequent to receipt of the Startup and  
19 Solvency Loans from CMS, no additional Federal funds are forthcoming for the capitalization  
20 of the CO-OP.

21 The CO-OP, which was created through the Program, is a private, nonprofit, member-  
22 owned insurance company subject to State insurance laws and certain Federal statutes, rules,  
23 regulations, and terms. For example, the CO-OP cannot offer equity interests to private  
24 investors. Additionally, because the CO-OP is organized as an HMO, there is no guaranty  
25 fund association protection available to its policyholders. NRS 686C.100.

26 The CO-OP's most recent financial statement filed as of June 30, 2015, pursuant to  
27 NRS 680A.270, reported total admitted assets of \$ 47,923,084, total liabilities of \$ 40,788,422  
28 and capital & surplus in the amount of \$7,134,662. As of June 30, 2015, the CO-OP reported  
a net loss of (\$30,422,301).



1 On August 21, 2015, the CO-OP was allowed a limited one-time permitted practice to  
2 report the CMS Startup funds as surplus rather than as a liability in accordance with SSAP  
3 No. 15 – Debt and Holding Company Obligations. This permitted practice was limited to the  
4 CO-OP’s second quarter reporting period which ended on June 30, 2015.

5 According to the analysis by Division of Insurance Examiner, Kathleen Lace, (Ex. A),  
6 there has been significant, materially-adverse loss development, such that the CO-OP is now  
7 unsound pursuant to NRS 696B.210(2):

- 8 • The CO-OP’s operating loss in the most previous 6-month period, is greater than  
9 50 percent of the insurer’s surplus which is in excess of the statutory minimum  
10 surplus required for HMOs pursuant to Nevada Administrative Code (“NAC”) 695C.130.
- 11 • Upon expiration of the permitted practice, the CO-OP’s capital & surplus will  
12 likely show that it is below the statutory minimum requirement pursuant to NAC  
13 695C.130.
- 14 • The CO-OP does not have access to additional sources of capital to improve its  
15 financial outlook.

16 Additional evidence supporting the conclusion that the CO-OP is in unsound condition  
17 is provided and further explained in the Affidavit of Division of Insurance Lead Actuary,  
18 Annette James (Ex. B), and is summarized as follows:

- 19 • The CO-OP’s claims unpaid reserve has increased significantly over the first six  
20 months of 2015.
- 21 • Continued losses over the first six months of 2015 resulted in the immediate  
22 recognition of a large premium deficiency reserve as of June 30, 2015.
- 23 • The collectability of the CO-OP’s accounts receivable from the Federal Risk  
24 Corridor program in the amount of \$16,200,240 as of June 30, 2015, is  
25 uncertain.

26 An unsound/hazardous condition serves as grounds for receivership pursuant to  
27 NRS 696B.210(2). Additionally, the consent of the board of directors also serves as grounds  
28 for said receivership pursuant to NRS 696B.210(14) (Ex. D). The foregoing facts constitute  
grounds to place the CO-OP in a receivership pursuant to NRS 696B.210 and 696B.290.  
These facts also support an order of injunction as provided in NRS 696B.270(1).

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2 **III. Analysis**

3 **A. Receivership**

4 Chapter 696B of the NRS governs delinquency proceedings, including by conservation,  
5 rehabilitation, or liquidation, against all persons and entities defined in NRS 696B.020.  
6 Nevada has adopted the Uniform Insurers Liquidation Act ("UILA"). See NRS 696B.280,  
7 696B.030 - .180 and NRS 696B.290 - .340. The UILA serves the purpose to "make uniform  
8 the laws of those states which enact it," NRS 696B.280(3), and to provide for a uniform and  
9 orderly method of making claims against an insolvent insurer and distributing an insolvent  
10 insurer's assets. It prevents local creditors from seizing the assets of an insurer while  
11 liquidation proceedings are administered, thus ensuring that all creditors of the insolvent  
12 company, regardless of their geographical location, are treated equally. See *Ace Grain Co. v.*  
13 *Rhode Island Ins. Co.*, 107 F. Supp. 80 (S.D.N.Y. 1952), *aff'd*, 199 F. 2d. 758 (2d Cir. 1953).

14 In the State of Nevada, where this delinquent insurer is domiciled, the Commissioner is  
15 the proper authority to be appointed as the Receiver for proceedings to administer the CO-  
16 OP's assets. See NRS 696B.290. Under the statutory scheme patterned after UILA, the  
17 Receiver takes possession and control of the insurer's property and "steps into the shoes" of  
18 the insurer and proceeds to administer the receivership. *Am Jur. Receivers* § 116. Her powers  
19 are derived from the governing statutes, and not from the court. See *State ex. Rel. Sizemore*  
20 *v. United Physicians Ins. Risk Retention*, 56 S.W. 3d 557, 563 (Tenn. Ct. App. 2001) (citations  
21 omitted). The receiver is afforded great deference, as evidenced by the language of NRS  
22 696B.290(7): "the court shall not withhold approval or disapprove any such action unless  
23 found by the court after a hearing thereon in open court to be unlawful, arbitrary or capricious."  
24 *Id.*

25 Unsound condition is grounds for receivership. NRS 696B.210(2). Additionally, the  
26 consent of the board of directors provides grounds under NRS 696B.210(14). The  
27 Commissioner, as Receiver in the state of domicile, is vested with title to all of the company's  
28 property and has the sole right to receive the books, records, and assets of the delinquent

1 company, wherever located, to satisfy the claims of policyholders and creditors in this state  
2 and elsewhere, pursuant to NRS 696B.290. Claims against the insurer, including any claims  
3 of Nevada residents, are reviewed pursuant to the provisions of NRS Chapter 696B. These  
4 provisions apply broadly to all corporations, firms, associations, societies, entities or  
5 individuals doing insurance business in Nevada. The Commissioner as Receiver is  
6 responsible for the proper administration of assets.

7 The Petition filed in this case seeks an order appointing the Commissioner  
8 as the Receiver as to the assets and special deposits of the CO-OP located within this state  
9 and elsewhere. NRS 696B.250 sets forth the proper procedure as follows:

10 1. The Commissioner shall commence a delinquency proceeding  
11 authorized under this chapter, the Attorney General representing  
12 the Commissioner, by filing a petition in a court of proper  
jurisdiction praying for appointment of the Commissioner as  
receiver of the insurer.

13 2. Upon the filing of the petition the court shall issue an order  
14 directing the insurer to appear in court on the day fixed in the order  
and show cause why the petition should not be granted. Unless  
15 good cause is shown for a shorter period, the order shall require  
the insurer so to show cause not less than 15 days nor more than  
30 days from the date of the order.

16 3. The order to show cause and service thereof on the insurer  
shall constitute due and legal process and shall be in lieu of any  
17 other process otherwise provided by law or court rule.

