

27 October 2021

Richard Blair Boyd IV

Business & Health Care POA for Polly Boyd – Longtime SHIP LTC Policy Holder
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Prothonotary's Office of the Commonwealth Court of Pennsylvania
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SUBJECT: Senior Health Insurance Company of Pennsylvania (In Rehabilitation), Formal Petition the Pennsylvania Courts to approve 1 October 2021 request for Stay submitted by the Intervening Regulators.

Presiding Pennsylvania Court Judge

My name is Richard Blair Boyd IV, the duly appointed Business & Health care POA for my 93 year old mother, Polly Boyd – a longtime SHIP LTC Policy Holder. On behalf of my mother, I have formally expressed to the Pennsylvania Courts over seeing SHIP Rehabilitation, my deep concerns. I offered numerous recommendations for the 3 proposed SHIP Rehabilitation Plans. To-date very little has changed within the proposed plan and continue to have my deep reservations with legality, fairness and equity concerns with the approved SHIP Rehabilitation Plan dated 30 September 2021. I am very grateful to the Intervening Regulators (the States of Maine, Massachusetts and Washington), Steve Harvey and his Team for standing up to this policyholder injustice and making such a compelling case. I here-by fully support the Intervening Regulators request for Stay and wish them well on their upcoming appeal. My comments today are now addressing the Rehabilitation Plan itself, 1 October 2021 State Insurance Regulators Request for Stay and concerns with the 15 October 2021 Rehabilitators Answer and Brief in Opposition to the Intervenors State Insurance Regulations Application for a Stay.

In the 1 October 2021 State Insurance Regulators Request for Stay they make some compelling arguments on both the legality, propriety of the proposed Rehabilitation Plan, the process in general and the continued abuse of her "Rehabilitator" authority by Ms. Jessica Altman placing the \$1.2B financial burden solely on the remaining 30,000 SHIP LTC policyholders. The Intervening Regulators have presented 36 major points of contention and legal arguments setting the stage for strong case on appeal (INTRODUCTION – 6 Major Points, FACTUAL BACKGROUND – 11 Major Points, ARGUMENT - 19 Major Points). Their

legal and moral contention/arguments are clearly and eloquently written. These positions have been VERY SIMILAR to a number of my previous FORMAL responses in opposition to the various "Proposed Rehabilitation Plans". In recognition, I will not further elaborate further on the Intervening Regulators position as they are very clear and convincing arguments with legal cites. Since no one else is protecting the policyholders LTC Insurance rights and interest, myself formally representing at least 1 SHIP LTC Policyholder am very grateful to and applaud the "Intervening Regulators". The States of Maine, Massachusetts, and Washington, Mr. Steve Harvey and his TEAM for their position, actions, presenting the arguments that collectively stand to protect SHIP insurance policyholders, stand against this precedent setting rehabilitation proposal and blatant abuse of Insurance Commissioner power and authority for political gain. Approving the Intervening Regulators formal request for a Stay pending an appeal hearing prior to any irreparable harm to significant number of SHIP LTC Policyholders is the ONLY viable and right thing for this court to do.

In the Intervening Regulators, 1 October 2021 – ARGUMENTS: Item B **"The Plan Constitutes and Abuse of Discretion, Exceeds the Rehabilitator's Authority and is Contrary to Law by Disregarding the Financial Interest of Policyholders and the Guaranty Association System"** The Intervening Regulators outline the responsibilities of the rehabilitator to fundamentally protect to the maximum extent possible the contractual rights of the policyholders. How this approved plan is adverse to the best financial interest of policyholders because the ENTIRE \$1.2B burden of SHIP insolvency is placed on the few remaining 30,000 policyholders and this is totally contrary to the purpose of the Rehabilitation statute aimed at protecting policyholders. A rehabilitator should honor the policies and treat policyholders equally. But the approved Rehabilitation Plan has discriminated and placed a bullseye on the Deemed "Cadillac" policies would have their benefits cut and policyholders significantly worse off. All this is being done with the sole purpose of attempting to reduce the size of the insolvency at the sole expense of the few remaining policyholders as SHIP continues to be insolvent.

In addition to the Intervening Regulators arguments, I would like to add:

The approved Rehabilitation Plan continues to discriminate against the elderly with disabling health conditions, categorically by placing a Rehabilitation Plan Bullseye on those **"Disabled Not Paying Premiums"** as being too costly. When in fact it is covering up years of negligent miss-management, actions/inaction and blatant abuse of position and power by the politically appointed Pennsylvania Insurance Commissioners.

