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Courtroom Number: No hearing scheduled  
Location: No hearing scheduled

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COOK COUNTY, IL  
2020CH04431

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# Exhibit 2

**IN THE CIRCUIT COURT OF COOK COUNTY, ILLINOIS  
COUNTY DEPARTMENT, CHANCERY DIVISION**

PEOPLE OF THE STATE OF ILLINOIS, *ex rel.*, )  
ROBERT H. MURIEL, DIRECTOR OF THE )  
ILLINOIS DEPARTMENT OF INSURANCE, )  
)  
)  
Plaintiffs, )  
)  
v. )  
)  
NEXTLEVEL HEALTH PARTNERS, INC. )  
An Illinois domestic Health Maintenance Organization, )  
)  
Defendant. )

This Complaint is  
Confidential Under  
215 ILCS 5/188.1

No. 2020CH04431

**VERIFIED COMPLAINT FOR CONSERVATION  
OF ASSETS AND INJUNCTIVE RELIEF**

Plaintiffs, the People of the State of Illinois, upon the relation of Robert H. Muriel, Director of the Illinois Department of Insurance (the “Director”), by and through their attorney, Kwame Raoul, Attorney General of the State of Illinois, for their Verified Complaint for Conservation of Assets and Injunctive Relief against Defendant NextLevel Health Partners, Inc., allege and state as follows:

**JURISDICTION AND VENUE**

1. This Verified Complaint is filed pursuant to the provisions of Article XIII of the Illinois Insurance Code (the “Code”), 215 ILCS 5/187, *et seq.*, which, *inter alia*, authorizes the Director to apply to this Court, through the Attorney General of the State of Illinois, on behalf of the People of the State of Illinois, for entry of an order, without a hearing or prior notice, to conserve the assets of a domestic company upon a showing that any of the grounds specified in Section 188, 215 ILCS 5/188, of the Code exist.

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2. Venue is proper in the Circuit Court of Cook County, Illinois pursuant to the provisions of Section 188 of the Code, 215 ILCS 5/188, and Section 2-101 of the Illinois Code of Civil Procedure, 735 ILCS 5/2-101.

### **PARTIES AND RELATED ENTITIES**

3. Pursuant to the McCarran-Ferguson Act, 15 U.S.C. Section 1011, *et seq.*, the 50 states, the District of Columbia and the U.S. territories regulate the business of insurance, not the federal government. Robert H. Muriel is the Director of the Illinois Department of Insurance and, as such, is charged under Section 401 of the Code, 215 ILCS 5/401, with the rights, powers and duties appertaining to the enforcement and execution of all of the insurance laws of the State of Illinois. The Illinois Department of Insurance licenses, regulates, examines and, if appropriate, disciplines individuals and entities engaged in Illinois in the business of insurance. The Department's responsibilities include, but are not limited to, all aspects of insurance company solvency, the conduct of agents, brokers and companies, the collection of insurance taxes and assessments and, more broadly, the authority to regulate any individual or company involved with the management, distribution, sales or marketing of insurance or insurance-related matters in Illinois. On every topic, the Department's first priority is the protection of the people, families and businesses that purchase insurance in the State of Illinois.

4. Defendant, NextLevel Health Partners, Inc. ("NextLevel"), is a domestic for profit corporation licensed as a health maintenance organization in Illinois, and organized under and existing by virtue of the laws of the State of Illinois, having its principal place of business in Chicago, Illinois. NextLevel exclusively writes Medicaid business in Illinois.

## STATUTORY GROUNDS FOR REHABILITATION

5. Section 187 of the Code, 215 ILCS 5/187, provides, *inter alia*, that Article XIII applies to every corporation, association, society, order, firm, company, partnership, individual, and aggregation of individuals to which any article of the Code is applicable, or which is subject to examination, visitation or supervision by the Director under any provision of the Code or under any law of this State, or which is engaging in an insurance or surety business:

### § 187. *Scope of Article.*

(1) This Article shall apply to every corporation, association, society, order, firm, company, partnership, individual, and aggregation of individuals to which any Article of this Code is applicable, or which is subject to examination, visitation or supervision by the Director under any provision of this Code or under any law of this State, or which is engaging in or proposing or attempting to engage in or is representing that it is doing an insurance or surety business, or is undertaking or proposing or attempting to undertake to provide or arrange for health care services as a health care plan as defined in subsection (7) of Section 1-2 of the Health Maintenance Organization Act, including the exchanging of reciprocal or inter-insurance contracts between individuals, partnerships and corporations in this State, or which is in the process of organization for the purpose of doing or attempting or intending to do such business, anything as to any such corporation, association, society, order, firm, company, partnership, individual or aggregation of individuals provided in this Code or elsewhere in the laws of this State to the contrary notwithstanding.

