

IN THE SUPREME COURT OF THE STATE OF NEVADA

COMMISSIONER OF INSURANCE
FOR THE STATE OF NEVADA AS
RECEIVER OF LEWIS AND CLARK
LTC RISK RETENTION GROUP,
INC.,

Petitioner,

vs.

THE EIGHTH JUDICIAL DISTRICT
COURT OF THE STATE OF
NEVADA, IN AND FOR THE
COUNTY OF CLARK, AND THE
HONORABLE NANCY L. ALLF,
DISTRICT JUDGE, DEPARTMENT
NO. XXVII,

Respondents,

ROBERT CHUR, STEVE FOGG,
MARK GARBER, CAROL HARTER,
ROBERT HURLBUT, BARBARA
LUMPKIN, JEFF MARSHALL, ERIC
STICKELS, UNI-TER UNDER-
WRITING MANAGEMENT CORP.,
UNI-TER CLAIMS SERVICES
CORP., and U.S. RE CORPORATION

Real Parties
in Interest

) Supreme Court No.

)

) Dist. Ct. Case. No.

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

)

Electronically Filed

Sep 29 2020 11:32 a.m.

Elizabeth A. Brown

Clerk of Supreme Court

APPENDIX TO PETITION

FOR A WRIT OF MANDAMUS

VOLUME 5 OF 10

Chronological Index

Doc No.	Description	Vol.	Bates Nos.
1	Complaint, filed 12/23/2014	1	PA000001-PA000133
2	Motion to Dismiss, filed 12/11/2015	1	PA000134-PA000146
3	Opposition to Motion to Dismiss, filed 1/15/2016	1	PA000147-PA000162
4	Transcript re: Directors' Motion to Dismiss, hearing held on 1/27/2016	1	PA000163-PA000171
5	Notice of Entry of Order Granting in Part and Denying in Part Motion to Dismiss, filed 2/26/2016	1	PA000172-PA000177
6	First Amended Complaint, filed 4/1/2016	1	PA000178-PA000696
7	Motion to Dismiss First Amended Complaint, filed 4/18/2016	2	PA000697-PA000723
8	Decision and Order, filed 5/4/2016	2	PA000723-PA000732
9	Opposition to Motion to Dismiss First Amended Complaint, filed 5/5/2016	2	PA000733-PA000820
10	Reply to Motion to Dismiss First Amended Complaint, filed 5/19/2016	2	PA000821-PA000831
11	Second Amended Complaint, filed 6/13/2016	2	PA000832-PA001353
12	Supplemental Motion to Dismiss First Amended Complaint, filed 7/18/2016	2	PA001354-PA001358
13	Third Amended Complaint, filed 8/5/2016	2, 3	PA001359-PA001887

14	U.S. Re Corporation's Answer to Third Amended Complaint, filed 8/12/2016	3	PA001888-PA001903
15	Uni-Ter Claims Services Corp.'s Answer to Third Amended Complaint, filed 8/12/2016	3	PA001904-PA001919
16	Second Supplement to Motion to Dismiss First Amended Complaint, filed 9/2/2016	3	PA001920-PA001923
17	Notice of Entry of Order Denying Motion to Dismiss First Amended Complaint, filed 10/11/2019	3	PA001924-PA001928
18	Answer to Third Amended Complaint [Directors'], filed 10/21/2016	3	PA001929-PA001952
19	Motion for Judgment on the Pleadings, filed 8/14/2018	3, 4	PA001953-PA002232
20	Opposition to Motion for Judgment on the Pleadings, filed 9/19/2018	4, 5	PA002233-PA002584
21	Reply to Motion for Judgment on the Pleadings, filed 10/4/2018	6	PA002585-PA002700
22	Transcript re: hearing held on 10/11/2018 re: all pending motions	6	PA002701-PA002722
23	Order Denying Motion for Judgment on the Pleadings, filed 11/2/2018	6	PA002723-PA002725
24	Motion for Reconsideration, filed 11/29/2018	6	PA002726-PA002744
25	Opposition to Motion for Reconsideration, filed 12/27/2018	6	PA002745-PA002758
26	Reply to Motion for Reconsideration, filed 1/4/2019	6	PA002759-PA002772
27	Transcript re: hearing held on 1/9/2019 re: Motion for Reconsideration	6	PA002773-PA002791
28	Scheduling Order, filed 1/29/2019	6	PA002792-PA002794

29	Order Denying Motion for Reconsideration, filed 2/11/2019	6	PA002795-PA002798
30	Motion for Stay Pending Petition, filed 3/8/2019	6	PA002799-PA002812
31	Joinder to Motion for Stay Pending Petition, filed 3/11/2019	7	PA002813-PA002822
32	Opposition to Motion for Stay Pending Petition, filed 3/12/2019	7	PA002823-PA002856
33	Reply to Motion for Stay Pending Petition, filed 3/13/2019	7	PA002857-PA002863
34	Court Minutes re: Motion to Stay Pending Petition, 3/14/2019	7	PA002864-PA002865
35	Order Granting Motion for Stay, filed 4/4/2019	7	PA002866-PA002868
36	Motion to Lift Stay, filed 7/2/2019	7	PA002869-PA002886
37	Opposition to Motion to Lift Stay, filed 7/9/2019	7	PA002887-PA002892
38	Response to Motion to Lift Stay, filed 7/10/2019	7	PA002893-PA002897
39	Court Minutes re: Motion to Lift Stay, 7/11/2019	7	PA002898-PA002899
40	Notice of Entry of Order Denying Motion to Lift Stay, filed 8/12/2019	7	PA002900-PA002905
41	Motion for Clarification, filed 4/6/2020	7	PA002906-PA002915
42	Limited Opposition to Motion for Clarification [Directors'], filed 4/8/2020	7	PA002916-PA002920
43	Limited Opposition to Motion for Clarification [Uni-Ter], filed 4/9/2020	7	PA002921-PA002940

44	Transcript re: hearing held on 4/10/2020 re: Motion for Clarification	7	PA002941-PA002954
45	Notice of Entry of Order re: Motion for Clarification, filed on 4/28/2020	7	PA002955-PA002960
46	Transcript re: hearing held on 6/18/2020 re: Motion for Clarification	7	PA002961-PA002971
47	Notice of Entry of Order re: Motion for Clarification, filed 6/30/2020	7	PA002972-PA002981
48	Motion for Leave to File Fourth Amended Complaint, filed 7/2/2020	7	PA002982-PA003013
49	Opposition to Motion for Leave to File Fourth Amended Complaint [Directors'], filed 7/17/2020	7	PA003014-PA003044
50	Opposition to Motion for Leave to File Fourth Amended Complaint [Unit-Ter], filed 7/17/2020	8	PA003045-PA003072
51	Reply to Motion for Leave to file Fourth Amended Complaint, filed 7/21/2020	8	PA003073-PA003245
52	Transcript re: hearing held on 7/23/2020 re: all pending motions	8	PA003246-PA003273
53	Answer to Third Amended Complaint [U.S. Re Corporation], filed 8/7/2020	9	PA003274-PA003289
54	Amended Answer to Third Amended Complaint [Uni-Ter Underwriting Management Corp.], filed 8/7/2020	9	PA003290-PA003306
55	Amended Answer to Third Amended Complaint [Uni-Ter Claims Services Corp.], filed 8/7/2020	9	PA003307-PA003323
56	Order Denying Motion for Leave to File Fourth Amended Complaint, filed 8/10/2020	9	PA003324-PA003329
57	Motion for Partial Reconsideration of Motion	9	PA003330-

	for Leave, filed 8/14/2020		PA003361
58	Opposition to Motion for Partial Reconsideration, filed 8/24/2020	9, 10	PA003362-PA003515
59	Reply to Motion for Partial Reconsideration, filed 8/25/2020	10	PA003516-PA003525
60	Transcript re: hearing held on 8/26/2020 re: all pending motions	10	PA003526-PA003548
61	Motion for Stay Pending Petition, filed 8/28/2020	10	PA003549-PA003625
62	Opposition to Motion for Stay, filed 9/1/2020	10	PA003626-PA003630
63	Motion to Certify Judgment as Final, filed 9/3/2020	10	PA003631-PA003641
64	Transcript re: hearing held on 9/3/2020 re: all pending motions	10	PA003642-PA003659
65	Opposition to Motion to Certify Judgment as Final [Directors'], filed 9/8/2020	10	PA003660-PA003662
66	Opposition to Motion to Certify Judgment as Final [Uni-Ter], filed 9/8/2020	10	PA003663-PA003675
67	Notice of Entry of Order Denying Motion for Partial Reconsideration, filed 9/10/2020	10	PA003676-PA003690
68	Notice of Entry of Order Granting Motion to Stay, filed 9/17/2020	10	PA003691-PA003702
69	Order Granting Judgment on the Pleadings, filed 8/13/2020	10	PA003703-PA003707

Alphabetical Index

Doc No.	Description	Vol.	Bates Nos.
55	Amended Answer to Third Amended	9	PA003307-

	Complaint [Uni-Ter Claims Services Corp.], filed 8/7/2020		PA003323
54	Amended Answer to Third Amended Complaint [Uni-Ter Underwriting Management Corp.], filed 8/7/2020	9	PA003290-PA003306
18	Answer to Third Amended Complaint [Directors'], filed 10/21/2016	3	PA001929-PA001952
53	Answer to Third Amended Complaint [U.S. Re Corporation], filed 8/7/2020	9	PA003274-PA003289
1	Complaint, filed 12/23/2014	1	PA000001-PA000133
39	Court Minutes re: Motion to Lift Stay, 7/11/2019	7	PA002898-PA002899
34	Court Minutes re: Motion to Stay Pending Petition, 3/14/2019	7	PA002864-PA002865
8	Decision and Order, filed 5/4/2016	2	PA000723-PA000732
6	First Amended Complaint, filed 4/1/2016	1	PA000178-PA000696
31	Joinder to Motion for Stay Pending Petition, filed 3/11/2019	7	PA002813-PA002822
42	Limited Opposition to Motion for Clarification [Directors'], filed 4/8/2020	7	PA002916-PA002920
43	Limited Opposition to Motion for Clarification [Uni-Ter], filed 4/9/2020	7	PA002921-PA002940
41	Motion for Clarification, filed 4/6/2020	7	PA002906-PA002915
19	Motion for Judgment on the Pleadings, filed 8/14/2018	3, 4	PA001953-PA002232
48	Motion for Leave to File Fourth Amended Complaint, filed 7/2/2020	7	PA002982-PA003013

57	Motion for Partial Reconsideration of Motion for Leave, filed 8/14/2020	9	PA003330-PA003361
24	Motion for Reconsideration, filed 11/29/2018	6	PA002726-PA002744
30	Motion for Stay Pending Petition, filed 3/8/2019	6	PA002799-PA002812
61	Motion for Stay Pending Petition, filed 8/28/2020	10	PA003549-PA003625
63	Motion to Certify Judgment as Final, filed 9/3/2020	10	PA003631-PA003641
2	Motion to Dismiss, filed 12/11/2015	1	PA000134-PA000146
7	Motion to Dismiss First Amended Complaint, filed 4/18/2016	2	PA000697-PA000723
36	Motion to Lift Stay, filed 7/2/2019	7	PA002869-PA002886
67	Notice of Entry of Order Denying Motion for Partial Reconsideration, filed 9/10/2020	10	PA003676-PA003690
17	Notice of Entry of Order Denying Motion to Dismiss First Amended Complaint, filed 10/11/2019	3	PA001924-PA001928
40	Notice of Entry of Order Denying Motion to Lift Stay, filed 8/12/2019	7	PA002900-PA002905
5	Notice of Entry of Order Granting in Part and Denying in Part Motion to Dismiss, filed 2/26/2016	1	PA000172-PA000177
68	Notice of Entry of Order Granting Motion to Stay, filed 9/17/2020	10	PA003691-PA003702
45	Notice of Entry of Order re: Motion for Clarification, filed on 4/28/2020	7	PA002955-PA002960
47	Notice of Entry of Order re: Motion for	7	PA002972-

	Clarification, filed 6/30/2020		PA002981
20	Opposition to Motion for Judgment on the Pleadings, filed 9/19/2018	4, 5	PA002233-PA002584
49	Opposition to Motion for Leave to File Fourth Amended Complaint [Directors'], filed 7/17/2020	7	PA003014-PA003044
50	Opposition to Motion for Leave to File Fourth Amended Complaint [Unit-Ter], filed 7/17/2020	8	PA003045-PA003072
58	Opposition to Motion for Partial Reconsideration, filed 8/24/2020	9, 10	PA003362-PA003515
25	Opposition to Motion for Reconsideration, filed 12/27/2018	6	PA002745-PA002758
62	Opposition to Motion for Stay, filed 9/1/2020	10	PA003626-PA003630
32	Opposition to Motion for Stay Pending Petition, filed 3/12/2019	7	PA002823-PA002856
65	Opposition to Motion to Certify Judgment as Final [Directors'], filed 9/8/2020	10	PA003660-PA003662
66	Opposition to Motion to Certify Judgment as Final [Uni-Ter], filed 9/8/2020	10	PA003663-PA003675
3	Opposition to Motion to Dismiss, filed 1/15/2016	1	PA000147-PA000162
9	Opposition to Motion to Dismiss First Amended Complaint, filed 5/5/2016	2	PA000733-PA000820
37	Opposition to Motion to Lift Stay, filed 7/9/2019	7	PA002887-PA002892
23	Order Denying Motion for Judgment on the Pleadings, filed 11/2/2018	6	PA002723-PA002725
56	Order Denying Motion for Leave to File Fourth Amended Complaint, filed 8/10/2020	9	PA003324-PA003329

29	Order Denying Motion for Reconsideration, filed 2/11/2019	6	PA002795-PA002798
69	Order Granting Judgment on the Pleadings, filed 8/13/2020	10	PA003703-PA003707
35	Order Granting Motion for Stay, filed 4/4/2019	7	PA002866-PA002868
21	Reply to Motion for Judgment on the Pleadings, filed 10/4/2018	6	PA002585-PA002700
51	Reply to Motion for Leave to file Fourth Amended Complaint, filed 7/21/2020	8	PA003073-PA003245
59	Reply to Motion for Partial Reconsideration, filed 8/25/2020	10	PA003516-PA003525
26	Reply to Motion for Reconsideration, filed 1/4/2019	6	PA002759-PA002772
33	Reply to Motion for Stay Pending Petition, filed 3/13/2019	7	PA002857-PA002863
10	Reply to Motion to Dismiss First Amended Complaint, filed 5/19/2016	2	PA000821-PA000831
38	Response to Motion to Lift Stay, filed 7/10/2019	7	PA002893-PA002897
28	Scheduling Order, filed 1/29/2019	6	PA002792-PA002794
11	Second Amended Complaint, filed 6/13/2016	2	PA000832-PA001353
16	Second Supplement to Motion to Dismiss First Amended Complaint, filed 9/2/2016	3	PA001920-PA001923
12	Supplemental Motion to Dismiss First Amended Complaint, filed 7/18/2016	2	PA001354-PA001358
13	Third Amended Complaint, filed 8/5/2016	2, 3	PA001359-PA001887

4	Transcript re: Directors' Motion to Dismiss, hearing held on 1/27/2016	1	PA000163-PA000171
22	Transcript re: hearing held on 10/11/2018 re: all pending motions	6	PA002701-PA002722
27	Transcript re: hearing held on 1/9/2019 re: Motion for Reconsideration	6	PA002773-PA002791
44	Transcript re: hearing held on 4/10/2020 re: Motion for Clarification	7	PA002941-PA002954
46	Transcript re: hearing held on 6/18/2020 re: Motion for Clarification	7	PA002961-PA002971
52	Transcript re: hearing held on 7/23/2020 re: all pending motions	8	PA003246-PA003273
60	Transcript re: hearing held on 8/26/2020 re: all pending motions	10	PA003526-PA003548
64	Transcript re: hearing held on 9/3/2020 re: all pending motions	10	PA003642-PA003659
14	U.S. Re Corporation's Answer to Third Amended Complaint, filed 8/12/2016	3	PA001888-PA001903
15	Uni-Ter Claims Services Corp.'s Answer to Third Amended Complaint, filed 8/12/2016	3	PA001904-PA001919

CERTIFICATE OF SERVICE

I certify that I am an employee of HUTCHISON & STEFFEN, LLC and that on this date **APPENDIX TO PETITION FOR A WRIT OF MANDAMUS VOLUME 5 OF 10** was filed electronically with the Clerk of the Nevada Supreme Court, and therefore electronic service was made in accordance with the master service list as follows:

George F. Ogilvie III, Esq. (3352)
McDonald Carano LLP
2300 West Sahara Ave., Ste. 1200
Las Vegas, NV 89102

Attorney for Uni-Ter Defendants

Angela T. Nakamura Ochoa, Esq.
(10164)
Lipson Neilson
9555 Hillwood Dr., 2nd Floor
Las Vegas, NV 89134

Attorney for Director Defendants

Further, a copy was mailed via U.S. Mail to the following:

The Honorable Nancy Allf
Eighth Judicial District Court
Regional Justice Center
200 Lewis Avenue
Department XXVII
Las Vegas, Nevada 89155

DATED this 28th day of September, 2020.

