

IN THE DISTRICT COURT OF OKLAHOMA COUNTY  
STATE OF OKLAHOMA

FILED IN DISTRICT COURT  
OKLAHOMA COUNTY

JUN 22 2016

RICK WARREN  
COURT CLERK  
89

STATE OF OKLAHOMA, ex rel. JOHN D. )  
DOAK, Insurance Commissioner )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
RED ROCK INSURANCE COMPANY, )  
a licensed insurer in the State of Oklahoma, )  
 )  
Defendant. )

Case No. CJ-2014-4353

**RECEIVER'S THIRD REPORT ON CLAIMS EVALUATION AND  
REQUEST FOR CONFIRMATION OF RECEIVER'S RECOMMENDATIONS**

The State of Oklahoma, ex rel., John Doak, Insurance Commissioner, as statutory receiver for Red Rock Insurance, Company f/k/a BancInsure, in liquidation ("Red Rock") and Nestor Romero, Assistant Receiver (collectively "Receiver"), file this Third Report on Claims Evaluation and Request for Confirmation of Receiver's Recommendations:

**BACKGROUND**

1. On August 21, 2014, this Court placed Red Rock in liquidation through its Order Placing Insurer into Receivership and Liquidation, Appointing Receiver, and for Permanent Injunction.
2. Under the Oklahoma Uniform Insurers Liquidation Act, 36 O.S. § 1930, the Receiver must notify all persons holding claims against Red Rock to file proofs of claims.
3. On October 24, 2014, the Court entered an order that approved the Receiver's proposed Proof of Claim Form and accompanying instructions and established the claims filing deadline of February 20, 2015.
4. The October 24, 2014, Order established the following deadlines:

RECEIVED JUN 23 2016

**Deadline**

**Activity to Occur On or Before Deadline**

4/20/15

Receiver's Report on Timely-Filed Claims due.

6/22/15

Receiver's First Claims Evaluation and Request for Confirmation due (on claims due to be adjudicated). Receiver's Supplemental Claims Evaluations and Requests for Confirmation (on subsequently evaluated claims ready to be adjudicated) will be submitted within every six (6) months thereafter, beginning with 12/22/15, or earlier, if practicable.

5. The Receiver continues to marshal all assets of Red Rock.

6. Court review and approval of the Receiver's recommendations regarding Class 1 claims occurs on a regular basis and is not therefore included in this Report. The Receiver will, as soon as possible, submit the Receiver's recommendations regarding Class 2 claims in this estate.

7. Thirty-four (34) timely Class 3 claims are ready for adjudication at this time.

Pursuant to 36 O.S. § 1927.1, Class 3 claims include:

All claims under policies including claims of the federal or any state or local government for losses incurred ("loss claims") including third party claims, claims for unearned premiums, all claims of a guaranty association for payment of covered claims or covered obligations of the insurer and all claims of a guaranty association for reasonable expenses other than those included in Class 2. All claims under life and health insurance and annuity policies, whether for death proceeds, health benefits, annuity proceeds, or investment values shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, shall not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligation of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No Payment by an employer to his employee shall be treated as a gratuity.

8. The Class 3 claims included in this Report are only a portion of the Class 3 claims to be adjudicated. As other Class 3 claims are ready for adjudication, the Receiver will file additional reports.

9. This Report does not address the actual distribution of assets that ultimately may be made to creditors and beneficiaries of Red Rock. Neither the Receiver’s recommendation that a claim be allowed in a certain amount, nor the Court’s Order allowing a claim, ensure that the claim will be paid in whole or in part. Payment of an allowed claim is contingent upon: (a) the assets available to the estate for payment of a claim; (b) the class of the claim allowed; and (c) whether the assets of the estate are sufficient to pay in full all allowed claims and all classes of claims.

**EXPLANATION OF RECEIVER’S RECOMMENDATION**

10. The table below is a summary of the Receiver’s recommendations with respect to the Class 3 claims that are ready for adjudication:

Class	Claimed	Recommended Allowance	Recommended Denial
3	\$34,355,492.15	\$352,637.29	\$34,002,854.86

11. The attached **Exhibit 1** refers to the Receiver’s recommendations as to the Class 3 claims that are ready for adjudication. The Receiver has analyzed the claims reflected on **Exhibit 1** and recommends that each of the claims be classified as a Class 3 claim for purposes of 36 O.S. § 1927.1.

