

IN THE COMMONWEALTH COURT OF PENNSYLVANIA

In Re: Senior Health Insurance :
Company of Pennsylvania :
(in Rehabilitation) : **No. 1 SHP 2020**

**ANSWER OF THE MAINE SUPERINTENDENT OF
INSURANCE AND THE WASHINGTON INSURANCE
COMMISSIONER TO THE REHABILITATOR’S
APPLICATION AND PETITION FOR ISSUANCE OF RULE
TO SHOW CAUSE**

Pursuant to the Court’s Order dated April 4, 2022 and Pa. R.C.P. 206.2, the Superintendent of Insurance of the State of Maine (“Maine Superintendent”) and the Insurance Commissioner of the State of Washington (“Washington Commissioner”) (collectively, the “Regulators”) hereby answer the Application and Petition for Issuance of Rule to Show Cause on Intervenors, the Superintendent of the Maine Bureau of Insurance and the Commissioner of Insurance of Washington (“Petition”) filed by the Acting Insurance Commissioner of the Commonwealth of Pennsylvania, in his capacity as Statutory Rehabilitator (“Rehabilitator”) of Senior Health Insurance Company of Pennsylvania (“SHIP”).

Introductory Statement

1. By his Petition, the Rehabilitator of SHIP seeks to have this Court enjoin or nullify administrative proceedings in Maine and Washington. As set forth in the Application to Stay Proceedings on Petition filed herewith, proceedings on the Rehabilitator’s Petition should be stayed. In light of recent developments,

litigation over administrative proceedings regarding election packages and rate increases and policy modifications respecting SHIP's Maine and Washington policyholders serves no purpose. There are three developments of note:

2. First, the Rehabilitator has “directed the rehabilitation team to delay implementation of policy modifications until the earlier of October 1, 2022, or the date of the final order of the Supreme Court.” Annual Report of the Rehabilitator (filed March 31, 2022) (“Annual Report”) at 8. *See* Annual Report, Exhibit C (form letter to policyholders notifying them of this delay). More recently, the Rehabilitator has advised insurance regulators of his intention not to move to Phase Two for a period that is unlikely to be any less than five years.

3. Second, the Rehabilitator has already mailed election packages to approximately 21,000 policyholders (out of approximately 26,000), including policyholders in Maine and Washington, in January 2022 (before the administrative proceedings in those states), and he has received responses from 85.3% of the 21,000 policyholders. Annual Report, Exhibit B.¹ In light of the delay in implementation of policy modifications until the earlier of October 1, 2022, or the date of the final order of the Supreme Court, SHIP is not presently in violation of either the Maine or Washington administrative orders.

¹ Based on other information from the Rehabilitator, over 80% of the policyholders in Maine and Washington have already responded to the election packages.

4. Third, state courts in Louisiana and South Carolina, after appearance and argument by the Rehabilitator, have entered injunctions against application of the Plan in those states, lawsuits have been filed in Iowa, New Jersey, North Carolina, and North Dakota, and cease and desist orders have been entered in administrative proceedings in Alaska, Arkansas, Connecticut, the District of Columbia, Maryland, Montana, New Hampshire, Ohio, Utah, and Vermont. *See Annual Report at 7.*

5. Against this background, the Petition serves no present purpose and the difficult conflicting jurisdictional questions it raises need not be addressed. The Rehabilitator has already mailed and received responses from the vast majority of policyholders in Maine and Washington, and the Rehabilitator's voluntary decision to delay implementation of policy modifications constitutes substantial compliance with the Maine and Washington cease and desist orders. There is no live controversy respecting Maine and Washington.

6. In any event, implementation of the Plan has already been halted in a number of other states by injunctions or administrative orders issued in those states. Further, implementation of Phase Two, and its substantial impact on the over 65% of policyholders who have so far selected Plan options subject to the expected very large Phase Two premium increases and benefit reductions, will apparently be put off for years. Especially where the Rehabilitator has expressed a

goal of resolving concerns without litigation (*see* Annual Report at 8), this matter should be stayed as a distraction from consideration of the status of the Plan in light of now available information.²

7. If the Court does not stay proceedings, the Petition should nonetheless be denied. It is not appropriate for the Rehabilitator to seek to vitiate actions by selected state officials in their own states based on the Approval Order while the Rehabilitator has voluntarily stayed implementation of elections under the Approval Order and the Approval Order is under appeal.