/s/ Kaylee Conradi

An employee of Hutchison & Steffen, PLLC

described every step of Praxis's review in detail and expressly disclosed that Praxis based its findings on "limited file reviews" of files "identified [to] illustrate" the claims process. (Ex. A at 1-2.) After being fully informed of the precise details and limitations of Praxis's review, the plaintiffs cannot plausibly claim to have been misled about its scope.

Second, the plaintiffs suggest either that the defendants failed to disclose the results of Uni-Ter's late-November and December reviews or that those reviews render the defendants' earlier statements misleading. (Compl. ¶¶ 71, 73.) But those reviews occurred in late November and December, *after* any alleged misstatement. Logic dictates that information learned in December cannot support an allegation that statements made the previous September were knowingly false. *See Prime Mover Capital Partners L.P. v. Elixir Gaming Techs., Inc.*, 898 F. Supp. 2d 673, 690 (S.D.N.Y. 2012) ("[p]laintiffs simply cannot rely on the figures announced for December to support their allegations that the statements made three months earlier were false").

The plaintiffs attempt to avoid this reality by baldly asserting that the defendants "knew" (and failed to disclose) in September that Praxis "was going to" conduct a subsequent review in December.⁷ (Compl. ¶ 72.) But the plaintiffs fail to allege any actual *facts* supporting their theory that the defendants knew in September about actions they did not take until months later. Rather, plaintiffs simply "purport to read [the defendants'] mind[s]." *Glaser v. The9, Ltd.*, 772 F. Supp. 2d 573, 595 (S.D.N.Y. 2011). The plaintiffs cannot plead falsity with a conclusory allegation that the defendants "knew" in September 2011 that they would take certain steps two months later. *See San Leandro Emergency Med. Grp. Profit Sharing Plan v. Philip Morris Cos.*,

⁷ Notably, plaintiffs fail to make even this inadequate allegation with respect to Ms. Dalton. (*See* Compl. ¶ 72 ("U.S. Re, Uni-Ter, Mr. Elsass, Ms. Miller, and Mr. Davies before the September 21, 2011 meeting knew that Praxis was going to be evaluating the amount of Lewis & Clark's loss reserves because it was likely that the reserves needed to be materially larger."))

75 F.3d 801, 812 (2d Cir. 1996) (“Plaintiffs allege no circumstances to support their allegation that the allegedly false statements, made at least three weeks before the [sales] figure was announced, were false at the time made.”).

Moreover, the plaintiffs’ actual factual allegations elsewhere in the complaint directly contradict this theory. According to the complaint, “U.S. Re required Uni-Ter to retain Praxis *in December 2011* . . . based on the significantly adverse findings of the internal review” conducted “in *late November 2011*.” (Compl. ¶¶ 71, 73 (emphasis added).) Thus, according to the plaintiffs’ own complaint, Uni-Ter did not decide to engage Praxis for an additional review until *after* it completed its own internal review in late November. As a result, the Court should disregard plaintiffs’ contradictory allegation that the defendants “knew” in September they would engage Praxis for the December review. This Court “is neither obligated to reconcile nor accept the contradictory allegations in the pleadings as true in deciding a motion to dismiss.” *U.S. Bank Nat’l. Ass’n v. Bank of Am., N.A.*, No. 12 Civ. 4873, 2012 WL 6136017, at *7 (S.D.N.Y. Dec. 11, 2012).

II. THE FRAUD CLAIMS FAIL TO ALLEGE FACTS SUPPORTING A STRONG INFERENCE OF SCIENTER.

Under the Reform Act, a plaintiff must allege scienter with specific facts that “give rise to a strong inference” of fraudulent intent. *Harborview Value Masterfund, L.P. v. Freeline Sports, Inc.*, No. 11 Civ. 1638, 2012 WL 612358, at *9 (S.D.N.Y. Feb. 23, 2012). A “strong inference” of scienter “must be ‘more than merely plausible or reasonable—it must be cogent and at least as compelling as any opposing inference of nonfraudulent intent.’” *ECA & Local 134 IBEW Joint Pension Trust of Chicago v. JP Morgan Chase Co.*, 553 F.3d 187, 198 (2d Cir. 2009) (quoting *Tellabs, Inc. v. Makor Issues & Rights, Ltd.*, 551 U.S. 308, 314 (2007)). Moreover, “plaintiffs must allege scienter adequately as to each individual defendant.” *Warchol*

v. Green Mountain Coffee Roasters, Inc., No. 10 Civ. 227, 2012 WL 256099, at *7 (D. Vt. Jan. 27, 2012) (citing *Teamsters Allied Benefit Funds v. McGraw*, No. 09 Civ. 140, 2010 WL 882883, at *11 n. 6 (S.D.N.Y. Mar. 11, 2010)).

To meet this burden under Second Circuit law, a plaintiff may allege either “(a) facts showing that defendants had both motive and opportunity to commit fraud, or (b) facts constituting strong circumstantial evidence of conscious misbehavior or recklessness.” *Harborview Value Masterfund*, 2012 WL 612358, at *8-9 (citation omitted). But “regardless of the manner in which a plaintiff attempts to plead scienter, at the end of its evaluation, the Court must be convinced that the inference of scienter is ‘at least as compelling’ as any competing inferences.” *Fort Worth Employers’ Ret. Fund v. Biovail Corp.*, 615 F. Supp. 2d 218, 225 (S.D.N.Y. 2009) (quoting *Teamsters Local 445 Freight Div. Pension Fund v. Dynex Capital Inc.*, 531 F.3d 190, 197 (2d Cir. 2008)). The complaint falls far short of this threshold.

A. The Plaintiffs Fail to Identify Concrete Benefits to Mr. Elsass or Ms. Dalton from the Alleged Misstatements

The plaintiffs may allege scienter based on “sufficient motive allegations ‘entail[ing] concrete benefits that could be realized by one or more of the false statements and wrongful nondisclosures alleged.’” *Kalnit v. Eichler*, 264 F.3d 131, 139 (2d Cir. 2001) (quoting *Novak v. Kasaks*, 216 F.3d 300, 307 (2d Cir. 2000)). But “[m]otives . . . generally possessed by most corporate directors and officers do not suffice” to plead securities fraud. *Kalnit*, 264 F.3d at 139.

Plaintiffs fail to identify any “concrete benefits” Mr. Elsass or Ms. Dalton realized by any alleged misstatement. Indeed, they do not even purport to identify a specific motivation for *Mr. Elsass or Ms. Dalton* as individuals to commit fraud. Rather, the plaintiffs ascribe various motives to “Uni-Ter” or “U.S. Re.” (See Compl. ¶¶ 79-81, 88.) These allegations fail to

plead facts establishing that any *individual* had a motive to commit fraud. *See Teamsters Local 445 Freight Div. Pension Fund v. Dynex Capital Inc.*, 531 F.3d 190, 195 (2d Cir. 2008).

In addition, the motives plaintiffs describe are “generally possessed by most corporate officers and directors” and do not allege the sorts of “concrete benefits” required to plead scienter. *Kalnit*, 264 F.3d at 139. Specifically, plaintiffs allege that defendants were motivated to commit fraud by a desire to (a) delay Lewis & Clark’s insolvency (Compl. ¶¶ 79, 88); (b) protect their business reputations (*id.* ¶ 80); (c) “capture additional business” or “expand its market share” (*id.* ¶¶ 81, 88); and (d) “continue receiving management fees” (*id.* ¶ 81). But there is nothing unusual or nefarious about a desire to protect one’s reputation and build a successful business. Courts consistently reject allegations that defendants were “‘uniquely motivated’ to commit fraud because they wanted . . . to remain solvent and preserve their reputations.” *Kuriakose v. Federal Home Loan Mortg. Corp.*, 897 F. Supp. 2d 168, 184 (S.D.N.Y. 2012). As the *Kuriakose* court explained, “[f]ar from ‘unique,’ these motivations are ubiquitous in business.” *Id.* As a result, such allegations are “too generalized to allege the proper ‘concrete and personal’ benefit required by the Second Circuit” to allege scienter. *In re PXRE Grp., Ltd. Sec. Litig.*, 600 F. Supp. 2d 510, 532 (S.D.N.Y. 2009); *see also In re Ambac Fin. Grp., Inc. Sec. Litig.*, 693 F. Supp. 2d 241, 266 (S.D.N.Y. 2010) (“desire to increase company profits, keep their jobs, and increase compensation, are classic examples of motives that fail under the Second Circuit analysis as too general”); *Chill v. Gen. Elec. Co.*, 101 F.3d 263, 268 (2d Cir. 1996) (motive to “maintain the appearance of corporate profitability” insufficient).

B. The Plaintiffs Fail to Plead that Mr. Elsass or Ms. Dalton Knew Contradictory Facts

Plaintiffs may also plead scienter “based on recklessness when they have specifically alleged defendants’ knowledge of facts or access to information contradicting their

public statements.” *Kalnit*, 264 F.3d at 142 (quoting *Novak*, 216 F.3d at 308.) But because the plaintiffs here failed to allege motive, they must allege a heightened degree of recklessness “approaching a knowledgeable participation in the fraud or a deliberate and conscious disregard of facts” and “must detail *specific contemporaneous data or information* known to the defendants that was inconsistent with the representation in question.” *Hart v. Internet Wire, Inc.*, 145 F. Supp. 2d 360, 367, 368 (S.D.N.Y. 2001) (quotation marks and citation omitted) (emphasis added).

The plaintiffs suggest with hindsight that Mr. Elsass and Ms. Dalton knew their statements in September were false at the time because they were later contradicted by subsequent claims reviews conducted in late November and December. (Compl. ¶¶ 72-75.) To plead recklessness, however, plaintiffs must allege that defendants “had knowledge of *specific* contradictory information . . . *at the same time* that Defendants made the challenged statements.” *In re PXRE*, 600 F. Supp. 2d at 536 (emphasis in original); *see also Sinay v. CNOOC Ltd.*, No. 12 Civ. 1513, 2013 WL 1890291, at *8 (S.D.N.Y. May 6, 2013) (dismissing complaint because “there is not a single allegation in the complaint specifically identifying any information known to [the defendant] *at the time [it] made any of its allegedly false statements* undermining the accuracy of those statements in any way” (emphasis added)); *Tyler v. Liz Claiborne, Inc.*, 814 F. Supp. 2d 323, 336 (S.D.N.Y. 2011) (plaintiffs must specifically identify contradictory information “available to the defendants . . . *at the same time* they made their misleading statements” (citation omitted) (emphasis in original)); *Landesbank Baden-Wuerttemberg v. Goldman, Sachs & Co.*, No. 11-4443, 2012 WL 1352590, at *2 (2d Cir. Apr. 19, 2012) (allegations that defendants “had access to information that was inconsistent with their alleged misstatements must specifically identify the reports or statements containing this information.”

(quotation marks omitted)). Here, plaintiffs fail to identify any information that Mr. Elsass or Ms. Dalton had access to at the time of the alleged misstatements.

Plaintiffs also assert that the offering memorandum Uni-Ter issued in November 2011 “show[s] that Uni-Ter was acting with *scienter* when it induced Plaintiffs to invest in Lewis & Clark.” (Compl. ¶ 87 (emphasis in original).) There are several things wrong with this theory. First, plaintiffs run into the same timing problem: The plaintiffs explicitly allege that this offering occurred “after the Plaintiffs executed the November 2011 debentures.” (*Id.* ¶ 82.) The contents of an offering memorandum issued after the plaintiffs’ investments say nothing about the defendants’ knowledge at the time of any alleged misstatements to the plaintiffs. Second, the plaintiffs do not allege that Mr. Elsass or Ms. Dalton prepared or reviewed the memorandum or otherwise tie the memorandum to Mr. Elsass or Ms. Dalton in any way. As a result, this memorandum says nothing about their state of mind. *See Janbay v. Canadian Solar, Inc.*, No. 10 Civ. 4430, 2012 WL 1080306, at *11 (S.D.N.Y. Mar. 30, 2012) (dismissing claims against individual defendants where complaint “ties none of the scienter allegations to any Individual Defendant”); *City of Brockton Ret. Sys. v. Shaw Grp., Inc.*, 540 F. Supp. 2d 464, 472-74 (S.D.N.Y. 2008) (no inference of scienter where plaintiffs “do not plead that these individuals had access to particular, identified internal reports that would have alerted them to” the alleged fraud). Finally, on a more basic level, the plaintiffs do not explain *how* this offering memorandum shows that the defendants knew their earlier statements were false, as they must. *See Liz Claiborne*, 814 F. Supp. 2d at 336 (to plead scienter based on recklessness, plaintiffs “must ‘provide specific instances in which Defendants received information that was contrary to their public declarations.’” (quoting *Plumbers & Steamfitters Local 773 Pension Fund v. Canadian Imp. Bank of Comm.*, 694 F. Supp. 2d 287, 299 (S.D.N.Y. 2010))). Plaintiffs do not

identify any information in the Offering Memorandum contradicting the defendants' previous statements.

C. Uni-Ter's Investments in Lewis & Clark Defeat Any Inference of Scienter

The plaintiffs' scienter theory also fails because it cannot account for Uni-Ter's own significant investments in Lewis & Clark during the time of the supposed fraud. The plaintiffs suggest that Mr. Elsass and Ms. Dalton concealed Lewis & Clark's inevitable insolvency at the same time their own company invested half-a-million dollars in Lewis & Clark. (*See Exs. B & C.*) Any suggestion that Uni-Ter invested in Lewis & Clark while Mr. Elsass and Ms. Dalton knew it would ultimately fail "defies economic reason, and therefore does not yield a reasonable inference of" scienter. *Atl. Gypsum Co. v. Lloyds Int'l Corp.*, 753 F. Supp. 505, 514 (S.D.N.Y. 1990). Rather, because of Uni-Ter's investments Mr. Elsass and Ms. Dalton's interests and the plaintiffs' interests were "aligned," defeating any inference of scienter. *Kalnit v. Eichler*, 99 F. Supp. 2d 327, 337 (S.D.N.Y. 2000), *aff'd* 264 F.3d 131 (2d Cir. 2001).

