

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]

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**ORDER APPROVING LEGAL COUNSEL'S COMPENSATION
ASSOCIATED WITH OPT-IN TO CLASS ACTION LAWSUIT**

At a session of said Court
held in the Circuit Courtrooms
for the County of Ingham,
State of Michigan, on the
3 day of May, 2017.

PRESENT: HONORABLE JAMES S. JAMO, CIRCUIT COURT JUDGE

WHEREAS, Patrick M. McPharlin, 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 a Petition for Approval of Legal Counsel’s Compensation Associated with Opt-In to Class Action Lawsuit (the “Petition”); and

WHEREAS, the Petition seeks the Court’s approval of the reasonable compensation to be paid to class counsel in the *Health Republic* Class Action, which the Liquidator has determined Consumers Mutual will join because it provides the most straightforward, cost-effective way to pursue Consumers Mutual’s unpaid risk corridors claim against the United States on behalf of the company and its creditors; and

WHEREAS, MCL 500.8121(1)(b) and (c) authorize the Liquidator to employ personnel as he considers necessary to assist in the Consumers Mutual liquidation proceeding and to determine the reasonable compensation paid to this personnel with the Court’s approval. MCL 500.8121(1)(f) and (s) additionally authorize the Liquidator to “collect all debts and money due” to Consumers Mutual and to “exercise and enforce all the rights, remedies and powers of a creditor”; and

WHEREAS, the Court finds that class counsel’s compensation is reasonable, based on: (a) the Court’s review of the Petition and any objections or responses filed thereto; (b) oral argument on the Petition at the hearing conducted on May 3, 2017 at 3:15 p.m.; and (c) the Court being otherwise fully advised of the circumstances involving Consumers Mutual and its ongoing receivership proceeding, which was

commenced on November 13, 2015, assigned to this Court, and has been conducted under the Court's general supervision;

NOW, THEREFORE, IT IS HEREBY ORDERED that the Court:

(a) GRANTS the Petition;

(b) APPROVES the reasonable compensation to be paid to class counsel in the *Health Republic* Class Action (as defined in the Petition), and specifically class counsel's contingent fee of up to 5% of any recovery obtained by Consumers Mutual, whether by judgment or settlement.

(c) AUTHORIZES the Liquidator and/or Special Deputy Liquidators to execute any necessary documentation and take such other action required to participate in the *Health Republic* Class Action.


IT IS FURTHER ORDERED the Court authorizes, approves, and/or ratifies the Liquidator's service of the Petition (together with the attached Exhibits), the Notice of Hearing, and this Order via regular mail on the following parties only:

- John Colpean, who is Administrator and General Counsel of the Michigan Life and Health Insurance Guaranty Association ("Guaranty Association");
- Jay Williamson and Terrance Mebane, who are the Centers for Medicare and Medicaid Services ("CMS") representative and U.S. Department of Justice ("DOJ") counsel for CMS, respectively, assigned to Consumers Mutual; and
- Jesse Riddle, who is counsel for Valley Med Flight, Inc.

Due to the difficulty and prohibitive cost associated with personally serving the Petition, Notice of Hearing, and this Order on all other individuals/entities that may have a general interest in Consumers Mutual's liquidation, the Court authorizes, approves, and/or ratifies the Liquidator's service of these papers on any other potentially interested individuals/entities by posting electronic copies on the

DIFS website, www.michigan.gov/difs, under the section “Who We Regulate,” the subsection “Receiverships,” and the sub-subsection “Consumers Mutual Ins. of Michigan.” The Court finds that service in this manner is reasonably calculated to give the Guaranty Association, CMS and its DOJ counsel, Valley Med Flight, Inc., and any other potentially interested individuals/entities actual notice of these proceedings and is otherwise reasonable under the circumstances.

IT IS SO ORDERED.


Honorable James S. Jamo
Circuit Court Judge