

November 21, 2018

[Name and Address]

**NOTICE OF LIQUIDATOR'S MOTION FOR
APPROVAL OF PLAN OF PARTIAL DISTRIBUTION**

TO: All Classes Affected and the Insurance Commissioners and Guaranty Associations of each state.

NOTICE IS HEREBY GIVEN, pursuant to § 431:15-324(e) of the Hawaii Revised Statutes, that Gordon I. Ito, in his capacity as Liquidator ("Liquidator") of Family Health Hawaii, MBS, intends to file a Motion Regarding Report of Claims and Plan of Partial Distribution Regarding Class 2 Claims with the Court in S.P. No. 16-1-0086 KKH, entitled *Ito v. Family Health Hawaii, MBS*, in the Circuit Court of the First Circuit, State of Hawaii.

The Liquidator's Motion will be filed with the above referenced court no earlier than 30 days after the above stated date, wherein the Liquidator will, *inter alia*, request the court's approval of the proposed Plan of Partial Distribution Regarding Class 2 Claims. Enclosed with this Notice is the Liquidator's proposed Plan of Partial Distribution Regarding Class 2 Claims, which will be attached to the Motion. Upon filing the Motion with the Court, a hearing date and time will be assigned.

PLEASE TAKE FURTHER NOTICE that this Notice is only a summary of the intended Motion to be filed therein. If you would like a complete copy of the Motion and to be informed of the scheduled hearing date and time on said Motion, a copy of the Motion with this information is available on the Hawaii Insurance Division's website at http://cca.hawaii.gov/ins/ins_div_actions/family-health-hawaii/. Alternatively, you may also request a complete copy of the Motion by submitting a written request to the offices of the Liquidator of Family Health Hawaii, MBS, P.O. Box 1350, Honolulu, Hawaii 96807 (Telephone No. (844) 717-7334). All written requests must be received within 30 days of the above stated date.

Special Deputy Liquidator

**Enclosure:
Proposed Plan of Partial Distribution Regarding Class 2 Claims**

**LIQUIDATOR'S PLAN OF PARTIAL DISTRIBUTION
REGARDING CLASS 2 CLAIMS**

Ito v. Family Health Hawaii, MBS

S.P. No. 16-1-0086 KKH, in the Circuit Court of the First Circuit, State of Hawaii

In accordance with the powers granted to and duties imposed upon Gordon I. Ito, in his capacity of Liquidator ("Liquidator") of Family Health Hawaii, MBS ("FHH"), pursuant to Chapter 431, Article 15 of the Hawaii Revised Statutes ("Haw. Rev. Stat.") the marshaled assets of FHH as reflected in the Liquidator's Accounting Reports filed with the court, shall be distributed in accordance with the priorities established in Haw. Rev. Stat., § 431:15-332.

Pursuant to Haw. Rev. Stat. § 431:15-332, "Every claim in each class shall be paid in full or adequate funds retained for the payment before members of the next class receive any payment. No subclasses shall be established within any class." The Liquidator is prepared to make a Partial Distribution from the marshaled assets to the Class 2 claimants.

In furtherance of the wind down of the estate for termination, the Liquidator will make an equitable Partial Distribution of \$2,155,158.32 from the estate to the Class 2 claimants identified in Exhibit "A" attached hereto in the amount stated therein. This Partial Distribution represents an approximate eighty percent (38%) recovery for the referenced claimants. No other claimant shall receive a distribution.

The following is the Liquidator's Partial Distribution per classification.

Class 1. The Liquidator will retain sufficient assets, as he deems necessary, to pay for administrative expenses related to the FHH estate.

Class 2. The Liquidator will make a Partial Distribution of \$2,155,158.32 from the estate in satisfaction of 38% of the Class 2 claims. There currently are insufficient assets to pay all Class 2 claimants in full.

Classes 3 through 9: Pursuant to Haw. Rev. Stat., § 431:15-332, no other classes of claimants shall be entitled to receive a distribution from the estate unless additional assets are recovered as there are insufficient assets to fully pay all Class 2 claimants.

Once the Liquidator finally determines the assets and liabilities of the FHH estate, including the claims of the federal government and the liquidation litigation that is currently pending, and provided there are sufficient assets available, the Liquidator will make a final distribution and wind down the liquidation.