8. The Maine and Washington cease and desist orders and the Washington letter are not challenges to this Court's authority but the exercise of Maine's and Washington's lawful authority over an insurer, SHIP, doing business in Maine and Washington with respect to the insurer's business in those states.

9. This Court has been careful to respect the jurisdiction of other states as required by 40 P.S. §§ 221.5(b) and 221.17(a). *See* Order Granting Application for Rehabilitation ¶ 13 (Jan. 29, 2020); Order Granting Application for Relief ¶ 3 (April 30, 2021). Proceedings are not precluded by unspecified provisions and

² Since the Rehabilitator has received election responses from 85.3% of the 21,000 policyholders sent mailings in January, and there are only about 5,200 more packages to be sent (*see* Annual Report Ex. B), the Rehabilitator is already in a position to project the results of Phase One of the Plan and assess the Plan's feasibility in addressing the \$1.3 billion funding gap as of July 31, 2021. *See* Annual Report at 2. It appears from recent correspondence from the Rehabilitator that Phase One will only close the funding gap by about half.

dicta in the Plan and Approval Order. *See Koken v. Fidelity Mut. Life Ins. Co.*, 803 A.2d 807, 813-814 (Pa. Cmwlth. 2002).

10. The administrative order against SHIP in Maine is final and the order in Washington will become so soon. The Rehabilitator manages SHIP pursuant to the Order of Rehabilitation and 40 P.S. § 221.16(b). However, he chose not to have SHIP appear (or to appear himself) and contest those proceedings in Maine and Washington, as SHIP was entitled and required to do. The Pennsylvania statutes require the Rehabilitator to address litigation and administrative proceedings in other states in those states. *See* 40 P.S. §§ 221.5(b), 221.17(a). The statutes do not authorize the Rehabilitator to disregard other state regulatory actions.

11. The Rehabilitator has not exercised SHIP's rights to contest administrative proceedings or appeal adverse decisions provided by Maine and Washington law. *See* 24-A M.R.S. § 236, 5 M.R.S. §§ 1101 et seq.; R.C.W. 48.04.010, WAC 284-02-070, WAC 10-08-110. SHIP, and thus the Rehabilitator, is accordingly bound by the Maine order and will soon become bound by the Washington order. The Maine order, unchallenged by appeal, has preclusive effect. *See State v. Thompson*, 958 A.2d 887, 890-891 (Me. 2008); *Town of Boothbay v. Jenness*, 822 A.2d 1169, 1175-1177 (Me. 2003). The Washington order, if not appealed, will also have preclusive effect. *See Renenger v. State Dept.*

of Corrections, 951 P.2d 782, 788 (Wash. 1998); *Matter of Marriage of Shortway*, 423 P.3d 270, 277 (Wash. App. 2018).

12. The administrative orders should also be accorded comity.

13. Moreover, while the Maine Superintendent and Washington Commissioner were granted intervention for the limited purpose of participating in the proceedings concerning and potentially opposing the Rehabilitator's application for approval of the proposed plan and appealing from orders concerning the proposed plan, the Rehabilitator now seeks to prevent them from being heard on appeal. The Rehabilitator is contending in the Supreme Court of Pennsylvania that the State Insurance Regulators lack standing to be heard on the plan. *See* Brief of Appellee-Statutory Rehabilitator at 15-17 (February 4, 2022).

14. Where the Rehabilitator is contending that the State Insurance Regulators cannot be heard to challenge the Approval Order in Pennsylvania, he cannot simultaneously assert that the order deprives the Regulators of their regulatory authority in their own states. *See Hansberry v. Lee*, 311 U.S. 32, 40 (1940); *Keating v. Keating*, 855 A.2d 80, 84 (Pa. Super. Ct. 2004).