18 The District Court has original jurisdiction of delinquency proceedings under  
19 NRS 696B.010 - .565 and "may make all necessary or proper orders to carry out the purposes  
20 of those sections." See NRS 696B.190(1). In this case, as indicated in Ex. A and B and the  
21 supporting documents, the CO-OP is unsound as provided in NRS 696B.210(2). As such,  
22 proceeding with this receivership is appropriate.

23 **B. Injunctions**

24 The Commissioner is under a duty to act for the protection of subscribers, members,  
25 and policyholders and conserve the available assets. To this end, the Commissioner  
26 may seek an injunction to stay the commencement or prosecution of actions and the procuring  
27 of judgment against the insurer, restrain the consummation of business transactions, prohibit  
28 interference with the delinquency proceedings, or prevent waste of the assets. See NRS

1 696B.270 and NRS 696B.340. "The UILA authorizes the court in which a delinquency  
2 proceeding was instituted to enjoin all claims against the insurer...." *Integrity Ins. Co. v.*  
3 *Martin*, 105 Nev. 16, 18, 769 P.2d 69, 70 (1989). This Court may issue such injunctions in this  
4 matter without notice upon the commencement of these delinquency proceedings as provided  
5 in NRS 696B.270:

6 1. Upon application by the Commissioner for such an order to  
7 show cause, or at any time thereafter, **the court may without**  
8 **notice issue an injunction** restraining the insurer, its officers,  
9 directors, stockholders, members, subscribers, agents and all other  
10 persons from the transaction of its business or the waste or  
11 disposition of its property until the further order of the court. . . .

12 2. **The court may at any time during a proceeding** under NRS  
13 696B.010 to 696B.565, inclusive, **issue such other injunctions** or  
14 orders as may be deemed necessary to prevent interference with  
15 the Commissioner or the proceeding, or waste of the assets of the  
16 insurer, or the commencement or prosecution of any actions, or the  
17 obtaining of preferences, judgments, attachments or other liens, or  
18 the making of any levy against the insurer or against its assets or  
19 any part thereof.

20 3. No bond may be required of the Commissioner as a  
21 prerequisite for the issuance of any injunction or restraining order  
22 pursuant to this section. (Emphasis added).

23 The Commissioner seeks to preserve the status quo and to enforce the purposes of  
24 NRS 696B.270, and to protect policyholders of the CO-OP from the wasting of assets, as well  
25 as potential collection actions pending payment of claims. The CO-OP is in unsound  
26 condition and has been subject to such methods and practices in the conduct of its business  
27 as to render its further transaction of insurance, without formal conservation/rehabilitation  
28 receivership efforts by the Commissioner, presently or prospectively hazardous to the  
policyholders, creditors and the public. As evident from Exhibits A and B attached hereto, an  
order of an immediate injunction pending further orders of the Court is essential to preserve  
the assets, the status quo, to enforce the purposes of NRS 696B.270, and to protect insureds  
and creditors of the CO-OP from collection actions pending payment of claims.

#### IV. Conclusion

Based on the foregoing, the Commissioner respectfully requests that the Court issue  
an Order to Show Cause directing the CO-OP to appear and show cause why the Petition  
to Appoint Commissioner as Receiver and Associated Relief should not be granted. The

1 Commissioner further requests that the Court issue interim orders of injunction as set forth  
2 herein, pending the show cause hearing and further orders of the Court as set forth herein.  
3 The statutory immunity of NRS 696B.565 extends to deputy receivers as officers or agents of  
4 the Receiver.

5 The Commissioner respectfully requests further that the Court grant the Petition for  
6 Appointment of Commissioner as Receiver, along with the associated permanent relief and  
7 injunctions.

8 DATED this 25<sup>th</sup> day of September, 2015.

9  
10 ADAM PAUL LAXALT  
Attorney General

11 By: /s/ Joanna N. Grigoriev  
12 JOANNA N. GRIGORIEV  
13 Senior Deputy Attorney General  
14 *Attorney for the Division of Insurance*  
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**EXHIBIT A**

**TO**

**PETITION FOR APPOINTMENT OF COMMISSIONER AS  
RECEIVER AND OTHER PERMANENT RELIEF; REQUEST  
FOR TEMPORARY INJUNCTION PURSUANT TO NRS  
696B.270(1)**



1 to NRS 81.410 - .540, inclusive.

2 5. Pursuant to NRS 695C.210(1), the CO-OP was required to file a full and  
3 true statement of its financial condition, transactions and affairs; and an accurate  
4 statement of its financial condition, in accordance with the NAIC Annual Statement  
5 Instructions and NAIC Accounting Practices and Procedures Manual. NRS  
6 695C.210(1). Attachment 2 includes pages 1-5 of the CO-OP's 2014 Health Annual  
7 Statement (financial) submitted on March 3, 2015.

8 6. Nevada Administrative Code ("NAC") 695C.130 requires that health  
9 companies, such as the CO-OP, maintain a minimum capital and surplus balance of  
10 \$1,500,000.

11 7. Pages 1-5 of the CO-OP's most recent Quarterly Statement (financial), as  
12 of June 30, 2015, are attached as Attachment 3.

13 8. The CO-OP's June 30, 2015 financial statement reflects total admitted  
14 assets of \$47,923,084 and total liabilities of \$40,788,422, resulting in capital and  
15 surplus of \$7,134,662.

16 9. The CO-OP reported a net loss as of June, 30, 2015, of (\$30,422,301).  
17 For the 2014 calendar year, the CO-OP reported a net loss of (\$15,295,456).

18 10. On June 30, 2015, the policyholders' surplus of \$7,134,662 was  
19 comprised of \$48,820,349 of surplus notes, \$151,601 of aggregate write-ins for special  
20 surplus funds, and \$17,080,047 of aggregate write-ins for other than special surplus  
21 funds, less (\$58,917,335) in unassigned funds from operating losses since the CO-  
22 OP's inception.

23 11. On August 21, 2015, the Division approved a temporary, limited one-time  
24 permitted practice to allow the CMS Startup loan, in the amount of \$17,080,047, to be  
25 reported as surplus rather than a liability in accordance with SSAP No. 15 – Debt and  
26 Holding Company Obligations. The time period during which the permitted practice  
27 was allowed was limited to the June 30, 2015 Quarterly Statement. A copy of the  
28 permitted practice is attached as Attachment 4.



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12. Due to the significant losses experienced since its inception, along with the lack of new sources of capital, the CO-OP is unsound pursuant to NRS 696B.210(2).

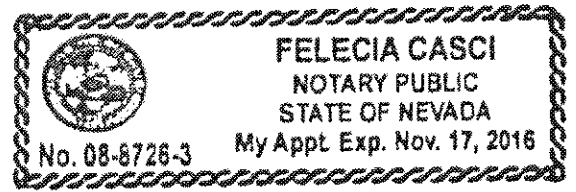
13. I declare under penalty of perjury that the foregoing is true and correct based on my personal knowledge.



