

CAUSE NO. D-1-GN-23-008361

THE TEXAS DEPARTMENT OF INSURANCE, <i>Plaintiff,</i>	§ § § § § § § § §	IN THE DISTRICT COURT OF TRAVIS COUNTY, TEXAS 455th JUDICIAL DISTRICT
v.		
BRIGHT HEALTHCARE INSURANCE COMPANY OF TEXAS <i>Defendant.</i>		

APPLICATION FOR APPROVAL OF FEES AND EXPENSES

COMES NOW, CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Bright Healthcare Insurance Company of Texas (“Bright”), and files its *Application for Approval of Fees and Expenses* (the “Application”).

I. BACKGROUND

1.1. On November 29, 2023, the Court entered an *Agreed Order Appointing Liquidator, Permanent Injunction, and Notice of Automatic Stay* appointing the Texas Commissioner of Insurance as Liquidator of Bright. Effective November 29, 2023, the Texas Commissioner of Insurance, as Liquidator, appointed CANTILO & BENNETT, L.L.P. as Special Deputy Receiver of Bright.

II. JURISDICTION

2.1. This Court has jurisdiction over the subject matter of this Application and of the parties herein pursuant to TEX. INS. CODE § 443.005.

III. STATUTORY AUTHORITY

3.1 The SDR is authorized to file this Application pursuant to TEX. INS. CODE § 443.015, which provides for the approval of the SDR’s expenses and compensation by the Court. The subject matter of this Application has been referred to the Special Master appointed in this proceeding in accordance with the Order of Reference to Master entered on November 29, 2023.

IV. BASIS FOR APPLICATION

4.1 TEX. INS. CODE § 443.015(c)(1) requires the Receiver, to submit an application for the approval of the terms of compensation of a contractor when the Receiver reasonably expects that the total amount of compensation to be paid over the course of the proceeding will exceed Two Hundred Fifty Thousand Dollars (\$250,000), or such another amount established by the Court. In addition, TEX. INS. CODE § 443.015(d) permits the Receiver, at his discretion, to submit an application to approve any compensation, anticipated expenses, or incurred expenses not described by Subsection (c)(1).

4.2 The SDR files this Application to request approval of proposed fees and expenses. At this time, the SDR anticipates that the compensation paid to any contractors may exceed \$250,000 for the duration of this proceeding. The rates for compensation for all contractors are shown on Exhibit A, which is attached hereto and incorporated by reference. The SDR requests the Court to approve such rates pursuant to TEX. INS. CODE § 443.015(c)(1) and (d), effective as of November 29, 2023, the effective date CANTILO & BENNETT, L.L.P., was designated as SDR. These rates have been approved by the Receiver in accordance with TEX. INS. CODE § 443.154(a).

4.3 The SDR requests that the Court approve the SDR's Application for Approval of Fees and Expenses for the individuals and entities identified on the attached Exhibit A.

4.4 TEX. INS. CODE § 443.015(g) provides that on a quarterly basis, or as otherwise provided by this Court, the Receiver shall submit to the Court a summary of expenses incurred during the period. The SDR requests the Court to confirm quarterly reporting periods that coincide with the State of Texas fiscal year. The SDR further requests that such reports be filed by the 15th day of the month following the end of the quarterly reporting period.

V. NOTICE

5.1 The SDR has served this Application to all known parties in interest, including all affected guaranty associations, and all individuals and entities identified by the SDR in the Certificate of Service by e-mail and, as noted, by mail or overnight delivery to certain government agencies.

VI. OFFER OF PROOF AND VERIFICATION

6.1 This Application is verified by the affidavit and certification pursuant to TEX. INS. CODE § 443.017(b) by Michael P. Marcin, Partner in CANTILO & BENNETT, L.L.P., SDR of Bright.

VII. NOTICE OF ELECTRONIC SERVICE REQUIREMENT

7.1 All pleadings filed in response to this Application or in regard to this estate shall be served by e-mail on the undersigned counsel and all parties shown in the attached Certificate of Service.

PRAYER

WHEREFORE, PREMISES CONSIDERED, CANTILO & BENNETT, L.L.P., solely in its capacity as Special Deputy Receiver of Bright, prays that this Court grant this Application and grant the SDR such other and further relief to which it may justly entitled.

