

IN THE CIRCUIT COURT OF COLE COUNTY, MISSOURI

CHLORA LINDLEY-MYERS, Director,)	
Department of Insurance, Financial Institutions)	
and Professional Registration, State of Missouri)	
)	
Petitioner,)	
)	Case No. 17AC-CC00005
v.)	
)	
GALEN INSURANCE COMPANY,)	
)	
Respondent.)	

APPLICATION FOR APPROVAL OF EARLY ACCESS PLAN

Chlora Lindley-Myers, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, in her capacity as Liquidator, of Galen Insurance Company respectfully requests this Court enter an Order approving the Early Access Plan. In support of her Application, the Liquidator states as follows:

1. On May 31, 2017, this Court entered a Judgment, Decree and Final Order of Liquidation (“Liquidation Order”) against Galen, finding Galen insolvent and placing Galen into liquidation. The Court appointed Chlora Lindley-Myers, the Director of the Department of Insurance, Financial Institutions and Professional Registration and her successors in office as the Liquidator of Galen.
2. Under Mo. Rev. Stat. § 375.1205.1 of the Insurers Supervision, Rehabilitation and Liquidation Act (“Act”), the Liquidator “shall make application to the court for approval of a proposal to make early access disbursement out of

marshaled assets to a guaranty association or foreign guaranty association having obligations because of such insolvency.”

3. The Liquidator believes that the Early Access Plan is necessary and appropriate to carry out the provisions of the Act, to assure equality in the treatment of affected guaranty associations and funds of the states and other jurisdictions (“SGAs”) with respect to early access distributions and to ensure the proper return of early access distributions if necessary to recognize the priority to be accorded all similar creditors of Galen under Mo. Rev. Stat. § 375.1218.

4. Under this Early Access Plan, the Liquidator shall determine the market value of available liquid assets marshaled at the time of a proposed disbursement. Available liquid assets include cash, short-term investments, U.S. Treasury bills and notes, and any other securities which are readily marketable and in the opinion of the Liquidator could be liquidated for a price that would not result in obtaining less than market value for said assets. Available liquid assets do not include any amounts in the custody of an ancillary receiver in another jurisdiction, or any other amounts held on deposit in another jurisdiction by a state agency. The liquid assets available as of May 31, 2018 are estimated to total \$1,000,000.

5. The Liquidator shall reserve amounts for the payment in full of the estimated expenses of administration through conclusion of the liquidation of Galen. Such reserves as of May 31, 2018 are estimated to be \$2,500,000.

6. The Liquidator shall reserve amounts for the payment of the estimated percentage distribution on claims falling within the priority established by Mo. Rev.

Stat. § 375.1218 for policy claims, other than amounts for the payment of claims of SGAs. Such reserves as of May 31, 2018 are estimated to be \$50,000.

7. The Liquidator shall disburse to SGAs amounts equal to the payments made or expected to be made by the SGAs within one year for which the SGAs could assert claims against the Liquidator, including claims on account of claims payments and administrative expenses, provided that if assets available for disbursement to SGAs from time to time do not equal the amounts of such payments made or to be made by the SGAs then disbursements shall be in the amount of liquid assets available after providing for reserves pursuant to paragraphs 4, 5, and 6 above. The Liquidator proposes to make an initial disbursement to SGAs on or before one hundred twenty (120) days after the Court's approval of this Early Access Plan. The Liquidator shall make additional disbursements to SGAs from time to time as assets become available but not less frequently than annually.

8. The amount determined pursuant to paragraph 7 above shall be disbursed among the SGAs as follows:

- a) The total amount of loss payments reported by each SGA to the Liquidator, plus the administrative expense payments incurred by each SGA and as allowed by the Liquidator.
- b) From the amounts reported in subparagraph 8(a) above shall be subtracted any amounts received by the SGA from the liquidation

of deposits or other assets of Galen located in the jurisdiction of such SGA.

c) A distribution percentage will be determined for each SGA by dividing:

- (x) the excess (if any) of the amount in subparagraph 8(a) over the amounts in subparagraph 8(b) for each SGA, by
- (y) the sum of the amounts determined in (x) above for all SGAs.

d) Each SGA's share of the disbursement shall be determined by applying the percentages expressed in subparagraph 8(c) above, to the amount calculated in paragraph 7 above.

9. Prior to receiving any disbursement from the Liquidator, an SGA will be required to execute a refunding agreement in the form of Exhibit A hereto agreeing to return to the Liquidator any funds received as described above in paragraph 8 above in excess of such SGA's share of the assets of Galen under the Act as finally determined.

10. A full report shall be made by each SGA to the Liquidator accounting for all amounts so disbursed to an SGA, all disbursements made therefrom, any interest earned by the SGA on such assets and any other matter as the Court may direct.

WHEREFORE, the Liquidator respectfully requests the entry of an Order, in the form submitted herewith approving the Early Access Plan.

Respectfully Submitted

/s/ Tamara W. Kopp

Tamara W. Kopp

Mo. Bar No. 59020

Receivership Counsel

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served electronically via the Missouri CaseNet e-filing system and via U.S. Mail on this 31st day of May, 2018, to:

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/s/ Tamara W. Kopp
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