On page 12, para I A. 3 of the proposed 3 May 2021 SHIP Rehabilitation Plan **"No Worse Than Liquidation"** further stating that every policyholder will be offered at least 1 option in Phase One that will provide **potential benefits** equal to or exceeding those that would be available from the Applicable Guaranty Associations. While this may seem to paint a rosy picture, I can assure you that is very much not a likely and factual statement regarding my 93 year old mom's case and her continued health care prognosis and why the Rehabilitator qualifies this rosy statement by using the term **"Potential Benefits"**.

The facts dictate that the Remaining Policyholders 4.5% of the total policyholders (30,000 of the total 645,000 total SHIP LTC Policyholders) find themselves through no fault of their own, at the tail end of this SHIP LTC insurance coverage. These facts stated another way are 645,000 policyholders executed legally binding SHIP LTC contracts and that 615,000 or 95.5% of the total 645,000 SHIP LTC policy holders, have had their SHIP LTC Benefits fully covered in the executed LTC Contracts whether they paid sufficient LTC Premiums or not. Now the few remaining 30,000 Policyholders (4.5%) are being inequitably left and being ask to suffer for long-term, over 13+ years of Company mis-management and Pennsylvania Insurance Commissioner blatant negligence and abuse of power. The facts in this case support that in 2008 this financial dilemma was formally recognized (probably longer) at a time when SHIP still had substantial number of policy holders, could have affected meaningful and equitable rate adjustments. But Conseco/SHIP Co. and the Pennsylvania Insurance Commission stuck their politically driven heads in the sand, kicked this can down the road another 13+ years by financially insulating the SHIP Parent Insurance Company, **Conseco**, with the approval of the SHIP LTC Trust. As currently approved within the SHIP Rehabilitation Plan dated 30 September 2021, the facts are the few remaining 30,000 (4.5%) policyholders are being saddled with the burden for paying for the many years of gross negligence mis-management actions and inaction. This is totally unlawful to those few remaining policyholders to cover-up these longstanding years of negligence. My understanding is the states of Florida with estimated over 3,600 (12%), Pennsylvania over 3,000 (10%) and Texas with over 3,000 (10%) remaining SHIP 30,000 policyholders have a SIGNIFICANT financial stake with their respective states Guaranty Association potential financial liability at liquidation. This was a conflict of interest back in 2008 when the Pennsylvania Insurance Commission protected the Conseco Company and its shareholders but NOT the policyholders. Now in 2021 may even be more of a conflict of interest for the Pennsylvania Insurance Commission who also oversees the Pennsylvania Guaranty Association who at liquidation would be left with a substantial liability with approximately 3,000 (10%) of the remaining 30,000 SHIP Policyholders. But the facts are the proposed Rehabilitation Plan continues to promote this unethical and unlawful burden to those remaining few SHIP LTC policyholders by forcing permanent benefit reductions to legally executed and binding LTC insurance contracts. When SHIP can no longer financially operate the Guaranty Associations protections should kick in as the Insurance Industry designed for policyholder's protection. That is how the insurance business model was lawfully enacted and designed to work in each of the 50 states.

On page 11 of the 5 April 2021 - Rehabilitator's Pre-Hearing Memorandum of states **"There is No Constitutional Requirement that All Policyholders Must Fare as Well in Rehabilitation as They Would in Liquidation"** and on page 16 **"The Plan Respects and Does Not Violate Any Substantive Due Process Rights of Policyholders "** But the simple truth and facts are: SHIP is legally defaulting on its legally binding LTC insurance contractual obligations to its dwindling and remaining 30,000 policyholders, so don't try and sell this as a Fair and Equitable solution. Far from that, it is actually unlawful, unethical and discriminatory contract default and rehabilitation sham where the few remaining policyholders are being solely stuck with a \$1.2B financial deficit that span over 13 years by an Insurance Commissioner who should be protecting their LTC insurance rights and interest. When SHIP can no longer financially and viably operate the Insurance Industry designed policyholders' protections of the Guaranty Associations protections should be allowed to kick in. Since the

Pennsylvania Insurance Commissioner, SHIP Rehabilitator, Ms. Jessica Altman is totally ignoring her appointed responsibilities to protect the ALL policyholders LTC Insurance rights and interest, this responsibility now rest solely with the Pennsylvania Courts. The Pennsylvania Courts must now ensure that ALL policyholders rights are fair, equitable and protected. Just like in 2008 where the Pennsylvania Insurance Commission should have taken more assertive protective action to protect the Policy-holders in 2008. The fact that the Pennsylvania Insurance Commission did at that time was support their approval of the SHIP LTC Trust that financially insulated the Parent Insurance Company, **Conseco**, financially from the failing SHIP LTC Business Model and anticipated liabilities rather than affect meaningful rate or benefit changes 13 years ago when it should have. There should be some accountability here but we must not let this negligence and conflict of interest continue again in 2021.