Respectfully submitted,

/s/ Greg Pierce
Gregory A. Pierce
State Bar No. 15994250
P.O. Box 40
Austin, Texas 78767
Tel: (512) 474-2154
gpierce@gpiercelaw.com

-and-

Christopher Fuller
State Bar No. 07515500
FULLER LAW GROUP
4612 Ridge Oak Drive
Austin, Texas 78731
Telephone: (512) 470-9544
cfuller@fullerlaw.org

**Attorneys for CANTILO & BENNETT, LLP,
Special Deputy Receiver of
Bright Healthcare Insurance Company of Texas**

APPLICANT'S NOTICE OF SUBMISSION

Pursuant to the terms of the Agreed Order of Reference to Master entered by the District Court in this cause, the *Application for Approval of Fees and Expenses* is hereby set for written submission before the Special Master, Tom Collins, on **December 26, 2023**.

The Special Master has asked that the following rules be provided you:

1. Any objection must be filed with the Travis County District Clerk at least three (3) calendar days before the submission date.
2. A copy of any objection shall be served by e-mail by such date on:
 - (a) The Special Master's Docket Clerk, at specialmasterclerk@tdi.texas.gov;
 - (b) The undersigned counsel, Greg Pierce at gpierce@gpiercelaw.com; and
 - (c) All interested parties, including those listed on the SDR's Certificate of Service.
3. The objecting party shall coordinate with the SDR's counsel and the Docket Clerk [(512) 676-6915] to obtain an oral hearing setting for argument on the Application and Objection, and complete and attach an "Objecting Party's Notice of Oral Hearing" to the objection.
4. The written objection must specifically list all reasons for objection with supporting references to and discussion of statutory and case authorities. Reasons not stated in writing will not be considered orally.
5. **Please note that if an objection is not filed as described in the Notice of Submission, the Master may consider the Application without a hearing.**
6. **Failure to file timely a written objection before the Special Master constitutes a waiver of the right to object to the Special Master's recommendation to the District Court.**
7. Any Acknowledgment of Notice and Waiver to be filed by the Guaranty Association or other interested party should be filed at least three (3) calendar days before the submission or hearing date.

/s/ Greg Pierce
Gregory A. Pierce

CERTIFICATE OF SERVICE

I certify that a true and correct copy of the *Application for Approval of Fees and Expenses* was sent in accordance with TEX. INS. CODE § 443.007(d) on December 6, 2023 to:

Via Email: specialmasterclerk@tdi.texas.gov

Tom Collins, Receivership Master
c/o Special Master's Clerk
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: Edwin.Hartsfield@tdi.texas.gov

Edwin Hartsfield
TEXAS DEPARTMENT OF INSURANCE
RLO MC-FRD
PO Box 12030
Austin, TX 78711-2030

Via Email: John.Walker@tdi.texas.gov

John Walker
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Via Email: Vane.Hugo@tdi.texas.gov

Vane Hugo
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Austin, TX 78711-2030

Via Email: Sandra.Salazar@tdi.texas.gov

Sandra Salazar
General Counsel Division
Office of Financial Counsel
TEXAS DEPARTMENT OF INSURANCE
PO Box 12030
Austin, TX 78711-2030

Via e-Service: Shawn.Martin@tdi.texas.gov

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General Counsel Division
Office of Financial Counsel
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PO Box 12030
Austin, TX 78711-2030

Via e-Service: Zachary.Rhines@oag.texas.gov

Zachary L. Rhines
Assistant Attorney General
General Litigation Division
OFFICE OF THE TEXAS ATTORNEY GENERAL
P.O. Box 12548, Mail Stop 01901
Austin, Texas 78711-2548
Counsel for Texas Department of Insurance

Via e-Service: jrixen@rixentlaw.com

Jacqueline Rixen
RIXENLAW
8500 North Mopac Expy, Suite 605
Austin, Texas 78759
*Counsel for the Texas Life and Health
Insurance Guaranty Association*

Via e-Service: sstrickland@mwlaw.com

Stanton Strickland
MITCHELL, WILLIAMS, SELIG, GATES &
WOODYARD, P.L.L.C.
500 W. 5th Street, Ste. 1150
Austin, Texas 78701
*Counsel for Bright Healthcare Insurance
Company of Texas*