D. The Complaint Supports a Compelling Non-Fraudulent Inference

Not only do the complaint's allegations fail to support an inference of scienter, to the contrary, they strongly support a competing non-fraudulent inference: After years of profitable operations, Lewis & Clark entered into a new line of business (with the plaintiffs' knowledge and consent) and then faced unexpected losses. In response, the defendants disclosed the losses as they learned of them and attempted in good faith, albeit unsuccessfully, to save Lewis & Clark.

As alleged in the complaint, when the defendants learned that Lewis & Clark was suffering its first major losses, they (a) sent a memorandum to the board disclosing the unexpected losses and explaining Uni-Ter's planned response (Compl. ¶ 57); (b) executed the plan as described in the memorandum, including hiring an outside consultant to conduct a claims

review (*id.* ¶ 61); (c) disclosed a detailed report of the consultant’s review clearly explaining the scope and results of the review within days of receiving it (*id.* ¶ 61-62); (d) disclosed “significantly increased claims reserves” to the board and explained that Lewis & Clark needed additional investments to survive (*id.* ¶¶ 56); (e) subsequently sought additional capital from Lewis & Clark’s policyholders through an equity offering (*id.* ¶ 82); (f) continued to monitor and review the situation, including conducting a detailed internal claims review (*id.* ¶ 71); (g) retained outside consultants to conduct another review when it appeared necessary (*id.* ¶ 73); (h) disclosed a detailed report of that subsequent review within two business days of its completion (*id.* ¶ 92); (i) sought a capital contribution from the company’s reinsurer (*id.* ¶ 94); and (j) discussed a possibly recapitalization with the company’s regulators (*id.*). Despite all of these efforts, however, the company failed.

These allegations show that the defendants promptly disclosed negative information—including the initial losses and both Praxis reports—as they learned the information. The law is clear that a defendant’s timely disclosures of unfavorable information negate any inference of an intentional failure to disclose information on the same topic. *See In re Acterna Corp. Sec. Litig.*, 378 F. Supp. 2d 561, 578-79 (D. Md. 2005); *Iron Workers Local No. 25 Pension Fund v. Oshkosh Corp.*, No. 08 Civ. 797, 2010 WL 1287058, at *19 (E.D. Wis. Mar. 30, 2010).

“Rather than suggesting an intent to deceive investors,” these facts “exhibit the defendants engaging in a good-faith process to inform themselves and [their investors]” of the company’s true condition. *Slayton v. Am. Exp. Co.*, 604 F.3d 758, 777 (2d Cir. 2010). Indeed, no plausible reading of the facts alleged in the complaint supports an inference of scienter as cogent and compelling as this competing non-fraudulent inference.

III. THE PLAINTIFFS FAIL TO ALLEGE A TORT DIRECTED AT THE PUBLIC-AT-LARGE SUPPORTING A PUNITIVE DAMAGES CLAIM

Finally, plaintiffs' claim for punitive damages must be dismissed because they do not allege an "egregious tort directed at the public at large," as required to recover punitive damages under New York law. *Steinhardt Grp., Inc. v. Citicorp*, 272 A.D.2d 255, 257 (1st Dep't 2000). Under New York law, the purpose of punitive damages is "'not to remedy private wrongs but to vindicate public rights.'" *Fulton v. Allstate Ins. Co.*, 14 A.D.3d 380, 381 (1st Dep't 2005) (citation omitted). Accordingly, "to recover punitive damages, the plaintiff must allege an 'egregious tort directed at the public at large.'" *Cross*, 2011 WL 2222350, at *2 (quoting *Steinhardt*, 272 A.D.2d at 257). Here, plaintiffs allege, albeit inadequately, fraud in connection with a private business transaction between them and the defendants. Because the complaint contains "no allegations concerning [Mr. Elsass and Ms. Dalton's] conduct directed to the public at large," plaintiffs' claim for punitive damages must be dismissed. *Cross*, 2011 WL 2222350, at *3.

CONCLUSION

For these reasons, defendants Sanford Elsass and Donna Dalton respectfully request that the plaintiffs' claims against them be dismissed with prejudice.

Dated: September 30, 2013
New York, New York

s/ Jamie A. Levitt
Jamie A. Levitt

MORRISON & FOERSTER LLP

Jamie A. Levitt
James J. Beha II
1290 Avenue of the Americas
New York, New York 10104
(212) 468-8000
jlevitt@mofo.com

*Attorneys for Defendants Sanford Elsass and
Donna Dalton*

EXHIBIT 3

LEWIS AND CLARK LTC RISK RETENTION GROUP, INC.
[ADDRESS]

(Date) 12/22/03

Mr. Tal Plesione
Chairman, President & CEO
U.S. RE Corporation
745 Fifth Avenue, 19th Floor
New York, N.Y. 10151

Re: Broker of Record Letter Agreement

Dear Mr. Plesione:

Effective as of (date of receipt of insurance license from domiciliary State), Lewis and Clark LTC Risk Retention Group, Inc. (the "Company") hereby constitutes and appoints U.S. RE Corporation ("U.S. RE") as its exclusive reinsurance intermediary/broker and grants U.S. RE full and complete authority to negotiate the placement of reinsurance or retrocessions on all classes of insurance with unspecified limits of coverage as specifically requested by any underwriter of the Company.

In recognition of the substantial and essential efforts expended by U.S. RE and its affiliates in the organization and licensing of the Company, this appointment is for a period of seven (7) years commencing with the effective date hereof, and during this period U.S. RE shall serve as the exclusive intermediary in connection with the placement of all of the Company's reinsurance. U.S. RE will exercise its best efforts in the discharge of its duties on behalf of the Company. If during this period the Company fails to honor the aforementioned exclusivity, other than as a result of U.S. RE's failure to comply with applicable law, its obligations hereunder, or other than as a result of U.S. RE's gross negligence or intentional breach of this Agreement, the Company will pay to U.S. RE fees equivalent to the amounts of brokerage it would have received had such exclusivity been honored by the Company, and such fees shall be paid on the same schedule as such brokerage amounts would have been paid.

U.S. RE shall render accounts to the Company accurately detailing all material transactions, including information necessary to support all commissions, charges and other fees received by or owing to U.S. RE, and remit all funds to the Company within 30 days of receipt.

All funds collected for the Company's account will be handled by U.S. RE in a fiduciary capacity in a bank which is a qualified United States financial institution. The Company consents to U.S. RE's withdrawal and retention of interest earned on funds in the fiduciary account.

U.S. RE will comply with applicable State Insurance Laws with respect to the content, maintenance and retention of books and records for reinsurance transactions.

U.S. RE will comply with written standards established by the Company for the cession or retrocession of all insured risks.

U.S. RE will disclose to the Company any relationships with any reinsurer to which business will be ceded or retroceded.

U.S. RE will comply with the provisions of the State Insurance Codes, Rules and Regulations governing reinsurance intermediaries/brokers, including the National Association of Insurance Commissioners Reinsurance Intermediary Model Act, as adopted by each state in which the Company is a domiciled or licensed insurer.

Very truly yours,

LEWIS AND CLARK LTC RISK RETENTION GROUP, INC.


By: JEFF E. MARKS
Title: Chief Executive Officer

EXHIBIT 4

MANAGEMENT AGREEMENT

THIS AGREEMENT is made between Lewis & Clark LTC RISK RETENTION GROUP, INC. ("L&C"), a Nevada corporation, and UNI-TER UNDERWRITING MANAGEMENT CORPORATION ("Manager"), which is a wholly owned subsidiary of U.S. RE Companies, Inc. a Delaware corporation, and which shall continue as such wholly owned subsidiary during the term or extended term of this agreement.

ARTICLE I. Term of Agreement

This Agreement is effective as of 1/1/04. It will continue for a period of 7 years from the effective date hereof unless terminated prior thereto under the provisions of Article X of this Agreement, and shall be automatically renewed for an additional (7) years, subject to mutual agreement between the parties as to the terms of such renewal. If the parties are unable to so agree, then L&C shall be free to enter into a selection process for a new managing general agent.

ARTICLE II. Appointment of Manager; Lines of Authority

L&C appoints Manager as its underwriting, administrative, accounting, risk management and claims manager as follows:

- A. Lines of Authority: Manager's appointment and authority extends to the classes of business, policies of insurance, including all endorsements, (the "Policies"); and lines and limits of insurance described in Exhibit A attached to this Agreement (the "Business").
- B. Territory: Manager's appointment and authority extends to risks located in the states set forth in Exhibit A.
- C. Exclusions: Manager's appointment and authority is subject to any exclusions set forth in Exhibit A.
- D. Fiduciary: Manager will serve L&C in a fiduciary capacity for all legal duties.

ARTICLE III. Manager's Duties and Responsibilities

Manager will faithfully perform all of its duties to the best of its professional knowledge, skill and judgment. Manager's duties include the following:

- A. Solicitation: To solicit risks and classes of risks at limits and for lines of insurance authorized in Exhibit A, that in their pricing and insurability meet or exceed the agreed upon underwriting and pricing standards established by L&C in writing.
- B. Binding of Risks: To bind risks only in accordance with Exhibit A and any other agreed upon underwriting and pricing standards established by L&C in writing.

- C. Policy Issuance: To timely and properly issue, deliver and execute or countersign policies, certificates, endorsements, and binders on forms approved by L&C and appropriate regulatory authorities, as required by law, for the business described in Exhibit A.
- D. Risks Bound: To record on the books of L&C each risk or policy bound or written under this Agreement.
- E. Compliance with State and Federal Regulations: To comply fully, timely and promptly with all manuals, rules, guidelines, instructions and directions issued in writing by L&C relating to the business covered by this Agreement as well as to comply with all state and federal rules, regulations, and statutes including those relating to privacy & confidentiality for all L&C business covered hereby.
- F. Premium Rates: To quote accurate premiums and rates for policies bound or written under this agreement in compliance with the approved and applicable rating manuals or rating plans of L&C.
- G. Statistical Reporting: To provide the necessary data processing and statistical records, including the development of any specialized programs which may be required by L&C.
- H. Accounting: To timely account for the business and for the financial affairs of L&C as follows:
1. ~~Manager shall prepare and forward to L&C~~ on a monthly basis, within twenty (20) calendar days of the end of each calendar month, a complete set of financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) basis to include:
 - a. Operating Statement
 - b. Balance Sheet
 - c. Policies written for the month
 - d. Claims incurred for the month
 - e. Accounts receivable summary
 - f. Summary report of all claims, reserves and losses
 2. As of the end of each calendar quarter or calendar year as appropriate, Manager shall prepare and file, in accordance with Statutory Standards and GAAP, quarterly and annual financial statements with the Nevada Department of Insurance and any other State requiring same, including all regulatory forms necessary to keep L&C's Certificate of Authority in good standing.
- I. Fiduciary Capacity – Premium Trust Funds and Assets of L&C: To hold all premiums and assets of L&C in a bank, which is a member of the Federal Reserve System and investment custodian accounts owned by L&C. The bank accounts shall be designated by Manager in such a manner as to clearly establish that Manager is a fiduciary for L&C with respect to all funds so held. L&C funds, under fiduciary control of Manager, may be used as necessary to pay return premiums, claims, and operating expenses of L&C. These funds shall not be used for the operating expenses of Manager.

- J. Copies of Policies: Manager shall maintain copies of all policies, endorsements, policy cancellations, and underwriting file documentation.
- K. Collection of Premiums: To invoice and collect premiums and initial capital assessments on all policies. Other than making a good faith effort to collect all premiums, Manager is not responsible for uncollectable premiums other than to cancel the related policies as applicable. All funds collected for the account of L&C shall be deposited directly into bank accounts owned by L&C. These account(s) shall be used for all payments as directed by L&C and by this Agreement.
- L. Reinsurance Transactions: To pay, collect, and otherwise account for any reinsurance transactions, as authorized by L&C.
- M. L&C Property: To safeguard, maintain and account for all policies, forms, manuals, accounting and claims records, equipment, supplies or anything else furnished Manager by L&C, all of which shall remain the property of L&C. Manager will return all property to L&C promptly upon demand.
- N. Manager Expenses: To pay, assume the obligation for and to be fully responsible for all costs and expenses associated with Manager's performance under this Agreement, including: ~~travel expense, employee and clerical salaries, benefits and expense, risk management fees, postage, advertising, etc.~~ L&C shall be responsible for its own expenses such as license fees, income taxes, premium taxes and assessments, ~~auditor fees, legal fees, investment advisor fees, investment custodian fees, actuarial fees, directors' fees, and salary, benefits and overhead of any direct employees of L&C.~~
- O. Legal Compliance: The Manager shall be responsible for the appointment of qualified agents and brokers (producers) after verification of the license of such producers to lawfully transact the designated line(s) of insurance and shall assure that such producers comply with all laws, regulations, rules and requirements applicable to Manager's activities and, in addition, all written instructions provided from time to time by L&C concerning underwriting requirements and regulatory compliance in general; provided, however, that such written instructions shall not unreasonably alter or amend the terms of this Agreement.
- P. Governmental Contacts: To promptly respond to all contacts and correspondence received from insurance regulatory or other governmental authorities that pertain to business described in Exhibit A, to respond appropriately to all summonses, complaints, subpoenas or other court documents, and to advise L&C of any such items that are of a material nature.
- Q. Claims Handling: To respond to all claims, suits and losses reported to Manager and/or L&C, and to perform the investigation, settlement and payment of each and all claims, and to collect deductibles due and salvage or subrogation. Manager's specific claim handling duties are set forth in Exhibit B.
- R. Risk Management: To arrange for or perform risk management services for the benefit of the insureds of L&C. Such risk management shall have the primary goal of reducing the frequency of medical incidents that give rise to policy claims. Specific risk management duties are set forth in Exhibit C.

- S. Competent Staff: To maintain sufficient supplies and equipment, and a staff of competent and trained personnel, to produce, develop, underwrite and supervise the business covered by this Agreement.
- T. Accurate Records: To keep and maintain separate, identifiable, orderly, accurate, complete and timely records and accounts of all business and transactions pertaining to policies bound or written under the Agreement including complete underwriting and rate files, all claims-related records, all accounting and financial records, regulatory records, and all other records relating to the operations of L&C. Such records and files shall be the property of L&C; provided that Manager may retain copies of all such records and files. In addition, any Insurance Commissioner shall have access to all books, accounts, records and files of Manager for business bound or written under this Agreement and any such books, accounts, records, and files shall be kept in a form acceptable by such Insurance Commissioner. Records of L&C shall be retained according to Section NRS 694C.410 Nevada Statutes.
- U. Electronic Files: All records maintained in electronic format shall be treated the same as hard copy records for purposes of this agreement. Manager shall maintain appropriate data backup procedures and transmit all required data on a timely basis.
- V. Audit: To permit L&C during the term of this agreement to visit, inspect, examine, audit and verify, at Manager's offices, within normal business hours, with or without prior notice any of the properties, accounts, files, documents, books, reports, work papers and other records belonging to or in the possession or control of Manager or of any other person relating to the business covered by this agreement. L&C may make copies and extracts as may be reasonably necessary. L&C may conduct any audit through any person or persons it may designate.
- W. Services: To provide for all usual and customary services to Insureds, Policyholders and subproducers including delivery of policies, return of premiums due Insureds or policyholders and timely, appropriate responses to complaints.
- X. Policy Cancellation and Non-Renewal: To cancel, non-renew or otherwise terminate policies bound or written by or through Manager as required by applicable underwriting standards and consistent with applicable regulatory and policy conditions. L&C shall always retain the right to direct the termination or non-renewal of policies by Manager or to terminate or non-renew policies by direct notice to Insureds or policyholders in accordance with the provisions of applicable state insurance regulations. Manager shall not make, permit, or cause general or indiscriminate cancellations, termination or replacements of policies. Manager shall be responsible for notifying governmental agencies or other persons for whom Manager has certified coverage or provided evidence of insurance.
- Y. Limitations of Authority: Manager shall have no authority to do any of the following acts:
1. Bind reinsurance on behalf of L&C or commit L&C to participate in insurance or reinsurance syndicates. Manager shall have authority to negotiate reinsurance on behalf of, and recommend reinsurance to L&C.

