STATE OF MICHIGAN
DEPARTMENT OF ATTORNEY GENERAL

P.O. BOX 30736
LANSING, MICHIGAN 48909

DANA NESSEL
ATTORNEY GENERAL

June 6, 2019

Via Hand Delivery

Clerk of the Court
Ingham County Circuit Court
Veterans Memorial Courthouse
313 W. Kalamazoo St.
Lansing, MI 48901

Re: ***Patrick McPharlin, Director of the Department of Insurance and Financial Services v Consumers Mutual Insurance of Michigan***
Case No. 15-948-CR; Honorable James S. Jamo

Dear Clerk of the Court:

Enclosed for filing with the Ingham County Circuit Court is the **Deputy Liquidator's Third Report and Accounting dated June, 2019** relative to the above-captioned liquidation of Consumers Mutual Insurance of Michigan ("CMI").

The report and attached exhibits were prepared by James Gerber, Special Deputy Liquidator of CMI, and his staff. Mr. Gerber has given his approval and authorization for filing the report. I enclose one original, signed by Mr. Gerber on June 6, 2019, together with all exhibits. I also enclose one complete Judge's copy of the report and all exhibits for Judge Jamo.

If you or Judge Jamo have any questions regarding this filing, please do not hesitate to contact me directly.

Sincerely,

Christopher L. Kerr (P57131)
Assistant Attorney General
Corporate Oversight Division
(517) 335-7632

Enc
cc: James Gerber, Special Deputy Liquidator (via e-mail only)

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

PATRICK MCPHARLIN, DIRECTOR
OF THE DEPARTMENT OF INSURANCE AND
FINANCIAL SERVICES,

Petitioner,

v

CONSUMERS MUTUAL INSURANCE
OF MICHIGAN,

Respondent.

Case No. 15-948-CR

HON. JAMES S. JAMO

[IN LIQUIDATION]

DEPUTY LIQUIDATOR'S THIRD REPORT AND ACCOUNTING

June, 2019

Pursuant to the Order of Liquidation and Declaration of Insolvency of Consumers Mutual Insurance of Michigan entered by this Court on February 10, 2016 ("Liquidation Order"), the Deputy Liquidator hereby respectfully submits his third annual report and accounting to the Court regarding the ongoing Liquidation of Consumers Mutual Insurance of Michigan ("Consumers Mutual").

SUMMARY

This report covers significant developments for the period of January 1, 2018 through December 31, 2018.

The main developments covered in this report are as follows:

- Consumers Mutual escheated $3,538 to the State of Michigan, $690 to the State of Illinois, $86 to the State of Minnesota, and $9 to the State of Indiana during 2018.

- Consumers Mutual continued to investigate potential overcharges by Key Benefit Administrators, Inc. ("KBA"), Consumers Mutual's third-party administrator.

- Consumers Mutual filed an application on February 20, 2018 for Court approval of a Third Early Access Disbursement to the Michigan Life and Health Insurance Guaranty Association ("Guaranty Association") from the assets of Consumers Mutual's liquidation estate. This third disbursement was to partially reimburse the Guaranty Association for its payment of Consumers Mutual policyholder claims that the Guaranty Association became obligated to pay after entry of the Liquidation Order. The third disbursement amount totaled $5,488,000 consisting entirely of cash. On February 26, 2018, the Court entered an order approving the Third Early Access Disbursement to the Guaranty Association.

- Consumers Mutual collected $26,867 in additional healthcare provider refunds from January 1, 2018 through December 31, 2018. Consumers Mutual also collected $76,773 in subrogation recoveries during 2018 using an outside attorney.

- On May 31, 2018, the Centers for Medicare and Medicaid Services ("CMS") sent Consumers Mutual a notice that CMS had retained and offset $2,467 owed to Consumers Mutual against Consumer Mutual's 2015 risk adjustment payable and that CMS would continue to withhold any amounts owed to Consumers Mutual. On June 20, 2018, the Deputy Liquidator sent CMS a response letter advising CMS it had received the Liquidator's claim determination letter dated May 23, 2017 ("Determination Letter") regarding CMS' August 10, 2016 proof of claim. The Determination Letter gave CMS 60 days to object to the Liquidator's claim determinations, but CMS did not file an objection thereby waiving any objections to and finalizing the Liquidator's claim determinations. The June 20, 2018 letter also stated that CMS' $2,467 claim was made after the Liquidation Order's claim bar date of August 10, 2016 and was therefore time-barred and improperly withheld. Finally, the June 20, 2018 letter instructed CMS that any additional amounts claimed owing by CMS not contained in its original proof of claim must be formally filed with the Liquidator, who would then either deny the claim as time-barred (or for other applicable reasons) or classify it as late-filed claim accorded Class 7 distribution priority under Section 500.8142(1)(g) of the Michigan Insurance Code ("Insurance Code").

- The Liquidator reviewed various legal options and decided to join the class action lawsuit entitled *Health Republic Insurance Company v. United States*, U.S. Court of Federal Claims Case No. 16-259C (the "*Health Republic* class action") to recover unpaid risk corridors amounts owed to Consumers Mutual by CMS/the federal government for the years 2014 and 2015, by filing an opt-in form on May 9, 2017. The Liquidator filed a petition on April 21, 2017 requesting the Court to approve class counsel's compensation associated with joining the *Health Republic* class action, which the Court approved by order entered May 3, 2017. Since then, the Liquidator and Deputy Liquidator have been monitoring the *Health Republic* class action and the related, pending risk corridors cases entitled *Moda Health Plan, Inc. v. United States* (No. 2017-1994) and *Land of Lincoln Mutual Health v. United States* (No. 2017-1224) (collectively, the "*Moda/Land of Lincoln* cases"). In the *Moda/Land of Lincoln* cases, on June 14, 2018, a 3-judge panel of the U.S. Court of Appeals for the Federal Circuit ruled 2-1 that the federal government did not owe unpaid risk corridors payments to insurance companies. On November 6, 2018, the U.S. Court of Appeals for the Federal Circuit denied petitions for a panel rehearing or a rehearing *en banc* in the *Moda/Land of Lincoln* cases. In March 2019, Moda Health and Land of Lincoln (among others) filed petitions for writ of certiorari to have their risk corridors claims heard by the U.S. Supreme Court. Interested parties have also filed amici briefs. The certiorari petitions remain pending, and if the U.S. Supreme Court denies the petitions or grants the petitions but affirms the appellate court, then the risk corridors issue will conclude without any recovery to insurers including Consumers Mutual.