Via First Class Mail

INTERNAL REVENUE SERVICE
Special Procedures Branch
300 East 8th Street, Suite 352
Mail Stop 5026AUS
Austin, Texas 78701

/s/ Greg Pierce
Gregory A. Pierce

**SPECIAL DEPUTY RECEIVER'S VERIFICATION AND CERTIFICATION
PURSUANT TO TEX. INS.CODE ANN. §443.017(b)**

AFFIDAVIT OF MICHAEL P. MARCIN

State of Texas

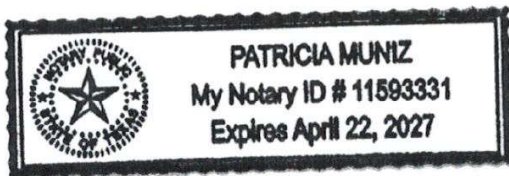
County of Travis

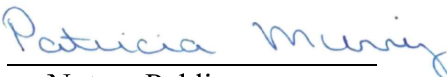
BEFORE ME, the undersigned authority appeared Michael P. Marcin, who after being by me duly sworn, stated the following under oath:

1. "My name is Michael P. Marcin. I am of sound mind, capable of making this affidavit, and am competent to testify to the matters contained in this affidavit.
2. I am a partner in CANTILO & BENNETT, L.L.P., the Special Deputy Receiver of Bright Healthcare Insurance Company of Texas (the "SDR" and "Bright" respectively), I am duly authorized to make this Affidavit on behalf of the SDR.
3. I have reviewed the *Application for Approval of Fees and Expenses* and the facts stated therein are true and correct based on my personal knowledge, my review of estate records and my consultation with the staff and subcontractors.
4. I certify that the exhibits, books, accounts, records, papers, correspondence, and/or other records and documents attached hereto were produced pursuant to TEX. INS. CODE § 443.017, are either true and correct copies of records of Bright and were received from the custody of Bright or found among its effects, or were created by and filed with the Receiver's office in connection with the receivership of this delinquent company, and are held by the Special Deputy Receiver in its official capacity."

By: 
Michael P. Marcin

SUBSCRIBED AND SWORN TO BEFORE ME on December 5, 2023, by Michael P. Marcin, Special Deputy Receiver of Bright Healthcare Insurance Company of Texas




Notary Public

BRIGHT HEALTHCARE INSURANCE COMPANY OF TEXAS
SPECIAL DEPUTY RECEIVER FEE SCHEDULE

CANTILO & BENNETT, L.L.P.
Special Deputy Receiver

Name	Position	Hourly Rate
	Primary Responsible Person/SDR Administration	\$260.00
	SDR Administration	\$260.00
	SDR Administration	\$260.00
	SDR Administration	\$260.00
	SDR Administration	\$200.00
	SDR Administration	\$200.00
	Senior Receivership Specialist	\$155.00
	Receivership Specialist	\$155.00
	Receivership Specialist	\$155.00
	Law Clerk	\$130.00
	Information Technology	\$100.00
	Administrative/Clerical	\$ 35.00

Greg Pierce
Legal/Litigation Subcontractor

Attorney/SDR Counsel	\$275.00
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Fuller Law Group
Legal/Litigation Services Subcontractor

Attorney/SDR Counsel	\$275.00
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Inquest Resources
Legal Support Services Subcontractor
Information Technology/Data Processing Subcontractor

Partner & Paralegal I	\$ 85.00
Partner & Paralegal/Receivership Specialist I	\$ 85.00
Paralegal II	\$ 70.00
Receivership Specialist II	\$ 55.00
Administrative Assistant	\$ 35.00
Clerical	\$ 30.00



Petrosewicz & Co., Inc.

Accounting Services Subcontractor

CPA/Attorney	\$225.00
CPA	\$200.00
Senior Accountant	\$125.00
Senior Accountant	\$125.00
Clerical	\$ 35.00

EMKAY Associates, Inc.