Response to Allegations of the Petition

The Regulators respond to the numbered paragraphs of the Petition as follows:

1. Admit that on January 22, 2020, Jessica K. Altman, Insurance Commissioner of the Commonwealth of Pennsylvania filed an Application asking the Commonwealth Court to place SHIP in rehabilitation. Further answering, the Regulators state that the Application speaks for itself.

2. Admit that on January 29, 2020, the Court issued an order granting the Application and appointing the Commissioner as Statutory Rehabilitator of SHIP. Further answering, the Regulators state that the Order speaks for itself. Admit that Michael Humphreys is now the Acting Insurance Commissioner and Rehabilitator of SHIP. The remaining allegations of paragraph 2 are conclusions of law not requiring a response.

3. Admit that Mr. Cantilo is Special Deputy Rehabilitator. The Regulators are otherwise without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 3 and therefore deny them.

4. Denied as stated. Admit that on April 22, 2020, the Rehabilitator filed an application for approval of a proposed plan of rehabilitation for SHIP, attaching a proposed plan, with the Commonwealth Court. The remaining allegations of paragraph 4 are conclusions of law not requiring a response.

5. Denied as stated. Admit that on July 31, 2020, Eric Cioppa, as the then-Superintendent of Insurance of the State of Maine, and Gary D. Anderson, as Commissioner of Insurance of the Commonwealth of Massachusetts, filed a joint

application to intervene for the limited purpose of participating in the proceedings concerning and potentially opposing the Rehabilitator's application for approval of a plan of rehabilitation and appealing from orders concerning the proposed plan. Further answering, the Regulators state that the application speaks for itself. The Regulators otherwise deny the allegations of paragraph 5.

6. Denied as stated. Admit that the Court issued an order granting the joint application on September 15, 2020, and that on September 18, 2020, the Court issued an order granting a joinder application seeking intervention for the same limited purpose filed by Mike Kreidler, as Insurance Commissioner of the State of Washington. Further answering, the Regulators state that the joinder application and orders speak for themselves.

7. Denied as stated. The phrase "admitted to the proceedings" is vague and ambiguous such that the Regulators cannot respond, and the allegations of paragraph 7 are conclusions of law not requiring a response. Further answering, the Regulators state that their applications and the Court's orders speak for themselves. If a response were required, the Regulators deny they were admitted to the rehabilitation proceedings as intervenors generally and state that intervention was only granted for the limited purpose of participating in the proceedings concerning and potentially opposing the Rehabilitator's application for approval of the proposed plan and appealing from orders concerning the proposed plan.

8. Denied as stated. The Regulators admit that the Maine Superintendent, Massachusetts Commissioner of Insurance, and Washington Commissioner (“State Insurance Regulators”) ultimately objected to the proposed plan of rehabilitation, as amended, and that they filed various comments and applications, appeared at court conferences, filed briefs objecting to the plan, as amended, and appeared at a hearing on the proposed plan, as amended, in May 2021. Further answering, the Regulators state that the comments, applications, transcripts of hearing and briefs speak for themselves. The allegation that the State Insurance Regulators litigated “through letters” is vague and ambiguous such that the Regulators cannot respond. The Regulators otherwise deny the allegations of paragraph 8 and specifically deny that they made discovery requests: the State Insurance Regulators filed applications seeking information, which the Rehabilitator opposed and the Court denied.

9. Admit that on August 24, 2021, the Court issued a Memorandum Opinion and Order (“Approval Order”), and that the Rehabilitator subsequently filed an amended version of the Second Amended Plan of Rehabilitation that the Rehabilitator denominated the “Approved Plan.” Further answering, the Regulators state that the Approval Order speaks for itself. The allegations of the paragraph are otherwise conclusions of law not requiring a response.

10. Admit that the Approval Order was docketed on August 25, 2021, and amended by order entered on November 4, 2021. The allegations of the second sentence of paragraph 10 are vague and ambiguous and are conclusions of law such that the Regulators cannot and are not required to respond. If a response were required, the Regulators deny the allegations.