This report is divided into several sections: Background, Legal, Administrative, and Financial.

BACKGROUND

Consumers Mutual was incorporated on March 13, 2013 as a domestic nonprofit mutual insurance company. Consumers Mutual received its Michigan certificate of authority on May 13, 2013 and commenced business on May 19, 2013. Consumers Mutual was formed as a qualified nonprofit health insurance issuer under the Consumer Operated and Oriented Plan ("CO-OP") program created by the federal Patient Protection and Affordable Care Act ("ACA"). As a CO-OP, the federal government awarded Consumers Mutual a start-up loan of $18,687,000 to commence operations as a Michigan health insurance company. Consumers Mutual also received a solvency loan from the federal government in the amount of $52,847,000 to fund its operations, which was distributed in periodic installments. CMS monitors the CO-OP program and issued funding awarded under the loan programs. Consumer Mutual's solvency loan and start-up loan were converted to surplus notes on June 21, 2012 and September 26, 2015, respectively.

Consumers Mutual participated on the Michigan Health Insurance Marketplace ("Marketplace"). The Marketplace is the federally-operated insurance exchange where Michigan individual and small businesses can purchase health insurance from various qualified, participating insurance companies. Consumers Mutual also marketed to large employer groups using independent insurance agencies.

Consumers Mutual outsourced many of its major operating functions including the claims processing function to KBA, a Michigan-licensed third-party administrator ("TPA"). Consumers Mutual also had numerous provider network contracts including with Magellan Health (mental health network), 4D Pharmacy Management Systems, Inc. (pharmacy benefit manager), Cofinity, Inc. (preferred provider organization or "PPO" network), and MultiPlan, Inc. (PPO network).

LEGAL

On November 13, 2015, this Court entered the Stipulated Order Placing Consumers Mutual Insurance of Michigan into Rehabilitation, Approving Compensation of Special Deputy Rehabilitator, and Providing Injunctive Relief (the "Rehabilitation Order"). Among other things, the Rehabilitation Order enjoined all potential creditors of Consumers Mutual from instituting or continuing to prosecute any legal actions or proceedings to determine, enforce, collect, or assert any claims against Consumers Mutual, its assets, its policyholders, insureds, or members, or the company's officers, directors, or employees. Consumers Mutual had no such outstanding litigation or claims at the time of the Rehabilitation Order. The Liquidation Order entered by this Court on February 10, 2016 similarly enjoined all potential creditors from instituting or continuing to prosecute any legal actions or proceedings against Consumers Mutual, its policyholders, employees, etc.

Valley Med Proof of Claim

On August 10, 2016, Valley Med filed a proof of claim for $743,859 with the Consumers Mutual liquidation estate. Valley Med's proof of claim alleged that Consumers Mutual underpaid Valley Med for various air ambulance services provided to Consumers Mutual's policyholders in 2014 and 2015. Toward the end of 2016, the Liquidator and Deputy Liquidator began reviewing this proof of claim to determine whether Consumers Mutual was legally obligated to pay Valley Med any additional amounts. Following this review and discussions between the parties, the Liquidator issued a formal claim determination letter on June 5, 2017 that partially allowed Valley Med's proof of claim in the amount of $315,000 and accorded this allowed amount Class 2 distribution priority from the assets of Consumers Mutual's liquidation estate under Section 8142(1)(b) of the Insurance Code, MCL 500.8142(1)(b). The $315,000 allowed amount was in addition to the $179,079 that Consumers Mutual had previously paid Valley Med for the services at issue. Valley Med did not object to the Liquidator's claim determination letter within the 60-day period provided by statute and contained in the letter; accordingly, Consumers Mutual paid Valley Med the additional $315,000 and this matter is now closed.

CMS Proof of Claim (and related Risk Corridors Payment Dispute)

On August 10, 2016, CMS filed a proof of claim with the Consumers Mutual liquidation estate as well. This issue is discussed in more detail below in the "Financial" section under "CMS." A related issue is the adjudication of unpaid risk corridors amounts due to Consumers Mutual from CMS for the plan years 2014 and 2015. On January 3, 2017, Judge Margaret Sweeney of the U.S. Court of Federal Claims certified the *Health Republic* class action and appointed law firm Quinn Emanuel Urquhart & Sullivan, LLP as lead counsel for the class. This is one of many lawsuits that CO-OP insurance plans and other health insurers have filed in the U.S. Court of Federal Claims against CMS/the federal government to recover amounts due and owing under the ACA's risk corridors program (including the *Moda/Land of Lincoln* cases).

The class certified in *Health Republic* includes all insurers that offered qualified health plans on ACA insurance exchanges during the plan years 2014 and 2015 and were entitled to payments from the federal government under the ACA's risk corridors program because their losses exceeded a certain defined amount due to higher-than-expected utilization and medical costs for their insureds. However, in appropriations acts for 2015 and 2016, Congress prohibited CMS from making risk corridors payments to insurers, after which CMS adopted a "budget neutral" approach to the program where only funds collected from insurers that owed risk corridors payments into the program would be used to pay insurers owed payments out from the program. CMS further decided that to the extent this "budget neutral" approach created a shortfall, outgoing distributions to insurers owed payments from the program would be reduced pro rata based on available funds paid into the program. As a result, insurers received only 12.6% of the amounts owed to them under the risk corridors program for the 2014 plan year (representing a $2.5 billion shortfall) and CMS used collections from the 2015 plan year to make an additional 1.6% payment to insurers on amounts owed for the 2014 plan year, meaning insurers received no risk corridors payments for the 2015 plan year. The collective shortfall for the 2014 and 2015 plan years totals approximately $8.3 billion, which again, insurers are pursuing through numerous lawsuits including the *Health Republic* class action and the *Moda/Land of Lincoln* cases.

Consumers Mutual is owed $25,694,887 in unpaid risk corridors payments for the 2014 and 2015 plan years. Beginning in 2016 and extending into this reporting period, the Liquidator and Deputy Liquidator monitored the risk corridors situation and considered various legal options to pursue the federal government's payment of these funds owed to Consumers Mutual. The options considered included Consumers Mutual filing its own lawsuit, joining a smaller lawsuit involving multiple CO-OPs, or joining the *Health Republic* class action. Ultimately, the Liquidator determined that joining the class action presented the most cost-effective method to pursue payment of Consumers Mutual's risk corridor amounts.

