

STATE OF MICHIGAN  
CIRCUIT COURT FOR THE 30TH JUDICIAL CIRCUIT  
INGHAM COUNTY

ANITA G. FOX, DIRECTOR  
OF THE DEPARTMENT OF INSURANCE  
AND FINANCIAL SERVICES,

Petitioner,

Case No. 15-948-CR

HON. JAMES S. JAMO

v

CONSUMERS MUTUAL INSURANCE  
OF MICHIGAN,

[IN LIQUIDATION]

Respondent.

---

Christopher L. Kerr (P57131)  
Aaron W. Levin (P81310)  
Assistant Attorneys General  
Attorneys for Petitioner  
Corporate Oversight Division  
P. O. Box 30736  
Lansing, MI 48909  
(517) 335-7632

---

**EX PARTE ORDER APPROVING FOURTH EARLY ACCESS  
DISBURSEMENT TO PARTIALLY SATISFY CLAIMS OF THE MICHIGAN  
LIFE AND HEALTH INSURANCE GUARANTY ASSOCIATION**

At a session of said Court  
held in the Circuit Courtrooms  
for the County of Ingham,  
State of Michigan, on the  
2<sup>nd</sup> day of June, 2020.

PRESENT: HONORABLE JAMES S. JAMO, CIRCUIT COURT JUDGE

**WHEREAS**, Anita G. Fox, Director of the Michigan Department of Insurance and Financial Services (“DIFS”) and duly appointed Liquidator of Consumers Mutual Insurance of Michigan (the “Liquidator”), has filed an *Ex Parte* Application for Approval of Fourth Early Access Disbursement to Partially Satisfy Claims of the Michigan Life and Health Insurance Guaranty Association (the “Application”); and

**WHEREAS**, the Court has reviewed and considered the Application, and is also fully informed of the circumstances involving Consumers Mutual Insurance of Michigan (“Consumers Mutual”) because the company has been subject to ongoing receivership proceedings assigned to and conducted under the supervision of this Court pursuant to the Rehabilitation Order that the Court entered on November 13, 2015 and the Order of Liquidation and Declaration of Insolvency of Consumers Mutual (“Liquidation Order”) that the Court entered on February 10, 2016; and

**WHEREAS**, the Application seeks the Court’s approval of the Liquidator’s proposed fourth early access disbursement to the Michigan Life and Health Insurance Guaranty Association (“Guaranty Association”) in the total amount of \$4,260,000 in partial satisfaction of the Guaranty Association’s claims arising from its statutory obligation, pursuant to Chapter 77 of the Michigan Insurance Code, to process and pay covered healthcare claims under Consumers Mutual insurance policies; and

**WHEREAS**, on March 18, 2016, the Court entered an Order granting the Liquidator’s *Ex Parte* Application for Approval of Early Access Disbursement to Partially Satisfy Claims of the Michigan Life and Health Insurance Guaranty

Association, which approved the Liquidator's payment of a first early access disbursement to the Guaranty Association in the amount of \$3 million; and

**WHEREAS**, on January 24, 2017, the Court entered an Order granting the Liquidator's *Ex Parte* Application for Approval of Second Early Access Disbursement to Partially Satisfy Claims of the Michigan Life and Health Insurance Guaranty Association, which approved the Liquidator's payment of a second early access disbursement to the Guaranty Association in the total amount of \$1,458,190.91, comprised of a \$815,328.68 cash disbursement and healthcare provider refunds paid to Consumers Mutual totaling \$642,862.23 through December 27, 2016 that the Liquidator deposited with the Guaranty Association for the payment of covered claims; and

**WHEREAS**, on February 26, 2018, the Court entered an Order granting the Liquidator's *Ex Parte* Application for Approval of Third Early Access Disbursement to Partially Satisfy Claims of the Michigan Life and Health Insurance Guaranty Association, which approved the Liquidator's payment of a third early access disbursement to the Guaranty Association in the amount of \$5,488,000; and