11. The allegations of paragraph 11 are vague and ambiguous, constitute characterizations of the Approval Order, and are conclusions of law such that the Regulators cannot and are not required to respond. If a response were required, the Regulators deny the allegations. Further answering, the Regulators state that the Approval Order speaks for itself.

12. The allegations of paragraph 12 are vague and ambiguous, constitute characterizations of the Approval Order, and are conclusions of law such that the Regulators cannot and are not required to respond. If a response were required, the Regulators deny the allegations. Further answering, the Regulators state that the Approval Order speaks for itself.

13. The allegations of paragraph 13 are vague and ambiguous, refer to unspecified “concerns of policyholders,” constitute characterizations of the Approval Order, and are conclusions of law such that the Regulators cannot and are not required to respond. If a response were required, the Regulators deny the

allegations. Further answering, the Regulators state that the Approval Order speaks for itself.

14. Admit.

15. Admit. Further answering, the Regulators state that the Stay Application speaks for itself.

16. Admit that the Court issued an order denying the Stay Application on November 4, 2021. Further answering, the Regulators state that the Stay Denial Order speaks for itself.

17. The allegations of paragraph 17 are vague and ambiguous, constitute characterizations of the Stay Denial Order, and are conclusions of law such that the Regulators cannot and are not required to respond. If a response were required, the Regulators deny the allegations. Further answering, the Regulators state that the Stay Denial Order speaks for itself.

18. The allegations of paragraph 18 are vague and ambiguous, constitute characterizations of the Stay Denial Order, and are conclusions of law such that the Regulators cannot and are not required to respond. If a response were required, the Regulators deny the allegations. Further answering, the Regulators state that the Stay Denial Order speaks for itself.

19. Admit that the State Insurance Regulators filed an application for stay pending appeal with the Supreme Court of Pennsylvania on November 8, 2021,

and that the application was denied on January 31, 2022. Further answering, the Regulators state that the application speaks for itself.

20. The allegations of paragraph 20 are vague and ambiguous, constitute characterizations of the Approval Order, and are conclusions of law such that the Regulators cannot and are not required to respond. If a response were required, the Regulators are without knowledge of information sufficient to form a belief as to the truth of the allegations and accordingly deny them. Further answering, the Regulators state: (a) on information and belief, and as reported in the Rehabilitator's Annual Report, implementation of the Plan has been enjoined, after appearance and argument by the Rehabilitator, in Louisiana and South Carolina by courts in those states, lawsuits seeking certain injunctions have been filed in Iowa, New Jersey, North Carolina and North Dakota, and cease and desist orders have been issued in administrative proceedings in Alaska, Arkansas, Connecticut, the District of Columbia, Maryland, Massachusetts, Montana, New Hampshire, Ohio, Utah, Vermont, and Washington; (b) the Rehabilitator advised in the Annual Report that implementation of the policy modifications has been delayed until the earlier of October 1, 2022 or a final order in the pending appeal; and (c) the Rehabilitator has made a substantial change to the Plan by advising in recent correspondence that SHIP will stay in Phase One for at least five years even

though Phase One is expected to eliminate only approximately half of the \$1.3 billion funding gap.

Paragraphs 21-24 are directed at the Maine Superintendent, not the Washington Commissioner, so only the Maine Superintendent responds to those paragraphs.

21. Denied as stated. The Maine Superintendent³ admits that on February 8, 2022, prior to learning that the Rehabilitator had already mailed the election packages to SHIP's Maine policyholders, he issued an Emergency Cease and Desist Order and Notice of Pending Proceeding and Hearing against SHIP under authority granted by Maine law and that Exhibit A is a copy of the Cease and Desist Order, which speaks for itself. The remaining allegations of paragraph 21 are vague and ambiguous and constitute conclusions of law such that the Maine Superintendent cannot and need not respond. If a response were required, the Maine Superintendent denies the allegations. Further answering, the Maine Superintendent states that administrative proceedings were held before a designated hearing officer leading to a Decision and Order dated March 17, 2022. No timely appeal was taken from the Decision and Order, which became final on April 26, 2022. The Maine Superintendent specifically denies that any ongoing administrative or judicial proceedings are pending in Maine relating to the

³ Eric Cioppa retired as Maine Superintendent of Insurance on March 31, 2022, and Timothy Schott is now the Acting Superintendent.