\_\_\_\_\_  
Kathleen Lace  
Insurance Examiner I

SUBSCRIBED and SWORN to  
before me this 25 day of September, 2015.

  
\_\_\_\_\_  
NOTARY PUBLIC



## **ATTACHMENT 1**

**TO**

**AFFIDAVIT OF KATHLEEN LACE IN SUPPORT OF PETITION  
FOR APPOINTMENT OF COMMISSIONER AS RECEIVER AND  
OTHER PERMANENT RELIEF; REQUEST FOR TEMPORARY  
INJUNCTION PURSUANT TO NRS 696B.270(1)**

# Certificate of Authority

STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE  
Carson City, Nevada

Nevada ID #: 119733

THE NEVADA HEALTH CO-OP

Incorporated in the State of NEVADA

Home office at LAS VEGAS, NEVADA

*having duly qualified, is hereby licensed to transact:*

**\*\* HEALTH MAINTENANCE ORGANIZATION (NRS 695C) \*\***

(Service Area by Counties and zip codes): Clark – All zip codes

*insurance business within the State of Nevada until terminated at the request of the insurer or suspended or  
revoked by the Commissioner of Insurance.*

Original Certificate Dated at Carson City,

Nevada this 2<sup>nd</sup> day of January, 2013

  
\_\_\_\_\_  
Commissioner of Insurance



# Amended Certificate of Authority

STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE  
Carson City, Nevada

*Nevada ID:* 119733  
*THE* NEVADA HEALTH CO-OP  
*Incorporated in the State of* NEVADA  
*Home office at* LAS VEGAS, NEVADA  
*having duly qualified is hereby licensed to transact:*

**\*\* HEALTH MAINTENANCE ORGANIZATION (NRS 695C) \*\***  
**(Service Area: All zip codes in Nevada)**

*insurance business within the State of Nevada until terminated at the request of the insurer or suspended or  
revoked by the Commissioner of Insurance.*



Original Certificate Dated at Carson City, Nevada

this 2<sup>nd</sup> day of January, 2013

Amended this 3<sup>rd</sup> day of July, 2013

\_\_\_\_\_  
Commissioner of Insurance

## **ATTACHMENT 2**

**TO**

**AFFIDAVIT OF KATHLEEN LACE IN SUPPORT OF PETITION  
FOR APPOINTMENT OF COMMISSIONER AS RECEIVER AND  
OTHER PERMANENT RELIEF; REQUEST FOR TEMPORARY  
INJUNCTION PURSUANT TO NRS 696B.270(1)**



# HEALTH ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2014  
OF THE CONDITION AND AFFAIRS OF THE  
**Nevada Health CO-OP**

NAIC Group Code 0000 0000 NAIC Company Code 15132 Employer's ID Number 90-0917673  
(Current) (Prior)

Organized under the Laws of Nevada State of Domicile or Part of Entry NV

Country of Domicile United States of America

Licensed as business type Health Maintenance Organization

Is HMO Federally Qualified? Yes [ ] No [X]

Incorporated/Organized 10/30/2012 Commenced Business 01/01/2014

Statutory Home Office 3900 Meadows Lane Suite 214 Las Vegas, NV, US 89107  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 3900 Meadows Lane Suite 214  
(Street and Number)  
Las Vegas, NV, US 89107 702-802-4600  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Main Address 3900 Meadows Lane Suite 214 Las Vegas, NV, US 89107  
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 3900 Meadows Lane Suite 214  
(Street and Number)  
Las Vegas, NV, US 89107 702-802-4600  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Website Address nevadahealthcoop.org

Statutory Statement Contact Bas, Charles Dible 702-802-4600  
(Name) (Area Code) (Telephone Number)  
cdible@nevadahealthcoop.org 702-805-4601  
(E-mail Address) (FAX Number)

### OFFICERS

Chief Executive Officer Pamela Lynn Egan

Secretary Bobbette Ade's Bond

### OTHER

### DIRECTORS OR TRUSTEES

Darby Lynn Thompson Christine Joy Carlisle Donald Ray Taylor Jr.

State of Nevada SS:  
 County of Clark

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.

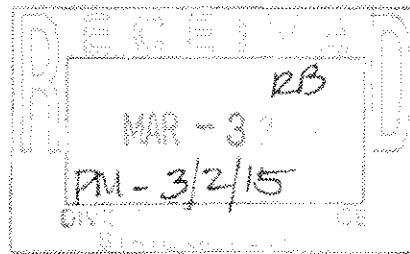
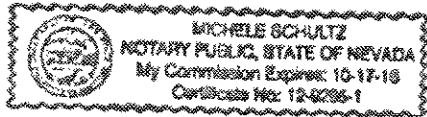
Pamela Lynn Egan  
 Pamela Lynn Egan  
 CEO

Bas Charles Dible  
 Bas Charles Dible  
 CFO

Subscribed and sworn to before me this 28th day of February 2015.

Michele Schultz  
 Michele Schultz  
 CEO Executive Assistant  
 October 17, 2016

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



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Nevada Health CO-OP

ASSETS

	Current Year		3 Net Admitted Assets (Cols. 1 - 2)	Prior Year 4 Net Admitted Assets
	1 Assets	2 Nonadmitted Assets		
1. Bonds (Schedule D)	23,855,511		23,855,511	0
2. Stocks (Schedule D):				
2.1 Preferred stocks			0	0
2.2 Common stocks			0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances)			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$ 3,305,157, Schedule E - Part 1), cash equivalents (\$ , Schedule E - Part 2) and short-term investments (\$ 36,343, Schedule DA)	3,845,501		3,845,501	25,933,436
6. Contract loans, (including \$ premium notes)			0	0
7. Derivatives (Schedule D8)			0	0
8. Other invested assets (Schedule BA)			0	0
9. Receivables for securities			0	0
10. Securities lending reinvested collateral assets (Schedule DL)			0	0
11. Aggregate write-ins for invested assets	0	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	27,701,012	0	27,701,012	25,933,436
13. Title plans less \$ charged off (for Title insurers only)			0	0
14. Investment income due and accrued	67,052		67,052	0
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	1,479,546	1,256,702	222,844	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)			0	0
15.3 Accrued retrospective premiums	4,391,073		4,391,073	0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	7,092,348		7,092,348	0
16.2 Funds held by or deposited with reinsured companies			0	0
16.3 Other amounts receivable under reinsurance contracts	323,405		323,405	0
17. Amounts receivable relating to uninsured plans			0	0
18.1 Current federal and foreign income tax recoverable and interest thereon			0	0
18.2 Net deferred tax asset			0	0
19. Guaranty funds receivable or on deposit			0	0
20. Electronic data processing equipment and software	737,002		737,002	211,715
21. Furniture and equipment, including health care delivery assets (\$ )	362,958	362,958	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
23. Receivables from parent, subsidiaries and affiliates			0	0
24. Health care (\$ 151,597 ) and other amounts receivable	238,908	147,293	151,597	0
25. Aggregate write-ins for other than invested assets	3,456,223	316,948	3,152,275	0
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	45,822,626	2,083,907	43,738,719	26,145,151
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts			0	0
28. Total (Lines 26 and 27)	45,822,626	2,083,907	43,738,719	26,145,151
<b>DETAILS OF WRITE-INS</b>				
1101				
1102				
1103				
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0	0
1199. Totals (Lines 1101 thru 1103 plus 1198)(Line 11 above)	0	0	0	0
2501. Solvency Loan Receivable	3,152,275		3,152,275	0
2502. Accrued Receivable	70,560	70,560	0	0
2503. Prepaid Assets	163,765	163,765	0	0
2598. Summary of remaining write-ins for Line 25 from overflow page	142,623	142,623	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	3,469,223	316,948	3,152,275	0



ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Nevada Health CO-OP

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ 2,092,232 reinsurance ceded)	5,538,001		5,538,001	0
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	233,000		233,000	0
4. Aggregate health policy reserves, including the liability of \$ 0 for medical loss ratio rebate per the Public Health Service Act			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	1,964,034		1,964,034	381,716
9. General expenses due or accrued	2,259,374		2,259,374	842,090
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable	560,730		560,730	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ (current))	15,980,047		15,980,047	15,982,245
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Derivatives			0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ 0 unauthorized reinsurers and \$ 0 certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified ( \$ ) companies			0	0
21. Net adjustments to assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under unfunded plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	27,514,186	0	27,514,186	18,186,051
25. Aggregate write-ins for special surplus funds	XXX	XXX	83,199	0
26. Common capital stock	XXX	XXX		
27. Preferred capital stock	XXX	XXX		
28. Gross paid-in and contributed surplus	XXX	XXX		
29. Surplus notes	XXX	XXX	42,065,583	18,680,047
30. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	(26,924,350)	(10,720,947)
32. Less treasury stock, at cost				
32.1 shares common (value included in Line 26 \$ )	XXX	XXX		
32.2 shares preferred (value included in Line 27 \$ )	XXX	XXX		
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	18,124,532	7,959,100
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	45,738,718	26,145,151
DETAILS OF WRITE-INS				
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overview page	0	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0
2501. 9010 ACA Assessment	XXX	XXX	83,199	
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overview page	XXX	XXX	0	0
2599. Totals (Lines 2501 thru 2503 plus 2598)(Line 25 above)	XXX	XXX	83,199	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overview page	XXX	XXX	0	0
3099. Totals (Lines 3001 thru 3003 plus 3098)(Line 30 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2014 OF THE Nevada Health CO-OP

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months	XXX	162,632	0
2. Net premium income (including \$ non-health premium income)	XXX	51,526,023	
3. Change in unearned premium reserves and reserve for rate credits	XXX	0	
4. Fee-for-service (net of \$ medical expenses)	XXX	0	
5. Risk revenue	XXX	0	
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	15,000
8. Total revenues (Lines 2 to 7)	XXX	51,526,023	15,000
<b>Hospital and Medical:</b>			
9. Hospital/medical benefits		40,240,031	
10. Other professional services		9,937	
11. Outside referrals		0	
12. Emergency room and out-of-area		0	
13. Prescription drugs		12,331,645	
14. Aggregate write-ins for other hospital and medical	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts		0	
16. Subtotal (Lines 9 to 15)	0	52,580,613	0
<b>Less:</b>			
17. Net reinsurance recoveries		9,184,580	
18. Total hospital and medical (Lines 16 minus 17)	0	43,396,033	0
19. Non-health claims (net)			
20. Claims adjustment expenses, including \$ 1,174,626 cost containment expenses		4,409,031	0
21. General administrative expenses		19,041,284	7,929,516
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only)		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	66,867,248	7,929,516
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(15,341,225)	(7,942,516)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17)		44,897	5,113
26. Net realized capital gains (losses) less capital gains tax of \$		962	
27. Net investment gains (losses) (Lines 25 plus 26)	0	45,769	5,113
28. Net gain or (loss) from agents' or premium balances charged off (Amount recovered \$ (amount charged off \$ ))			
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	(15,295,456)	(7,906,403)
31. Federal and foreign income taxes incurred	XXX		
32. Net income (loss) (Lines 30 minus 31)	XXX	(15,295,456)	(7,906,403)
<b>DETAILS OF WRITE-INS</b>			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698)(Line 6 above)	XXX	0	0
0701. Diversified Marketing Funds	XXX		15,000
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798)(Line 7 above)	XXX	0	15,000
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498)(Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998)(Line 29 above)	0	0	0

**STATEMENT OF REVENUE AND EXPENSES (Continued)**

	1 Current Year	2 Prior Year
<b>CAPITAL AND SURPLUS ACCOUNT</b>		
33. Capital and surplus prior reporting year	7,959,100	(1,125,614)
34. Net income or (loss) from Line 32	(15,295,456)	(7,908,403)
35. Change in valuation basis of aggregate policy and claim reserves		
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		
37. Change in net unrealized foreign exchange capital gain or (loss)		
38. Change in net deferred income tax		
39. Change in nonadmitted assets	(396,377)	(1,686,930)
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	24,285,636	18,580,047
43. Cumulative effect of changes in accounting principles		
44. Capital Changes		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)	0	0
44.3 Transferred to surplus		
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)		
45.3 Transferred from capital		
46. Dividends to stockholders		
47. Aggregate write-ins for gains or (losses) in surplus	(427,770)	0
48. Net change in capital and surplus (Lines 34 to 47)	8,169,433	9,084,714
49. Capital and surplus end of reporting period (Line 33 plus 48)	16,124,533	7,959,100
<b>DETAILS OF WRITE-INS</b>		
4701. Prior Period Adjustment	(427,770)	
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798)(Line 47 above)	(427,770)	0

**ATTACHMENT 3**

**TO**

**AFFIDAVIT OF KATHLEEN LACE IN SUPPORT OF PETITION  
FOR APPOINTMENT OF COMMISSIONER AS RECEIVER AND  
OTHER PERMANENT RELIEF; REQUEST FOR TEMPORARY  
INJUNCTION PURSUANT TO NRS 696B.270(1)**



**QUARTERLY STATEMENT  
AS OF JUNE 30, 2015  
OF THE CONDITION AND AFFAIRS OF THE  
NEVADA HEALTH CO-OP**

NAIC Group Code 6900 6900 NAIC Company Code 15132 Employer's ID Number 80-0917673  
(Current Period) (Prior Period)

Organized under the Laws of Nevada State of Domicile or Port of Entry Nevada

Country of Domicile United States of America

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 [ ] No(X) N/A [ ]