(2) The word “company” as used in this Article includes all of the corporations, associations, societies, orders, firms, companies, partnerships, and individuals specified in subsections (1), (4), and (5) of this Section and agents, managing general agents, brokers, premium finance companies, insurance holding companies, and all other non-risk bearing entities or persons engaged in any aspect of the business of insurance on behalf of an insurer against which a receivership proceeding has been or is being filed under this Article, including, but not limited to, entities or persons that provide management, administrative, accounting, data processing, marketing, underwriting, claims handling, or any other similar services to that insurer, whether or not those entities are licensed to engage in the business of insurance in Illinois, if the entity or person is an affiliate of that insurer.

(3) The word “court” shall mean the court before which the conservation, rehabilitation, or liquidation proceeding of the company is pending, or the judge presiding in such proceedings.

(4) The word “affiliate” as used in this Article means a person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, the person specified.

(5) The word “person” as used in this Article means an individual, an aggregation of individuals, a partnership, or a corporation.

215 ILCS 5/187.

6. Section 188 of the Code, *supra*, provides the grounds for rehabilitation and liquidation of a domestic company, as follows:

Sec. 188. *Grounds for rehabilitation and liquidation of a domestic company.* . . .

Whenever any domestic company...

1. is insolvent;

\* \* \*

6. is found to be in such condition that its further transaction of business would be hazardous to its policyholders, or to its creditors, or to the public;

\* \* \*

With respect to a domestic company, the Director must report,...any such case to the Attorney General of this State whose duty it shall be to apply forthwith by complaint on relation of the Director in the name of the People of the State of Illinois, as plaintiff, to the Circuit Court of Cook County ..., for an order to rehabilitate or liquidate the defendant company as provided in this article, and for such other relief as the nature of the case and the interests of its policyholders, creditors, members, or the public may require...

215 ILCS 5/188. See also 215 ILCS 125/5-6.

7. Section 1250.20 of Title 50 of the Illinois Administrative Code, 50 Ill. Adm. Code 1250.20, provides that the Director may consider, *inter alia*, certain criteria when determining whether the continued operation of any insurer transacting an insurance business in Illinois might be deemed to be hazardous to the policyholders, creditors or to the public; as follows:

Section 1250.20 Standards

Depending upon an examination of the factual circumstances, applicable law and financial situation of the company involved, the following standards, either