I am not contending the Rehabilitation Plan would harm ALL 30,000 remaining policyholders but it would IRPAIRABLY HARM a significant number of the 30,000 remaining policyholders including my mother. I can assure the Pennsylvania Courts my mother would be irreparably harmed both financially and with her continued health care needs at these final stages in her life if she is forced to accept these forced benefit reductions. I am quite certain that a good number of the remaining 30,000 SHIP LTC Policyholders would also be subsequently irreparably harmed as well if this Rehabilitation Plan is forced upon them.

In the 15 October 2021 Michael J Broadbent's, Rehabilitators Answer and Brief in Opposition to the Intervenor's State Insurance Regulations Application for a Stay. I recognize that Pennsylvania Insurance Commissioner, Jessica Altman is in a politically appointed position by the Governor of Pennsylvania. While her primary responsibility in the SHIP Rehabilitation should be protecting the SHIP LTC Policyholders interest as well as developing workable Rehabilitation Plan, she continues to push hard and expeditiously for a rehabilitation Plan that is still doomed to financially fail at the expense of those few 30,000 remaining policyholders she is charged with protecting their LTC insurance interest. This is an unfair practice, conflict of interest, blatant abuse of her authority and responsibility to those she is charged with protecting. As currently proposed Policyholder election packages would be sent out in December 2021, Policyholder Elections made March 2022 and Effective in April 2022.

As the rehabilitator stated: "Since SHIP is in such dire financial condition requiring immediate action..." **My question for Ms. Jessica Altman and the Courts is WHY were these financial issues not addressed long before back in 2008 or the following 13 years when there were substantially more than the current 30,000 policyholders to solely bear this \$1.2B financial burden?** My perspective is the Pennsylvania Insurance Commissioner stuck their politically guided head in the sand in 2008 by supporting and financially insulating the Parent Conseco Insurance Company with the forming of the SHIP LTC Trust at the expense of the policyholders. This same abuse of position and power is being done today by Ms. Altman with the rehabilitation plan being sold in disguise as the best interest of policyholders. The intervening Regulators see right through this charade. This politically appointed position of Pennsylvania Insurance Commissioner continues to blatantly abuse her position and power. The "Wrong Thing for the Wrong Reasons"

With regard to Mr. Michael J Broadbent's (Counsel for Ms. Jessica Altman, Insurance Commissioner and Rehabilitator), 15 October 2021 – APPLICATION Response Item # 6: **“If SHIP were liquidated now so that guaranty associations are triggered policyholders will absorb approximately only \$397M”** What Mr. Broadbent fails to understand or address is that forcing the remaining 30,000 policyholders out of 645,000 policyholders to take significant and permanent LTC Insurance benefit reductions that would be carried forward into Guaranty Association coverage at liquidation is totally unjust. He goes on further to state “while guaranty association funds are not available in rehabilitation, they remain available to policyholders in the event liquidation is later ordered. Ms. Altman has failed on both primary responsibilities 1) She has not provided a feasible SHIP rehabilitation plan and 2) Should at this point be protecting policyholders LTC Insurance benefits and their financial interest. In reality what is happening Ms. Altman is continuing to press forward with a doomed Rehabilitation Plan that is financially screwing the few remaining policyholders.

With regard to Mr. Michael J Broadbent's 15 October 2021 – APPLICATION Response Item # 8: **“The Plan is highly unlikely to eliminate the funding gap and restore SHIP to solvency”** Mr. Broadbent's own witness the Special Deputy Rehabilitator testified **“It is not likely that we will magically restore SHIP to solvency, but it is likely that the plan we are trying to design would substantially reduce the deficit and substantially improve the inequitable rate structure for the company”** Admittedly this plan is doomed to fail and this is not the proper role for the Rehabilitator to illegally and unfairly discriminate against any group of the 30,000 remaining policyholders for years of neglect. This is the political agenda aimed at reducing Guaranty Association financial liability at liquidation for which Pennsylvania has major financial liability. This is negligent abuse and a conflict of interest of the rehabilitator's powers and authority. I hope for the affected policyholders this Pennsylvania court recognizes this discriminatory abuse of rehabilitator power.