Once the *Health Republic* class was certified, under U.S. Court of Federal Claims rules all eligible members of the class were required to be notified and affirmatively decide whether to opt-in to the class action. Consumers Mutual was notified of its eligibility to join the *Health Republic* class action on March 13, 2017, with a deadline of May 12, 2017 to opt-in. The Liquidator filed a petition on April 21, 2017 requesting the Court to approve class counsel's compensation associated with joining the *Health Republic* class action, which the Court approved by order entered May 3, 2017. On May 9, 2017, the Deputy Liquidator filed the required opt-in form for Consumers Mutual to participate in the *Health Republic* class action.

On July 11, 2017, Judge Margaret Sweeney stayed the *Health Republic* class action due to the *Moda/Land of Lincoln* cases, because these two consolidated appeals involving insurers pursuing similar risk corridors claims were already pending at that time before the U.S. Court of Appeals for the Federal Circuit. As indicated, on June 14, 2018, a 3-judge panel of the U.S. Court of Appeals for the Federal Circuit ruled 2-1 in the *Moda/Land of Lincoln* cases that the federal government did not owe unpaid risk corridors payments to insurance companies. On November 6, 2018, the U.S. Court of Appeals for the Federal Circuit denied petitions for a panel rehearing or a rehearing *en banc* in the *Moda/Land of Lincoln* cases. In March 2019, Moda Health and Land of Lincoln (among others) filed petitions for writ of certiorari to have their risk corridors claims heard by the U.S. Supreme Court. Interested parties have also filed amici briefs. The certiorari petitions remain pending, and if the U.S. Supreme Court denies the petitions or grants the petitions but affirms the appellate court, then the risk corridors issue will conclude without any recovery to insurers including Consumers Mutual.

Depending on the outcome of the risk corridors recovery issue, the Deputy Liquidator may review options regarding separate collection of the $2,288,287 ACA transitional reinsurance receivable owed by CMS to Consumers Mutual.

<u>State License</u>

Consumers Mutual was licensed to transact business only in Michigan. Consumers Mutual surrendered its Michigan certificate of authority on October 26, 2016.

Record Retention

The Deputy Liquidator identified various documents for record retention. CMS has consented to use of the Michigan Department of Insurance and Financial Services' ("DIFS") record retention policy, which requires records to be retained for 10 years from the date of liquidation. Records were inventoried for ease of retrieval in the event they are needed in the future. All records were taken to a State of Michigan managed off-site storage facility before closing Consumers Mutual's East Lansing office in December 2017. The records will be maintained in compliance with DIFS' record retention policies and/or any orders governing record retention entered by the Court. Prior to the December 2017 closure of the East Lansing office, all policyholder and financial records were removed from Consumer Mutual servers and placed on an encrypted laptop which is secured when not in use.

ADMINISTRATIVE

Rehabilitation Activities

Consumers Mutual experienced a financial loss of $(7,690,826) for the period ended December 31, 2013. Consumers Mutual had 814 members at the end of 2013. Most of the 2013 loss was due to start-up costs associated with forming the company. For the period ended December 31, 2014, Consumers Mutual lost $(16,336,646) due to a medical loss ratio of 102% and an administrative expense ratio of 66%. Consumers Mutual had 11,122 members at the end of December 2014. In its quarterly financial report for the period ended September 30, 2015, Consumers Mutual reported a loss of $(43,182,751) during the first nine months of 2015. Consumers Mutual had a medical loss ratio of 123% through September 30, 2015 and a 25.4% administrative expense ratio. Consumers Mutual also reported total capital and surplus of $(3,084,906) as of September 30, 2015.

Due to Consumers Mutual's financial condition, company management decided not to participate on the Marketplace in 2016. Therefore, Consumers Mutual sent a letter to CMS on November 3, 2015 decertifying Consumers Mutual from the Marketplace. On November 4, 2015, Consumers Mutual mailed out a letter to all individual policyholders and agents indicating that Consumers Mutual was withdrawing from the Marketplace and would not be offering individual plans or small employer group SHOP plans on the Marketplace for 2016. The November 4, 2015 letter also informed individual and small employer group SHOP policyholders that they could choose a new insurance provider for the 2016 plan year during the Marketplace open enrollment period that began on November 1, 2015. The Director of DIFS and Consumers Mutual issued a joint press release on November 4, 2015 conveying this same information. Agents and brokers for small and large employer groups were likewise urged to find alternate coverage prior to December 31, 2015.

The Court entered the Rehabilitation Order on November 13, 2015 due to the company's negative surplus and large operating losses. Entry of the Rehabilitation Order was also warranted because Consumers Mutual's Board of Directors consented to rehabilitation and its Chief Executive Officer stipulated to entry of the Rehabilitation Order.

At the time that Consumers Mutual was placed into rehabilitation, the company had 6,016 individual members and 21,264 large and small employer group members. As a follow-up to the November 4, 2015 letter sent by Consumers Mutual, the Deputy Rehabilitator also e-mailed agents and individual policyholders and made phone calls to individual policyholders to facilitate replacement coverage by January 1, 2016 for large employer groups and for individual members and small employer group SHOP members through the Marketplace open enrollment process. As a result of these efforts, Consumers Mutual had only two employer groups representing 234 members as of December 31, 2015 and these two groups terminated January 31, 2016.

During the rehabilitation, the Deputy Rehabilitator had weekly update phone calls with representatives of CMS. After discussions with CMS, CMS disbursed the remaining $5,362,712 available under Consumers Mutual's solvency loan. The $5,362,712 disbursement exhausted all amounts that CMS could provide to Consumers Mutual under its loans.

The Rehabilitation Order suspended all directors of Consumers Mutual. The Rehabilitator terminated the four main company officers effective November 20, 2015, except for the Chief Financial Officer who left voluntarily prior to December 31, 2015.

The Deputy Rehabilitator kept the Guaranty Association advised of developments concerning Consumers Mutual's rehabilitation.

During the rehabilitation, the Deputy Rehabilitator took certain steps to reduce Consumers Mutual's business expenses which included:

- Negotiating a lease amendment for Consumers Mutual's business office that reduced monthly rent payments by $4,550 per month.

- Processing and paying accounts payable in-house instead of using an outside CPA firm, resulting in monthly savings of $4,800.

- Laying off 15 employees resulting in annual savings of $1,644,000 or $137,000 per month.

- Negotiating reductions in vendor invoices yielding a total savings of $12,000.

- Negotiating a contract amendment with the company's TPA that resulted in savings of over $400,000, including a new prospective fee structure.