Decision and Order. The Maine Superintendent further specifically denies that Maine lacks jurisdiction over SHIP, an insurer in rehabilitation not liquidation, and specifically denies that the Cease and Desist Order asserts or requires jurisdiction over the Rehabilitator or the Special Deputy Rehabilitator. Further answering, the Maine Superintendent states that SHIP is admitted to do business in Maine by the Maine Superintendent under Maine law.

22. The allegations of paragraph 22 are conclusions of law, argumentative, and characterizations of proceedings and orders such that the Maine Superintendent is not required to respond. If a response were required, the allegations are denied.

23. Denied as stated. The Maine Superintendent admits that, after administrative proceedings before a designated hearing officer, the hearing officer issued a Decision and Order dated March 17, 2022, and that Exhibit B is a copy of the Decision and Order. The remaining allegations of paragraph 23 are vague and ambiguous, argumentative, and constitute conclusions of law such that the Maine Superintendent cannot and need not respond. If a response were required, the Maine Superintendent denies the allegations.

24. The allegations of paragraph 24 constitute conclusions of law such that the Maine Superintendent is not required to respond. If a response were required, the Maine Superintendent denies the allegations.

Paragraphs 25-32 are directed at the Washington Commissioner, not the Maine Superintendent, so only the Washington Commissioner responds to those paragraphs.

25. Denied as stated. The Washington Commissioner admits that on March 1, 2022, prior to learning that the Rehabilitator had already mailed the election packages to SHIP's Washington policyholders, by and through his designee, he issued an Order to Cease and Desist against SHIP under authority granted by Washington law and that Exhibit C is a copy of the Order to Cease and Desist, which speaks for itself. The remaining allegations of paragraph 25 are vague and ambiguous and constitute conclusions of law such that the Washington Commissioner cannot and need not respond. If a response were required, the Washington Commissioner denies the allegations. The Washington Commissioner specifically denies that Washington lacks jurisdiction over SHIP, an insurer in rehabilitation not liquidation, and that the Order to Cease and Desist asserts or requires jurisdiction over the Rehabilitator or the Special Deputy Rehabilitator. Further answering, the Washington Commissioner states that SHIP is admitted to do business in Washington by the Washington Commissioner under Washington law.

26. The allegations of paragraph 26 are conclusions of law, argumentative, and characterizations of proceeding and orders such that the

Washington Commissioner is not required to respond. If a response were required, the allegations are denied.

27. The allegations of paragraph 27 constitute conclusions of law such that the Washington Commissioner is not required to respond. If a response were required, the Washington Commissioner denies the allegations.

28. The Washington Commissioner admits that Exhibit D is a copy of a letter dated March 1, 2022 from the Washington Commissioner to SHIP policyholders in Washington, which speaks for itself. The remaining allegations of paragraph 28 are vague and ambiguous, argumentative, or constitute characterizations of the letter which do not require a response. If a response were required, the Washington Commissioner denies the allegations.

29. The Washington Commissioner admits that Exhibit D is signed by the Washington Commissioner. Further answering, the Washington Commissioner states the letter speaks for itself. The remaining allegations of paragraph 29 are characterizations of the letter which do not require a response. If a response were required, the Washington Commissioner denies the allegations.

30. The Washington Commissioner states that Exhibit D speaks for itself and otherwise denies the allegations of paragraph 30.

31. The Washington Commissioner admits that the letter was not provided to the Rehabilitator or Court, denies there is any requirement that the

letter be “submitted” to the Rehabilitator or Court, states that Exhibit D speaks for itself, and otherwise denies the allegations of paragraph 31.

32. The allegations of paragraph 32 are conclusions of law and characterizations such that the Washington Commissioner is not required to respond. If a response were required, or to the extent the allegations may be deemed factual, the allegations are denied.

