

June 8, 2016

Dear Agent or Broker:

On May 26, 2016 the Franklin County Court of Common Pleas issued an order placing InHealth Mutual into liquidation. Attached you will find the formal notice regarding the liquidation proceedings.

This action will have a direct impact on the insurance benefits the company provides. Over the next few weeks we will be providing additional information regarding the impact of this action and any additional steps that you may need to take regarding InHealth policies. Below we have put together some immediate information that may help inform your next steps.

- **InHealth Insurance coverage is NOT cancelled immediately.** The law provides for the continuation of coverage if an insurance company goes out of business. However, any continued coverage would be subject to a \$500,000 maximum per person.
- **To avoid a gap in coverage, members must pay monthly premiums when due.** Payment methods should continue as normal for as long as they choose to keep the plan or until they secure another policy.
- If an InHealth member has a policy with a subsidy, they are strongly encouraged to apply for other coverage through Healthcare.gov or by calling 1-800-318-2596, TTY 1-855-889-4325.
- If a member is eligible for a subsidy, the subsidy is likely affected. Agents and Brokers should work with their clients to facilitate contact with Healthcare.gov to discuss any subsidies.
- Individual coverage with InHealth will end when a member either switches to another plan, or the plan year ends. All policies with InHealth will be subject to a \$500,000 maximum per person as provided by Ohio law.
- **Groups will have no more than 45 days from May 26, 2016 to obtain other coverage. Agents and Brokers are to use their best efforts to assist InHealth group policyholders in securing new coverage to take effect with another insurance company prior to the expiration of coverage.**
- Providers (doctors, hospitals, pharmacies, etc.) are required by their contracts to continue treating members. If a doctor or other provider in the network refuses to honor their network agreements, contact InHealth directly at 800-580-8502 or the Consumer Services Division of the Ohio Department of Insurance at 1-800-686-1526.

For additional information please contact info@inhealthohio.org or visit www.inhealthohio.org.

Sincerely,
InHealth Mutual

“We were built for you.”

COORDINATED HEALTH MUTUAL INC., IN LIQUIDATION, NOTICE TO BROKERS, AGENTS AND AGENCIES

On May 26, 2016, Coordinated Health Mutual, Inc., dba InHealth Mutual (“CHM”) was determined to be insolvent and ordered liquidated by Judge Kim J. Brown of the Franklin County, Ohio, Court of Common Pleas in Case No. 16 CV 005048. Mary Taylor, Ohio Superintendent of Insurance was appointed as Liquidator pursuant to Ohio Revised Code Chapter 3903 (the “Liquidator”). A copy of the order can be viewed at www.insurance.ohio.gov. It is the Liquidator's responsibility to collect all of the assets of CHM and distribute them to policyholders and other creditors of CHM according to priorities established under Ohio law.

CHM Commissions Will Not Be Paid. Any unpaid commissions due you on CHM policies will now be a claim in the liquidation proceedings. If you have a claim for unpaid commissions or any other amounts due from CHM, you may file a Proof of Claim form in the liquidation proceeding.

Insurance Guaranty Fund Coverage. The liquidation order triggered certain obligations of the Ohio Life and Health Insurance Guaranty Association. The guaranty association was established to provide important, but limited protection to policyholders against an insolvent insurance company's failure to perform its contractual obligations under its policies of insurance. The minimum guaranty association limit is the lesser of (a) contracted obligations for which CHM is liable or would have been liable if it were not insolvent or (b), with respect to any one life, regardless of the number of policies or contracts, Five Hundred Thousand Dollars (\$500,000) in basic hospital, medical and surgical insurance or major medical insurance.

Cancellation of CHM’s Policies and Need to Arrange New Coverage. The Court ordered that all brokers, agents or agencies of CHM are enjoined from, and ordered to cease, issuing policies, contracts, certificates, renewals and commitments on behalf of CHM. All of CHM’s policies as to which a notice of cancellation was not given on or prior to May 26, the date of the liquidation order, and which are covered by the guaranty association shall continue in force for such period of time and under such terms as are provided for by the applicable guaranty associations. If a CHM group policy is covered by the guaranty association, such coverage will continue for not later than the earlier of the next renewal date under such policies or contracts or forty-five days, but in no event less than thirty days, after the date on which the association becomes obligated with respect to such policies. With respect to individual policies covered by the guaranty association, the coverage will continue not later than the earlier of the next renewal date, if any, under such policies or one year, but in no event less than thirty days, from the date on which the association becomes obligated with respect to such policies. All policies not covered by the guaranty association shall terminate pursuant to Ohio Revised Code 3903.19 upon the occurrence of the lesser of:

- (a) A period of 30 days from the date of the entry of the Order of Liquidation;
- (b) The expiration of the policy coverage;
- (c) The date when the insured has replaced insurance coverage with equivalent insurance in another insurer or otherwise terminated the policy; or
- (d) The Liquidator has effected a transfer of the policy obligations pursuant to division (A)(8) of Ohio Revised Code Section 3903.21.

Brokers, agents and agencies are to use their best efforts to assist CHM group policyholders in securing new coverage to take effect with another insurance company within the forty five (45) days of the date of liquidation (May 26, 2016), and to assist CHM individual policyholders in securing new coverage to take effect no later than January 1, 2017. If coverage is secured with another carrier, please send a copy of the certificate of coverage showing the effective date of the new policy to Coordinated Health Mutual, Inc., in Liquidation, 501 W. Schrock Road, Suite 310, Westerville, Ohio 43081.

Premium Remittance. All premiums in your possession from or for the benefit of CHM policyholders must now be immediately forwarded to Coordinated Health Mutual, Inc., in Liquidation, 501 W. Schrock Road, Suite 310, Westerville, Ohio 43081. Pursuant to the liquidation order, you are not permitted to retain premiums, or provide credits or refunds of premiums to CHM policyholders. You are not permitted to offset premiums. For example:

- (a) If a broker, agent or agency (collectively the “Agent”) received a customer’s premium payment for CHM coverage prior to the May 26, 2016 liquidation order, all CHM premium in the Agent’s possession or control must be immediately forwarded to the Liquidator. Agents are not permitted to hold any premium, whether earned or unearned, or use any portion of such paid premium for purposes of now paying for new or replacement coverage from another insurance company. New or replacement coverage must be purchased with other funds and all CHM premiums must be immediately forwarded to the Liquidator.
- (b) CHM’s Agents are enjoined and restrained from returning any unearned premium, or any money in their possession collected for premium or any other obligation due to CHM, to policyholders or their assigns or to any person other than the Liquidator, and all premium finance companies that have entered into contracts to finance a premium for a policy which was issued by CHM are enjoined and restrained from returning any such premiums or monies due on an obligation of or to CHM and in their possession to anyone other than the Liquidator, and all such persons shall immediately turn over such funds in their possession to the Liquidator.
- (c) Transactions where an Agent issued a commitment for CHM coverage prior to the May 26, 2016 liquidation order, but a premium payment for a CHM policy occurred after the May 26, 2016 liquidation order, violate the Liquidation Order. The liquidation order prohibited CHM and its Agents from placing insurance with CHM. A CHM policy cannot be issued. If you have not done so already, you should use your best efforts to obtain new coverage from another eligible carrier.

Notice to Policyholders. As an Agent who placed insurance with CHM, you are instructed to contact your customers to advise them of CHM’s liquidation and the need to obtain new coverage.

Continued Stay of Litigation. The liquidation order permanently enjoins all persons who have claims against CHM from instituting or continuing to prosecute any lawsuit or take any other action that would interfere with the Liquidation proceeding or the possession, control, title, rights and interests of the Liquidator, as provided by Sections 3903.01 to 3903.59, inclusive of the Ohio Revised Code.

Proofs of Claim. The Liquidator will mail to the attention of policyholders and other claimants with unresolved claims within the next eight (8) months a proof of claim form, along with an explanation of how to submit a timely proof of claim form. At that time, claimants will also receive notice of the absolute final bar date (deadline) for submitting claims in order for the claim to be considered by the Liquidator as a possible claim against the CHM Liquidation Estate.

Inquiries regarding the liquidation should be addressed to: Coordinated Health Mutual, 501 W. Schrock Road, Columbus, OH 43081, or sent by email to info@inhealthohio.org.

We appreciate and thank you for your anticipated cooperation and early attention to these matters.

Chief Deputy Liquidator
Coordinated Health Mutual, Inc., in Liquidation