- Selling excess office equipment for $12,000.

- Billing $135,000 to two agents for overdue fees from 2014 and 2015 related to certain high deductible policies.

Despite these efforts, Consumers Mutual had a negative net worth of $(1,581,322) as of November 30, 2015.

Liquidation Activities

Due to Consumers Mutual's negative net worth, the Rehabilitator filed a Petition for Order Converting Rehabilitation to Liquidation and for Judicial Declaration of Insolvency of Consumers Mutual Insurance of Michigan (the "Liquidation Petition") on February 3, 2016. As part of the Liquidation Petition, the Rehabilitator requested and the Court approved an Early Access Agreement and a Service Agreement between Consumers Mutual and the Guaranty Association. A Business Associate Contract providing protection and privacy of protected heath information was an attached exhibit to the Service Agreement.

Following a hearing on February 10, 2016, the Court entered the Liquidation Order. The Liquidation Order converted the rehabilitation to liquidation, appointed the Director of DIFS as Liquidator, and approved the Special Deputy Liquidators' compensation. The Liquidation Order also approved the agreements between Consumers Mutual and the Guaranty Association and set a bar date for filing proofs of claim by August 10, 2016, among other things.

In accordance with Section 8122 of the Insurance Code, MCL 500.8122, the Deputy Liquidator sent notices of Consumers Mutual's liquidation as follows:

1. To the National Association of Insurance Commissioners' office via e-mail.
2. To the Guaranty Association via e-mail and regular mail.
3. To all Consumers Mutual licensed agents via first class mail.
4. To all Consumers Mutual policyholders, agents, medical providers, federal and state taxing authorities, CMS, its TPA, vendors and general creditors, and reinsurers.
5. By publishing the liquidation notice in the Detroit News/Detroit Free Press Sunday Classified Legal News Section on February 14, 2016, February 21, 2016, February 28, 2016, and March 6, 2016.

A total of 38,444 notices of liquidation and proofs of claim were mailed out. Consumers Mutual accepted proof of claim filings via fax, mail, hand delivery, and e-mail. As each proof of claim was received it was date stamped, assigned a proof of claim number, and assigned a preliminary priority class under Section 8142 of the Insurance Code. The proof of claim information was entered in a database for tracking and handling purposes.

All creditor claims for healthcare goods and services provided by a healthcare provider to a Consumers Mutual member pursuant to a Consumers Mutual insurance policy did not require filing a proof of claim. Rather, the Liquidation Order required providers to submit these claims in the normal course of business by no later than one year from the date of service. As explained more fully below, this process was more efficient because Consumers Mutual would not have to pay its TPA for adjudicating claims multiple times. Pursuant to the Liquidation Order, claims for healthcare goods and services submitted after the one-year deadline would be denied. The Liquidation Order also prohibited all contracted and non-contracted healthcare providers from balance billing or obtaining judgments against Consumers Mutual policyholders for healthcare goods and services covered under their Consumers Mutual insurance policy.

Consumers Mutual received 76 proofs of claim. Here is a summary by order of distribution priority, as defined and governed by Section 8142 of the Insurance Code, MCL 500.8142:

Class 2:	12
Class 3:	1
Class 5:	21
Denied:	42

As of the end of this reporting period, all proofs of claim have received a formal claim determination and the associated 60-day objection periods have expired.

Claims

As stated previously, the Deputy Rehabilitator met with representatives of the Guaranty Association during the rehabilitation to discuss Consumers Mutual's potential liquidation. Draft servicing, early access, and privacy agreements were negotiated and executed. The Guaranty Association's duties under Chapter 77 of the Insurance Code were also discussed. The Deputy Rehabilitator informed the Guaranty Association that Consumers Mutual used KBA to process claims and handle certain duties such as customer service.

When the Rehabilitation was converted to a Liquidation and there was a judicial finding of insolvency, it triggered the Guaranty Association's obligation to fund statutorily-covered claims. Under MCL 500.7704(6)(b)(*v*), the Guaranty Association's coverage liability is limited to "$500,000.00 in basic hospital, medical, and surgical insurance benefits" per member. The service agreement with the Guaranty Association contemplated its continued use of KBA as the TPA for processing Consumers Mutual member claims, on a per-claims basis as provided in the amended agreement between Consumers Mutual and KBA.

Prior to entry of the Liquidation Order, the Deputy Rehabilitator and the Guaranty Association discussed whether healthcare providers would be required to submit a proof of claim or instead continue to submit medical claims in the ordinary course of business. Both parties agreed that a proof of claim process would result in duplicate claims being submitted and increase claim processing costs for the liquidation estate. As indicated above, the Liquidation Order therefore instructed healthcare providers to continue submitting claims in the ordinary course of business without a proof of claim form. However, these claims had to be submitted within one year from the date of service, otherwise they were denied as untimely. Thus, the Deputy Liquidators informed KBA not to accept any claims in any form with dates of service after January 31, 2017.

On January 18, 2016, the Court entered an order approving a First Early Access Disbursement to the Guaranty Association from the assets of Consumers Mutual's liquidation estate. This disbursement involved Consumers Mutual transferring $3,000,000 of its cash funds to the Guaranty Association for the payment of policyholder claims that the Guaranty Association became obligated to pay post-liquidation. The Guaranty Association was assigned ownership rights to Consumers Mutual's claims disbursement checking account to allow for funding and control of funds necessary to pay policyholder claims. The Guaranty Association also collected approximately $10,800,000 in assessments from member insurers and deposited these funds in the claims disbursement checking account used to pay Consumers Mutual policyholder claims.

Consumers Mutual filed an application on January 24, 2017 for Court approval of a Second Early Access Disbursement to the Guaranty Association from liquidation estate assets. Again, this second disbursement was to partially reimburse the Guaranty Association for its payment of Consumers Mutual policyholder claims that the Guaranty Association became obligated to pay after entry of the Liquidation Order. The second disbursement amount totaled $1,458,190.91, consisting of $815,328.68 in cash and $642,862.23 in healthcare provider refunds paid to Consumers Mutual through December 27, 2016 that the Deputy Liquidator deposited with the Guaranty Association for its payment of covered policyholder claims. On January 24, 2017, the Court entered an order approving the Second Early Access Disbursement to the Guaranty Association.