Claims and IT Services Subcontractor

Claims Manager and Consultant	\$105.00
Claims Management and IT Consulting	\$105.00
Claims Management and Consulting, Site Management	\$105.00
Claims Management and IT Consulting	\$ 85.00

Milford Consulting, L.L.C.

Claims Subcontractor

Receivership Specialist I, Claims Consultant	\$195.00
Receivership Specialist II, Data Analysis/Reports, Claims Support	\$150.00
Receivership Specialist III, Claims Support	\$130.00
Clerical	\$ 45.00

Jennan Enterprises, LLC

IT and Data Services Subcontractor

Managing Member	\$150.00
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Tharp & Associates

Reinsurance Subcontractor

CEO/Reinsurance Consultant	\$250.00
CFO/Reinsurance Consultant	\$250.00
Corporate Controller/Accountant	\$195.00
Information Systems Director/Database Administrator	\$195.00
Staff Accountant	\$125.00

Merlinos & Associates, Inc.

Actuarial Consulting Subcontractor

Principal/Actuary	\$315.00
Consulting Actuary	\$295.00
Actuarial Analyst	\$250.00
Clerical	\$ 35.00



Computer & Network Support Proposal for

Bright Healthcare Insurance Company of Texas in Receivership

Dec 6, 2023

Prepared by: Richard Stokes
Network 1 Consulting, Inc.
5871 Glenridge Drive, Suite 240
Atlanta, Georgia 30328
(t) 404.943.0800



December 6, 2023

Brandon Murray – Adjuster/IT
c/o Bright Healthcare Insurance Company of Texas in Receivership
Texas

Dear Brandon,

Thank you for the opportunity to propose an IT solution for Bright Healthcare Insurance Company of Texas that you are working with whom are going into receivership. Based on what I have learned in my correspondences with you, here is my understanding of the IT needs.

- Seeking an option to host the following components of Bright Healthcare Insurance Company of Texas in Receivership in Azure File Storage:
 - Need to transfer a copy of 85TB's of data from at least three sources:
 - the parent company.
 - the claims TPA.
 - the mailroom services provider.
 - Use of Microsoft data box service to transfer data for uploading.
- 24x7x365 monitoring and maintenance of virtual environment + backup for this archive.
- Security in accordance with HIPAA guidelines.
- As needed access for Brandon's team.

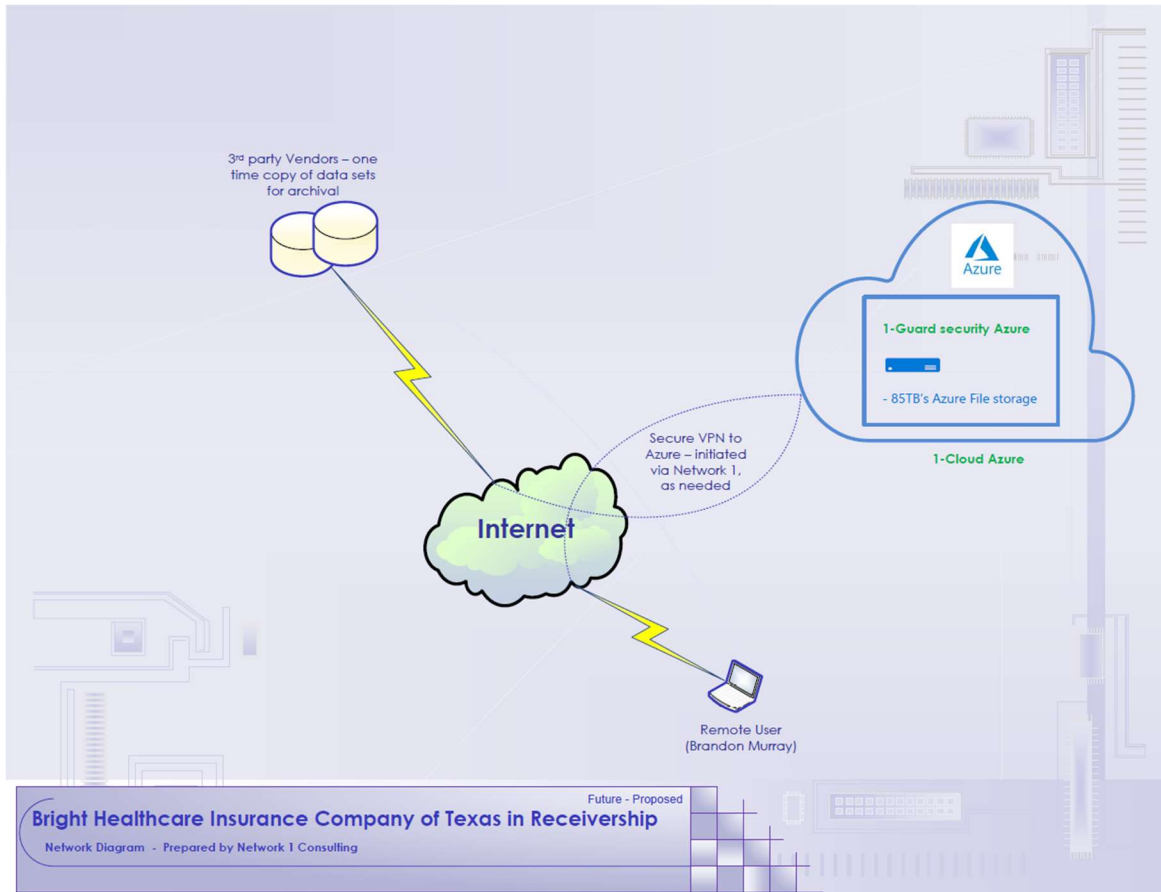
With consideration for your IT concerns and needs, I have put together the enclosed proposal for you to evaluate.