Incorporated/Organized 10/30/2012 Commenced Business 01/31/2014

Statutory Home Office 3900 MEADOWS LANE SUITE 214 LAS VEGAS, NV, US 89107  
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 3900 MEADOWS LANE SUITE 214  
(Street and Number)

Mail Address LAS VEGAS, NV, US 89107 (702)802-4600  
(City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Primary Location of Books and Records 3900 MEADOWS LANE SUITE 214 LAS VEGAS, NV, US 89107  
(Street and Number) (City or Town, State, Country and Zip Code)

Internet Web Site Address NEVADAEALTHCOOP.ORG (702)802-4600  
(E-Mail Address) (Area Code) (Telephone Number)

Statutory Statement Contact BASIL CHARLES DIBSIE (702)802-4600  
(Name) (Area Code) (Telephone Number)

BDIBSIE@NEVADAEALTHCOOP.ORG (702)802-4601  
(E-Mail Address) (Fax Number)

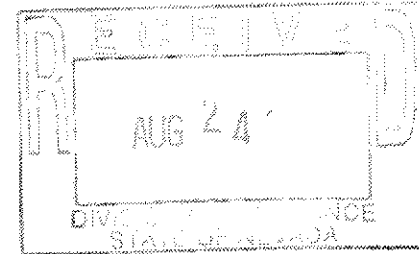
**OFFICERS**

Name	Title
PAMELA LYNN EGAN	CHIEF EXECUTIVE OFFICER
LINDA IRENE MATTON	CHIEF OPERATING OFFICER #
BASIL CHARLES DIBSIE	CHIEF FINANCIAL OFFICER #
NICOLE RENEE FLORA MC	CHIEF MEDICAL OFFICER #

**OTHERS**

**DIRECTORS OR TRUSTEES**

PAMMY LYNN THOMPSON CHRISTINE JOY CARAFELLI  
RONALD RAY TAYLOR JR.



State of Nevada  
County of Clark ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of the 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.

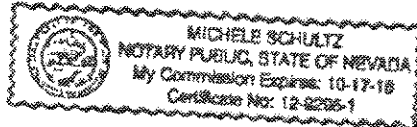
(Signature)	(Signature)	(Signature)
PAMELA LYNN EGAN	BASIL CHARLES DIBSIE	
(Printed Name)	(Printed Name)	(Printed Name)
1	2	3
CHIEF EXECUTIVE OFFICER	CHIEF FINANCIAL OFFICER	
(Title)	(Title)	(Title)

Subscribed and sworn to before me this 21 day of August 2015

a. Is this an original filing? Yes[X] No [ ]

b. If no: 1. State the amendment number \_\_\_\_\_  
2. Date filed \_\_\_\_\_  
3. Number of pages attached \_\_\_\_\_

(Notary Public Signature)



## 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	857,410		857,410	23,855,511
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 (\$ 7,818,076), cash equivalents (\$ 0) and short-term investments (\$ 4,196,316)	12,014,392		12,014,392	3,845,501
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)	12,871,802		12,871,802	27,701,012
13 Title plants less \$ 0 charged off (for Title insurers only)				
14 Investment income due and accrued	1,884		1,884	67,052
15 Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	6,254,851	1,222,263	5,032,588	222,944
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	16,200,240		16,200,240	4,291,073
16 Reinsurance:				
16.1 Amounts recoverable from reinsurers	12,670,001		12,670,001	7,092,348
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	323,405		323,405	323,405
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	571,686		571,686	737,002
21 Furniture and equipment, including health care delivery assets (\$ 0)	422,953	422,953		
22 Net adjustments in assets and liabilities due to foreign exchange rates				
23 Receivables from parent, subsidiaries and affiliates				
24 Health care (\$ 251,477) and other amounts receivable	582,628	331,151	251,477	151,607
25 Aggregate write-ins for other than invested assets	406,117	406,117		3,152,275
26 TOTAL assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	50,305,567	2,382,483	47,923,084	43,738,718
27 From Separate Accounts, Segregated Accounts and Protected Cell Accounts				
28 TOTAL (Lines 26 and 27)	50,305,567	2,382,483	47,923,084	43,738,718
DETAILS OF WRITE-INS				
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 SOLVENCY LOAN RECEIVABLE				3,152,275
2502 ACCRUED RECEIVABLE	174,493	174,493		
2503 PREPAID ASSETS	89,001	89,001		
2598 Summary of remaining write-ins for Line 25 from overflow page	142,623	142,623		
2599 TOTALS (Lines 2501 through 2503 plus 2598) (Line 25 above)	406,117	406,117		3,152,275

## LIABILITIES, CAPITAL AND SURPLUS

	Current Period			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1 Claims unpaid (less \$ ..... 0 reinsurance ceded)	15,027,286		15,027,286	5,608,001
2 Accrued medical incentive pool and bonus amounts				
3 Unpaid claims adjustment expenses	869,612		869,612	233,000
4 Aggregate health policy reserves, including the liability of \$ ..... 0 for medical loss ratio rebate per the Public Health Service Act	19,529,890		19,529,890	
5 Aggregate life policy reserves				
6 Property/casualty unearned premium reserve				
7 Aggregate health claim reserves				
8 Premiums received in advance	2,115,524		2,115,524	1,964,034
9 General expenses due or accrued	2,611,506		2,611,506	2,269,374
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	634,421		634,421	569,730
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)				16,980,047
15 Amounts due to parent, subsidiaries and affiliates				
16 Derivatives				
17 Payable for securities	182		182	
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 ceded (\$ ..... 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)				
24 Total liabilities (Lines 1 to 23)	40,788,422		40,788,422	27,614,186
25 Aggregate write-ins for special surplus funds	X X X	X X X	151,601	83,199
26 Common capital stock	X X X	X X X		
27 Preferred capital stock	X X X	X X X		
28 Gross paid in and contributed surplus	X X X	X X X		
29 Surplus notes	X X X	X X X	46,870,349	42,965,683
30 Aggregate write-ins for other than special surplus funds	X X X	X X X	17,080,047	
31 Unassigned funds (surplus)	X X X	X X X	(58,917,335)	(26,924,350)
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	7,134,662	16,124,532
34 Total Liabilities, capital and surplus (Lines 24 and 33)	X X X	X X X	47,923,084	43,738,718
DETAILS OF WRITE-INS				
2301				
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)				
2501 9010 ACA ASSESSMENT	X X X	X X X	151,601	83,199
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	151,601	83,199
3001 CMS Start-up Loans	X X X	X X X	17,080,047	
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	17,080,047	