Consumers Mutual filed another application on February 20, 2018 for Court approval of a Third Early Access Disbursement to the Guaranty Association from liquidation estate assets. Again, this third disbursement was to partially reimburse the Guaranty Association for its payment of Consumers Mutual policyholder claims that the Guaranty Association became obligated to pay after entry of the Liquidation Order. The third disbursement amount totaled $5,488,000 consisting entirely of cash. On February 26, 2018, the Court entered an order approving the Third Early Access Disbursement to the Guaranty Association.

Pursuant to Section 8139(1) of the Insurance Code, MCL 500.8139(1), if the Deputy Liquidator denied a proof of claim in whole or in part, the Deputy Liquidator gave written notice of the determination to the claimant and/or claimant's attorney by first class mail at the address listed on the proof of claim form. Also in accordance with MCL 500.8139(1), the Deputy Liquidator's claim determination letter required any objections to the Deputy Liquidator's claim determination to be filed in writing with the Deputy Liquidator within 60 days after the date the letter was mailed. Consistent with MCL 500.8139(2), the claimant was informed that if objections were filed and the Deputy Liquidator did not alter his original claim denial, the dispute would be submitted to the Court for further adjudication. The Deputy Liquidator received only one objection from a claimant whose claim was denied under this process, and the parties ultimately resolved that dispute without any need for the Court's involvement.

Agents' Commissions

As of the date of the Liquidation Order there were unpaid agents' commissions for the month of December 2015 in the amount of $55,759. Certain agents/agencies also qualified for a production bonus based on their 2015 premium revenue. The amount of these bonuses was $671,434, which were also unpaid. Agents/agencies were sent proof of claim forms that they could file with the liquidation estate to make a claim for these unpaid commissions and bonuses. The liquidation estate received 20 proofs of claim from agents/agencies representing all the unpaid commissions and bonuses. These claims were assigned Class 5 general creditor distribution priority from the liquidation estate's assets, pursuant to MCL 500.8142(1)(e). A review of agents' records also revealed that certain agents/agencies were overpaid commissions.

The amount of these overpayments was $15,400, of which the Deputy Liquidator has collected $13,200.

Policyholder Refunds

In June 2016, the Deputy Liquidators began the process of completing the collection of past due policyholder premiums, adjusting members' coverage to align with their premium paid-through dates, and calculating policyholder premium refunds. There were issues that complicated these tasks, including several enrollment revisions for individual policyholders received from CMS and several individual data revisions performed by KBA. Based on this process, the Deputy Liquidator determined that the total amount of individual policyholder refunds was $135,296 and the total amount of group policyholder refunds was $180,394. The Guaranty Association ultimately paid these amounts based on its obligations under Chapter 77 of the Insurance Code.

Employee Matters

When the Rehabilitation Order was entered, the Deputy Rehabilitator reviewed staffing levels and requested that the officers provide input on staffing recommendations. The Deputy Rehabilitator was not required to provide WARN notices because Consumers Mutual had fewer than 50 employees. A staffing plan was implemented, along with an employee retention program. The employee retention program provided for retention bonuses after six months, after one year, and finally a termination bonus. Each employee was notified of a planned departure date and the option of having company-paid placement services. The following is the schedule of staff reductions:

Number of Employees	Termination Date
3	November 30, 2015
3	December 1, 2015
1	April 30, 2016
1	December 31, 2016
3	December 31, 2017

In addition, Consumers Mutual had 23 voluntary resignations through December 31, 2017. Consumers Mutual had no remaining full-time employees effective December 31, 2017.

The Rehabilitator terminated the four main company officers effective November 20, 2015, except for the Chief Financial Officer who left voluntarily prior to December 31, 2015.

Currently, the Deputy Liquidator employs a part-time employee who is responsible for preparing monthly financial reports and related activities. It is anticipated this employee will continue to be employed on a part-time hourly basis until the estate closes.

Consumers Mutual had a Section 401(K) plan (the "Plan") for employees. On December 14, 2015, Consumers Mutual advised participants that the Plan would be terminated on December

31, 2015 and all participants should transfer their funds prior to the IRS issuing a formal termination. The Deputy Liquidator also filed the final Form 5500 for the Plan.

TPA Issues

When Consumers Mutual was formed, the company sent requests for proposal to several TPAs. Only two TPAs responded. After reviewing the two TPA proposals, Consumers Mutual's former management selected KBA as Consumers Mutual's TPA. KBA's previous TPA experience was only with self-funded employers.

Consumers Mutual entered into a TPA contract with KBA on April 4, 2013. KBA performed several critical duties on behalf of Consumers Mutual: policy underwriting and issuance, processing policy cancellations, handling policy billing, enrollment and eligibility, customer service, COBRA administration, payment and calculation of agents' commissions, and administering, processing, and paying policyholders' claims. Consumers Mutual and KBA also entered into a Business Associate Agreement to provide for confidentiality under HIPAA.

After entry of the Rehabilitation Order, the Deputy Rehabilitator negotiated an amendment to the TPA contract between Consumers Mutual and KBA that provided a new prospective fee structure and addressed certain issues regarding past services rendered. The parties executed the contract amendment on January 8, 2016. As previously stated, this contract amendment saved the Consumers Mutual rehabilitation/liquidation estate over $400,000.

Consumers Mutual has had to work through, and continues to work through, a number of issues involving KBA. These issues include KBA's compensation, claims accuracy, payment of assessments under the Michigan Health Insurance Claims Assessment Act, and other contractual and operational issues. The Deputy Liquidator continues to discuss these issues with KBA and the parties' relationship remains ongoing. Beginning in mid-2017, Consumers Mutual exercised its right to audit KBA's books and records using Plante Moran to conduct the audit, and the Court approved Plante Moran's related compensation by orders dated July 20, 2017 and March 18, 2019. Plante Moran's audit has focused on potential overcharges to Consumers Mutual during the years 2014 to 2017 for in-network policyholder claims that were discounted based on Consumers Mutual's direct, PPO network contracts with Cofinity, Inc. and MultiPlan, Inc. Plante Moran's audit results have been shared with KBA, Cofinity, and MultiPlan, and all parties are in discussions at this time about possible resolution of these issues.

FINANCIAL

CMS

On November 19, 2015, CMS issued Consumers Mutual the final $5,362,712 available under its solvency loan. The disbursement was based on cash flow projections provided by the Deputy Rehabilitator to CMS.