12. The “Amount Claimed” column on **Exhibit 1** reflects the amount that the Class 3 claimant has sought through the particular claim. The “Amount Allowed” column sets forth the amount the Receiver recommends that the Court allow as to a particular Class 3 claim. The “Remark Code” column provides a code indicating the basis or bases for the Receiver’s recommendation as to a particular claim. A definition for each of the codes used is set forth in the attached **Exhibit 2**.

13. The Proof of Claim form filed by each claimant contains the following language in bold type: **“If you have a change of address, you are required to inform the receiver of the new address in order to receive any payment that might be due.”** To the extent any Notice of this proceeding is returned as undeliverable, the Receiver asks the Court to find that the due process rights of the claimant have not been impaired and to order the denial of their claim without further attempts to give actual notice.

14. Pursuant to 36 O.S. § 1918, the Receiver requests the Court to set a hearing on the claims and establish a date certain for filing an objection to the Receiver’s recommendation. Attached hereto as **Exhibit 3** is the Receiver’s proposed form of notice of hearing to be provided to claimants whose claims are included in this Report.

15. A majority of the claims recommended for adjudication in this Report have been assumed by the various state guaranty funds. Many such claims have been settled and paid by the funds. The adjudication of these claims does not affect the future adjudication of Proofs of Claim filed by the state guaranty funds.

16. The denial of any timely-filed proof of claim included in the Receiver’s Report does not alter the statutory obligation, if any, of the Oklahoma Property and Casualty Insurance Guaranty Association or other applicable state guaranty fund, to provide indemnity and defense of a covered claim as defined by the Oklahoma Property & Casualty Insurance Guaranty Association Act, 36 O.S. §2004(7), or other applicable statute.

17. The Receiver’s characterization of a claim or payment does not constitute an admission of liability by Red Rock for purposes of litigation.


**WHEREFORE**, the Receiver requests that this Court:

- a. order that the Receiver provide notice or opportunity to object and be heard to each of the claimants making a claim reflected on the Exhibits attached to this Report and find that the proposed form of notice attached hereto as **Exhibit 3** is proper;
- b. establish a date for filing an objection to the recommendations of the Receiver;
- c. establishes date(s) for hearing the Receiver's recommendations to the Court;
- d. directs the Receiver, upon the filing of any objections, to file with the Court a briefing and hearing schedule for each objection which may include a consolidated schedule to adjudicate multiple objections, where appropriate in the interest of judicial efficiency, and;
- e. grant the Receiver such other and further relief as the Court deems proper.

Respectfully Submitted,

  
Ryan Leonard, OBA #19155  
Robert Edinger, OBA #2619  
Jason A. Reese, OBA #20813  
Meyer, Leonard & Edinger PLLC  
100 Park Avenue Building, Suite 500  
Oklahoma City, OK 73102  
Telephone: (405) 702-9900  
Facsimile: (405) 605-8381

ATTORNEYS FOR THE STATE OF  
OKLAHOMA, EX. REL.  
JOHN DOAK, INSURANCE  
COMMISSIONER FOR THE  
STATE OF OKLAHOMA

**CERTIFIED COPY**  
**AS FILED OF RECORD**  
**IN DISTRICT COURT**  
**JUN 22 2016**  
**RICK WARREN** COURT CLERK  
Oklahoma County  


CERTIFICATE OF SERVICE

This is to certify that on this 22<sup>nd</sup> day of June, 2016, a true and correct copy of this pleading was mailed first class, U.S. Mail, to:

Julie Meaders  
Oklahoma Insurance Department  
3625 N.W. 56th Street, Suite 101  
Oklahoma City, OK 73112

Warren F. Bickford  
Terry W. Tippens  
Fellers Snider Blankenship  
Bailey & Tippens, P.C.  
100 N. Broadway, Suite 1700  
Oklahoma City, OK 73102

Oklahoma Property & Casualty  
Insurance Guaranty Association  
2601 NW Expressway, Suite 330E  
Oklahoma City, OK 73112