2. Collect any payment from a reinsurer or commit L&C to any claims settlement with a reinsurer without prior approval of L&C. If prior approval is given, report must be forwarded promptly to L&C.
3. Jointly employ an individual who is employed by L&C.
4. Permit any producers appointed pursuant to Article III. O. to serve on the board of directors of Manager.
5. Appoint a submanaging general agent or manager.
6. Without prior approval of L&C, pay or commit L&C to pay a claim over a specified amount, net of reinsurance, which exceeds one (1) percent of L&C's policyholder's surplus as of December 31 of the last completed calendar year.
7. Exceed the maximum policy limits set forth in Exhibit A.
8. Charge a per-policy fee to insureds or policyholders of L&C.
9. Respond to third party or bad faith claims against L&C without the expressed consent of L&C.

ARTICLE IV. Manager's Compensation

L&C will pay the Manager as full compensation for all of its duties and responsibilities under this agreement as follows:

- A. Management Fee: For all services under this Agreement other than claims handling and Risk Management Manager shall receive fees as follows:
 1. During each year of L&C's operations, a sliding scale of commissions at the rate of 22% of the gross written premiums, net of cancellations and non-renewals, between 0-\$5,000,000; 20% of the gross written premiums, net of cancellations and non-renewals, greater than \$5,000,000.
 2. When gross written premiums, net of cancellations and non-renewals, exceed \$15 million the fee is reduced to 17.5%.
- B. Claims Handling Fees: For claims handling services under this Agreement, Manager shall receive a time-and-expense fee as follows:
 1. \$250 file setup fee for each claim or significant incident investigation.
 2. \$95 per hour for claim adjuster/nurse professional time, and actual travel expenses for investigations, mediations, trials, etc.
 3. Claims handling fees shall be billed monthly by Manager, by individual claim.
- C. Payment of Management Fees: Fees are to be paid to Manager monthly within 15 days after the end of each month, based on Manager's actual services provided during the month prior to the payment date.
- D. Profit Sharing Bonus: Manager shall receive a profit sharing bonus based on underwriting profitability of L&C. Such profitability shall be based on earned premiums and incurred losses on policies issued during each calendar year of operations of L&C. Determination of the bonus for each calendar year shall be as of December 31 of the fifth year following the end of each calendar

year, and shall be calculated and paid to Manager no later than March 1 of the year following such fifth year. (For example, for policies issued during 2004, the profit sharing bonus will be calculated as of December 31, 2009 and paid by March 1, 2010.) The amount of the bonus shall be as follows:

<u>Loss Ratio</u>	<u>Profit Sharing Bonus</u>
Greater than 60.1%	None
56.1% to 60.0%	1% of earned premium for calendar year
52.1% to 56.0%	2% of earned premium for calendar year
48.1% to 52.0%	3% of earned premium for calendar year
44.1% to 48.0%	4% of earned premium for calendar year
40.1% to 44.0%	5% of earned premium for calendar year
40.0% or less	6% of earned premium for calendar year

ARTICLE V. Representation with Respect to Policies

Manager will not make nor allow any other person to make any representation to applicants, insureds, policyholders or claimants as to the existence or extent of coverage either available from L&C or under a policy that is not consistent with the terms and conditions of coverages available from L&C or of a policy. Manager shall ensure that Manager or Manager's employees will make known to any applicant, insured or policyholder the full scope and effect of all exclusions and limitations upon or under coverage provided by the Policy.

ARTICLE VI. Insurance of Manager

Manager will maintain for as long as this Agreement remains in force with insurers and on forms acceptable to L&C:

- A. Professional Errors and Omissions policy in an amount not less than \$5,000,000.
- B. Blanket Employee Dishonesty bond covering all employees of Manager in an amount not less than \$1,000,000.

L&C may require certificates of insurance or other evidence that the insurance required by this article is in force. The limits of such coverage adequacy will be reviewed annually by L&C and shall periodically be increased by Manager as the L&C shall determine.

ARTICLE VII. Indemnification

Manager shall be responsible to L&C and shall indemnify, save, defend and hold L&C, including its affiliates, and all officers, directors and employees harmless against any and all claims, suits, hearings, actions, damages of any kind, liability, fines, penalties, loss or expense, including attorney's fees, caused by or arising from any allegation of any act or negligence, misconduct, error, omission or breach of this Agreement by Manager, or Manager's employees, or representatives, and unless the conduct giving rise to the allegation was performed at the specific direction of L&C, provided Manager has not contributed to or compounded the act alleged.

L&C shall be responsible to Manager and shall indemnify, save, defend and hold Manager, including its affiliates, and all officers, directors and employees harmless against any and all claims, suits, hearings, actions, damages of any kind, liability, fines, penalties, loss or expense, including attorney's fees caused by or arising from any act or allegation of any negligence, misconduct, error, omission or breach of this Agreement by L&C, or L&C's employees, or representatives, and unless the conduct giving rise to the allegation was performed at the specific direction of Manager, provided L&C has not contributed to or compounded the act alleged.

ARTICLE VIII. Ownership of Expirations

Records of insureds, policyholders and Policies and their use and control for solicitation of business written or bound by or through Manager, as between Manager and L&C, shall be the sole and exclusive property of L&C. Manager shall be allowed, at Manager's expense, to make and keep copies of all such records.

ARTICLE IX. Termination of Agreement

A. L&C may immediately terminate this Agreement as follows:

Immediately upon written notice to Manager in the event of the following:

1. License Suspension or Revocation: An order of suspension or revocation of Manager's license by any insurance regulatory authority; or
2. Misapplication of Funds: A misapplication, misdirection or misappropriation by Manager of funds or property of L&C or funds received from Policyholders by Manager; or
3. Default: A default under this Agreement by Manager or Manager's failure to timely and fully comply with L&C directives, rules, regulations or manuals; or
4. Conviction: Of a charge brought against Manager or any of Manager's executive officers of violation of the insurance laws or regulations of any jurisdiction or of any law constituting a felony in the jurisdiction in which committed, or of any law whose violation reflects adversely upon the honesty or integrity of Manager or any of Manager's executive officers whether or not classified as a felony; or

5. Bankruptcy: A court order of bankruptcy, receivership or common law composition of creditors, whether voluntary or involuntary.

B. Manager may terminate this Agreement as follows:

Immediately upon written notice to L&C in the event of the occurrence of items 1 or 3 in this Article X. B, and with respect to item 2 of this Article X.B, a finding by a court, government regulator or tribunal pursuant to Article XII hereunder against L&C:

1. Certificate of Authority Suspension or Revocation: An order of suspension or revocation of L&C's Certificate of Authority by an insurance regulatory authority; or
2. Default: A default under this Agreement by L&C.
3. Bankruptcy: A court order of bankruptcy, receivership or common law composition of creditors, whether voluntarily or involuntarily.

ARTICLE X. Cure Provision

In the event L&C shall be entitled to terminate this Agreement pursuant to Article IX, A, 3 above and if Manager shall submit a written plan of correction to L&C (which plan of correction must specifically outline the actions to be taken and the deadline for a final cure of the event which permits L&C's termination right) and if L&C accepts the written plan of correction, then L&C may thereafter terminate this Agreement if the plan of correction fails or is not completed by the deadline specified in the plan of correction:

ARTICLE XI. Continuing Duties of Manager after Termination

Following the effective date of termination of this Agreement, and following the transfer of all records and property of L&C by Manager to L&C, Manager shall have no continuing duties under this Agreement. However, Manager shall fulfill any obligations on Policies during the pendency of any dispute regarding the cause for termination.

ARTICLE XII. Arbitration

- A. Submission to Arbitration: Any dispute arising out of this Agreement shall be submitted to the decision of a board of arbitration composed of two arbitrators and an umpire meeting at the L&C offices in Nevada unless otherwise mutually agreed.
- B. Notice: The notice requesting arbitration shall state in particulars all principal issues to be resolved and shall set a date for the hearing, which date shall be no sooner than 90 days and no later than 120 days from the date that the notice requesting arbitration is mailed.
- C. Arbitration Board Membership: The members of the board of arbitration shall be active or retired and disinterested officials of insurance companies. Each party shall appoint its own arbitrator and the two arbitrators shall choose a third arbitrator as umpire before the date set for the hearing. If a party fails to appoint its arbitrator within 30 days after having received a written request

from the other, the other shall appoint the second arbitrator. If the two arbitrators fail to agree upon the appointment of the umpire within 30 days after their appointment, then the American Arbitration Association shall make the selection of the umpire. The umpire shall promptly notify all parties to the arbitration of his selection.

- D. Submission of Briefs: The parties shall submit their initial briefs within 20 days from appointment of the umpire. Each may submit reply briefs within 10 days after filing the initial briefs.
- E. Arbitration Board: The board shall make an award of monetary damages or other relief with regard to the custom and usage of the insurance business which shall be in writing. The award shall be based upon a hearing in which evidence may be introduced without following strict rules of evidence but in which cross examination and rebuttal shall be allowed. At its own election or at the request of the board, either party may submit a post-hearing brief for consideration of the board within 20 days of the close of the hearing. The board shall make its award within 30 days following the close of the hearing or the submission of post-hearing briefs, whichever is longer, unless the parties consent to an extension. A decision by the majority of the members of the board shall become the award of the board and shall be final and binding upon all parties to the proceeding, however, the board shall have no authority to issue an award for punitive damages. Either party may apply to the United States District Court or to a Nevada State Court of competent jurisdiction for an order confirming the award; a judgment of such Court shall thereupon be entered on the award. If such an order is issued, the attorney's fees of the party so applying and court costs will be paid by the party against whom confirmation is sought.
- F. Arbitration Expense: Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the expense of the umpire. The remaining costs of the arbitration proceedings shall be allocated by the board.
- G. Survival: This Article shall survive the termination of this Agreement.

ARTICLE XIII. Other Terms and Conditions

- A. Waiver: The failure of L&C or Manager to insist on strict compliance with this Agreement, or to exercise any right or remedy shall not constitute a waiver of any rights provided under this Agreement, nor estop the parties from thereafter demanding full and complete compliance nor prevent the parties from exercising such a remedy in the future.
- B. Conflict with Law: If any provision of this Agreement should be declared invalid by a court of general jurisdiction and suspended by specific law or regulation, such law or regulation shall control to the extent of such conflict without affecting the remaining portions of this Agreement.
- C. Assignment: This Agreement may not be assigned in whole or in part by Manager.
- D. Headings: The headings preceding the text of the articles and paragraphs of the Agreement are intended solely for the convenience of reference and shall not affect the meaning, construction or effect of this Agreement.

- E. Governing Law: This Agreement shall be governed as to performance, administration and interpretation by the laws of the State of Nevada.
- F. Honorable Undertaking: This Agreement shall be considered as an honorable undertaking made in good faith and shall be subject to a liberal construction for the purpose of giving effect to the good faith and honorable intentions of Manager and L&C.
- G. Notices: Wherever notice is required under this Agreement, it shall be in writing, sent by certified mail or express delivery, and addressed:

If to L&C:

Vernon E. Leverty
Lewis & Clark LTC Risk Retention Group, Inc.
832 Willow St.
Reno, Nevada 89502

Jeff C. Marshall
President & CEO
Eagle Healthcare Inc.
7330 Northeast Bothell Way, Suite 201
Kenmore, Washington 98028

If to Manager:

Sanford D. Elsass
President
Uni-Ter Underwriting Management Corporation
1200 Ashwood Parkway, Suite 560
Atlanta, GA 30338

- H. Independent Contractor: This Agreement is not a contract for employment and nothing contained in this Agreement shall be construed to create the relationship of joint venture, partnership, or employer and employee between L&C and Manager. Manager is an independent contractor and shall be free, subject to the terms and conditions of this Agreement, to exercise judgment and discretion with regard to the conduct of business.
- I. Entire Agreement: This Agreement supercedes all previous agreements, whether written or oral, between L&C and Manager, or their predecessors with respect to the duties under this Agreement.
 - 1. This Agreement may be amended, altered or modified only in writing signed by both parties.
 - 2. Manuals, rules, regulations, instructions and directions issued in writing by L&C and received by the manager from time to time as provided in this Agreement, shall bind the parties as though a part of this Agreement.

The Manager and L&C have executed this Agreement in duplicate, each of which shall serve as an original:

FOR L&C:

BY:
TITLE:

J. W. Marshall
President

FOR MANAGER:

BY:
TITLE:

[Signature]
President

Exhibit A – Underwriting Authority

To
Management Agreement
Between
Lewis & Clark LTC Risk Retention Group, Inc.
And
Uni-Ter Underwriting Management Corporation

The authority granted Manager is subject to the following definitions and limitations:

- A. Eligibility: Eligible risks include skilled nursing facilities, assisted living facilities, independent living facilities, continuing care retirement communities, or any health care operation whose principal business is to provide long term health care, in accordance with indemnity guidelines; Exhibit C.
- B. Lines of Authority: Professional Liability and General Liability.
- C. Territory: Nevada, Iowa, Idaho, Montana, Oregon, Utah, Washington, Wyoming, Kansas, South Dakota, North Dakota, Colorado, Nebraska
- D. Policy Form: Claims Made form.
- E. Maximum Limits of Liability: \$500,000 per claim, \$1,000,000 aggregate per insured location. Defense costs and supplementary payments are within the limits.
- F. Deductible: A \$5,000 deductible per claim will be assessed.
- G. Maximum Policy Period: One Year.
- H. Underwriting Guidelines: The guidelines contained in the form and rate filings approved for use of L&C by the Nevada Department of Insurance. These guidelines contain specific parameters of classifications, coverage, limits of liability, deductibles, risk selection, premium base, premium calculation, schedule rating plan, rates, extended reporting period option, policy issuance, and risk management.
- I. Cancellation and Nonrenewal: Manager shall comply with all applicable insurance laws and regulations pertaining to the cancellation or nonrenewal of any Policies bound or written under this Agreement.

Exhibit B - Claims Management Authority

To
Management Agreement
Between
Lewis & Clark Risk Retention Group, Inc.
And
Uni-Ter Underwriting Management Corporation

Manager shall handle all aspects of claim processing, subject to the requirements and limitations set forth below, for all claims and allocated loss adjustment expenses subject to this Agreement. All claims shall be handled until settlement or other disposition, except as otherwise indicated in this Agreement.

Manager shall establish and maintain claim files on each reported claim and advise insureds of procedures to be followed when claims arise.