The Deputy Liquidator and his counsel at the State of Michigan Attorney General's Office had a conversation with CMS counsel at the Department of Justice ("DOJ") regarding Consumers

Mutual's payment of a 2015 transitional reinsurance premium of $881,000. The Deputy Liquidator wanted some level of assurance that if Consumers Mutual made the $881,000 transitional reinsurance premium payment, then CMS would pay the entire amount of the 2015 transitional reinsurance owed to Consumers Mutual for the benefit of Consumers Mutual's creditors. DOJ counsel was unable to provide this requested assurance. However, to remain in good standing in the program, Consumers Mutual made the $881,000 transitional reinsurance premium payment on February 3, 2016.

On February 11, 2016, Consumers Mutual received official written notification from CMS that it was terminating its loan agreements with Consumers Mutual due to Consumers Mutual being placed into liquidation and being in default. The CMS letter declared that all unpaid principal amounts, interest, and other related items were immediately due and payable based on this termination.

On February 29, 2016, Consumers Mutual received notification from CMS that it would receive a payment of approximately $682,092 representing 25% of its 2015 benefit year transitional reinsurance. CMS informed Consumers Mutual the payment would be made by March 22, 2016. When Consumers Mutual did not receive the $682,092 transitional reinsurance payment by this date, it contacted CMS and was informed on April 19, 2016 that the $682,092 was being "offset" against other 2015 ACA-related payables based on CMS dunning notices. There is a regulation under the ACA, 45 C.F.R. 156.1215, that provides for the "netting" of various ACA-related payables and receivables including cost-sharing subsidies, advance premium tax credits, and the "3Rs" which are the transitional reinsurance program, risk adjustment program, and risk corridors program.

On June 30, 2016, CMS released 2015 benefit year transitional reinsurance payments and permanent risk adjustment transfers for all participating ACA carriers. Consumers Mutual was still owed $2,287,097 representing the remaining 75% outstanding and unpaid for 2015 transitional reinsurance. However, Consumers Mutual also owed CMS $8,771,355 for the 2015 risk adjustment program, which was a large discrepancy over the amount expected in various Consumer Mutual financial projections. Consumers Mutual hired Milliman to review the accuracy of the risk adjustment data that Consumers Mutual provided to the CMS EDGE server. On September 6, 2016, Milliman issued a report noting no major discrepancies in the data provided by Consumers Mutual to CMS and used to calculate the risk adjustment payable.

On August 10, 2016, CMS filed a proof of claim with the Consumers Mutual liquidation estate. The CMS claim consisted of two areas: the CMS loans/surplus notes and ACA-related payables and receivables.

The CMS surplus note amounts contained in its proof of claim consisted of:

Principal amount of Start-Up Surplus Note:	$18,687,000
Principal amount of Solvency Surplus Note:	$52,847,300
Accrued Interest on Solvency Surplus Note:	$ 305,239
Total Loan Principal and Interest:	$71,839,539

The second area of the CMS proof of claim involved amounts payable to CMS under the ACA (i.e., cost-sharing subsidies, advance premium tax credits, and the "3Rs" programs of risk adjustment, reinsurance, and risk corridors). The ACA-related payable amounts contained in the CMS proof of claim consisted of:

Payments Due to CMS under the ACA Reinsurance Program:	$ 293,777
Payments Due to CMS under the ACA Risk Adjustment Program:	$8,771,808
Payments Due to CMS under ACA Cost Sharing Reductions and Advanced Premium Tax Credits:	$1,616,640
Payments Due to CMS for ACA Cost Sharing Reductions Reconciliation:	$1,331,245
ACA Exchange User Fees:	$ 62,910
Total ACA-Related Payables (Per CMS Claim):	$12,076,380

By letter dated May 23, 2017, the Liquidator issued a formal claim determination on the CMS proof of claim. With respect to the above surplus note amounts, the Liquidator allowed this part of the CMS proof of claim in the submitted amount of $71,839,539,[1] which is accorded Class 8 distribution priority from the assets of Consumers Mutual's liquidation estate under MCL 500.8142(1)(h). The Liquidator also reserved any applicable setoff rights of Consumers Mutual under MCL 500.8130 to the extent that CMS fails to pay amounts it owes Consumers Mutual, while noting that CMS has no setoff rights for this portion of its claim under the terms of the two surplus notes.

With respect to the above ACA-related payable amounts, the Liquidator determined that they were not entirely accurate and adjusted them as follows:

Payments Due to CMS under the ACA Reinsurance Program (paid 11-15-16):	$ -0-
Payments Due to CMS under the ACA Risk Adjustment Program:	$8,771,355
Payments Due to CMS under ACA Cost Sharing Reductions and Advanced Premium Tax Credits:	$1,837,246
Payments Due to CMS for ACA Cost Sharing Reductions Reconciliation:	$ 796,410
ACA Exchange User Fees:	$ 62,863
Total ACA-Related Payables (Per Liquidator Adjustments):	$11,467,874

Accordingly, the Liquidator allowed this part of the CMS proof of claim in the adjusted amount of $11,467,874, which is accorded Class 3 distribution priority from the assets of Consumers Mutual's liquidation estate under MCL 500.8142(1)(c). The Liquidator also reserved any applicable setoff rights of Consumers Mutual under MCL 500.8130 to the extent that CMS fails to pay amounts it owes Consumers Mutual.

[1] This section of the claim determination letter contained a calculation error, stating that the total surplus loan amount was $71,839,<u>239</u> instead of the correct amount which is $71,839,<u>539</u>. The figures in this report are also rounded to the nearest dollar where the figures in the claim determination letter are not.

Finally, the Liquidator determined that CMS owes the following ACA-related receivables to Consumers Mutual:

ACA Reinsurance Program Distribution Due for 2015 Plan Year:	$ 2,288,287
ACA 2014 Risk Corridors Program Distribution Shortfall Due:	$ 1,375,000
ACA 2015 Risk Corridors Program Distribution Shortfall Due:	$24,319,887
Total ACA-Related Receivables Due to Consumers Mutual:	$27,983,174

Accordingly, the Liquidator requested that CMS pay this $27,983,174 owed to the Consumers Mutual liquidation estate.

CMS did not object to the Liquidator's claim determination letter within the 60-day period provided by MCL 500.8139(1) and contained in the letter, so these determinations are now final.

As indicated in the above "Legal" section, CO-OP insurance plans and other health insurers have filed lawsuits in the U.S. Court of Federal Claims against CMS/the federal government to recover amounts due and owing under the ACA's risk corridors program, including the *Health Republic* class action that Consumers Mutual has opted into and the *Moda/Land of Lincoln* cases.