Best Regards,

Richard Stokes

Current Environment

Proposed Network Diagram



This diagram represents the architecture of the network as we would implement it. Specific services details are covered on pages 7-8.



Network 1 Consulting (Summary)

Who we are:

- Network 1 is a 25-year-old IT Support and Services company that works with professional service firms here in Metro Atlanta
- 47 employees
- 130 clients, 650+ servers, 6,300+ desktops/laptops under management

Who supports you (see organizational chart on page 6):

- Support Desk – staffed M-F 7am -7pm (**Crimson Team**)
 - Desktop engineering team who assists end-users with IT issues and is first line of response for IT issues.
 - 92% of issues get resolved at the support desk.
 - All issues are responded to within 22 minutes, on average.
- Dispatch (**Crimson Team**)
 - Build, configure and install new workstations according to established build lists.
 - Assists with new user set-up and procurement of equipment for the end-user.
 - Onsite hands-on orientation (if required) to new machine.
- Assigned Client Engineer (**Black Team**)
 - Dedicated point of contact – responsible for oversight and engineering on your network – works in conjunction with our Support Desk for complete coverage and resolution to issues.
 - Responsible for understanding the environment, getting to know key people, and ensuring that the network is up, and technical information and feedback are channeled back to relevant parties as needed.
 - Rapid response time (remotely) - because 92% of all IT issues are handled by our Support Desk, your dedicated engineer is highly available to respond to requests as needed.
 - Provides guidance and oversight with compliance and cyber security.
 - Works on a team (other resources that know your network should your dedicated engineer be unavailable).

- Network Operations Center (NOC/Projects) (**Gold Team**)
 - Monitors network (servers, infrastructure, and connectivity) 24x7x365 and gets real time alerts on issues.
 - NOC staffs an engineer at 5am (M-F) who reviews alerts and does tier 1 support plus escalation if/when needed for any alerts that have come in from the night before.
 - Ensures network is patched and up to date (servers and workstations).
 - Monitors backups, overseas managed firewalls, and installed security suites.
 - Planning, design, guidance, and implementation of projects.
- Dedicated Client Manager (**Green Team**)
 - Non-technical and administrative liaison assigned to your account.
 - Conducts annual business review meetings.
 - Works in close conjunction with your dedicated engineer to create a plan and strategy for future growth and to ensure that all projects and daily interaction is to your satisfaction.
 - Point person for new equipment acquisitions and assisting engineers in project plan management.

