

DOCKET NO. CV-99-589630

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IN THE MATTER OF SUBURBAN  
HEALTH PLAN, INC., IN  
LIQUIDATION

SUPERIOR COURT  
JUDICIAL DISTRICT  
OF HARTFORD  
AT HARTFORD  
APRIL \_\_\_\_, 2004

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**ORDER APPROVING CLAIMS REPORT, DISTRIBUTIONS  
TO CREDITORS, AND OTHER REQUESTED RELIEF**

Upon the Motion for an Order Approving Claims Report, Distribution to Creditors and Other Relief (the "Motion") of Susan F. Cogswell, Insurance Commissioner of the State of Connecticut, as Liquidator of Suburban Health Plan, Inc. (the "Liquidator"), by and through her counsel, Bingham McCutchen LLP, and based on the Court's consideration of the pleadings herein, the arguments of counsel, the law applicable to the case; and due deliberation being had thereon; and sufficient cause appearing, it is hereby

**ORDERED**<sup>3/</sup> that:

**A. General Decrees and Implementation.**

1. The Motion complies with the Insurers Rehabilitation and Liquidation Act, Conn. Gen. Stat. § 38a-903, *et seq.* (the "Liquidation Act"), and is hereby granted in its entirety, and

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<sup>3/</sup> All capitalized terms used herein that are not otherwise defined shall have the meaning ascribed to them in the Motion.

2. each and every provision contained therein is hereby approved in its entirety.
3. Due notice of the Motion and the proposed Order has been given to all parties in interest.
4. Any objections to the granting of the Motion and Order that have not been withdrawn prior to entry of this Order or that are not cured by the relief granted herein are hereby denied in their entirety and all withdrawn objections are hereby deemed withdrawn with prejudice.
5. The Liquidator and her agents, representatives, and attorneys having duties or responsibilities under this Order (collectively, the “Implementing Parties”) are hereby authorized and empowered to carry out all of the provisions of the Motion and this Order. The Implementing Parties are authorized and empowered to, among other things: (a) issue, execute, deliver, file or record, as appropriate, this Order; (b) take any action contemplated by this Order; and (c) issue, execute, deliver, file, or record, as appropriate, such other contracts, instruments, releases, assignments, settlements or other agreements or documents, and perform such other acts, all as they deem consistent with, necessary, or appropriate to implement, effectuate, and carry out the relief sought in the Motion and this Order, and the transactions contemplated thereby and hereby. All actions taken by the Implementing parties prior to the date hereof in order to implement the transactions and actions contemplated by the Motion and this Order are hereby authorized nunc pro tunc.

6. This Order constitutes all authority required by all applicable business corporation, trust, and other laws of the State of Connecticut with respect to the implementation and consummation of the liquidation of Suburban.

7. The Implementing Parties are hereby authorized and empowered to execute and deliver any documents necessary to implement the provisions of this Order.

8. No entity shall be permitted to execute against or receive distributions from the Liquidator except in accordance with this Order and prior orders of the Court in this case.

9. The Liquidator is hereby authorized to designate a disbursing agent or to serve as the disbursing agent herself, and shall serve in such capacity to effectuate the distributions and undertake other responsibilities contemplated by the Motion and this Order.

10. The provisions of the Motion and this Order governing distributions, reserves, and the procedures for resolving and treating disputed Claims are hereby approved and found to be fair and reasonable.

**B. Settlements and Allowance of Claims.**

11. Pursuant to the terms of a Release Agreement (the "Release Agreement") dated as of November 5, 2003, between the Liquidator and the United States, the United States has agreed, conditioned upon the Liquidator's payment of \$2,046.00, to release and discharge the Liquidator and the estate of Suburban from any and all liability under 31 U.S.C. § 3713(b) in connection with Suburban except for Claims for federal taxes and claims arising out of fraud or criminal misconduct. The Court finds that the terms of the Release Agreement are fair,

reasonable and equitable and in the best interest of policyholders, creditors and the liquidation estate of Suburban. The Release Agreement is hereby approved and the Liquidator is authorized to pay to the United States the sum of \$2,046.00.