Reinsurance

Consumers Mutual had an HMO Excess Risk Reinsurance Agreement with RGA Reinsurance Company ("RGA") with an effective date of November 1, 2013. The original contract covered commercial individual and commercial small group business for losses incurred November 1, 2013 through December 31, 2014. Under the original contract, Consumers Mutual had to pay and report those losses by June 30, 2015 and submit them to RGA by July 31, 2015. The contact also had annual renewal provisions and two amendments that were retroactive to the original effective date of November 1, 2013. Consistent with the original contract, the first amendment stated that Consumers Mutual had a deductible of $300,000 per member for commercial individual business and certain commercial groups designated tier 2, after which RGA covered 90% of the amount over $300,000 up to a $2,000,000 maximum per member. However, the first amendment provided a different deductible amount and cost-sharing percentage for certain commercial groups designated tier 1. The second amendment had an experience refund provision if the annual premiums Consumers Mutual paid to RGA under the reinsurance contract exceeded $500,000.

During the rehabilitation, Consumers Mutual collected $331,787 from RGA under the reinsurance contract. Consumers Mutual has collected $1,514,645 from RGA during the liquidation. There were no reinsurance collections in 2018 and no additional reinsurance collections are anticipated.

Home Office Lease

In November 2012, Consumers Mutual signed a lease with the Cooloff Group, LLC for office space located at 2601 Coolidge Road in East Lansing, Michigan. The original lease was amended in July 2014 to increase the space that Consumers Mutual was leasing, extend the lease through

November 30, 2018, and increase Consumers Mutual's rent to $16,790 per month. Shortly after Consumers Mutual was placed into rehabilitation, the Deputy Rehabilitator met with the Cooloff Group to discuss the current lease. The Deputy Rehabilitator and Cooloff Group then agreed to a second amendment to the lease, under which Consumers Mutual began paying $13,250 per month beginning February 1, 2016 through July 31, 2016, $11,250 per month from August 1, 2016 through December 31, 2016, and $9,250 per month from January 1, 2017 forward until the Deputy Liquidator terminates the lease. In November 2017, the Deputy Liquidator sent notice of his intention to terminate the lease and vacate the office effective December 31, 2017. Remaining liquidation operations were then consolidated effective January 1, 2018 with American Fellowship Mutual Insurance Company, another insurance company in liquidation with an office located in Bingham Farms, MI. American Fellowship is planning to close its Bingham Farms office on June 30, 2019. Consumers Mutual will then transfer its remaining operations to the DIFS offices.

Expenses

Consumers Mutual had monthly operating expenses of $1,857,426 prior to being placed into rehabilitation. The Deputy Rehabilitator was successful in reducing monthly operating expenses to $944,403 prior to Consumers Mutual being placed into liquidation. Consumer Mutual's average 2016 monthly expenses during the liquidation were $241,584. This was reduced to $100,000 per month during 2017 and is currently $3,000 per month. It is anticipated those expenses will be reduced to effectively zero after June 30, 2019 (see *Home Office Lease* section).

Investments

Consumers Mutual formerly had a securities account with PNC. As of December 31, 2017, the value of this PNC securities account totaled $5,501,597, consisting of money market funds, U.S. Treasury Notes, and Federal Home Loan Mortgage Corporation Notes. This account was closed in early 2018 to make the Third Early Access Disbursement to the Guaranty Association.

Sale of Assets

Since the Liquidation Order and through December 31, 2017, Consumers Mutual sold excess supplies, furniture, and equipment and collected $41,553. Any personal property that could be sold was sold before Consumers Mutual vacated its former home office in December 2017, so there were no additional collections for these items in 2018 nor will there be any in the future.

Federal Income Taxes

Consumers Mutual engaged CPA firm Maner Costerisan to complete and file its federal form 990 tax filings for the years 2015 through 2017. Maner Costerisan filed Consumer Mutual's 2017 form 990 with the IRS on February 24, 2018. The Deputy Liquidator then decided to change CPA firms to Baker Tilly in order to lower costs and because Baker Tilly has handled the tax filings for a number of other Michigan insurance companies in liquidation. Baker Tilly is currently preparing Consumers Mutual's 2018 form 990 filing.

On June 17, 2016, the IRS filed a proof of claim in the amount of $616,760 with the Consumers Mutual liquidation estate. The $616,760 represents Consumers Mutual's unpaid ACA health insurer fee ("Provision 9010") for 2016. On June 22, 2016, the Deputy Liquidator informed the IRS in writing that its claim was allowed in the submitted amount of $616,760 and accorded Class 3 distribution priority from the assets of Consumers Mutual's liquidation estate under MCL 500.8142(1)(c). The IRS did not contest the determination.

Provider Recoveries

Consumers Mutual has a healthcare provider recovery contract with First Recovery Group ("FRG") to review and recover subrogation claims. During the rehabilitation, FRG recovered $12,750 on behalf of Consumers Mutual. FRG has recovered $25,760 during Consumer Mutual's liquidation through December 31, 2018. Consumers Mutual also collected $76,773 in subrogation recoveries during 2018 using an outside attorney. Subrogation recovery activities are ongoing.

In addition, Consumers Mutual has direct healthcare provider reimbursement/refund claims for overpayments made to providers. Many of these recoveries are voluntarily paid by providers. However, the Deputy Liquidator sent out provider recovery letters in October 2016 requesting providers repay amounts owed. While the letter did result in some providers paying the amounts owed, there was no response or inquiry by most of the providers who received the letter. In November 2017, the Deputy Liquidator sent a follow-up letter to the top ten providers with the largest outstanding refund balances owed. These letters resulted in one response and one payment. As of December 31, 2018, KBA reported that $260,691 in provider refunds were owed to Consumers Mutual and this entire $260,691 amount had been outstanding over 60 days. The Deputy Liquidator and his counsel at the State of Michigan Attorney General's Office developed a petition and order with proposed procedures for the Court to adjudicate these provider refund claims in cases where the provider owed more than $1,000 total. The first two batches of these petitions were filed with the Court in November and December 2018, with the Court entering the related orders on November 8, 2018 and December 5, 2018. Amounts collected as a result of these provider refund petitions/orders will be predominantly reflected on next year's court report.

Consumers Mutual collected $414,195 in provider reimbursements/refunds during the rehabilitation and has recovered $1,203,976 in provider refunds from the date of liquidation through December 31, 2018, including $26,867 collected in 2018.