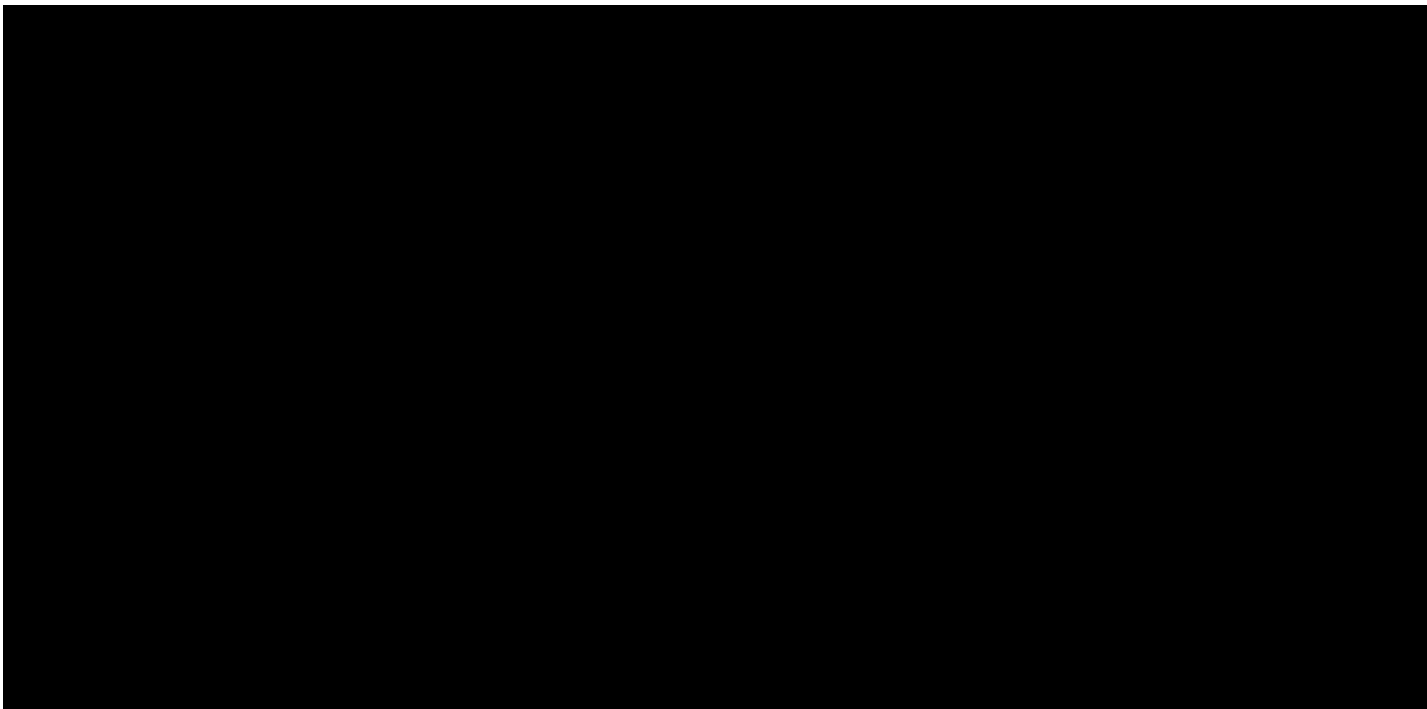
singly or a combination of two or more, may be considered by the Director to determine whether the continued operation of any insurer transacting an insurance business in this State might be deemed to be hazardous to the policyholders, creditors or the general public which could warrant the Director issuing a corrective order:

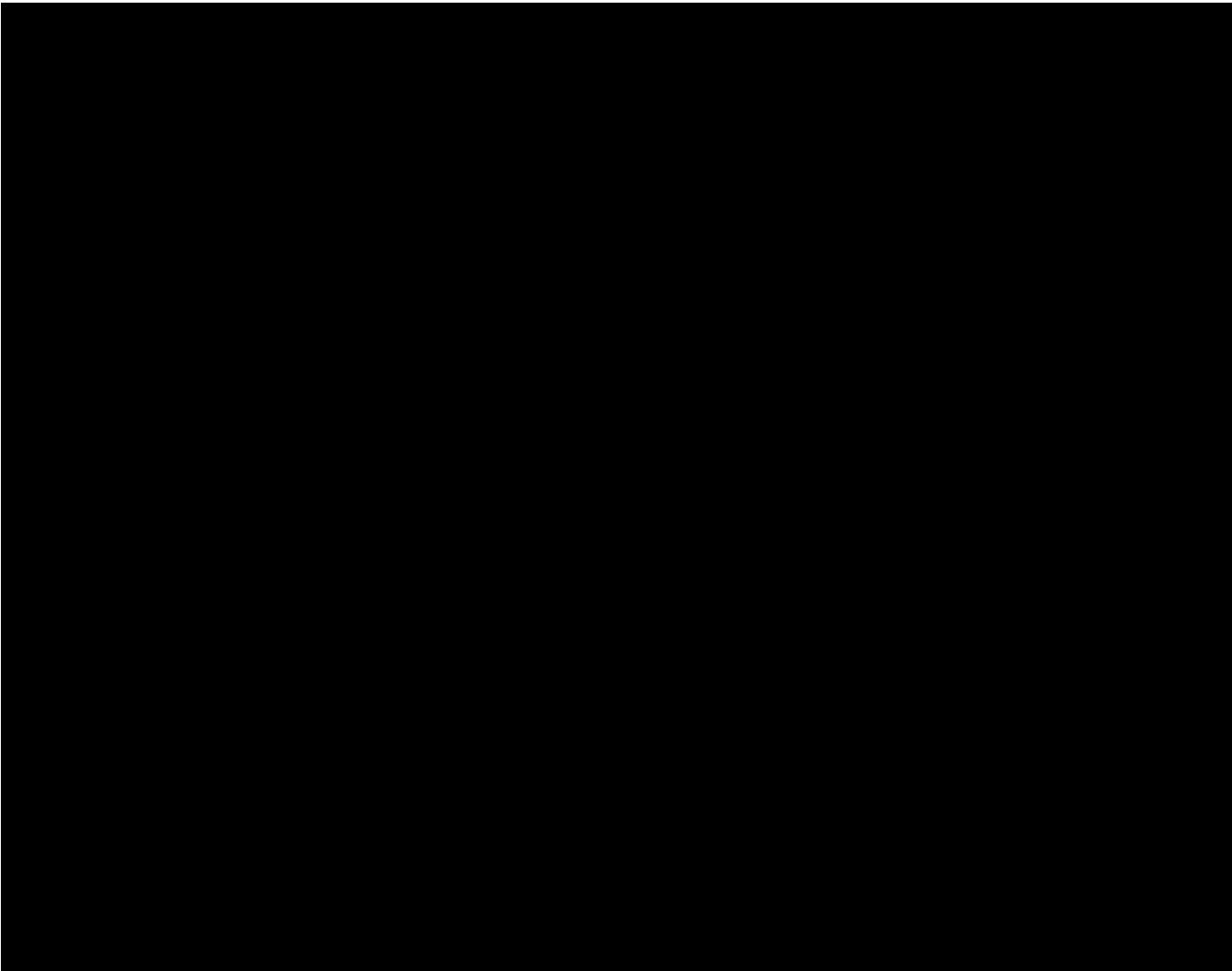
- a) adverse findings reported in financial and market conduct examination reports, audit reports, and actuarial opinions, reports or summaries;