- A. **Routine/Initial Reporting Requirements:** Manager shall report every claim to L&C within thirty (30) days after it receives a claim notice. This reporting shall consist of recording the claim on the accounting records of L&C and advising L&C by means of periodic and special claim reports.
- B. **Special Reporting Requirements:** Separate notice shall be sent by Manager to L&C as soon as any of the following becomes known, or at any time earlier upon L&C's request:
 - 1. If the claim could potentially exceed policy limits or any limit set by L&C, whichever is less.
 - 2. The claim may exceed the Manager's claim settlement authority.
 - 3. The claim is open for more than six months.
 - 4. Involves a coverage dispute, bad faith allegation, or is a third party claim.
 - 5. The claim is closed by payment of one (1) percent of L&C's policyholder surplus or an amount set by L&C, whichever is less.
- C. **Monthly Reporting:** Within 20 days after the close of each month a claims report will be provided listing new claims reported, open reserves, paid claims and ending reserve balances for both indemnity and expense activity.
- D. **Record Ownership and Access:** All claim files shall be the joint property of L&C and Manager. However, upon an order of liquidation of L&C the claims and related application files shall become the sole property of L&C or its estate. Manager shall have reasonable access to and the right to copy the files on a timely basis.
- E. **Settlement Authority:** Manager shall have full authority to settle, issue payment and establish reserves up to the amount of the per claim policy limit of the policy on which a claim is made. Any settlement authority granted to Manager may be terminated for cause upon L&C's written notice to Manager or upon termination of this Agreement. L&C may suspend the settlement

authority during the pendency of any dispute regarding the cause for termination.

- F. Service of Suit: L&C hereby appoints Vernon E. Leverty, Leverty & Associates Law CHTD., 832 Willow Street Reno, Nevada 89502 as agent for receiving service of process on any suit or proceeding involving a claim or loss arising out of a policy issued by Manager on L&C's behalf. Manager shall also have authority to appoint a suitable independent entity as agent for service of process in all states in which L&C may do business as necessary.
- G. Licensed Adjusters: All claims must be adjusted by properly licensed adjusters.
- H. Defense Counsel: Manager will identify defense counsel by state, and will review the qualifications with L&C and obtain the approval of L&C before engaging defense counsel and such review shall be on periodic basis.

**FIRST AMENDMENT TO
MANAGEMENT AGREEMENT**

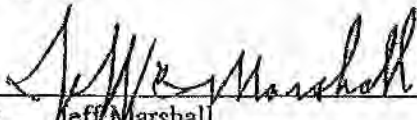
THIS FIRST AMENDMENT TO MANAGEMENT AGREEMENT is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of January 1, 2004.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:


1. Article IV, Subsection A of the Management Agreement is hereby amended to provide that the calculation of gross written premiums shall be made net of the per bed risk management fee charged from time to time, as well as net of cancellations and nonrenewals.

In all other respects, the Management Agreement remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: 
Name: Jeff Marshall
Title: President

UNI-TER UNDERWRITING MANAGEMENT
CORPORATION

By: 
Name: Sanford Elsass
Title: President

**SECOND AMENDMENT TO
MANAGEMENT AGREEMENT**

THIS SECOND AMENDMENT TO MANAGEMENT AGREEMENT is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of February 7, 2005.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Article III, Subsection R of the Agreement is hereby deleted, as all risk management services will be performed under a separate agreement between L&C and Uni-Ter Risk Management Services, Inc.

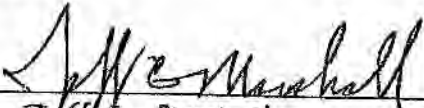
2. Article IV, Subsection A of the Management Agreement is hereby amended to read as follows:

A. Management Fee: For all services under this Agreement other than claims handling and except as provided below, the Manager shall receive fees as follows:


During each year of L&C's operations, commissions at the rate of 12% of the annual gross written premiums (net of cancellations and non-renewals) plus the amount of agency commissions (at rates approved by L&C) payable to retail and wholesale agents appointed by the Manager.

In all other respects, the Management Agreement remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: 
Name: Jeffrey E. Marshall
Title: President

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: 
Name: Sanford Elsass
Title: President

**THIRD AMENDMENT TO
MANAGEMENT AGREEMENT**

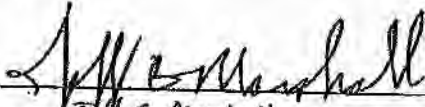
THIS THIRD AMENDMENT TO MANAGEMENT AGREEMENT is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of January 1, 2006.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Article IV, Subsection B. 2. of the Management Agreement is hereby amended to provide that the hourly rate for claim adjuster/professional time is set at \$105 per hour.

In all other respects, the Management Agreement remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: 
Name: J. C. Marshall
Title: Pres. Agent

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: 
Name: Sanford Elsass
Title: President

l:\w-agt\37202\00003 Amd-Mgt Agt.doc

PA002389

LC0130838

**FOURTH AMENDMENT TO
MANAGEMENT AGREEMENT**

THIS FOURTH AMENDMENT TO MANAGEMENT AGREEMENT is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of January 1, 2004.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The following sentence as added after the second sentence in Article IV, Section D. Profit Sharing Bonus:

Thus, for example, for calendar year 2004, earned premiums and incurred losses shall be calculated for all policies issued during calendar year 2004, regardless of the calendar year in which such premiums were earned or in which such losses were incurred.

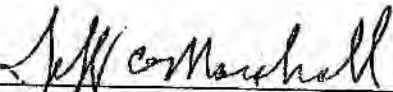
In all other respects, the Management Agreement, as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: _____

Name: _____

Title: _____



Jeff C. Marshall

President

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: _____

Name: _____

Title: _____



Sanford Elsass

President

I:\w-agt\37202\000\4 Amd-Mgt Agt.doc

PA002390

LC0130839

**FIFTH AMENDMENT TO
MANAGEMENT AGREEMENT**

THIS FIFTH AMENDMENT TO MANAGEMENT AGREEMENT is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of January 1, 2004.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Article IV, Section D. Profit Sharing Bonus is revised to read as follows:

Profit Sharing Bonus: Manager shall receive a profit sharing bonus based on underwriting profitability of L&C. Such profitability shall be based on earned premiums and incurred losses on policies issued during each calendar year of operations of L&C. The bonus will be calculated on an accident/report year basis. Thus, for example, for calendar year 2004, premiums earned during 2004 and losses incurred during 2004 shall be calculated, regardless of the calendar year in which the relevant policy was written. Determination of the bonus for each calendar year shall be as of December 31 of the fourth year following the end of each calendar year, and shall be calculated and paid to Manager no later than March 1 of the year following such fourth year. (For example, for policies issued during 2004, the profit sharing bonus will be calculated as of December 31, 2008 and paid by March 1, 2009.) The amount of the bonus shall be as follows:

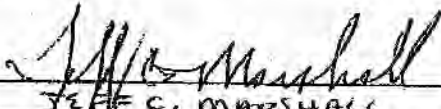
<u>Loss Ratio</u>
Greater than 60.1%
56.1% to 60.0%
52.1% to 56.0%
48.1% to 52.0%
44.1% to 48.0%
40.1% to 44.0%
40.0% or less


<u>Profit Sharing Bonus</u>
None
1% of earned premium for calendar year
2% of earned premium for calendar year
3% of earned premium for calendar year
4% of earned premium for calendar year
5% of earned premium for calendar year
6% of earned premium for calendar year

In all other respects, the Management Agreement, as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: 
Name: JEFF C. MARSHALL
Title: PRESIDENT

By: 
Name: Sanford Elsass
Title: President

PA002391

LC0130840

**SIXTH AMENDMENT TO
MANAGEMENT AGREEMENT**


THIS SIXTH AMENDMENT TO MANAGEMENT AGREEMENT is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of April 1, 2007.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:


1. Article IV, Subsection B. 2. of the Management Agreement is hereby amended to provide that the hourly rate for claim adjuster/professional time is set at \$125 per hour.

In all other respects, the Management Agreement remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: 
Name: Madeene Wood-Closter
Title: Secretary

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: 
Name: Sanford Elsass
Title: President

**SEVENTH AMENDMENT TO
MANAGEMENT AGREEMENT**

THIS SEVENTH AMENDMENT TO MANAGEMENT AGREEMENT is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of December 1, 2009.

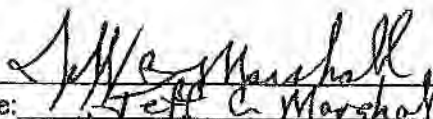
For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. The following sentence as added at the end of Article IV, Section A. Management Fee:


The above provisions are applicable to L&C's long term care facility/home health care book of business. With respect to L&C's nurse/nurse practitioner book of business produced by agents, commissions shall be payable each year at a rate of 37.5% of the annual gross written premiums (net of cancellations and non-renewals) (with the Manager responsible for paying the amount of any agency commissions payable to retail and wholesale agents appointed by the Manager). For such business sold directly by the Company, the commission rate shall be 30.0%.

In all other respects, the Management Agreement, as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: 
Name: Jeff C. Marshall
Title: President

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: 
Name: Sanford Elsass
Title: President

**EIGHTH AMENDMENT TO
MANAGEMENT AGREEMENT**

THIS EIGHTH AMENDMENT TO MANAGEMENT AGREEMENT is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of January 1, 2004.

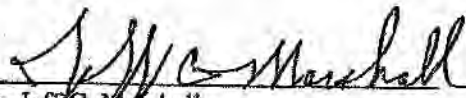
For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

- I. Article IV, Section C is hereby revised to read as follows:

C. Payment of Management Fees. Fees are to be paid to Manager and adjusted on a continuing basis when and as premiums are collected or adjusted on behalf of L&C.

In all other respects, the Management Agreement, as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: 
Name: Jeff C. Marshall
Title: President

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION


By: 
Name: Sanford Elsass
Title: President

EXHIBIT 5

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON MARCH 1, 2005**

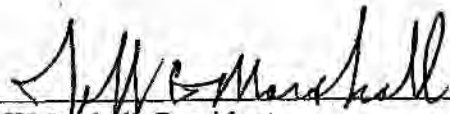
A telephonic meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held on March 1, 2005.

The Board noted that all directors were present, in addition to Sanford Elsass of Uni-Ter Underwriting Management Corporation, and Curtis Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The Board, upon Uni-Ter's recommendations, approved the terms of the Merger Agreement (and associated documents) with Henry Hudson LTC Risk Retention Group, Inc. The Board concluded, with Katherine Julin abstaining, not to hire counsel to represent its interests with respect to the Merger.
2. The Board approved a revision to the terms of the reimbursement of \$75,000 to TIS Healthcare Services to set such reimbursement at a rate of \$30 per insured bed, payable from subscriptions received, on subscriptions obtained from TIS business.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Jeff Marshall, President

EXHIBIT 6

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON JANUARY 21, 2004**

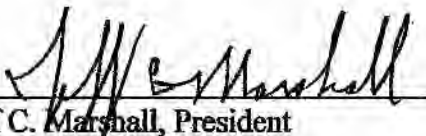
A telephonic meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at 1:00 p.m. PST on January 21, 2004.

The Board of Directors noted that all directors, with the exception of Thomas H. Gray, were present, in addition to Sanford Elsass of Uni-Ter Underwriting Management Corporation.

The following matters were presented to the Board and were discussed and/or approved as noted:

1. The Board resolved to discontinue offering "intermediate care" coverage and to place facilities formerly considered in such category in the skilled care category.
2. The Board resolved to amend the claims trigger point by amending the definition of claim in the Corporation's policies to mean the insured's receipt of written notice of a potential claim, which potential claim is one the insured believes is reasonably likely to be asserted by the claimant.
3. Uni-Ter reported on the scheduling of meetings with potential reinsurers and the issuance by HUD of a formal notice regarding professional liability coverage for HUD financed health care facilities.
4. After discussion, the Board deferred further consideration of advertising the Corporation's insurance business.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Jeff C. Marshall, President

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON FEBRUARY 3, 2004**

A meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at the Seattle Marriott Hotel, Seattle, Washington at 9:00 a.m. on February 3, 2004.

The Board of Directors noted that all directors were present, in addition to Sanford Elsass, Doris Cleveland, and Kathi Cavallo of Uni-Ter Underwriting Management Corporation and Curtis H. Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. (attending by telephone). Chuck Sheehan of Uni-Ter and Larry Shatoff of U.S. RE Companies also attended portions of the meeting by telephone.

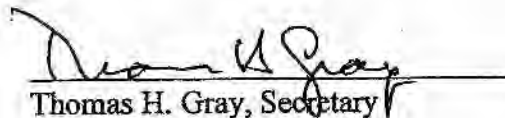
The following matters were presented to the Board and were discussed and/or approved as noted.

1. The minutes of the Board meeting on December 22, 2003 were approved.
2. The seal of the Corporation, an impression of which is affixed hereto, was approved and adopted as the corporate seal of the Corporation.
3. The form of stock certificate presented to the Board, a specimen copy of which is to be made part of these minutes, was adopted as the stock certificate of this Corporation.
4. The Board discussed the claims trigger under the insurance policies to be issued by the Corporation and requested further recommendations from Uni-Ter.
5. The Board received an extensive report from Uni-Ter on marketing efforts to date and approved efforts by the Corporation to join relevant state long term care associations and specified regional advertising efforts.
6. The Board reviewed premiums written and capital raised to date and approved the reimbursement of organizational expenses.
7. The Board approved the extension of the Corporation stock offering.
8. The Board discussed the Corporation's banking arrangements and approved the addition of Kathi Cavallo and Jim Martin as signatories to the Nevada State Bank account and the addition of Kathi Cavallo as a signatory to the SouthTrust account, with two signatures to be required for both accounts in all events, and directed Uni-Ter to proceed with documentation of same.
9. The Board received a report from Mr. Shatoff regarding efforts to place reinsurance on behalf of the Corporation at a level of \$500,000 excess of \$500,000 per claim in order to allow the Corporation to issue policies with

coverage of \$1,000,000/\$3,000,000. The Board directed U.S. RE to proceed with efforts to place such reinsurance and directed Uni-Ter to proceed with necessary steps, including regulatory filings, to allow the Corporation to offer policies with coverage of \$1,000,000/\$3,000,000, subject to the successful placement of the required reinsurance.

10. The Board discussed the issues surrounding HUD insurance requirements in light of HUD's issuance of Notice H04-01, and requested Stearns Weaver to initiate efforts to obtain HUD approval of the Corporation's policies for HUD financed facilities and HUD's acceptance of the states in which the Corporation does business as qualifying under Appendix 1 to Notice H04-01.
11. Based upon Uni-Ter's recommendation, the Board approved the appointment of the accounting firm of Marcum & Kleigman as outside auditors for the Corporation.
12. Based upon Uni-Ter's recommendation, the Board approved the appointment of Logan Capital as the investment advisor to the Corporation.
13. The Board received a report from Uni-Ter regarding the process of regulatory filings in the Northwest States.
14. The Board approved compensation for the Board at a rate of \$5,000 per annum payable in arrears, plus \$1,000 per meeting attended, plus expense reimbursement.
15. The Board discussed Ms. Julin's role as counsel to Eagle Healthcare and agreed that such role should not prevent Ms. Julin's continuing to serve as a Director of the Corporation.
16. The Board discussed the need to maintain the independence of their role as members of the Board from their activities as officers, principals, or advisors to their respective insureds of the Corporation, and resolved that no member of the Board would participate in voting upon any matter, such as underwriting or claim issues, arising directly between the Corporation and an insured with which such Board member is associated.
17. The Board tentatively set its next meeting for April 27, 2004 in Seattle, Washington.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.


Thomas H. Gray, Secretary

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON APRIL 27, 2004**

A meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at the Seattle Marriott Hotel, Seattle, Washington at 9:00 a.m. on April 27, 2004.