## STATEMENT OF REVENUE AND EXPENSES

	Current Year To Date		Prior Year To Date	Prior Year Ended December 31
	1	2	3	4
	Uncovered	Total	Total	Total
1 Member Months	X X X	124,054		162,632
2 Net premium income (including \$ ..... 0 non-health premium income)	X X X	47,877,767	7,087,249	51,528,023
3 Change in unearned premium reserves and reserves for rate credits	X X X			...
4 Fee-for-service (net of \$ ..... 0 medical expenses)	X X X			...
5 Risk revenue	X X X			...
6 Aggregate write-ins for other health care related revenues	X X X			...
7 Aggregate write-ins for other non-health revenues	X X X			...
8 Total revenues (Lines 2 to 7)	X X X	47,877,767	7,087,249	51,528,023
<b>Hospital and Medical:</b>				
9 Hospital/medical benefits		35,303,149	3,581,631	40,240,031
10 Other professional services		9,294	1,118,007	8,837
11 Outside referrals				...
12 Emergency room and out-of-area				...
13 Prescription drugs		14,523,726	1,063,453	12,331,845
14 Aggregate write-ins for other hospital and medical				...
15 Incentive pool, withhold adjustments and bonus amounts				...
16 Subtotal (Lines 9 to 15)		49,836,170	5,763,091	52,580,813
<b>Less:</b>				
17 Net reinsurance recoveries		4,068,071		9,184,580
18 Total hospital and medical (Lines 16 minus 17)		45,770,100	5,763,091	43,398,833
19 Non-health claims (net)				...
20 Claims adjustment expenses, including \$ ..... 677,311 cost containment expenses		3,161,436		4,429,831
21 General administrative expenses		13,348,683	5,010,309	19,041,284
22 Increase in reserve for life and accident and health contracts (including \$ ..... 0 increase in reserves for life only)		15,900,000		...
23 Total underwriting deductions (Lines 18 through 22)		78,179,818	10,773,400	68,867,248
24 Net underwriting gain or (loss) (Lines 8 minus 23)	X X X	(30,301,850)	(3,686,151)	(15,341,225)
25 Net investment income earned		(124,449)	4,826	44,807
26 Net realized capital gains (losses) less capital gains tax of \$ ..... 0		3,998		962
27 Net investment gains or (losses) (Lines 25 plus 26)		(120,451)	4,826	45,769
28 Net gain or (loss) from agents' or premium balances charged off ((amount recovered \$ ..... 0) (amount charged off \$ ..... 0))				...
29 Aggregate write-ins for other income or expenses				...
30 Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29)	X X X	(30,422,301)	(3,681,525)	(15,295,456)
31 Federal and foreign income taxes incurred	X X X			...
32 Net income (loss) (Lines 30 minus 31)	X X X	(30,422,301)	(3,681,525)	(15,295,456)
<b>DETAILS OF WRITE-INS</b>				
0601	X X X			...
0602	X X X			...
0603	X X X			...
0698 Summary of remaining write-ins for Line 6 from overflow page	X X X			...
0699 TOTALS (Lines 0601 through 0603 plus 0698) (Line 6 above)	X X X			...
0701	X X X			...
0702	X X X			...
0703	X X X			...
0798 Summary of remaining write-ins for Line 7 from overflow page	X X X			...
0799 TOTALS (Lines 0701 through 0703 plus 0798) (Line 7 above)	X X X			...
1401				...
1402				...
1403				...
1498 Summary of remaining write-ins for Line 14 from overflow page				...
1499 TOTALS (Lines 1401 through 1403 plus 1498) (Line 14 above)				...
2901				...
2902				...
2903				...
2998 Summary of remaining write-ins for Line 29 from overflow page				...
2999 TOTALS (Lines 2901 through 2903 plus 2998) (Line 29 above)				...

## STATEMENT OF REVENUE AND EXPENSES (Continued)

	1	2	3
	Current Year To Date	Prior Year To Date	Prior Year Ended December 31
CAPITAL & SURPLUS ACCOUNT			
33. Capital and surplus prior reporting year .....	16,124,533	7,959,100	7,959,100
34. Net income or (loss) from Line 32 .....	(30,422,301)	(3,681,525)	(15,295,456)
35. Change in valuation basis of aggregate policy and claim reserves .....			
36. Change in net unrealized capital gains (losses) less capital gains tax of \$.....0			
37. Change in net unrealized foreign exchange capital gain or (loss) .....			
38. Change in net deferred income tax .....			
39. Change in nonadmitted assets .....	(298,577)	893,901	(395,977)
40. Change in unauthorized and certified reinsurance .....			
41. Change in treasury stock .....			
42. Change in surplus notes .....	5,854,666	21,133,361	24,285,636
43. Cumulative effect of changes in accounting principles .....	17,980,047		
44. Capital Changes			
44.1 Paid in			
44.2 Transferred from surplus (Stock Dividend)			
44.3 Transferred to surplus			
45. Surplus adjustments			
45.1 Paid in			
45.2 Transferred to capital (Stock Dividend)			
45.3 Transferred from capital			
46. Dividends to stockholders .....			
47. Aggregate write-ins for gains or (losses) in surplus .....	(1,203,705)	(427,770)	(427,770)
48. Net change in capital and surplus (Lines 34 to 47) .....	(8,989,870)	17,917,967	8,165,433
49. Capital and surplus end of reporting period (Line 33 plus 48) .....	7,134,663	25,877,067	16,124,533
DETAILS OF WRITE-INS			
4701. PRIOR YEAR ADJUSTMENT SUBSEQUENT TO THE ANNUAL FILING .....	(1,203,705)	(427,770)	(427,770)
4702. ....			
4703. ....			
4798. Summary of remaining write-ins for Line 47 from overflow page .....			
4799. TOTALS (Lines 4701 through 4703 plus 4798) (Line 47 above) .....	(1,203,705)	(427,770)	(427,770)

**ATTACHMENT 4**

**TO**

**AFFIDAVIT OF KATHLEEN LACE IN SUPPORT OF PETITION  
FOR APPOINTMENT OF COMMISSIONER AS RECEIVER AND  
OTHER PERMANENT RELIEF; REQUEST FOR TEMPORARY  
INJUNCTION PURSUANT TO NRS 696B.270(1)**

BRIAN SANDOVAL  
*Governor*

STATE OF NEVADA

BRUCE H. BRESLOW  
*Director*



AMY L. PARKS  
*Acting Commissioner*

DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

1818 East College Pkwy., Suite 103  
Carson City, Nevada 89706  
(775) 687-0700 • Fax (775) 687-0787  
Website: doi.nv.gov  
E-mail: insinfo@doi.nv.gov

August 21, 2015

Pamela Egan  
Chief Executive Officer  
Nevada Health CO-OP  
3900 Meadows Lane  
Las Vegas, NV 89107

SENT VIA E-MAIL:  
pegan@nevadahealthcoop.org  
CERTIFIED MAIL NO.  
7012 2920 0001 8639 3661

Re: Request for Reconsideration of Permitted Practice

Dear Ms. Egan:

Please accept this letter in response to your request for reconsideration of permitted practice dated August 20, 2015. On August 10, 2015, on behalf of the Nevada Health CO-OP ("NHC"), you requested that NHC be granted a permitted practice by the State of Nevada, Department of Business and Industry, Division of Insurance ("Division"), to remove from your 2015 second quarter financial statement, the liability of a \$17,080,047 debt ("Debt") for the start-up loan from the Centers for Medicare & Medicaid Services ("CMS"). The Debt is currently being treated as a long term liability in accordance with SSAP No. 15 – Debt and Holding Company Obligations. On August 14, 2015, this request was denied.