\* \* \*

- t) any other finding determined by the Director to be hazardous to the insurer’s policyholders, creditors or general public, including those of a nonfinancial nature.

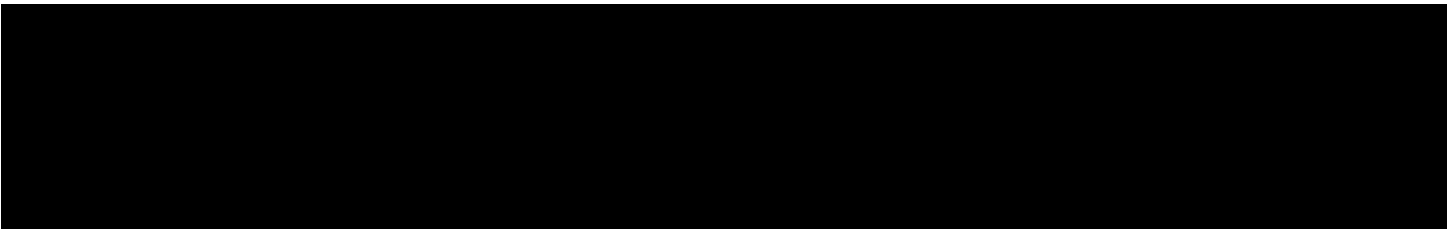
8. The Illinois Insurance Code requires that when the Director causes a Verified Complaint for Conservation to be filed, through the Attorney General of the State of Illinois, alleging the existence of grounds justifying the entry of an order under Section 188.1(1) and that “the interests of creditors, policyholders or the public will probably be endangered by delay, then the circuit court of ... Cook County ... *shall enter forthwith without a hearing or prior notice...*” an order of conservation and injunctive relief. 215 ILCS 5/188.1(1) (emphasis added).





**FACTUAL GROUNDS FOR CONSERVATION**

12. On March 17, 2020, NextLevel filed an Annual Statement for the year ending December 31, 2019. In its Annual Statement, NextLevel reported that its Surplus as Regards Policyholders Liabilities was a negative (\$2,794,769). In its recently filed Quarterly Statutory Financial Statement, NextLevel reported that its Capital and Surplus, as of March 31, 2020, was a negative (\$1,857,254). Accordingly, NextLevel is insolvent on a statutory basis.