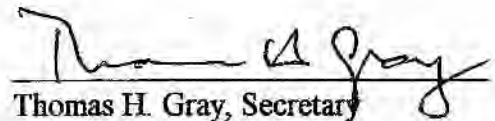
The Board of Directors noted that all directors were present (with Mr. Leverty attending by telephone), in addition to Sanford Elsass of Uni-Ter Underwriting Management Corporation ("Uni-Ter") and Curtis H. Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. (attending by telephone). Peter Rawlings and Dana Stewardson of Logan Capital Management attended a portion of the meeting. Doris Cleveland and Kathi Cavallo of Uni-Ter also attended portions of the meeting by telephone.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The minutes of the Board meeting on February 3, 2004 were approved.
2. The Board discussed the claims trigger under the insurance policies issued by the Corporation and requested further clarification from Uni-Ter.
3. The Board reviewed and approved the Code of Ethics for officers and directors of the Corporation.
4. The Board received an extensive report from Uni-Ter on marketing efforts to date, including advertising efforts.
5. ~~The Board reviewed premiums written and capital raised to date, as well as interim~~ financial results for the first quarter of 2004. Uni-Ter informed the Board of the need to revise the Uni-Ter underwriting management agreement to clarify that the portion of Uni-Ter's fee based upon a percentage of premium would not include that portion of the premium attributable to the per bed claims management charge.
6. The Board received a report from Mr. Elsass regarding efforts to place reinsurance on behalf of the Corporation at a level of \$500,000 excess of \$500,000 per claim in order to allow the Corporation to issue policies with coverage of \$1,000,000/\$3,000,000.
7. The Board received a claims report from Mr. Elsass which indicated that the initial two claims received by the Corporation had been closed without payment.

8. The Board received a report from Ms. Cavallo regarding risk management services being provided to the Corporation's insureds.
9. The Board, upon Uni-Ter's recommendations, approved the expansion of the Offering, and the Corporation's insurance operations, to Minnesota and Wisconsin.
10. The Board discussed the issues surrounding HUD insurance requirements in light of HUD's issuance of Notice H04-01.
11. The Board received a report from Uni-Ter regarding the process of regulatory filings in the Northwest States. All such filings had been completed and accepted, with the exception of Kansas. The Board instructed Uni-Ter to engage Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. to review the status of Kansas filings.
12. The Board received a report from Uni-Ter regarding E&O and D&O insurance quotes for the Corporation. The Board approved the procurement of D&O coverage in accordance with such quote, and instructed Uni-Ter to analyze the possibility of obtaining E&O coverage through Uni-Ter's coverage, or, in the alternative, increasing the deductible levels under the current E&O quote, coupled with procurement of deductible coverage through a captive arrangement.
13. The Board received an investment portfolio report from Logan Capital.
14. The Board tentatively set its next meeting for July 27, 2004 in Seattle, Washington.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.


Thomas H. Gray, Secretary

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON JULY 27, 2004**

A meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at the Hyatt Regency Hotel, Lake Tahoe, Nevada at 8:00 a.m. on July 27, 2004.

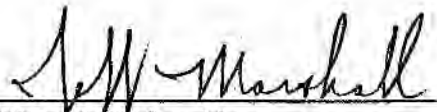
The Board of Directors noted that all directors were present with the exception of Thomas H. Gray (with Ms. Hyatt and Ms. Julin attending by telephone), in addition to Sanford Elsass and Eric Hempelman of Uni-Ter Underwriting Management Corporation ("Uni-Ter") and Curtis H. Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. (attending by telephone). Doris Cleveland of Uni-Ter also attended a portion of the meeting by telephone.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The minutes of the Board meeting on April 27, 2004 were approved.
2. Eric Hempelman was introduced to the Board as the new Chief Operating Officer of Uni-Ter. The Board was also informed that Donna Dalton has been hired as Uni-Ter's Controller.
3. The Board reviewed premiums written and capital raised to date, as well as interim financial and investment portfolio results for the first and second quarters of 2004. Mr. Elsass reported that U.S. RE was prepared to invest \$250,000 in the Company in the form of a surplus debenture upon mutually agreeable terms if required in order to maintain minimum required capital and surplus.
4. The Board received an extensive report from Uni-Ter on marketing efforts. Uni-Ter reported that it was prepared to offer agents certain bonuses from its own funds to promote new business.
5. The Board received a report from Mr. Elsass regarding successful efforts to place reinsurance on behalf of the Corporation at a level of \$500,000 excess of \$500,000 per claim in order to allow the Corporation to issue policies with coverage of \$1,000,000/\$3,000,000. Mr. Elsass also reported on efforts to obtain an A-rated London carrier to provide direct coverage in such amounts (with the Corporation reinsuring the first \$500,000 layer) in light of the current HUD requirements.

6. The Board, upon Uni-Ter's recommendations, approved the expansion of the Offering, and the Corporation's insurance operations, to Arizona, but that the Corporation would not begin offering coverage in Arizona to anyone other than current insureds or their affiliates pending further review.
7. The Board received a claims report from Mr. Elsass which indicated that there were two open claims received by the Corporation.
8. The Board received a report from Mr. Elsass regarding risk management services being provided to the Corporation's insureds.
9. The Board finalized the claims trigger under the insurance policies issued by the Corporation and directed implementation of same by Uni-Ter.
10. The Board approved the Second Amendment to the Offering Memorandum summarized by Mr. Sitterson and approved the Amendment to the Management Agreement clarifying that the per bed risk management fee would not be included in the calculation of written premiums.
11. The Board received a report from Uni-Ter regarding E&O insurance quotes for the Corporation. The Board approved the procurement of E&O coverage in accordance with such quote, including additional premiums in order to provide up to \$250,000 in cost of defense coverage for qualifying agents producing business for the Company.
12. The Board tentatively set its next meeting for October 26, 2004 in Seattle, Washington.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.


Jeff Marshall, President

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON AUGUST 20, 2004**

A telephonic meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held on August 20, 2004.

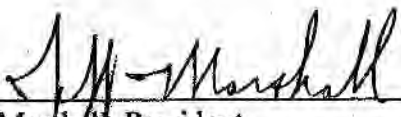
The Board noted that all directors with the exception of Thomas Gray and James Leverty were present, in addition to Sanford Elsass and Eric Hempelman of Uni-Ter Underwriting Management Corporation, and Curtis Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

The following matters were presented to the Board and were discussed and/or approved as noted.

The Board, upon Uni-Ter's recommendations, approved the expansion of the Offering, and the Corporation's insurance operations to the States of Tennessee, Kentucky, Missouri, North Carolina, South Carolina, Virginia, Maryland and Georgia, subject to the following:

1. Receipt and review by Uni-Ter of an actuarial analysis of premium rates in the new states.
2. Agency bonuses approved at the last meeting for premium production not to apply in the new states.
3. Agency exclusive commitment in the State of Tennessee to Tennessee Insurance Services ("TIS") for a one year period only.
4. Organizational expenses paid by TIS and reimbursed by the Corporation to TIS from capital raised in the new states.
5. Brokerage fee of 2% to TIS to be paid by Uni-Ter from its underwriting management fee.
6. Subject to regulatory and Board review, a designee of TIS to be appointed to a seventh Board seat for the two year term ending January 2006.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Jeff Marshall, President

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON SEPTEMBER 8, 2004**

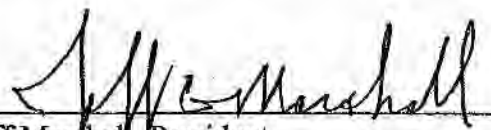
A telephonic meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held on September 8, 2004.

The Board noted that all directors were present, with the exception of Thomas Gray, in addition to Sanford Elsass and Eric Hempelman of Uni-Ter Underwriting Management Corporation, and Curtis Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. Mr. Hempelman reported to the Board on his meetings with the National Healthcare Agents Council and the Oregon Healthcare Association.
2. The Board, upon Uni-Ter's recommendations, approved revisions to the agreement with Tennessee Insurance Services ("TIS") from those outlined at the August 20, 2004 meeting to allow for continuing exclusivity based upon achievement of production goals (which will initially be set at \$2.5 million in premium for the period ending December 31, 2005).

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Jeff Marshall, President

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON OCTOBER 26, 2004**

A telephonic meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held on October 26, 2004.

The Board noted that all directors were present, with the exception of Mark Garber, in addition to Sanford Elsass and Donna Dalton of Uni-Ter Underwriting Management Corporation, and Curtis Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

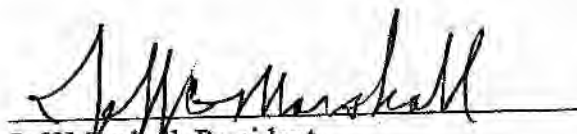
The following matters were presented to the Board and were discussed and/or approved as noted.

1. The minutes of the Board meeting on September 8, 2004 were approved.
2. The Board agreed to reset the Board's compensation as follows. No annual fee will be paid for 2004. The annual fee of \$5,000 for 2005 is to be paid in January 2005. The \$1,000 meeting fee would only be paid for the regular quarterly meetings, with no extra fee for special telephonic meetings.
3. The Board received an update from Mr. Elsass regarding the expansion to the TIS States. Uni-Ter is awaiting revised actuarial calculations from Milliman.
4. The Board reviewed and approved revisions to the stock subscription terms and the associated Cumulative First Amendment to the Offering Memorandum. The minimum subscription amount will be lowered from \$300 per bed to an amount generally equal to 40% of the initial per bed mature premium rate applicable to the insured facility. The Board requested Mr. Sitterson to draft a put option agreement to allow the founding shareholders to reduce their shareholdings in the future consistent with the reduced minimums once the Corporation has achieved more stable capitalization.
5. The Board agreed that the minimum facility size of 40 beds for underwriting purposes would be reduced, particularly for assisted living facilities. The Board, however, reiterated its position that the Corporation should not insure adult family home operations.
6. The Board received updates from Mr. Elsass regarding claims, risk management, marketing, and investments and from Ms. Dalton regarding the third quarter GAAP financial results. The Board approved a discretionary lower risk management fee of

\$10/bed for second year renewals, predicated upon a shift to self-auditing by the member facilities receiving such reduced rate. It was agreed that eligibility for such reduced rate would be predicated upon such facility's compliance with the incident reporting systems.

7. The Board tentatively set its next regular meeting for early 2005.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.


Jeff Marshall, President

I:\w-ag\37202\000\Minutes 10-26-04.doc

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON NOVEMBER 8, 2004**

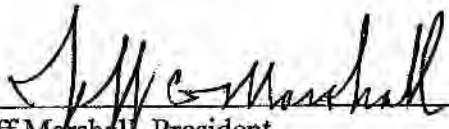
A telephonic meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held on November 8, 2004.

The Board noted that all directors were present, with the exception of Mark Garber and Thomas Gray, in addition to Sanford Elsass and Eric Hempelman of Uni-Ter Underwriting Management Corporation, and Curtis Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The Board approved the form of put option agreement submitted by Mr. Sitterson, with a revision allowing exercise only upon the Corporation achieving minimum statutory capital and surplus of \$2,000,000.
2. The Board received a report from Mr. Elsass regarding revision to the Corporation's loss reserves and the effects thereof upon the Corporation's financial results for the third quarter, 2004.
3. The Board approved the election of Taylor Preston to the Board to serve the remainder of the two year term ending January, 2006.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Jeff Marshall, President

EXHIBIT 7

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON APRIL 8, 2009**

A telephonic meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at 1:00 p.m., EST, on April 8, 2009.

It was noted that all directors were present, with the exception of Mr. Stickels, in addition to Sanford Elsass, Nadeene Wood-Clater, Dwain Chamberlain, and Donna Dalton of Uni-Ter Underwriting Management Corporation, and Curtis H. Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The Board (with the affected person abstaining in each applicable case) reappointed the following persons as officers of the Corporation:
 - (a) Jeff C. Marshall – Chairman of the Board; President
 - (b) Eric Stickels – Vice President; Treasurer
 - (c) Nadeene Wood-Clater - Secretary
2. The Board discussed the per share price for the offering of the Corporation's common stock. The price has been set at \$100.00 per share since inception. Based upon the current earnings of the Corporation, reasonable projections for the next two years and Uni-Ter's experience with other risk retention groups, the Board authorized and directed an increase to the per share price to \$200.00 per share, effective May 1, 2009.
3. Mr. Elsass reported that based upon current discussions with A.M. Best, there appeared to be no need to accelerate consideration of renewal of the Corporation's management agreement with Uni-Ter.
4. Mr. Elsass reported on the operations of Sophia Palmer Nurses Risk Retention Group, Inc. and the possibility of its merger into the Corporation. The Board deferred discussion thereof until more detailed information was presented.
5. For purposes of redemption of the Corporation's shares under the Shareholders Agreement, the Board set the most recent book value of the shares, i.e., \$100.70 for the period ending December 31, 2008, as the redemption price and authorized Uni-Ter to proceed with such redemptions in response to pending requests.

6. The Board authorized a request to Oneida Savings Bank to extend the term of the outstanding subordinated surplus debenture for an additional eighteen (18) months.
7. The Board reaffirmed its approval of the payment of the profit sharing commission of \$71,340 to Uni-Ter for the 2004 year.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Nadeene Wood-Clater, Secretary

EW-AGT372021000minutes 4-8-09.doc

EXHIBIT 8

From: selsass@USRE.COM [selsass@USRE.COM]
Sent: 4/27/2009 1:44:12 PM
To: harter@ccmail.nevada.edu; rstick@oneidabank.com; eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com; rchur@elderwood.com; rwhurlbut@rohmservices.com; sfogg@marquiscompanies.com; csitterson@swmwas.com
CC: ddalton@uni-ter.com; sbugg@uni-ter.com; nwood-clater@uni-ter.com; dchamberlain@uni-ter.com; cakridge@jonesvargas.com
Attachments: spnrrg financial notes.dat

Attached is a brief summary of the Sophia Palmer RRG financial situation and proposal and Donna Dalton will get you the first quarter actual balance sheet and income statement later this morning. Open the attached in Microsoft Word. The rationale for making this transaction ties into growth of L&C into the home healthcare business and today's NY Times feature article articulates that one solution to the lack of family practice physicians in the US is greater authority be given to nurse practitioners.

We have successfully made our deal with the SIAA group which includes 3000 sales people in 48 states and at their semi-annual leadership meetings last week key agencies in 19 states committed to selling L&C and our other RRG's. Sophia Palmer is only licensed to do business in Florida currently and expansion to other states should be valuable. Since the SP financials are near the minimum capital and surplus, we have concluded that spending thousands on a Nevada board meeting at this point would not create the proper appearance until the future is clear, so we will not be having dinner with them. Please call me with your reaction to the proposed opportunity. Carol Harter sits on both boards so she is a valuable sounding board for L&C board members. (See attached file: spnrrg financial notes)

1. Surplus Note – Ponce is owed \$758,000, but will accept \$500,000 in satisfaction.
2. Current shareholders of Palmer have contributed capital of \$169,461 (at \$100 per share). These shares currently have no book value. Assuming the shares are accorded value at cost, at \$200/share in L&C, L&C would issue approximately 850 shares.
3. L&C would succeed to assets and liabilities of Palmer (other than \$500K paid to Ponce). Assets and liabilities per 03/09 balance sheet are approximately equal. Note, however, the following:
 - (a) Deferred tax asset of \$131K (NOL carry forward) would be usable by L&C only at a rate of around \$8K/yr.
 - (b) Prepaid expense and other assets of \$88K is principally the computer software for online system for Palmer.
 - (c) No good will asset has been recorded for the value of in force business (~700K in annual premium)

From: eaglechalet@hotmail.com [eaglechalet@hotmail.com]
Sent: 4/27/2009 9:12:55 PM
To: rick@oneidabank.com; sfogg@marquiscompanies.com; selsass@usre.com; harter@ccmail.nevada.edu; markgarber@pinnacle-healthcare.com; rchur@elderwood.com; rwhurlbut@rohmservices.com; csitterson@swmwas.com
CC: ddalton@uni-ter.com; sbugg@uni-ter.com; nwood-clater@uni-ter.com; dchamberlain@uni-ter.com; cakridge@jonesvargas.com
Subject: RE:

Excellent questions, Steve. I would add that, regardless of the manner in which L&C might enter the home health liability market (merger, start-up, etc.), we should evaluate whether the potential for this market around the country -- particularly in states in which L&C currently insures SNFs -- creates a compelling reason for L&C to invest. (As one small example, I'm not aware that liability issues exist in Pacific Northwest home health markets but would be interested in dynamics that might change that picture.)