With regard to 15 October 2021 – Brief in Opposition to the Stay Application: A. INTRODUCTION: Mr. Michael J Broadbent states **“SHIP is currently in dire financial condition requiring immediate action”** Where was this sense of urgency back in 2008 and over the next 13 years when proactive actions to properly address policy rate concerns could have been taken for the majority of the 645,000 policyholders? As currently approved in the plan and NOT just the few remaining 30,000 policyholders who are being discriminated and singled out to solely bear 13 years of rate setting neglect and inaction. In this paragraph Mr. Michael J Broadbent further states **“The Intervening Regulators now request that the court stay implementation of the approved plan pending appeal, completely ignoring the significant harm this delay will cause to SHIP, it's policyholders, creditors and the public”** I would argue that SHIP is a “Trust” for the policyholders and the policyholders are the only ones being significantly harmed with the Rehabilitation Plan itself. Ms. Altman as Rehabilitator should be protecting those few remaining policyholders LTC insurance rights and interest not discriminating against and ignoring their interest. The creditors and the public are not being harmed and I believe stand behind the policyholders in hierarchy liquidation proceedings.

Unfortunately, in these high-powered legal action proceedings with BIG Law Firms the Individual Policyholders are the ONLY pertinent group that has NOT Collectively being

represented in these Rehabilitation Hearing/Proceedings. To make matters worse the Individual Charged with protecting the policyholders LTC insurance rights and interest, the Pennsylvania Insurance Commissioner, Ms. Jessica Altman is selling them out to the political forces. Her by supporting this plan she is forcing permanent benefit reductions to policyholders. She continues to TOTALLY ignore her primary responsibility through continued support for this doomed Rehabilitation Plan that will eventually be forced into Guaranty Association coverage at the FORCED reduced benefit levels, while the fox continues to guard the hen house. Ms. Altman's actions continue to support a political agenda by abusing her Politically Appointed authority as "Rehabilitator" to continue to ignore the welfare of the Policyholders she is charged with protecting their LTC insurance rights and interest. Her politically guided end goal and actions are aimed at significantly reducing the Guaranty Associations financial Liability through these PERMENANT and FORCED LTC Benefit reductions. Through these forced benefit reductions, the significant financial burdens are being forced onto the 30,000 few remaining policyholders that will still not be sufficient to totally rehabilitate SHIP. My understanding from written testimony by Special Deputy Rehabilitator witnesses SHIP will admittedly eventually be forced into liquidation. What began as Rehabilitation goal for total SHIP rehabilitation has now shifted inappropriately to reducing the \$1.2B financial deficit that the Guaranty Associations will eventually have to cover. Ms. Altman as Rehabilitator have 2 primary functions 1) Protecting the Policyholders rights and interest. She is certainly not protecting rights and LTC contractual benefits by forcing the remaining few 30,000 policyholders to shoulder 13 years of SHIP corporate and Pennsylvania Insurance commissioner neglect by FORCING significant LTC Benefit reductions at this 12th hour. 2) Developing a Rehabilitation plan with a high probability for success. Absent a workable Rehabilitation plan then then liquidation would be ordered by the Courts and the Guaranty Associations would step in and pick up the legally binding LTC contracts as currently executed and NOT improperly forced change. Any rehabilitation plan MUST consider Guaranty Association repercussions and the effects of FORCED Benefits reductions that are permanent and will be carried forward at eventual and self-admitted liquidation. Ms. Altman cannot be judge, jury and Monday morning quarterback on the merits of legally binding and executed LTC contractual agreements. By doing so she is singlehandedly discriminating against the "Rich LTC Contracts" that is mandated in the Rehabilitation Plan through FORCED LTC benefit reductions. This is totally unlawful and discriminatory to those few remaining policyholders to cover-up for longstanding years of negligence.

I am not an attorney and certainly don't understand all these convoluted legal motions and arguments etc. What I certainly do know is that as my Mom's business and health care power of attorney she would be irreparably and permanently harmed if the merits of the case are not fully adjudicated prior to a FORCED implementation and acceptance of these proposed rehabilitation plan options. I am quite certain that a significant number of the other 29,999 other SHIP LTC Policyholders would be also.

NOW is the time to do the Right Things for the Right Reasons!! I here-bye request the Pennsylvania Courts to approved the Stay as proposed in the 1 October 2021 State Insurance Regulators Request for Stay before irreparable harm is forced on so many SHIP LTC Policyholders including my mom!!

Thank-you again for your careful consideration of these important issues that are directly affecting policyholders' lives.

/S/

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