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8 SUPERIOR COURT OF ARIZONA

9 COUNTY OF MARICOPA

10 STATE OF ARIZONA, *ex rel.*
11 LESLIE R. HESS, Interim Director
of Insurance,

12 Plaintiff,

13 vs.

14 COMPASS COOPERATIVE MUTUAL
HEALTH NETWORK, INC., dba
15 MERITUS MUTUAL HEALTH
PARTNERS, an Arizona corporation; and
16 COMPASS COOPERATIVE HEALTH
PLAN, INC., dba MERITUS HEALTH
17 PARTNERS, an Arizona corporation,

18 Defendants.

No. CV2016-011872

PETITION NO. 3

**PETITION FOR ORDER FOR
RELEASE OF DEPOSITS**

(Assigned to The Honorable
Daniel Martin)

19
20 Leslie R. Hess, as Receiver (hereinafter "Receiver") of Compass Cooperative
21 Mutual Health Network, Inc. doing business as Meritus Mutual Health Partners ("Meritus
22 Mutual") and Compass Cooperative Health Plan, Inc. dba Meritus Health Partners
23 ("MHP"), appointed pursuant to A.R.S. § 20-611, *et seq.*, hereby petitions the Court for
24 entry of an Order for Release of Deposits in the form lodged concurrently herewith for
25 the reasons set forth herein.

26 . . .

1 1. Arizona law requires that each insurer authorized to do business in Arizona
2 establish deposits through the Director of the Arizona Department of Insurance
3 (“Director”) which are held by the Treasurer of the State of Arizona (“Treasurer”) to
4 secure certain obligations of the insurer. A.R.S. § 20-213. Pursuant to those provisions,
5 Meritus Mutual maintained a statutory deposit in the approximate amount of \$508,239.38
6 (the “Meritus Statutory Deposit”).

7 2. Arizona law requires that each health care services organization authorized
8 to do business in Arizona establish deposits through the Director which are held by the
9 Treasurer to secure certain obligations of the health care services organization. A.R.S.
10 § 20-1055. Pursuant to those provisions, MHP maintained a statutory deposit in the
11 approximate amount of \$508,289.38 (the “MHP Statutory Deposit”).¹

12 3. A.R.S. § 20-588 provides that any deposit made in Arizona under Title 20
13 shall be released and returned, upon entry of an order of receivership, to the Receiver or
14 other properly designated official.² The Receiver requests that pursuant to A.R.S.
15 § 20-588, the Court enter an order directing the Director and the Treasurer to release any
16 amount of the Meritus Statutory Deposit and of the MHP Statutory Deposit, up to the full
17 amount of such deposits to the Receiver through Special Deputy Receiver, Darren
18 Ellingson, at the written request and in the sole discretion of the Receiver.

19 WHEREFORE, the Receiver requests that the Court enter, in the form lodged
20 concurrently with this Petition, an Order for Release of Deposits directing the Director
21 ...
22 ...
23 ...

24 _____
25 ¹ This Petition does not address the special or secured deposit maintained by MHP pursuant to A.R.S. § 20-1069 and
the special or escrow reserve deposit maintained by MHP pursuant to A.R.S. § 20-1056. The Receiver anticipates
seeking release of those funds via separate petition.

26 ² A.R.S. § 20-587 provides that during an insurer’s insolvency, any excess deposit shall be released only as provided
in § 20-588.

1 and the Treasurer to release the full amount of the foregoing deposited funds to the
2 Receiver.

3 DATED this 7th day of October, 2016.

4 LEWIS ROCA ROTHGERBER CHRISTIE LLP

5
6 By: /s/ Justin J. Henderson (#026930)

7 Joel A. Glover
Justin J. Henderson
Attorneys for Receiver

8
9 COPY of the foregoing mailed this
10 7th day of October, 2016 to the
11 attached Master Service List

12
13 /s/ C.J. Scruggs

14 C.J. Scruggs

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Lewis Roca
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1 SUPERIOR COURT OF ARIZONA

2 COUNTY OF MARICOPA

3 No. CV2016-011872 (Assigned to The Honorable Daniel Martin)

4 **MASTER SERVICE LIST**

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16 COMPASS COOPERATIVE HEALTH
PLAN, INC., dba MERITUS HEALTH
17 PARTNERS, an Arizona corporation,

18 Defendants.

No. CV2016-011872

**ORDER RE PETITION NO. 3
FOR RELEASE OF DEPOSITS**

(Assigned to The Honorable
Daniel Martin)

20 Leslie R. Hess, as Receiver (hereinafter "Receiver") of Compass Cooperative
21 Mutual Health Network, Inc. doing business as Meritus Mutual Health Partners ("Meritus
22 Mutual") and Compass Cooperative Health Plan, Inc. dba Meritus Health Partners
23 ("MHP"), having filed Petition No. 3 for Order for Release of Deposits and good cause
24 appearing therefor,

25 **IT IS ORDERED:** Pursuant to A.R.S. §§ 20-588, that the Director of the Arizona
26 Department of Insurance and State Treasurer for the State of Arizona shall release the full

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amount of the foregoing deposited funds of Meritus Mutual in the approximate amount of \$508,239.38 and of MHP in the approximate amount of \$508,239.38 to the Receiver and that no further order of this Court is necessary to effectuate the release of said deposits.

ENTERED this ___ day of _____, 2016.

The Honorable Daniel Martin
Judge of the Maricopa County Superior Court