12. The Connecticut Insurance Department (the "CID") has presented sufficient evidence to support its claim for reimbursement of the actual and necessary costs of preserving or recovering the assets of Suburban in the amount of \$400,000. A claim under Conn. Gen. Stat. § 38a-944(1) is hereby allowed in favor of the CID in the amount of \$400,000 (the "Allowed CID Claim").

13. The Liquidator's Claims Report attached hereto as Exhibit A is hereby approved in its entirety and the Claims of each Provider set forth in the Claims Report are allowed to the extent set forth in the Claims Report and disallowed for any amounts in excess of the amount set forth in the Claims Report.

14. Where the Liquidator has denied a Claim in whole or in part and the claimant has not objected to such denial in accordance with the procedures set forth in the Liquidation Order, the Liquidator's denial of such Claim shall become final and the claimant shall receive no distribution.

14. The assets in the estate are not sufficient to pay claims in classes below Class 3. Accordingly, the Liquidator shall not be obligated to review or adjust claims in classes below Class 3.

**C. Administrative Claims.**

15. Claimants holding administrative Claims that the Liquidator did not pay on or before the date hereof may submit a request for payment of administrative expense to the Liquidator prior to the filing by the Liquidator of a motion for an order discharging the liquidator and closing this receivership case. Such Claims may be paid by the Liquidator in the ordinary course. The Liquidator may seek a determination at a hearing before the Court for any such administrative Claim that is disputed.

16. The Liquidator shall pay administrative Claims including the reasonable invoices of the Liquidator's counsel and other professionals as she deems appropriate. The Liquidator shall also pay the reasonable charges for storage and destruction of Suburban's records in accordance with Conn. Gen. Stat. § 38a-950 and other applicable law.

17. The Liquidator shall establish and maintain a reserve fund from which to pay administrative Claims. The Liquidator shall establish the amount of the reserve fund in her sole discretion.

**D. Distributions.**

18. The Liquidator is authorized to make distributions with respect to all allowed Claims filed before the Bar Date, and late-filed Claims as the Liquidator, in her judgment, deems appropriate to pay, according to the distribution priority provisions of Conn. Gen. Stat. § 38a-944 and 38a-194(d). No distribution to any claimants shall be made until the Liquidator has concluded, in her sole discretion, that there are no other adverse Claims against, or interests in,

the assets of the estate that would be adversely affected by such distribution, including, without limitation, claims of the United States of America.

19. Every allowed Claim in each class shall be paid in full (or adequate funds retained for such payment in the applicable Claims reserve) before the members of the next class shall receive any consideration from the Suburban estate. Upon payment of distributions on allowed Claims, the Liquidator shall have no further liability to holders of any Claims, and claimants shall not have any recourse against Suburban, its Estate, or the Liquidator.

20. Consistent with the foregoing, the Liquidator shall make pro rata distributions to Participating Providers of assets in the estate remaining after payment of the allowed claims in all senior classes and the establishment of reserves for the payment of such claims.

21. The Liquidator shall provide to the holders of allowed claims of Participating Providers an Enhanced Recovery (hereafter defined) unless such Participating Provider returns the payment tendered by the Liquidator. An Enhanced Recovery shall consist of a pro rata share of \$250,000 of estate assets that would otherwise be paid with respect to the Allowed CID Claim, and the Allowed CID Claim shall be reduced to the extent that Participating Providers accept such Enhanced Recovery. Any Participating Provider that accepts an Enhanced Recovery shall have waived any claim that it may now or hereafter have against any Enrollee of Suburban and such Enrollee's estate, family members, guardians, heirs, administrators, executors and assigns with respect to services provided to such Enrollee while such Enrollee was enrolled with

Suburban whether or not such services were or could have been the subject of a Claim against Suburban.

**E. Notices**

22. The Court hereby finds that notice of the Motion, the Order, the Objection Date, and the Hearing was reasonable, adequate and proper and directs that no other further notice is required.

23. Notice of the Liquidator's proposal to provide an Enhanced Recovery in consideration for the release contemplated by paragraph 21 hereof shall be sufficient if it is substantially in the form of Exhibit B hereto and is sent with the proposed distribution to the last address of each Participating Provider shown in the records of the Liquidator by first class United States Mail postage prepaid.