Unclaimed and Withheld Funds

Consumers Mutual began identifying parties with uncashed checks in late September 2016 and the amount totaled $62,708. During 2018, Consumers Mutual escheated $3,538 to the State of Michigan, $690 to the State of Illinois, $86 to the State of Minnesota, and $9 to the State of Indiana. Consumers Mutual still has $49,618 to be escheated: $21,963 in uncashed claim checks pre-liquidation, $17,494 in uncashed claims checks post-liquidation, and $10,161 in return premium checks post-liquidation. Most of these checks are scheduled to be escheated in 2019.

EXHIBITS

The following exhibits are attached to this Court Report:

Exhibit A	Balance Sheet-December 31, 2018
Exhibit B	Income Statement-January 1, 2018 to December 31, 2018
Exhibit C	Cash Receipts-January 1, 2018 to December 31, 2018
Exhibit D	Cash Disbursements-January 1, 2018 to December 31, 2018
Exhibit E	Professional Expenses-January 1, 2018 to December 31, 2018

CONCLUSION

The major goals for 2019 are to escheat the remaining outstanding checks, collect outstanding refunds owed by healthcare providers in a cost-effective manner, and resolve all open issues with KBA, Cofinity, and MultiPlan. Although the Liquidator and Deputy Liquidator also want to resolve all remaining issues with CMS including the outstanding risk corridors payments owed to Consumers Mutual, there is no predictable timeframe for this to occur and it may take over a year given the status of the *Health Republic* class action, the pending *Moda/Land of Lincoln* cases in the U.S. Supreme Court, and the likelihood that the risk corridors issue will not be resolved until all litigation and appeals have been completed.

The Deputy Liquidator would like to thank past employees of Consumers Mutual for their professionalism and assistance during the Rehabilitation and Liquidation.

Yours truly,

James Gerber
Deputy Liquidator
Consumers Mutual Insurance of Michigan
Dated: June 6, 2019

Consumers Mutual Insurance of Michigan **EXHIBIT A**
Balance Sheet
12/31/2018

ASSETS

CURRENT ASSETS			
PNC Checking	$342,854		
PNC Savings	427		
PNC Trust	(0)		
Premium Account	105,458		
Petty Cash	-		
Reinsurance Recovery Receivable	2,288,287		
Other Receivable	55		
Risk Corridor Receivable	25,694,887		
Prepaid Insurance	-		
Prepaid Expenses	-		
TOTAL CURRENT ASSETS		28,431,967	
TOTAL ASSETS			**$28,431,967**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Administrative Expense Payables	$0		
Accounts Payable - CMS	2,633,656		
Liability for Discontinued Operating Expenses	47,795		
Guarantee Association Administrative Expenses Payable	476,577		
Unclaimed Property - Pre Liquidation	21,963		
Unclaimed Property - Post Liquidation	27,655		
Policyholder Claim Payable	70,936		
Risk Adjustment Payable	8,771,355		
ACA Annual Fee Payable	620,503		
Commissions/Agent Bonuses Payable	727,193		
Risk Adjustment User Fees Payable	62,863		
Health Insurance Claims Assessment Payable	102,864		
Accrued Compensation & Benefits	0		
TOTAL CURRENT LIABILITIES		13,563,361	
LONG-TERM LIABILITIES			
Solvency Loan	71,534,300		
Guarantee Association Payable	4,841,283		
Deferred Interest Payable	305,239		
TOTAL LONG-TERM LIABILITIES		76,680,822	
TOTAL LIABILITIES		90,244,183	
NET ASSETS			
Unrestricted Net Assets - beginning of year	(61,848,592)		
Change in Net Assets	36,376		
TOTAL NET ASSETS		(61,812,216)	
TOTAL LIABILITES AND NET ASSETS			**$28,431,967**

Consumers Mutual Insurance of Michigan
Income Statement
12/31/2018 YTD

EXHIBIT B

	YTD
MEDICAL EXPENSE	
Medical Expenses	($73,766)
Medical Claims Refunds	(26,867)
Pharmacy Rebates	-
Reinsurance	-
Network Management Fees-Direct Medical	-
TOTAL MEDICAL EXPENSE	**(100,633)**
GROSS PROFIT	**100,633**
EXPENSES	
Salaries, Benefits and Payroll Taxes	(1,299)
Rent and Building	-
Professional fees	-
Insurance - Business & Professional	(214)
Marketing / Advertising / Promotions	-
Office and computer	-
Interest Expense	-
Commissions	-
Discontinued Operating Expenses	-
Guarantee Association Administrative Fees	76,577
Miscellaneous	(2,179)
TOTAL EXPENSES	**72,886**
OTHER INCOME (EXPENSE)	
Interest Income	10,373
Disposition of Fixed Assets	-
Unrealized Gain/Loss on Investment	(1,744)
Realized Gain/Loss on Investment	-
OTHER INCOME (EXPENSE)	**8,629**
CHANGE IN NET ASSETS	**$36,376**

Consumers Mutual Insurance of Michigan
Cash Receipts
12/31/2018 YTD

EXHIBIT C

	YTD
Premiums collected	$0
Reinsurance reimbursements	-
Claims (provider) refunds	26,867
Pharmacy rebates	-
Interest income	-
Network and wrap receivables	-
Commission refunds	-
Subrogation recoveries	76,773
Miscellaneous*	2,179
TOTAL CASH RECEIPTS	**105,819**

*Miscellaneous includes return of duplicate premium refund

Consumers Mutual Insurance of Michigan
Cash Disbursements
12/31/2018 YTD

EXHIBIT D

	YTD
Medical claims paid	$0
Outsourcing, including TPA and cost containment	-
Salaries, benefits and payroll taxes	-
Pharmacy rebates paid	-
Reinsurance premiums (federal)	-
Professional fees	117,345
Commissions paid	-
Rent, equipment and supplies	5,274
Network Fees	-
Printing, mailings, postage, and cell phone	1,070
Banking fees	16,106
Corporate insurance	-
Employment and re-emp services	1,400
Administration 401 K	-
TOTAL CASH DISBURSEMENTS	**141,196**

Consumers Mutual Insurance of Michigan
Professional Expenses
12/31/2018 YTD

EXHIBIT E

	YTD
State of Michigan/DIFS	$98,640
Consulting - Various (JD, AI)	925
Actuarial - Milliman	-
Consulting - JG Professional Services	-
Legal - Honigman	-
Financial Reporting - Millennium	-
Tax - Maner	-
Consulting - Plante & Moran, PLLC	12,755
Accounting Services - American Fellowship Mutual Ins.	5,025
TOTAL PROFESSIONAL EXPENSES	**117,345**