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14. NextLevel is in a hazardous condition based on its Surplus as Regards Policyholders ██████████ as reported on December 31, 2019 and March 31, 2020.

**GROUND S EXIST JUSTIFYING THE ENTRY OF AN ORDER AGAINST NEXTLEVEL UNDER SECTION 188**

15. NextLevel’s reported RBC as of December 31, 2019 and estimated RBC as of March 31, 2020 constitutes a mandatory control level event under 215 ILCS 5/35A-30(a)-(d), requiring the Director to take the actions necessary to place NextLevel in receivership under Article XIII.

16. NextLevel is statutorily insolvent; a situation which justifies the entry of a court order for the conservation of NextLevel pursuant to Section 188.1 of the Code. 215 ILCS 5/188.1.

17. The Director has determined that the standards set forth in Paragraph (6) herein exist, each of which independently support a finding that the further transaction of NextLevel’s business would be hazardous to its policyholders, its creditors and to the public; a situation which justifies the entry of a court order for the conservation of NextLevel pursuant to Section 188.1 of the Code. 215 ILCS 5/188.1.

18. The Director further alleges that, not only is it the case that the interests of creditors, policyholders or the public will probably be endangered by delay, the facts alleged support a finding that the interests of creditors, policyholders or the public *will be* endangered by delay.

**WHEREFORE**, the People of the State of Illinois, upon the relation of Robert H. Muriel, Director of the Illinois Department of Insurance, pray that an order be promptly entered by this Court as follows:

**FINDING THAT:**



- (A) Sufficient cause exists for the entry of an Order of Conservation of NextLevel, including the fact that the company is insolvent and in a hazardous condition.
- (B) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the entry of the order prayed for herein creates an estate comprising all of the liabilities and assets of NextLevel.
- (C) Upon the entry of the Order prayed for herein, the Conservator's statutory authority includes, without limitation, the following:
  - (i) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Conservator is vested by operation of law with the title to all property, contracts, and rights of action of NextLevel; and
  - (ii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Conservator is entitled to immediate possession and control of all property, contracts, and rights of action of NextLevel; and
  - (iii) Pursuant to Section 191 of the Code, 215 ILCS 5/191, the Conservator is authorized to remove any and all records and property of NextLevel to his possession and control or to such other place as may be convenient for purposes of the efficient and orderly administration of the conservation of NextLevel; and
  - (iv) Pursuant to Section 193(1) of the Code, 215 ILCS 5/193(1), the Conservator is authorized to deal with the property, business and affairs of NextLevel in his name, as Director, and that the Conservator is also authorized to deal with the property, business and affairs of NextLevel in the name of NextLevel; and
  - (v) Pursuant to Section 193(2) of the Code, 215 ILCS 5/193(2), the Conservator, without the prior approval of the Court, is authorized to sell or otherwise dispose of any real or personal property of NextLevel, or any part thereof,

and to sell or compromise all doubtful or uncollectible debts or claims owing to NextLevel having a value in the amount of Twenty-Five Thousand Dollars (\$25,000.00), or less. Any such sale by the Conservator of the real or personal property of NextLevel having a value in excess of Twenty-Five Thousand Dollars (\$25,000.00), and sale or compromise of debts owing to NextLevel where the debt owing to NextLevel exceeds Twenty-Five Thousand Dollars (\$25,000.00) shall be made subject to the approval of the Court; and

(vi) Pursuant to Section 193(3) of the Code, 215 ILCS 5/193(3), the Conservator is authorized to bring any action, claim, suit or proceeding against any person with respect to that person's dealings with NextLevel including, but not limited to, prosecuting any action, claim, suit, or proceeding on behalf of the policyholders, claimants, beneficiaries or creditors of NextLevel; and

(vii) Pursuant to Section 193(4) of the Code, 215 ILCS 5/193(4), the Conservator may solicit contracts whereby a solvent company agrees to assume, in whole or in part, or upon a modified basis, the liabilities of a company in conservation; and

(viii) Pursuant to Section 194(a) of the Code, 215 ILCS 5/194(a), the rights and liabilities of NextLevel and of its creditors, policyholders, stockholders or members and all other persons interested in its assets, except persons entitled to file contingent claims, shall be fixed as of the date of the entry of the order prayed for herein unless otherwise provided for by order of the Court; and