Subject: RE:
Date: Mon, 27 Apr 2009 14:28:25 -0400
From: rick@oneidabank.com
To: sfogg@marquiscompanies.com; selsass@USRE.COM; harter@ccmail.nevada.edu; eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com; rchur@elderwood.com; rwhurlbut@rohmservices.com; csitterson@swmwas.com
CC: ddalton@uni-ter.com; sbugg@uni-ter.com; nwood-clater@uni-ter.com; dchamberlain@uni-ter.com; cakridge@jonesvargas.com

All very pertinent questions to consider with any possible business combination. I would add that when an opportunity is presented it is certainly in the Board's fiduciary diligence to consider the opportunity and have a complete understanding of the possible transaction. Just as the parallel paths that Henry Hudson RRG followed with Lewis & Clark RRG, there came a point in time where the combination of the two made the most sense for all constituents (boards, shareholders, insureds, managing agents, etc.). Growth and diversification of the L&C business model has served us well to date. I look forward to the board's careful consideration of this opportunity and I encourage Sandy and Co. to develop the financial analysis and supporting narratives necessary (as the attachment sent was a one-page "Notes" page without the referenced financials)

Rick

Eric E. Stickels

Executive Vice President & CFO

Oneida Financial Corp.

(315) 366-3702 - phone

(315) 366-3709 - fax

PA002416

BD 0005437

rstick@oneidabank.com

P Please do not print this e-mail unless you need to. We all can make a difference.

This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.

From: Steve Fogg [<mailto:sfogg@marquiscompanies.com>]

Sent: Monday, April 27, 2009 12:01 PM

To: Elsass, Sandy; harter@ccmail.nevada.edu; Rick Stickels; eaglechalet@hotmail.com;

markgarber@pinnacle-healthcare.com; Robert M. Chur ; Robert Hurlbut; csitterson@swmwas.com

Cc: Dalton, Donna; Bugg, Susan; Wood-Clater, Nadeene; Dwain Chamberlain; cakridge@jonesvargas.com

Subject: RE:

Sandy, I reviewed the attachment and have the following questions/comments related to this possible merger/acquisition: (note: apologize for number of questions, but I need to better understand)

1) You state that "The rationale for making this transaction ties into growth of L&C into the home healthcare business" Why is that? because we would now have a vehicle to provide individual liability coverage to nurses in Home Healthcare? Hasn't to date, the key business line for Sophia Palmer been practitioners in a clinic setting, if not, what is the key line? Does Sophia Palmer provide a coverage option for businesses, or just individuals? Just for the sake of comparison, if in fact we wanted to venture into Home Healthcare coverage, could we start this on our own, and if so, what would it require, both from a dollars perspective and specific actions?

2) Why does Sophia Palmer want to do this Merger? Why is Ponce willing to discount the Note from \$758,000 to \$500,000?

3) Are there any tangible differences in the business model for Sophia Palmer today than when it started? Another way asked, has Sophia Palmer been successful in its original business plan objectives? if not, what is different now from its inception?

4) When looking just at the current business line for Sophia Palmer, do we know which states there is truly an opportunity? Seems to me that there are dynamics in Florida with respect to Liability Insurance that are

PA002417

BD 0005438

not apparent in other states (such as business going naked on coverage, due to cost, thereby heightening the need for individuals to carry their own coverage). Are there any dynamics changing in Florida that would improve or conversely diminish the need for this type of coverage?

5) From a financial perspective, I would like to understand the risk model. Claims history of current policyholders as compared to premiums taken in. What excess coverage is in place. What does the loss ratio need to get to for the Sophia Palmer book to run at a deficit, if that is an appropriate way to ask the question? Since I don't understand the business side of Sophia Palmer I don't know how they manage risk.

These are my immediate questions in reviewing this opportunity. After hearing the responses, along with a careful review of the Sophia Palmer financials, I feel like I would be much better prepared to give an opinion on what is best for L&C.

thanks much,

Steve

From: Elsass, Sandy [<mailto:selsass@USRE.COM>]

Sent: Monday, April 27, 2009 6:44 AM

To: harter@ccmail.nevada.edu; rstick@oneidabank.com; eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com; Robert M. Chur ; Robert Hurlbut; Steve Fogg; csitterson@swmwas.com

Cc: Dalton, Donna; Bugg, Susan; Wood-Clater, Nadeene; Dwain Chamberlain; cakridge@jonesvargas.com

Subject:

Attached is a brief summary of the Sophia Palmer RRG financial situation and proposal and Donna Dalton will get you the first quarter actual balance sheet and income statement later this morning. Open the attached in Microsoft Word. The rationale for making this transaction ties into growth of L&C into the home healthcare business and today's NY Times feature article articulates that one solution to the lack of family practice physicians in the US is greater authority be given to nurse practitioners.

We have successfully made our deal with the SIAA group which includes 3000 sales people in 48 states and at their semi-annual leadership meetings last week key agencies in 19 states committed to selling L&C and our other RRG's. Sophia Palmer is only licensed to do business in Florida currently and expansion to other states should be valuable. Since the SP financials are near the minimum capital and surplus, we have concluded that spending thousands on a Nevada board meeting at this point would not create the proper appearance until the future is clear, so we will not be having dinner with them. Please call me with your reaction to the proposed opportunity. Carol Harter sits on both boards so she is a valuable sounding board for L&C board members.

EXHIBIT 9

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON MAY 14 – 15, 2009**

A meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held beginning at 5:00 p.m. on May 14, 2009 and continuing at 8:00 a.m. on May 15, 2009 in Las Vegas, Nevada.

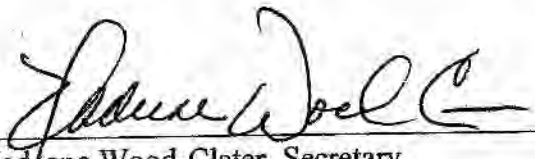
The Board noted that all directors were present, in addition to Sanford Elsass, Nadeene Wood-Clater, Dwain Chamberlain, Donna Dalton, Susan Bugg and Jan Ferguson of Uni-Ter Underwriting Management Corporation, Constance Akridge of Jones Vargas, Jim Murphy of Johnson Lambert & Co. LLP and Curtis H. Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. Jeri Lambert of Uni-Ter attended a portion of the meeting by telephone.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The Board reviewed and approved the minutes of the Board meetings of December 10, 2008 and April 8, 2009 and the shareholders meeting of December 10, 2008.
2. After receiving a report from Mr. Murphy and after meeting in executive session, the Board approved the 2008 annual audited statements and report prepared by the Corporation's outside auditors, Johnson Lambert & Co. LLP.
3. Ms. Dalton presented a review of the unaudited financial results and an investment report through the first quarter of 2009, both of which were approved by the Board.
4. The Board approved a re-establishment of the brokerage agreement with Tennessee Insurance Services ("TIS") with the repayment of the contingent obligation contained therein to be based upon \$10 per insured bed placed by TIS per year.
5. Ms. Lambert presented a report on current claims experience. Ms. Ferguson also presented a report on her review of Uni-Ter's claims operations.
6. Ms. Bugg presented a risk management report.
7. Mr. Chamberlain presented a report on 2008 and first quarter 2009 underwriting results.
8. The Board approved (with Mr. Stickels abstaining) the renewal by the Corporation of its D&O insurance upon the terms reviewed by Mr. Elsass.

9. Ms. Wood-Clater presented a marketing report.
10. The Board considered at length the prospect of merging Sophia Palmer Nurses Risk Retention Group, Inc. with and into the Corporation. The Board approved the concept of the merger in principle subject to receipt of further relevant information from Uni-Ter and formal consideration thereof at a telephonic meeting to be held within the next two weeks.
11. The Board tentatively set the next regular Board meeting and the annual shareholders meeting for December 2009 in Chicago, Illinois.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.


Nadene Wood-Clater, Secretary

FW-AGT37202\000\Minutes 5-14&15-09.doc

EXHIBIT 10

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON MAY 28, 2009**

A telephonic meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at 3:00 p.m. EST on May 28, 2009.

The Board noted that all directors were present, in addition to Sanford Elsass, Donna Dalton, Dwain Chamberlain and Nadeene Wood-Clater of Uni-Ter Underwriting Management Corporation, and Curtis Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The Board (with Dr. Harter abstaining), upon Uni-Ter's recommendations, approved the terms of the merger agreement with Sophia Palmer Nurses Risk Retention Group, Inc. The Board, with Dr. Harter abstaining, having discussed this matter at its last meeting with Mr. Sitterson and Ms. Akridge, further waived in any conflicts of interest in connection with Mr. Sitterson representing Sophia Palmer and Ms. Akridge representing the Corporation in connection with this merger.
2. In connection with the closing of the merger, the Board approved the expansion of the Board to eight persons and approved the appointment of Barbara Lumpkin to the Board, effective upon the closing of the merger, for a term expiring December 31, 2010.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.


Nadeene Wood-Clater, Secretary

EXHIBIT 11

JIM GIBBONS
Governor

STATE OF NEVADA

BRETT J. BARRATT
Commissioner of Insurance

DIANNE CORNWALL
Director



DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

788 Fairview Drive, Suite 300
Carson City, Nevada 89701-5491
(775) 687-0771 • Fax (775) 687-3937
Website: doi.nv.gov
E-mail: insinfo@doi.state.nv.us

September 2, 2010

Jeff C. Marshall, President
Lewis & Clark LTC Risk Retention Group, Inc.
500 Northridge Rd, Suite 330
Atlanta, GA 30350

RE: Post Sophia Palmer Merger Deteriorating Financial Condition

Dear President Marshall:

The Division's review of the June 30, 2010 financial statement of the above risk retention group revealed a deteriorating financial condition which the company's management must address. I realize the merger may have involved more expenses and reserving requirements than contemplated but as of June 30, 2010, the synergies expected from the merger have not yet materialized.

The following are items that must be considered:

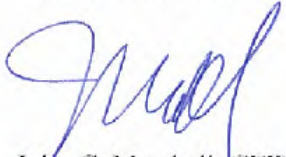
- Increase in reserves post-merger has increased liabilities \$3.1 million above the 12/31/10 pro-forma amounts and has resulted in a liquidity ratio (liabilities / liquid assets) of 116.0%.
- Due to underwriting and operating losses, \$1.1 million and \$792.7 thousand, respectively, policyholder surplus has declined by 11.6% from December 31, 2009.
- Underwriting losses are the result of increasing loss and loss administration expense coupled with high other underwriting/administrative expenses (which

exceed 12/31/10 pro-forma amounts by \$744 thousand), all of which result in a combined ratio of 131.1%.

- Risk Based Capital (RBC) ratio of 210.5% is hardly adequate. If the RBC ratio declines to 200%, a corrective action plan will be required of the company.

Because of the company's capital decline revealed by the June 30, 2010 financial statement, management should commence preparing a corrective plan and an implementation schedule addressing a means to enhance earnings and surplus, reduce expenses, and improve liquidity.

We are available for a conference call at the below telephone number.



John C. Marshall, CFIE
Management Analyst III
Phone: (775) 434-9821
Fax: (775) 687-3937
jcmarshall@doi.state.nv.us

Cc: Company file
Deputy Commissioner Lynch

EXHIBIT 12

From: Dalton, Donna [ddalton@uni-ter.com]
Sent: 9/7/2010 1:00:54 PM
To: John Marshall [jcmarshall@doi.state.nv.us]
CC: Peggy Willard-Ross [pwillard@doi.state.nv.us]; Bill McCune [bmccune@doi.state.nv.us]; Johnson, Katrina [kjohnson@uni-ter.com]; Elsass, Sandy [selass@usre.com]; Curtis Sitterson [CSitterson@stearnsweaver.com]; Akridge, Constance [CAkridge@jonesvargas.com]
Subject: RE: Lewis & Clark Post Merger Capital Deterioration

John,

If the DOI still disputes our methods regarding stock ownership, we would like a hearing. Are you going to amend the letter addressed to Jeff Marshall last week?

Thanks,
Donna

From: John Marshall [mailto:jcmarshall@doi.state.nv.us]
Sent: Tuesday, September 07, 2010 11:51 AM
To: Dalton, Donna
Cc: Peggy Willard-Ross; Bill McCune; Johnson, Katrina; Elsass, Sandy
Subject: RE: Lewis & Clark Post Merger Capital Deterioration

Thanks, Donna.

I'm glad to hear the results were not a result of the merger. I remember though, it did take a while for L&C to fully integrate Henry Hudson after that merger. I will anxiously anticipate better results for the third quarter.

Do you still request a Hearing on item 2 of the L&C exam?

John Marshall
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701-5491
Phone: 775-434-9821
Fax: 775-687-3937

From: Dalton, Donna [mailto:ddalton@uni-ter.com]
Sent: Friday, September 03, 2010 8:00 AM
To: John Marshall
Cc: Peggy Willard-Ross; Bill McCune; Johnson, Katrina; Elsass, Sandy
Subject: RE: Lewis & Clark Post Merger Capital Deterioration

Good Morning John,

The results that you are seeing on the 2nd quarter statement for Lewis & Clark LTC RRG, Inc. are not the effect of the Sophia Palmer merger in any way. Sophia Palmer currently has five open claims and there are only two that have any true merit with total reserves under \$200K. We have recently completed a thorough review of all the claims and made adjustments to the reserves where needed. We believe that there is now a redundancy between the case reserves and IBNR and have requested that Lewis & Clark's actuary complete a mid-year review so that we can make an adjustment in Q3 accordingly. I fully expect the results for third quarter to be acceptable by the Department. We respectfully request

PA002428

SWMLCEM006154

that you reissue your letter removing the correlation of the bulleted issues with the merger of Sophia Palmer. This is incorrect information and would be received very negatively by the Board.

On the other note, we have not heard anything back on the exam report. I was wondering about that myself the other day.

Thanks for your help. Please do not hesitate to contact me if you need to discuss this.

Thanks,
Donna

From: John Marshall [mailto:jcmarshall@doi.state.nv.us]
Sent: Thursday, September 02, 2010 6:55 PM
To: Dalton, Donna
Cc: Peggy Willard-Ross; Bill McCune
Subject: Lewis & Clark Post Merger Capital Deterioration

Donna,

Well, L&C is back to me as the analyst.

Attached is a formal letter addressed to President Jeff Marshall apprising company management of Lewis & Clark's post merger capital deterioration due to the operating loss result of the second quarter. As noted, should the company RBC level decline below 200%, a corrective plan will be required.

Hard copy is in the mail.