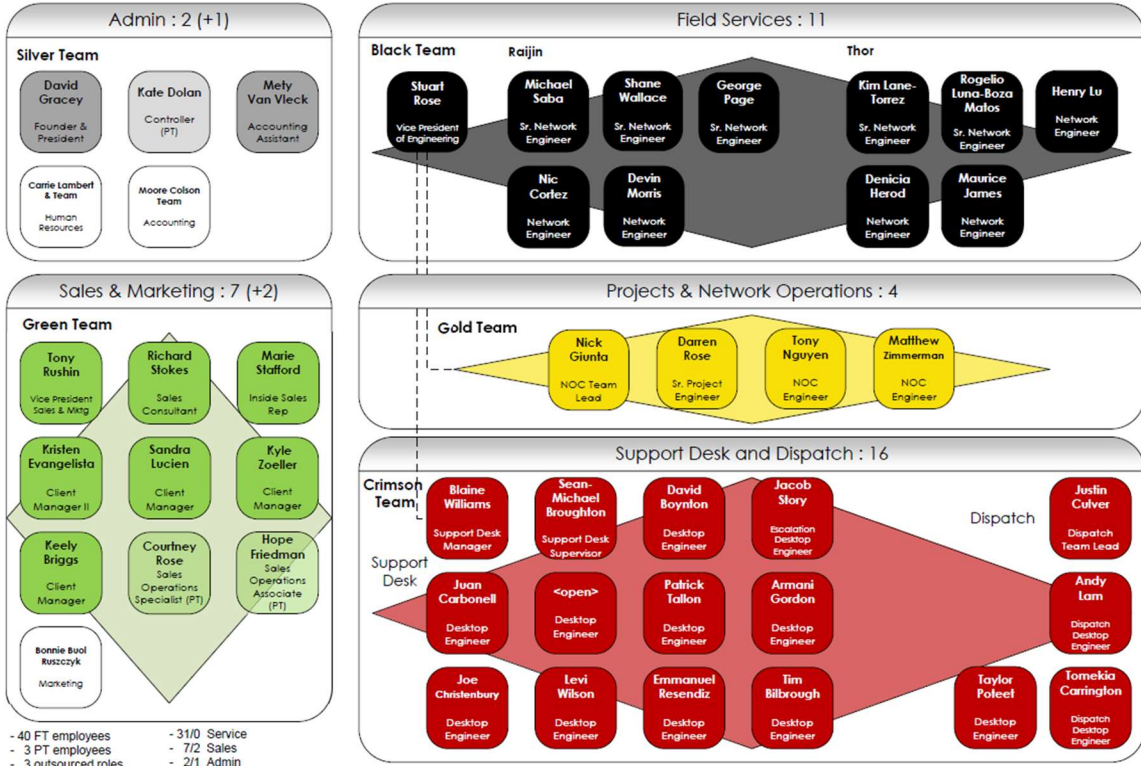
What you can expect:

- Rapid Response time: within 25 minutes remotely (see Support Desk stats above).
- Remote engineering assistance as needed.
- World class security layers.
- Security best practices and guidance.
- Frequent and ongoing communication with your internal IT team.
- Annual advisory meetings – recommendations/budgeting/planning.
- Company that understands and embodies compliance and security.

Network 1 Organizational Chart



Organizational Chart
As of Feb 2023





Proposed Solution

Managed Services Plan - Ongoing IT Support

Based on what I have learned, I am recommending our 1-Cloud Azure File Storage.

Scope

Plan is based on 1-Cloud Azure Files, to host archived copies of up to 85TB's of data.

Summary of Services

Here is a short-list of the services provided in plan:

- 24x7x365 monitoring of 1-Cloud Azure File Storage environment.
- Regular hours support is 7 a.m. to 7 p.m. Monday – Friday. During these hours, Brandon's team may make requests of Network 1 engineering resources for the purposes of gaining access to existing archives or requesting access for an outside vendor to add additional data to the archive (engineering time is billable).
- 1-Guard Security for Azure.
- 1-Cloud Azure Files: 85TB's data storage.
- Annual CIO advisory, budgeting, and planning meetings.
- Dedicated Client Manager.
- 36-month agreement with a 60-day out by either party after term has expired.