On Monday, August 17, 2015, you provided information to the Division that NHC, through a Board resolution on August 15, 2015, resolved to cease certain operations in Nevada for the 2015 plan year, withdraw its proposed 2016 health benefit plans and not seek certification, voluntarily suspend NHC's Certificate of Authority, and immediately cease and desist from selling health benefit plans in 2015. Moreover, you requested assistance from the Division in effecting a voluntary and orderly run-off for NHC's 2015 operations, recognizing that the paramount concern is for policyholders, providers, and consumers. Also on August, 17, 2015, you requested, and the Division granted, an extension until the end of business on August 21, 2015, for NHC to submit its 2015 second quarter financial statement.

In order to accomplish a voluntary and orderly run-off of NHC's 2015 operations, you have now requested that the Acting Commissioner reconsider granting a permitted practice deviating from SSAP No. 15, and allow NHC to not report the Debt as a liability in its 2015 second quarter financial statement. This is now requested based on the Board's resolution to submit to a voluntary surrender of its Certificate of Authority, cease certain operations in Nevada, commence a voluntary and orderly run-off for its 2015 operations, and a commitment to its policyholders, providers and consumers.

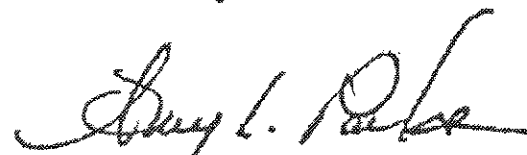
The request for a permitted practice to allow NHC to not report the Debt as a liability on its 2015 second quarter financial statement is granted *contingent on the following terms and conditions*:

- NHC not write or solicit any new business in the state of Nevada for the 2015 plan year, withdraw its proposed 2016 health benefit plans and not seek certification of those health benefit plans, voluntarily suspend NHC's Certificate of Authority, and immediately cease and desist from selling health benefit plans in 2015; and
- NHC submit to the Division for review an approvable run-off plan by Friday, August 28, 2015; and
- NHC understands and agrees that the run-off will include supervision by the Division and cooperation with the Division and CMS in achieving an orderly run-off in the best interests of consumers.

Failure to meet any or all of the conditions as outlined above for this conditional permitted practice may result in the immediate reversion of the permitted practice such that the Debt will be treated as a long term liability post hoc for the NHC's 2015 quarterly financial statement in accordance with long term liability in accordance with SSAP No. 15 – Debt and Holding Company Obligations.

Thank you for your cooperation and commitment to the policyholders, providers, and consumers in Nevada. If any further request or extension is needed beyond the second quarter filing, a separate request to renew the permitted practice must be made in writing. Please do not hesitate to contact me if you have any questions or need additional information.

Sincerely,

  
AMY L. PARKS  
Acting Commissioner

c: Omar Akel, Chief Insurance Examiner

**EXHIBIT B**

**TO**

**PETITION FOR APPOINTMENT OF COMMISSIONER AS  
RECEIVER AND OTHER PERMANENT RELIEF; REQUEST  
FOR TEMPORARY INJUNCTION PURSUANT TO NRS  
696B.270(1)**





1 the Lead Actuary for Life and Health insurance matters.

2 4. During my review of the CO-OP's financial statements as of December 31,  
3 2014, and as of March 31, 2015, I noted the significant and continuing underwriting  
4 losses experienced by the CO-OP which indicates that the premiums charged were  
5 insufficient. As a result, I requested that the CO-OP establish a premium deficiency  
6 reserve ("PDR")<sup>2</sup> as of June 30, 2015, in accordance with Statement of Statutory  
7 Accounting Principles ("SSAP") No. 54 and the applicable actuarial standards of  
8 practice ("ASOP"). The CO-OP's actuaries calculated the PDR to be \$15,900,000 as of  
9 June 30, 2015, and this amount was recorded on the June 30, 2015 quarterly financial  
10 statements. I reviewed the calculation of the PDR and found it to be reasonable and in  
11 accordance with the appropriate ASOPs. The PDR accounted for \$15,900,000 of the  
12 \$30,422,301 loss reported as of June 30, 2015.

13 5. I also reviewed the claims unpaid liability of \$15,027,286 and found it to be a  
14 reasonable estimate of the claims that were incurred and not yet paid as of June 30,  
15 2015.

16 6. As of June 30, 2015, the CO-OP reported a receivable of \$16,200,240 as the  
17 amount expected to be received from the Centers for Medicare and Medicaid Services  
18 ("CMS") under the Federal Risk Corridor program. The calculations of the amounts  
19 due to be paid to the CO-OP appear to be reasonable. However, since only the  
20 amounts collected under this three-year program may be distributed, and CMS has not  
21 yet released its initial report of the program's collections and distributions, there is  
22 significant uncertainty about the timing and magnitude of the actual payments.  
23 Pursuant to SSAP 107, the entire amount is currently being recognized as a receivable  
24 since the Risk Corridor amounts will be considered as admitted assets regardless of  
25 when it is collected and information relating to the ultimate collectability of amounts due

---

27 <sup>2</sup> A premium deficiency reserve is required to be held if it is expected that claims and  
28 expenses will exceed premiums charged during the contract period.

1 under this program is not yet available. The collectability of the amounts receivable  
2 under the Risk Corridor program is not an actuarial assumption and is, therefore,  
3 beyond the scope of my review.

4 7. On September 23, 2015, the CO-OP provided the Division with draft  
5 financials as of August 31, 2015. However, the actuarial items are currently under  
6 review for accuracy and reasonableness.

7 8. Due to the size of the liabilities in relation to assets, the inadequacy of  
8 premiums to support incurred claims and expenses, and the uncertainty surrounding  
9 the collectability of large receivables, the CO-OP is unsound pursuant to NRS  
10 696B.210(2).

11 9. I declare under penalty of perjury that the foregoing is true and correct based  
12 on my personal knowledge.

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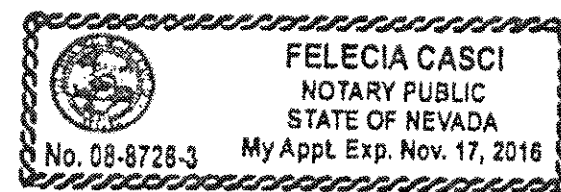
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28

Annette James.  
Annette James, FSA, MAAA, FCA,  
Lead Actuary

SUBSCRIBED and SWORN to  
before me this 25 day of September, 2015.