Nestor Romero, Assistant Receiver  
Regulatory Consultants, Inc.  
10433 Montgomery Parkway Loop, NE  
Albuquerque, NM 87111

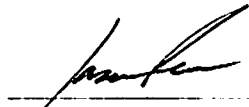
David L. Bryant  
Thomas W. Gruber  
GABLEGOTWALS  
One Leadership Square, 15<sup>th</sup> Floor  
211 North Robinson  
Oklahoma City, OK 73102

Debra Crowe  
Oklahoma Receivership Office, Inc.  
Three Corporate Plaza  
3613 N.W. 56th Street, Suite 330  
Oklahoma City, OK 73112

John T. Palter  
Palter Stokley Sims PLLC  
Preston Commons – East  
8115 Preston Road, Suite 600  
Dallas, TX 75225

Ryan Allen  
11245 South Kingston  
Tulsa, OK 74137

Andrew M. Reidy  
Catherine Serafin  
Michael M. McGaughey  
Courtney E. Alvarez  
LOWENSTEIN SANDLER LLP  
2200 Pennsylvania Avenue NW  
Washington, D.C. 20037

  
\_\_\_\_\_  
Jason A. Reese

# Red Rock Insurance Company

## Claims Allowed by Class



Exhibit 1  
Class 3

POC No	Amount claimed	Amount Allowed	Timely	Remark Code
1052	\$509,671.07	\$0.00	Y	DO
1059	\$17,164.53	\$0.00	Y	DO
1068	\$86,148.41	\$24,101.21	Y	LF
1088	\$3,850.00	\$0.00	Y	LF
1121	\$238,988.53	\$0.00	Y	WD
1143	\$0.00	\$0.00	Y	NCUP
1144	\$7,262,105.22	\$0.00	Y	NCUP
1178	\$15,774.16	\$13,477.61	Y	LF
1187	\$656,413.36	\$315,058.47	Y	AP
1236	\$3,750.00	\$0.00	Y	GFA
1286	\$55,000.00	\$0.00	Y	GFA
1287	\$142,135.00	\$0.00	Y	GFA
1288	\$350,000.00	\$0.00	Y	GFA
1289	\$113,000.00	\$0.00	Y	GFA
1290	\$55,000.00	\$0.00	Y	GFA
1292	\$100,000.00	\$0.00	Y	GFA
1293	\$55,000.00	\$0.00	Y	GFA
1294	\$55,000.00	\$0.00	Y	GFA
1295	\$55,000.00	\$0.00	Y	GFA
1296	\$55,000.00	\$0.00	Y	GFA
1297	\$110,000.00	\$0.00	Y	GFA
1298	\$55,000.00	\$0.00	Y	GFA
1299	\$73,700.00	\$0.00	Y	GFA

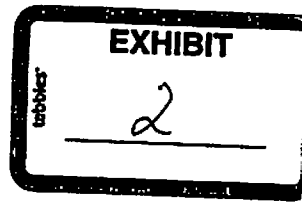
Amount Claimed	Amount Allowed	Timely	Remark Code
70,000.00	\$0.00	Y	GFA
5,000.00	\$0.00	Y	GFA
5,000.00	\$0.00	Y	GFA
5,000.00	\$0.00	Y	GFA
8,224.44	\$0.00	Y	DO
5,000.00	\$0.00	Y	WD
0,000.00	\$0.00	Y	GFA
0,000.00	\$0.00	Y	WD
0,726.03	\$0.00	Y	GFA
0,920.70	\$0.00	Y	NCUP
0,920.70	\$0.00	Y	NCUP
192.15	\$352,637.29		



Red Rock Insurance Company  
Remark Codes

Exhibit 2

Code	Description
AP	Approved
DO	Denied No Obligation Due Claimant
GFA	Guaranty Fund Accepted
LF	Liabilities fixed at date of Liquidation Order
NCUP	No Coverage Under Policy
WD	Withdrawn





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v. )  
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RED ROCK INSURANCE COMPANY, )  
a licensed insurer in the State of Oklahoma, )  
 )  
Defendant. )