(ix) Pursuant to Section 194(b) of the Code, 215 ILCS 5/194(b), the Conservator may, within two (2) years after the entry of the conservation order prayed for herein or within such further time as applicable law permits, institute an action, claim, suit,

or proceeding upon any cause of action against which the period of limitation fixed by applicable law had not expired as of the filing of the complaint upon which the conservation order was entered; and

(x) Subject to the provisions of Section 202 of the Code, 215 ILCS 5/202, the Conservator is authorized to appoint and retain those persons specified in Section 202(a) of the Code, 215 ILCS 5/202(a), and to pay, without the further order of this Court, from the assets of NextLevel, all administrative expenses incurred during the course of the conservation of NextLevel; and

(xi) Pursuant to Section 203 of the Code, 215 ILCS 5/203, the Conservator shall not be required to pay any fee to any public officer for filing, recording or in any manner authenticating any paper or instrument relating to any proceeding under Article XIII of the Code, *supra*, nor for services rendered by any public officer for serving any process; and

(xii) Pursuant to the provisions of Section 204 of the Code, 215 ILCS 5/204, the Conservator may seek to avoid preferential transfers of the property of NextLevel and to recover such property or its value, if it has been converted.

**ORDERING THAT:**

- (1) The Order of Conservation prayed for herein is entered as to and against NextLevel.
- (2) Robert H. Muriel, Director of the Illinois Department of Insurance, and his successors in office, is affirmed as the statutory Conservator (the “Conservator”) of NextLevel with all of the powers appurtenant thereto.
- (3) All policies and contracts of insurance, and agreements of reinsurance where NextLevel is the ceding company, shall remain in full force and effect pending a

determination by the Director as to when, and upon what terms, cancellation or renewal is appropriate. All treaties, contracts and agreements of reinsurance wherein NextLevel was, or is, the assuming or retrocessional reinsurer shall be cancelled upon the entry of the order prayed for herein.

(4) Subject to further orders of this Court, the Conservator is authorized to take such actions as the nature of the cause and the interests of NextLevel and its policyholders, claimants, beneficiaries, creditors, or the public may require including, but not limited to, the following:

(i) The Conservator shall proceed to take immediate possession and control of the property, books, records, accounts, business and affairs, and all other assets of NextLevel, and of the premises occupied by NextLevel for the transaction of its business, and to marshal and liquidate the assets, business and affairs of NextLevel pursuant to the provisions of Article XIII of the Code, *supra*, and to conserve the same for the benefit of the policyholders and creditors of NextLevel, and of the public; further that the Conservator is directed and authorized to orderly wind down and run off the business and affairs of NextLevel, and to make the continued expenditure of such wages, rents and expenses as he may deem necessary and proper for the administration of the conservation of NextLevel; and

(ii) The Conservator may both sue and defend on behalf of NextLevel, or for the benefit of the policyholders, claimants and other creditors of NextLevel, in the courts either in his name as the Conservator of NextLevel, or in the name of NextLevel, as the case may be; and

(5) The Director is vested with the right, title and interest in all funds recoverable under contracts, treaties, certificates, and agreements of reinsurance heretofore entered into by or on behalf of NextLevel.

(6) Any acts or omissions of the Conservator in connection with the conservation of NextLevel, shall not be construed or considered to be a preference within the meaning of Section 204 of the Code, 215 ILCS 5/204, notwithstanding the fact that any such act or omission may cause a policyholder, claimant, beneficiary, third party or creditor to receive a greater percentage of debt owed to or by NextLevel than any other policyholder, claimant, beneficiary, third party or creditor in the same class.

(7) The caption in this cause and all pleadings filed in this matter shall hereafter read:

**“IN THE MATTER OF THE CONSERVATION OF  
NEXTLEVEL HEALTH PARTNERS, INC.”**

(8) All costs of the proceedings prayed for herein be taxed and assessed against NextLevel.