**F. Injunctions**

24. Upon entry in the Court's docket, this Order shall be binding upon and inure to the benefit of (i) the Liquidator and her respective successors and assigns, (ii) the claimants and their respective successors and assigns (whether or not such claimants have filed, or are deemed to have filed proofs of claim), (iii) any other individual, partnership, corporation, governmental unit, estate, trust or limited liability company giving, acquiring, or receiving property under this Order, any prior order of this Court or any settlement with the Liquidator, and (iv) any other entity that has notice of this liquidation proceeding.

25. Any entity accepting any distributions or rights pursuant to this Order or any prior

order of this Court or any settlement with the Liquidator shall be deemed and conclusively presumed to discharge and release Suburban and the Liquidator, as well as her agents, employees, members, attorneys, accountants, financial advisors and representatives (the "Released Parties") from its Claims and any other cause of action based on the same subject matter as the Claims. In connection with such release and discharge, any entity accepting any distributions or rights pursuant to this Order, any prior order of this Court or any settlement with the Liquidator shall be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering, or receiving payments or any other recovery with respect to such Claims against Suburban, the Liquidator and the Released Parties.

26. Any Participating Provider that receives and retains an Enhanced Recovery, shall be permanently stayed, restrained, and enjoined from taking action for the purpose of directly or indirectly collecting, recovering, or receiving payments or recovery from any Enrollee of Suburban and such Enrollee's estate, family members, guardians, estates, heirs, administrators, executors and assigns with respect to services provided to such Enrollee while such Enrollee was enrolled with Suburban whether or not such services were or could have been the subject of a Claim against Suburban.

27. All entities which have held, hold or may in the future hold any Claims against the Suburban estate (whether or not such entity has asserted such Claim by filing a proof of claim and whether or not such Claim was allowed, disallowed or not considered) shall be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly

collecting, recovering, or receiving payments or any other recovery with respect to such Claim against any entity which receives a distribution under this Order or which has received a distribution under any prior order of this Court or under any settlement with the Liquidator

**G. Miscellaneous**

28. This Order is a final order and the period in which an appeal must be filed shall commence upon the docketing hereof.

Dated at Hartford, Connecticut  
this \_\_\_\_\_ day of April 2004.

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Hon. John J. Langenbach  
Superior Court Judge

**Exhibit A**

**Claims Report**

All Claims set forth herein are entitled to priority under Conn. Gen. Stat. §§.38a-944(3) and 38a-194(d) as claims of Participating Providers.

## Exhibit B

Dear Provider,

We are pleased to advise you that we have concluded the liquidation of Suburban Health Plan, Inc. Enclosed herewith is a check in the amount of \$\_\_\_\_\_. This sum represents a single and final distribution of approximately twenty percent of the allowed amount of all of your claims.

The deposit or negotiation of this check will constitute your acceptance of this amount as a full and final settlement of all amounts owed by Suburban to you and all amounts that are owed by Suburban Subscribers and Enrollees to you. By your acceptance of this check, you are agreeing that you will not take any action against any Subscriber and Enrollee of Suburban or any Subscriber's or Enrollee's family members, guardians, estate, heirs, administrators, executors and assigns with respect to services provided to an individual who was enrolled with Suburban at the time such services were rendered, whether or not such services were or could have been the subject of a claim against Suburban. As consideration for the foregoing agreement, the Connecticut Insurance Department has contributed a portion of its claim to enhance your recovery by approximately 15%.

If you do not wish to accept the terms of the foregoing agreement, please return the check to the address set forth above. A check in the amount of approximately 85% of the enclosed check will be issued to you. However, please be advised that the Liquidator believes that any action against Subscribers and Enrollees by you would be barred by Conn. Gen. Stat. §.38a-193(c), and the Liquidator intends to take action to enforce applicable Connecticut law.

The check will expire in sixty days and the bank on which it is drawn has been instructed to dishonor checks presented after that date.

We appreciate your patience and support in the course of this complex and difficult liquidation.

Very truly yours,

Susan F. Cogswell, Liquidator of Suburban  
Health Plan, Inc.