Monthly Investment Options

Service Component	Monthly
1-Cloud Azure Server Care Plan – Monthly Investment (3-year term)	\$2,056
Total	\$2,056

One-time Investments

Service Component	One-time
1-Cloud Azure base build	\$3,000
Total	\$3,000

Data migration from backup sources/vendors would be treated as project work on an hourly basis. We estimate the following for this initial data set:



Estimate is based upon reasonable coordination and access to data from the respective data sources.

Service Component	One-time
Data migration/upload estimate (20-25 hours) @\$212/hour	\$4,240 - \$5,300
Total	\$4,240 - \$5,300

The hourly engineering rates for engineering/project work are:

- Desktop Engineer: \$145 *
- Network Engineer: \$180 *
- Senior Network Engineer: \$212 *

* After hour project rates are x1.5 and Holiday rates are x2.

THE TEXAS DEPARTMENT OF INSURANCE, <i>Plaintiff,</i>	§ § § §	IN THE DISTRICT COURT OF
v.	§	TRAVIS COUNTY, TEXAS
BRIGHT HEALTHCARE INSURANCE COMPANY OF TEXAS <i>Defendant.</i>	§ § §	455th JUDICIAL DISTRICT

ORDER GRANTING APPLICATION FOR APPROVAL OF FEES AND EXPENSES

On this date, the Court heard the *Application for Approval of Fees and Expenses* (the “Application”) filed by CANTILO & BENNETT, L.L.P., Special Deputy Receiver of Bright Healthcare Insurance Company of Texas (the “SDR” and “Bright” respectively). The SDR appeared by and through its counsel.

Having considered the Application, the Court finds as follows:

1. The *Order of Reference to Master* (“Order of Reference”) provides that motions filed pursuant to TEX. INS. CODE § 443.015 are referred to the Special Master appointed in this proceeding;
 2. Notice of the Application was provided in accordance with TEX. INS. CODE §443.007 (d) and the *Order of Reference to Master*;
 3. No objections to the Application were filed;
 4. The Texas Life and Health Insurance Guaranty Association has filed its acknowledgement and waiver;
 5. The Court has jurisdiction over the Application and the parties affected hereunder;
- and
6. The SDR’s Application should be granted in all respects.

IT IS, THEREFORE, ORDERED, ADJUDGED AND DECREED as follows:

1. The Application is GRANTED in all respects.
2. The terms of compensation of the SDR and the contractors listed on Exhibit A to the Application are approved.
3. The anticipated expenses described in the Application are approved.
4. The SDR shall file with this Court a summary of expenses incurred pursuant to TEX. INS. CODE § 443.015(g) on a quarterly basis.
5. This order constitutes a final Order fully resolving all issues relating to the Application.

SIGNED: _____, 2023.

JUDGE PRESIDING

Automated Certificate of eService

This automated certificate of service was created by the eFiling system. The filer served this document via email generated by the eFiling system on the date and to the persons listed below. The rules governing certificates of service have not changed. Filers must still provide a certificate of service that complies with all applicable rules.

Greg Pierce on behalf of Greg Pierce

Bar No. 15994250

gpierce@gpiercelaw.com

Envelope ID: 82319814

Filing Code Description: Motion (No Fee)

Filing Description: APPLICATION FOR APPROVAL OF FEES AND EXPENSES

Status as of 12/7/2023 9:06 AM CST

Case Contacts

Name	BarNumber	Email	TimestampSubmitted	Status
Christopher G. Fuller	7515500	cfuller@fullerlaw.org	12/6/2023 5:31:05 PM	SENT
Gregory Alan Pierce	15994250	gpierce@gpiercelaw.com	12/6/2023 5:31:05 PM	SENT
Patricia Muniz		pmuniz@inquestresources.com	12/6/2023 5:31:05 PM	SENT
Brian Falligant		bfalligant@inquestresources.com	12/6/2023 5:31:05 PM	SENT
Stanton K. Strickland	786392	sstrickland@mwlaw.com	12/6/2023 5:31:05 PM	SENT

Associated Case Party: TEXAS DEPARTMENT OF INSURANCE

Name	BarNumber	Email	TimestampSubmitted	Status
Zachary Rhines	24116957	zachary.rhines@oag.texas.gov	12/6/2023 5:31:05 PM	SENT
Special MasterClerk		specialmasterclerk@tdi.texas.gov	12/6/2023 5:31:05 PM	SENT