33. The allegations of paragraph 33 are arguments and conclusions of law not requiring a response. If a response were required, the Regulators deny the allegations. Further answering, the Regulators state that the Maine and Washington cease and desist orders and the Washington letter are not challenges to this Court’s authority but the exercise of Maine’s and Washington’s lawful authority over an insurer, SHIP, doing business in Maine and Washington with respect to the insurer’s business in those states. Among other things, the Court lacks jurisdiction in Maine and Washington, and it has been careful to respect the jurisdiction of other states as required by 40 P.S. § 221.5(b). *See* Order Granting Application for Rehabilitation ¶ 13 (Jan. 29, 2020); Order Granting Application for Relief ¶ 3 (April 30, 2021). The Maine Superintendent and Washington Commissioner sought and were granted intervention for the limited purpose of participating in the proceedings concerning and potentially opposing the Rehabilitator’s application for approval of the proposed plan and appealing from

orders concerning the proposed plan. However, the Rehabilitator seeks to prevent them from being heard on appeal, as the Rehabilitator is contending in the Supreme Court of Pennsylvania that the State Insurance Regulators lack standing to be heard on the plan. *See* Brief of Appellee-Statutory Rehabilitator at 15-17 (February 4, 2022). Where the Rehabilitator is contending that the State Insurance Regulators cannot be heard in Pennsylvania, he cannot simultaneously assert that the Regulators are somehow deprived of their regulatory authority in their own states. *See Hansberry v. Lee*, 311 U.S. 32, 40 (1940); *Keating v. Keating*, 855 A.2d 80, 84 (Pa. Super. Ct. 2004).

34. The allegations of paragraph 34 are arguments and conclusions of law not requiring a response. If a response were required, the Regulators deny the allegations. *See also* response to paragraph 33 above.

35. The allegations of paragraph 35 are arguments and conclusions of law not requiring a response. If a response were required, the Regulators deny the allegations. *See also* response to paragraph 33 above.

36. The allegations of paragraph 36 are vague and ambiguous and conclusions of law such that the Regulators cannot and are not required to respond. If a response were required, the Regulators deny the allegations. Further answering, the Regulators state that the quote from the hearing is an extract taken out of context and that the transcript speaks for itself.

37. The allegations of paragraph 37 are vague and ambiguous and constitute conclusions of law and summary characterizations of court and administrative proceedings such that the Regulators cannot and are not required to respond. If a response were required, the allegations are denied.

38. The allegations of paragraph 38 are vague and ambiguous, argumentative, and constitute conclusions of law and summary characterizations of court proceedings such that the Regulators cannot and are not required to respond. If a response were required, the allegations are denied. Further answering, the Regulators state that the State Insurance Regulator's briefs speak for themselves. Further answering, the Regulators state that, among other things, the State Insurance Regulators presented argument that the proposed plan exceeded the Commonwealth Court's statutory authority and unconstitutionally sought to supersede the regulatory authority of other states over the business of an insurer doing business in those states under their own laws.

39. The allegations of paragraph 39 are vague and ambiguous, argumentative, and constitute conclusions of law and summary characterizations of court proceedings such that the Regulators cannot and are not required to respond. If a response were required, the allegations are denied. Further answering, the Regulators state that the transcripts speak for themselves. Further answering, the Regulators state that, among other things, the State Insurance Regulators presented

argument that the proposed plan would have an adverse impact on policyholders and that liquidation would represent a more favorable economic outcome for policyholders.

40. The allegations of paragraph 40 are vague and ambiguous, argumentative, and constitute conclusions of law and summary characterizations of court and administrative proceedings such that the Regulators cannot and are not required to respond. If a response were required, the allegations are denied. Further answering, the Regulators state that the transcripts speak for themselves. Further answering, the Regulators state that, among other things, the State Insurance Regulators appeared in their official capacities to assert the unlawful adverse impact of the plan on SHIP's policyholders, including policyholders in Maine and Washington.

41. The allegations of paragraph 41 are vague and ambiguous, argumentative, and constitute conclusions of law and summary characterizations of court proceedings such that the Regulators cannot and are not required to respond. If a response were required, the allegations are denied. Further answering, the Regulators state that the transcripts speak for themselves.