Case No. CJ-2014-4353

**NOTICE OF HEARING ON THE RECEIVER'S  
THIRD REPORT ON CLAIMS EVALUATION AND  
REQUEST FOR CONFIRMATION OF RECEIVER'S RECOMMENDATIONS**

You are hereby notified that on \_\_\_\_\_, at 9:00 a.m., a hearing will be held before the Honorable Thomas E. Prince, District Court Judge of Oklahoma County, Oklahoma, at which time the Receiver's Third Report on Claim Evaluation and Request for Confirmation of Receiver's Recommendations ("the Receiver's Report") shall be heard. **The hearing will be conducted at the Oklahoma County Courthouse, 321 Park Avenue, Room 304, Oklahoma City, Oklahoma.**

You are receiving this Notice because the Receiver has evaluated your claim and such claim is ready for adjudication. The Exhibit attached to this Notice sets forth the Receiver's recommendations to the Court in relation to your claim. The Receiver's recommendations to the Court regarding your claim and other claims set for hearing on the cited hearing date are set forth in the Receiver's Third Report, which was filed on June 22, 2016. A copy of the Receiver's Report is available on the website of the Oklahoma Receivership Office at [www.oklahomareceivership.com](http://www.oklahomareceivership.com). Your claim has been assigned the Proof of Claim number ("POC#") indicated on the attached Exhibit. The

attached Exhibit also provides information specific to your claim including the amount of your claim, the Receiver's recommendation as to the amount of your claim to be allowed, if any, and the Receiver's recommendation regarding the classification of your claim, which classification reflects the nature of your claim and the priority the Receiver recommends be given to your claim under Oklahoma law, 36 O.S. §1927.1.

**If you do not wish to object to the Receiver's recommendation, you are not required to take any action at this time.** If you wish to object to the Receiver's recommendation, you must file a proper, written objection with the Court no later than July 29, 2016. To be a proper, written objection:

1. The objection must contain the case information located at the top of this Notice (State of Oklahoma, ex. rel. John Doak, Insurance Commissioner v. Red Rock Insurance Company Case No. CJ-2014-4353, Judge Thomas E. Prince);
2. The objection must be filed with the Clerk of the Oklahoma County District Court, 320 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, and a copy mailed to the Receiver's counsel at the address shown below;
3. The objection must be signed by the claimant or the claimant's representative;
4. The objection must be typewritten on a good grade of white paper size 8.5 by 11 inches, give the name, current address and telephone number of the claimant making the objection, including the name and position of the person signing the objection, if the claimant is a business, and;
5. The objection must state the exact grounds on which the objection is based and be accompanied by a concise brief that contains (a) a written statement of material facts as to which the objecting party contends no genuine issue exists verified by a person with knowledge of the facts; (b) references to supporting documentation submitted with the proof of claim; and (c) citation to applicable authority supporting the objection;
6. If you wish to present oral argument to the Court on your objection at the hearing, the objection must indicate your intention to appear at the hearing and make such oral argument. Failure to expressly state an intention to make oral argument in your objection may be deemed by the Court to be a waiver of the right to oral argument.

*Failure to file a timely and proper written objection as described above may result in your objection being denied.* If the Court approves your claim in whole or in part, it does not mean that you will actually receive the allowed amount as ordered by the Court. The amount of payment on your claim, if any, is dependent upon the class or priority the Court assigns your claim based on Oklahoma law, and the assets in the estate available for payment. Certain legal matters still pending before the Court may prevent the payment of claims for some time. Any questions regarding this Notice, the Receiver's Recommendations as to your claim or any of the other claims to be heard during the hearing on the date referenced above should be directed to the Assistant Receiver's Office. Contact information for the Assistant Receiver's Office is set forth below:

**Assistant Receiver's Office**

Nestor Romero, Assistant Receiver  
Albuquerque, NM  
10433 Montgomery Parkway Loop, NE  
Albuquerque, NM 87111  
Telephone: (505) 944-0058  
Facsimile: (505) 944-0059

**Receiver's Counsel Address:**

Ryan Leonard  
Robert Edinger  
Jason Reese  
Meyer, Leonard & Edinger  
100 Park Ave., Suite 500  
Oklahoma City, OK 73102  
Telephone: (405) 702-9900  
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