



GRETCHEN WHITMER
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES
LANSING

ANITA G. FOX
DIRECTOR

MIDWESTERN DENTAL PLANS, INC. LIQUIDATION

FREQUENTLY ASKED QUESTIONS

Background

Midwestern Dental Plans, Inc. (“Midwestern Dental”) was incorporated in the State of Michigan in 1987 and commenced its business of being a pre-paid dental plan in late 1989. Midwestern Dental is domiciled in the State of Michigan and is only licensed to write business in the State of Michigan. Midwestern Dental provided dental services at 7 different physical offices through a contract with an affiliated sole provider. Midwestern Dental paid the sole affiliated provider a monthly capitation to provide dental services at the sole provider’s 7 different physical locations. The sole affiliated provider shut down its offices in mid-March as part of the COVID-19 situation and has claimed it is insolvent and unable to provide the services under the sole provider contract with Midwestern Dental. Without a provider network Midwestern Dental is unable to provide the necessary dental services to employer groups and members. The Director has decided to place Midwestern Dental into liquidation to wind up its operations and distribute assets to Midwestern Dental members and creditors. Midwestern Dental is not eligible for Michigan Life and Health Insurance Guaranty Association coverage.

The Liquidation Order

When it became apparent that Midwestern Dental could not meet all its obligations to its members, employer groups and creditors, the Department of Insurance and Financial Services petitioned Ingham County Circuit Court to place Midwestern Dental into liquidation. On February 3, 2021 the Court, under Case number 20-452-CR, appointed Anita G. Fox, the Director of the Department of Insurance and Financial Services, as Liquidator and James Gerber and Thomas Mitchell as Special Deputy Liquidators to act on her behalf.

The Liquidator is vested with title to and authorized and directed to take possession of all assets, property, books, records, and documents of Midwestern Dental. The Liquidator is directed to liquidate all the property of Midwestern Dental pursuant to Chapter 81 of the Michigan Insurance Code and continuing jurisdiction of the Ingham County Circuit Court.

The liquidation related documents may be viewed on the Department of Insurance and Financial Services website: www.michigan.gov/difs, then click on “Who We Regulate” then click on the “Receiverships” section and then click on “Midwestern Dental.”

Frequently Asked Questions:

Q: What is Liquidation?

A: When an insurance company is insolvent and unable to meet its obligations to policyholders and creditors all aspects of an insurance company's liquidation are governed by Chapter 81-Supervision, Rehabilitation and Liquidation of the Michigan Insurance Code. Insolvent insurance companies are not subject to the jurisdiction of United States Bankruptcy Court.

When the Director of the Department of Insurance and Financial Services determines that a Michigan domiciled insurance company is operating in a hazardous financial condition or is insolvent, the Director files a petition in the Ingham County Circuit Court for an order placing the insurance company into rehabilitation or liquidation. If the Court agrees with the findings in the petition a rehabilitation or liquidation order is issued appointing the Director as Rehabilitator or Liquidator of the insurance company. A hearing may be held. In *Midwestern Dental's* case, the Director was appointed as Liquidator on February 3, 2021. The Director may appoint a Special Deputy Liquidator(s) to act as their designee in an insolvent insurer proceeding.

After the Court's Order places the company into liquidation, the Department of Insurance and Financial Services' Receivership Division takes possession of the company's offices, equipment, property, and assets. Under the Court's supervision, the Liquidator is responsible for collecting assets, converting them to cash, and distributing the proceeds to claimants. In order to receive a distribution those with claims against the company must submit their claims and supporting documentation on a Proof of Claim form by a filing deadline (sometimes referred to as the "bar date"). If you feel you have a claim against *Midwestern Dental* it is very important that you file a proof of claim with supporting documentation prior to the bar date of June 30, 2021.

Once all the Proof of Claim forms are received the Liquidator reviews each claim and assigns it a value known as the approved amount. After review, the Liquidator notifies each claimant of the determination of whether their claim is approved or not, the priority class of claim, and the amount of the claim. Claims are paid based on the priorities set in Section 8142 of the Michigan Insurance Code, MCL 500.8142. All claims in each priority class need to be paid in full before the next class receives any payment amount. Within a priority class, all claims are considered equal and receive a pro rata share of the distribution if there are insufficient funds to pay a given priority class in full.

Once all claimants have been notified of the Liquidator's determination of their claim the Liquidator will file a petition with the Court asking for authority to distribute the cash in accordance with the priority scheme. Depending on the complexity of the company or issues involved the Liquidation can take a year or more before being completed.

Q: I received a letter with a notice of *Midwestern Dental's* liquidation. What is this all about?

A: You are receiving the notice of liquidation pursuant to Section 500.8122(d) of the Michigan Insurance Code which requires that notice of liquidation be mailed to all persons who may reasonably have claims against *Midwestern Dental* including all current members/employers. *Midwestern Dental's* records indicate you are a member and/or employer, and therefore you received the notice of liquidation. In addition to members/employers, the Liquidator sent notice of the liquidation to all *Midwestern Dental* vendors and taxing authorities.

Q: How do I get my claims paid or file a new claim?

A: You should file a Proof of Claim form with the Liquidator along with any supporting documentation prior to the bar date. If you had incomplete treatment provided by Midwestern Dental, costs associated with the incomplete Midwestern Dental procedures, paid for treatment that was to be covered by Midwestern Dental during the effective date of the policy, and/or are owed a premium refund these are all items that can be claimed on your Proof of Claim. These are just examples of potential claims. The Liquidator and Special Deputy Liquidators will review the claim and notify you of their determination. Once the Proofs of Claim are adjudicated the Liquidator will make a recommendation to the Court for approval of claims. Once the claims have been approved the Liquidator will file a recommendation for distribution with the Court. Once Court approval is obtained claimants may receive a distribution on allowed Proofs of Claim after the company assets are liquidated.

Q: Should I or my employer get coverage with a new insurance company?

A: Yes. Your present coverage will terminate automatically 30 days after the Liquidation Order issue date of February 3, 2021, or on March 5, 2021. You and/or your employer should make arrangements with another carrier to provide you with coverage as soon as possible. Your employer was informed of the need to transition dental coverage to another carrier during the Rehabilitation process.

Q: How do I keep informed about the Midwestern Dental liquidation?

A: The Liquidation Order and related court documents can be found at the Department of Insurance and Financial Services at www.michigan.gov/difs. Once you are at the Department of Insurance and Financial Services homepage please select “Who We Regulate” and then select “Receiverships” and then select “Midwestern Dental.”

Any person or party with a question about the Liquidation Order may call the Department of Insurance and Financial Services at 1-(877)-999-6442 or call the liquidation staff at 1-(517)-284-8664. Please do not call the Liquidation Court, as the Court will refer you back to the Department of Insurance and Financial Services.

Our mailing address for Proofs of Claim and other inquiries is:

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