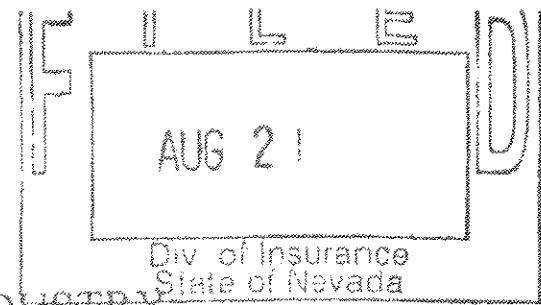
Felecia Casci  
NOTARY PUBLIC



**EXHIBIT C**

**TO**

**PETITION FOR APPOINTMENT OF COMMISSIONER AS  
RECEIVER AND OTHER PERMANENT RELIEF; REQUEST  
FOR TEMPORARY INJUNCTION PURSUANT TO NRS  
696B.270(1)**



STATE OF NEVADA  
DEPARTMENT OF BUSINESS AND INDUSTRY  
DIVISION OF INSURANCE

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IN THE MATTER OF

CAUSE NO. 15.0268  
COMPANY ID NO. 119733  
NAIC ID NO. 15132

NEVADA HEALTH CO-OP.

**ORDER OF VOLUNTARY  
SUSPENSION OF CERTIFICATE  
OF AUTHORITY**

WHEREAS, the NEVADA HEALTH CO-OP ("NHC") is a health maintenance organization domiciled in the state of Nevada, Company ID No. 119733, and NAIC ID NO. 15132; and

WHEREAS, pursuant to Chapter 695C of the Nevada Revised Statutes ("NRS"), on January 2, 2013, NHC received a Certificate of Authority from the State of Nevada, Department of Business and Industry, Division of Insurance ("Division"), to establish or operate a health maintenance organization in the state of Nevada (Exhibit A); and

WHEREAS, on July 3, 2013, NHC received an Amended Certificate of Authority reflecting the service area as all zip codes in Nevada (Exhibit B); and

WHEREAS, NHC, pursuant to a Board resolution on August 15, 2015, and subsequent request on August 17, 2015, has resolved and agreed to voluntarily suspend its Certificate of Authority and establish an orderly run-off plan for its operations; and

WHEREAS, the Commissioner finds that it would be in the best interests of the people of this state that NHC's Certificate of Authority be suspended effective on the date of this Order; and

WHEREAS, effective immediately, NHC shall:

- (1) Not write any new business or solicit any new enrollees in the state of Nevada;
- (2) Continue to administer its 2015 health care plans in accordance with a run-off plan approved by the Commissioner;
- (3) File its annual statements and pay required fees; and
- (4) Complete any further items outlined by the Commissioner.



# Certificate of Authority

STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE  
Carson City, Nevada

Nevada ID #: 119733

THE NEVADA HEALTH CO-OP

Incorporated in the State of NEVADA

Home office at LAS VEGAS, NEVADA

*having duly qualified, is hereby licensed to transact:*

**\*\* HEALTH MAINTENANCE ORGANIZATION (NRS 695C) \*\***

(Service Area by Counties and zip codes): Clark – All zip codes

*insurance business within the State of Nevada until terminated at the request of the insurer or suspended or  
revoked by the Commissioner of Insurance.*

Original Certificate Dated at Carson City,

Nevada this 2<sup>nd</sup> day of January, 2013

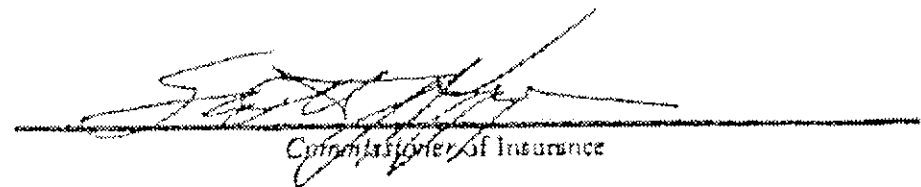
  
\_\_\_\_\_  
Commissioner of Insurance



EXHIBIT A  
PAGE 1 OF 1

Amended  
Certificate  
of  
Authority

STATE OF NEVADA  
DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE  
Carson City, Nevada

Nevada ID: 119733  
THE NEVADA HEALTH CO-OP  
Incorporated in the State of NEVADA  
Home office at LAS VEGAS, NEVADA

*having duly qualified, is hereby licensed to transact:*

**\*\* HEALTH MAINTENANCE ORGANIZATION (NRS 695C) \*\***  
(Service Area: All zip codes in Nevada)

*insurance business within the State of Nevada until terminated at the request of the insurer or suspended or  
revoked by the Commissioner of Insurance.*



Original Certificate Dated at Carson City, Nevada

this 2<sup>nd</sup> day of January, 2013

Amended this 3<sup>rd</sup> day of July, 2013


  
\_\_\_\_\_  
Commissioner of Insurance

EXHIBIT B  
PAGE 1 OF 1





**EXHIBIT D**

**TO**

**PETITION FOR APPOINTMENT OF COMMISSIONER AS  
RECEIVER AND OTHER PERMANENT RELIEF; REQUEST  
FOR TEMPORARY INJUNCTION PURSUANT TO NRS  
696B.270(1)**

**RESOLUTION OF THE BOARD OF DIRECTORS OF  
NEVADA HEALTH CO-OP**

The Board of Directors (the "Board") of Nevada Health CO-OP, a Nevada non-profit cooperative corporation ("CO-OP"), pursuant to Article IV.I of the CO-OP Bylaws, do hereby adopt the following resolution:

WHEREAS, pursuant to Nevada Revised Statutes Section 78.315 and Section 82.206, as well as Article IV.H. of the CO-OP's Bylaws, the Board may by resolution, passed by a majority of the Board, take action to approve and cooperate with the Nevada Department of Insurance (the "Division") in its filing for a Conservation/Rehabilitation Receivership (the "Receivership") to preserve assets during the wind-down of the CO-OP;

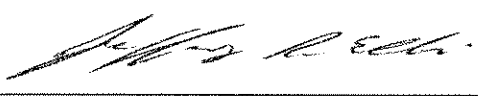
WHEREAS, the Board believes it is in the best interest of the CO-OP's members to cooperate with the Division in the filing for Receivership and preservation of assets during the wind-down of the CO-OP;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes and approves cooperation with the Division in the filing for Receivership and other actions as may be necessary and appropriate to preserve assets during the wind-down of the CO-OP;

BE IT FURTHER RESOLVED, that all acts and things done by any officer of the CO-OP as any of them deemed necessary or appropriate in connection with the foregoing resolutions hereby are, in all respects ratified, confirmed, approved and adopted as acts by and on behalf of the CO-OP.

Unanimously adopted by the Board of Directors as of this 25th day of September, 2015:

BOARD OF DIRECTORS

  
\_\_\_\_\_  
JEFF ELLIS

ITS: CHAIRMAN