42. The allegations of paragraph 42 are vague and ambiguous, argumentative, and constitute conclusions of law and summary characterizations of court and administrative proceedings such that the Regulators cannot and are not

required to respond. If a response were required, the allegations are denied. *See also* response to paragraph 33 above.

43. The allegations of paragraph 43 are vague and ambiguous, argumentative, and constitute conclusions of law and summary characterizations of court and administrative proceedings such that the Regulators cannot and are not required to respond. If a response were required, the allegations are denied. *See also* response to paragraph 33 above.

44. The allegations of paragraph 44 are vague and ambiguous argumentative assertions and conclusions of law not requiring a response. If a response were required, the Regulators deny the allegations.

45. Paragraph 45 describes relief sought by the Rehabilitator and accordingly does not require a response. If a response were required, the Regulators deny the Rehabilitator is entitled to relief.

46. Paragraph 46 describes relief sought by the Rehabilitator and accordingly does not require a response. If a response were required, the Regulators deny the Rehabilitator is entitled to relief.

47. Paragraph 47 describes relief sought by the Rehabilitator and accordingly does not require a response. If a response were required, the Regulators deny the Rehabilitator is entitled to relief.

48. Paragraph 48 describes relief sought by the Rehabilitator and accordingly does not require a response. If a response were required, the Regulators deny the Rehabilitator is entitled to relief.

49. Paragraph 49 sets forth conclusions of law not requiring a response.

50. The allegations of the first sentence of paragraph 50 are vague and ambiguous (among other things by failing to specify the subject of the alleged notice) such that the Regulators lack knowledge or information sufficient to form a belief to the truth of the allegations and accordingly deny them. The allegations of the second sentence of paragraph 50 are general conclusions of law not requiring a response. If a response were required, the allegations are denied.

51. Paragraph 51 sets forth conclusions of law not requiring a response.

52. Paragraph 52 sets forth conclusions of law not requiring a response.

53. Paragraph 53 sets forth conclusions of law not requiring a response.

54. Paragraph 54 set forth conclusions of law not requiring a response.

To the extent that allegations may be of fact, they are denied. Further answering, the Regulators state that they assert authority under Maine and Washington law respecting the rates to be charged by and policy modifications by SHIP, an insurer doing business in Maine and Washington, to or for policyholders with policies issued in those states.

55. The allegations of paragraph 55 are argumentative assertions and conclusions of law not requiring a response. If a response were required, the Regulators deny the allegations.

56. The allegations of paragraph 56 are argumentative assertions and conclusions of law not requiring a response. If a response were required, the Regulators deny the allegations. *See also* response to paragraph 33 above.

57. The allegations of paragraph 57 are vague and ambiguous argumentative assertions and conclusions of law not requiring a response. If a response were required, the Regulators deny the allegations.

58. The allegations of paragraph 58 are argumentative assertions and conclusions of law not requiring a response. If a response were required, the Regulators deny the allegations.

59. The allegations of paragraph 59 are argumentative assertions and conclusions of law and requested relief not requiring a response. If a response were required, the Regulators deny the allegations and deny that the Rehabilitator is entitled to relief. *See also* response to paragraph 33 above.

60. Paragraph 60 describes relief sought by the Rehabilitator and does not require a response. If a response were required, the Regulators deny that the Rehabilitator is entitled to relief.

Conclusion

The Court should dismiss the Petition or, as requested in the Application to Stay Proceedings filed herewith, should order that all proceedings on the Petition be stayed. If the Court allows further proceedings on the Petition, Respondents request that a briefing schedule be set.

May 3, 2022

Respectfully submitted,

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PROOF OF SERVICE

I hereby certify that on this day I caused the foregoing document to be served by electronic delivery to the Rehabilitator's counsel and the Special Deputy Rehabilitator at the below addresses.

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A copy of the foregoing was also served by electronic transmission via PacFile and was served upon the email addresses shown on the master service list available as of the date of filing, and upon the persons admitted as intervenors, with address by U.S. mail on:

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Dated: May 3, 2022

/s/ Stephen G. Harvey
Stephen G. Harvey