(9) Pursuant to its authority under Section 189 of the Code, 215 ILCS 5/189, the Court hereby issues the following mandatory and prohibitive injunctions:

(i) All accountants, auditors and attorneys of NextLevel are ordered to deliver to the Conservator, at his request, copies of all documents in their possession or under their control concerning or related to NextLevel, and to provide the Conservator with such information as he may require concerning any and all business and/or professional relationships between them and NextLevel, and concerning any and all activities, projects, jobs and the like undertaken and/or performed by them at the request of NextLevel, or its agents, servants, officers,

directors and/or employees, or which NextLevel may be, or is, entitled to as the result of its relationship with such accountants, auditors and attorneys; and

(ii) NextLevel and its directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities, shall give immediate possession and control to the Conservator of all property, business, books, records and accounts of NextLevel, and all premises occupied by NextLevel for the transaction of its business; and

(iii) NextLevel and its directors, officers, agents, servants, representatives, employees, affiliated companies, and all other persons and entities having knowledge of this Order are restrained and enjoined from transacting any business of NextLevel, or disposing of any company property or assets, including books, records and computer and other electronic data, without the express written consent of the Conservator, or doing or permitting to be done any action which might waste the property or assets of NextLevel, until the further order of the Court; and

(iv) The directors, officers, agents, servants, representatives and employees of NextLevel, and all other persons and entities having knowledge of this Order are restrained and enjoined from bringing or further prosecuting any claim, action or proceeding at law or in equity or otherwise, whether in this State or elsewhere, against NextLevel, or its property or assets, or the Director as its Conservator, except insofar as those claims, actions or proceedings arise in or are brought in the conservation proceedings prayed for herein; or from obtaining, asserting or enforcing preferences, judgments, attachments or other like liens, including common law retaining liens, or encumbrances or the making of any levy against

NextLevel, or its property or assets while in the possession and control of the Conservator, or from interfering in any way with the Conservator in his possession or control of the property, business, books, records, accounts, premises and all other assets of NextLevel, until the further order of the Court; and

(v) Any and all banks, brokerage houses, financial institutions and any and all other companies, persons or entities having knowledge of this Order having in its possession accounts and any other assets which are, or may be, the property of NextLevel, are restrained and enjoined from disbursing or disposing of said accounts and assets and are further restrained and enjoined from disposing of or destroying any records pertaining to any business transaction between NextLevel, and such banks, brokerage houses, financial institutions, companies, persons or entities having done business, or doing business, with NextLevel, or having in its possession assets which are, or may be, the property of NextLevel, and further, that each such person or entity is ordered to immediately deliver any and all such assets and/or records to the Conservator; and

(vi) All insurance and reinsurance companies and entities that assumed liabilities from NextLevel arising under either contracts, policies of insurance, certificates of insurance, or agreements, contracts, treaties or certificates of reinsurance issued by NextLevel, are restrained and enjoined from making any settlements with any claimant or policyholder of NextLevel, or any other person other than the Conservator, except with the written consent of the Conservator, or when the reinsurance agreement, contract, treaty, or certificate expressly and

lawfully provides for payment by the reinsurer directly to a claimant or policyholder on the behalf of NextLevel.

(10) The Director, as Conservator, be directed to ascertain the condition of NextLevel while he is in possession and control of the property, books, records, accounts, assets, premises, business and affairs of NextLevel, and to make periodic reports to the Court as the nature and condition of NextLevel while in conservation; and further directing the Director, as Conservator, to file with the Court for its consideration reports relating to the administration of the conservation of NextLevel in accordance with Section 188.1 of the Code, *supra*; and

(11) The Court retains jurisdiction in this cause for the purpose of granting such other and further relief as the nature of this cause and the interests of NextLevel, its policyholders, claimants, beneficiaries and creditors, or of the public, may require and/or as the Court may deem proper in the premises.

Respectfully Submitted,

KWAME RAOUL  
*Attorney General*  
*State of Illinois*  
Atty. Code 99000

s/ Maggie Jones  
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## VERIFICATION BY CERTIFICATION

Under penalties as provided by law pursuant to Section 1-109 of the Code of Civil Procedure, the undersigned, in his capacity as the Director of the Illinois Department of Insurance, certifies that the statements set forth in the above and foregoing Complaint are true and correct, except as to matters therein stated to be on information and belief, and as to such matters the undersigned certifies as aforesaid that he verily believes the same to be true.

DATED: May 28, 2020



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Robert H. Muriel  
Director of the Illinois  
Department of Insurance