**WHEREAS**, MCL 500.8134(1) provides that "if at any time the estate obtains sufficient assets to support an early access disbursement" to any guaranty association having obligations because of Consumers Mutual's insolvency, the Liquidator "shall file an application" for approval to make a proposed disbursement; and

**WHEREAS**, the Guaranty Association has such obligations due to Consumers Mutual's insolvency, having paid over \$15.3 million in claims and claims processing expenses under Consumers Mutual insurance policies as of April 30, 2020, and it remains statutorily responsible to process and pay any additional, future covered claims and claims processing expenses that may arise; and

**WHEREAS** the Application addresses the specific requirements of MCL 500.8134(2)(a) – (e), together with other requirements relevant to the proposed fourth early access disbursement contained in MCL 500.8134 and 500.8142; and

**WHEREAS**, the Liquidator has determined, in compliance with MCL 500.8134(3) and due to the reserve requirements of MCL 500.8134(2)(a), uncertainties with the liquidation, and other considerations, that Consumers Mutual estate assets totaling \$4,260,000 are presently available for a fourth early access disbursement; and

**WHEREAS**, the provisions of the Early Access Agreement entered into between the Liquidator and the Guaranty Association, which the Court approved as part of the Liquidation Order, are also consistent with MCL 500.8134 and 500.8142 and ensure performance of the statutes' requirements; and

**WHEREAS**, the Court finds that the Application satisfies the requirements of MCL 500.8134 and 500.8142, including but not limited to MCL 500.8134(5) that entitles only the Liquidator and Guaranty Association to notice of the Application and this resulting Order, and that the Liquidator and Guaranty Association have acknowledged therein the receipt of sufficient notice, consented to the relief granted

by this Order, and agreed to waive any further notice requirements under MCL 500.8134(5); and

**WHEREAS**, the Court further finds that MCL 500.8134 authorizes the Liquidator's proposed fourth early access disbursement to the Guaranty Association, and agrees with the Liquidator's determination that this early access disbursement is necessary and appropriate, will assist with the effective and efficient administration of Consumers Mutual's liquidation, and will help maximize protection of creditors, policyholders, and the public;

**NOW, THEREFORE, IT IS HEREBY ORDERED** that the Court: (a) **GRANTS** the Application; (b) **APPROVES** the Liquidator's payment of a fourth early access disbursement to the Guaranty Association in the amount of \$4,260,000 from the assets of Consumers Mutual's liquidation estate; and (c) **AUTHORIZES** and **DIRECTS** the Liquidator and/or Special Deputy Liquidators to execute any necessary documentation and take such other action required to finalize this fourth early access disbursement.

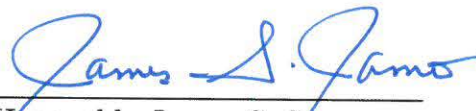
**IT IS FURTHER ORDERED** that pursuant to MCL 500.8134(5), a copy of the filed Application and this Order will be personally served via electronic mail on John Colpean, the Guaranty Association's Administrator and General Counsel.

**IT IS FURTHER ORDERED** that because personally serving the Application and this Order on other individuals or entities that may have a general interest in Consumers Mutual's liquidation: (a) is not required by MCL 500.8134(5); and (b) would be time-intensive and costly to the Consumers Mutual liquidation

estate, the Court authorizes, approves, and/or ratifies service of the Application and this Order on any other potentially interested individuals or entities by posting electronic copies on the DIFS website, [www.michigan.gov/difs](http://www.michigan.gov/difs), under the section "Who We Regulate," the subsection "Receiverships," and the sub-subsection "Consumers Mutual Ins. of Michigan," which is consistent with DIFS' standard receivership procedure.

The Court finds that service in the foregoing manner is reasonably calculated to give the Guaranty Association and any other potentially interested individuals or entities actual notice of these proceedings and is otherwise reasonable under the circumstances.

**IT IS SO ORDERED.**

  
\_\_\_\_\_  
Honorable James S. Jamo  
Circuit Court Judge