Also, did Lewis & Clark ever receive a final Order signed by the Commissioner adopting the 12-31-08 examination report? I know a Hearing was requested, but has anything transpired since? Our physical files are still in our old office, and because of pigeon problems and the ensuing chemicals used, we are prohibited from bring old files to our new, temporary offices.

Thanks,

John Marshall
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701-5491
Phone: 775-434-9821
Fax: 775-687-3937

From: Dalton, Donna [ddalton@uni-ter.com]
Sent: 9/8/2010 12:53:25 PM
To: John Marshall [jcmarsall@doi.state.nv.us]
CC: Bill McCune [bmccune@doi.state.nv.us]; Michael Lynch [mlynch@doi.state.nv.us]; Johnson, Katrina [kjohnson@uni-ter.com]; Elsass, Sandy [selsass@usre.com]; Curtis Sitterson [CSitterson@stearnsweaver.com]; McCarthy, Christine [CMcCarthy@uni-ter.com]
Subject: RE: Lewis & Clark Capital Deterioration
Attachments: Fin Cond Ltr - Revised 9-8-10.pdf

John,

Thank you for revising the wording in this letter and removing the assumption that the merger was the reason for the change to the financials. I completely understand the letter is necessary and appreciate your position. As mentioned in the previous correspondence, I fully expect the third quarter results of Lewis & Clark LTC RRG, Inc. to be acceptable to the Department. The actuary is completing his mid-year review as we speak and I am confident that we will be able to adjust the IBNR and eliminate any redundancy in the reserves.

Thank you again for your help. Please do not hesitate to contact me if you have any other concerns or questions.

Donna

From: John Marshall [mailto:jcmarsall@doi.state.nv.us]
Sent: Wednesday, September 08, 2010 12:39 PM
To: Dalton, Donna
Cc: Bill McCune; Michael Lynch
Subject: RE: Lewis & Clark Capital Deterioration

Donna,

Attached is your requested revised capital deterioration letter. The fact remains whether due to the merger or not, the company's capital position, earnings, and liquidity position have deteriorated as evident from the June 30, 2010 financial statement, and the Board must be advised of the Insurance Division's concern.

RBC = 210.5%
Underwriting Loss = \$1.1 million; Net loss = \$793k
Combined ratio = 131.1%
Liquidity (Liabilities/Liquid Assets) = 116.0%

Thanks,

John Marshall
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701-5491
Phone: 775-434-9821
Fax: 775-687-3937

PA002430

SWMLCEM006164

From: Dalton, Donna [mailto:ddalton@uni-ter.com]
Sent: Tuesday, September 07, 2010 10:01 AM
To: John Marshall
Cc: Peggy Willard-Ross; Bill McCune; Johnson, Katrina; Elsass, Sandy; Curtis Sitterson; Akridge, Constance
Subject: RE: Lewis & Clark Post Merger Capital Deterioration

John,

If the DOI still disputes our methods regarding stock ownership, we would like a hearing. Are you going to amend the letter addressed to Jeff Marshall last week? **[John Marshall]** Yes. However, the letter was not a requirement to develop a plan as stated, but a reminder that the company Risk Based Capital level is very low and approaching a level which would require the development of a correction plan.

Thanks,
Donna

From: John Marshall [mailto:jcmarshall@doi.state.nv.us]
Sent: Tuesday, September 07, 2010 11:51 AM
To: Dalton, Donna
Cc: Peggy Willard-Ross; Bill McCune; Johnson, Katrina; Elsass, Sandy
Subject: RE: Lewis & Clark Post Merger Capital Deterioration

Thanks, Donna.

I'm glad to hear the results were not a result of the merger. I remember though, it did take a while for L&C to fully integrate Henry Hudson after that merger. I will anxiously anticipate better results for the third quarter.

Do you still request a Hearing on item 2 of the L&C exam?

John Marshall
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701-5491
Phone: 775-434-9821
Fax: 775-687-3937

From: Dalton, Donna [mailto:ddalton@uni-ter.com]
Sent: Friday, September 03, 2010 8:00 AM
To: John Marshall
Cc: Peggy Willard-Ross; Bill McCune; Johnson, Katrina; Elsass, Sandy
Subject: RE: Lewis & Clark Post Merger Capital Deterioration

Good Morning John,

The results that you are seeing on the 2nd quarter statement for Lewis & Clark LTC RRG, Inc. are not the effect of the Sophia Palmer merger in any way. Sophia Palmer currently has five open claims and there are only two that have any true merit with total reserves under \$200K. We have recently completed a thorough review of all the claims and made adjustments to the reserves where needed. We believe that there is now a redundancy between the case reserves and IBNR and have requested that Lewis & Clark's actuary complete a mid-year review so that we can make an adjustment in Q3 accordingly. I fully expect the results for third quarter to be acceptable by the Department. We respectfully request

PA002431

SWMLCEM006165

that you reissue your letter removing the correlation of the bulleted issues with the merger of Sophia Palmer. This is incorrect information and would be received very negatively by the Board.

On the other note, we have not heard anything back on the exam report. I was wondering about that myself the other day.

Thanks for your help. Please do not hesitate to contact me if you need to discuss this.

Thanks,
Donna

From: John Marshall [mailto:jcmarshall@doi.state.nv.us]
Sent: Thursday, September 02, 2010 6:55 PM
To: Dalton, Donna
Cc: Peggy Willard-Ross; Bill McCune
Subject: Lewis & Clark Post Merger Capital Deterioration

Donna,

Well, L&C is back to me as the analyst.

Attached is a formal letter addressed to President Jeff Marshall apprising company management of Lewis & Clark's post merger capital deterioration due to the operating loss result of the second quarter. As noted, should the company RBC level decline below 200%, a corrective plan will be required.

Hard copy is in the mail.

Also, did Lewis & Clark ever receive a final Order signed by the Commissioner adopting the 12-31-08 examination report? I know a Hearing was requested, but has anything transpired since? Our physical files are still in our old office, and because of pigeon problems and the ensuing chemicals used, we are prohibited from bring old files to our new, temporary offices.

Thanks,

John Marshall
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
788 Fairview Drive, Suite 300
Carson City, NV 89701-5491
Phone: 775-434-9821
Fax: 775-687-3937

PA002432

SWMLCEM006166

DIANNE CORNWALL
Director



DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

788 Fairview Drive, Suite 300
Carson City, Nevada 89701-5491
(775) 687-0771 • Fax (775) 687-3937
Website: doi.nv.gov
E-mail: insinfo@doi.state.nv.us

September 8, 2010

Jeff C. Marshall, President
Lewis & Clark LTC Risk Retention Group, Inc.
500 Northridge Rd, Suite 330
Atlanta, GA 30350

RE: Lewis & Clark Deteriorating Financial Condition

Dear President Marshall:

The Division's review of the June 30, 2010 financial statement of the above risk retention group revealed a deteriorating financial condition which the company's management must address.

The following are items that must be considered:

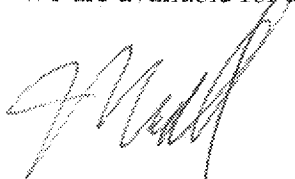
- Increase in reserves has increased liabilities \$3.1 million above the 12/31/10 pro-forma amounts and has resulted in a liquidity ratio (liabilities / liquid assets) of 116.0%.
- Due to underwriting and operating losses, \$1.1 million and \$792.7 thousand, respectively, policyholder surplus has declined by 11.6% from December 31, 2009.
- Underwriting losses are the result of increasing loss and loss administration expense coupled with high other underwriting/administrative expenses (which

exceed 12/31/10 pro-forma amounts by \$744 thousand), all of which result in a combined ratio of 131.1%.

- Risk Based Capital (RBC) ratio of 210.5% is hardly adequate. If the RBC ratio declines to 200%, a corrective action plan will be required of the company.

Because of the company's capital decline revealed by the June 30, 2010 financial statement, management should commence preparing a corrective plan and an implementation schedule addressing a means to enhance earnings and surplus, reduce expenses, and improve liquidity.

We are available for a conference call at the below telephone number.



John C. Marshall, CFIE
Management Analyst III
Phone: (775) 434-9821
Fax: (775) 687-3937
jcmarshall@doi.state.nv.us

Cc: Company file
Deputy Commissioner Lynch

EXHIBIT 13

JIM GIBBONS
Governor

STATE OF NEVADA

BRETT J. BARRATT
Commissioner of Insurance

DIANNE CORNWALL
Director



DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

788 Fairview Drive, Suite 300
Carson City, Nevada 89701-5491
(775) 687-0771 • Fax (775) 687-3937
Website: doi.nv.gov
E-mail: insinfo@doi.state.nv.us

September 8, 2010

Jeff C. Marshall, President
Lewis & Clark LTC Risk Retention Group, Inc.
500 Northridge Rd, Suite 330
Atlanta, GA 30350

RE: Lewis & Clark Deteriorating Financial Condition

Dear President Marshall:

The Division's review of the June 30, 2010 financial statement of the above risk retention group revealed a deteriorating financial condition which the company's management must address.

The following are items that must be considered:

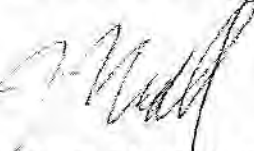
- Increase in reserves has increased liabilities \$3.1 million above the 12/31/10 pro-forma amounts and has resulted in a liquidity ratio (liabilities / liquid assets) of 116.0%.
- Due to underwriting and operating losses, \$1.1 million and \$792.7 thousand, respectively, policyholder surplus has declined by 11.6% from December 31, 2009.
- Underwriting losses are the result of increasing loss and loss administration expense coupled with high other underwriting/administrative expenses (which

exceed 12/31/10 pro-forma amounts by \$744 thousand), all of which result in a combined ratio of 131.1%.

- Risk Based Capital (RBC) ratio of 210.5% is hardly adequate. If the RBC ratio declines to 200%, a corrective action plan will be required of the company.

Because of the company's capital decline revealed by the June 30, 2010 financial statement, management should commence preparing a corrective plan and an implementation schedule addressing a means to enhance earnings and surplus, reduce expenses, and improve liquidity.

We are available for a conference call at the below telephone number.



John C. Marshall, CFIE
Management Analyst III
Phone: (775) 434-9821
Fax: (775) 687-3937
jcmarshall@doi.state.nv.us

Cc: Company file
Deputy Commissioner Lynch

EXHIBIT 14

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date: 06/29/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Mar Vista Healthcare Center LOC#1
Submission Address:	3966 Marcase Ave, Los Angeles, CA 90066
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 213-870-3716	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 68 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 67	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|--|--|
| <input type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input checked="" type="checkbox"/> 671 - CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input checked="" type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **Exp. 03/31/2010 |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 0% WT.LOSS: 2% TUBE FEEDS: 11.8% DEHYDRATION: 0%
BEDFAST: 0% ADLS: 4.7% DECLINE ROM: 2% RESTRAINTS: 13.7% PRESSURE ULCER: 20.2%

HCFA/CMS 672 report summary - Date of Report: 10/13/2007

Medicare: 11 Medicaid: 17 Private Pay/Other: 39 for a total of 67 residents.

OSCAR report summary:

Complaint surveys: ☐ YES ☐ NO

Administrator: Fiona A. Basa

DON:

Elopements in 12 months: ☐ YES ☐ NO Exit alarms: ☐ YES ☐ NO ☐ Some Only

Wander-guard: ☐ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☐ Staff Supervised

Building Description:

Fire Safety Inspection: 12/29/2008 w/4 fire safety deficiencies.

Acquired pressure ulcers: Inherited:

Wound Care Nurse on staff: ☐ YES ☐ NO Skin assessments:

Restraints: ☒ YES ☐ NO Types Used:

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's LPN's CNA's

2nd shift: RN's LPN's CNA's

3rd shift: RN's LPN's CNA's

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

PA002439

LC0256495

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 2 of 2

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
12/22/2008	11	0	5	1	1	0
10/14/2007	6	0	2	0	0	0
08/13/2006	11	1	4	1	0	0

Date of last Annual Survey: 12/22/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 11	
Tag	Details **POC submitted, re-visit report pending.
1. F246	Accommodation of needs
2. F253	Housekeeping
3. F283	Discharge summary
4. F309	Quality of Care
5. F311	ADL's
6. F315	Urinary Incontinence
7. F327	Hydration
8. F328	Special Needs
9. F371	Sanitary Conditions
10. F441	Infection Control
11. F514	Clinical Records
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: *****pending receipt and review of application, missing many items of importance from application!***

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

High percentage of resident's w/dccubitus – 20.2% placing them in the 93rd percentile.

Date submission returned to underwriter: 06/29/2009

Name of underwriter: Dwain Chamberlain

PA002440

LC0256496



Underwriting Risk Management Clinical Review

Date: 06/08/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Park Marino Healthcare Center LOC #19
Submission Address:	2585 E. Washington Blvd. Pasadena, CA 91107
Parent Company Name:	Country Villa Health Services, etal
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056
Phone: 626-798-6753	Fax Number: Email Address:
Separate Management Company:	
Type of LTC entity/number of beds per entity: 99 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 81	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|---|--|
| <input type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports; 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input type="checkbox"/> Copy of current state license |

QI report summary - Dates of report: 3 month <input checked="" type="checkbox"/> 6 month <input checked="" type="checkbox"/>
IMPACTION: 0% UTI: 8.2% WT.LOSS: 2.2% TUBE FEEDS: 12.2% DEHYDRATION: 0 % BEDFAST: 4.1% ADLS: 14.3% DECLINE ROM: 14.6% RESTRAINTS: 6.1% PRESSURE ULCER: 12.1%
HCFA/CMS 672 report summary - Date of Report: 5/20/2009
Medicare: 17 Medicaid: 40 Private Pay/Other: 24 = 81 residents
OSCAR report summary:
Complaint surveys: <input type="checkbox"/> YES <input type="checkbox"/> NO
Administrator:
DON:
Elopements in 12 months: <input type="checkbox"/> YES <input type="checkbox"/> NO Exit alarms: <input type="checkbox"/> YES <input type="checkbox"/> NO Wander-guard: <input type="checkbox"/> YES <input type="checkbox"/> NO
Smoking Permitted: <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Outside Only <input type="checkbox"/> Staff Supervised
Building Description: Fully sprinklered.
Fire Safety Inspection: 9/22/2008, w/9 deficiencies.
Acquired pressure ulcers: Inherited:
Wound Care Nurse on staff: Skin assessments:
Restraints: <input type="checkbox"/> YES <input type="checkbox"/> NO Types Used:
Staffing: 12 hour shifts <input type="checkbox"/> 8 hour shifts <input type="checkbox"/> Combination <input type="checkbox"/>
Criminal Back Ground Checks: <input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO
1 st shift: RN's LPN's CNA's
2 nd shift: RN's LPN's CNA's
3 rd shift: RN's LPN's CNA's
Claims History:
Risk Management Program:

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
9/19/2008	22	1	6	1	3	2
7/23/2007	18	1	0	0	8	0
4/27/2006	25	2	7	2	4	0

Date of last Annual Survey: 9/19/2008		Annual only <input checked="" type="checkbox"/>	Annual & Complaint <input type="checkbox"/>	Total # of Def. = 11
Tag	Details **POC submitted, re-visit pending??			
1. F246	Activities			
2. F253	Housekeeping			
3. F279	Care plans			
4. F309	Quality of care			
5. F315	Urinary incontinence			
6. F322	NG Tubes			
7. F323	Accidents and supervision			
8. F368	Freq. of meals			
9. F371	Sanitary conditions			
10. F441	Infection control			
11. F518	ER preparedness			
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
Other pertinent Information:				
Clinical Determination:				
<input checked="" type="checkbox"/> Risk is recommended; **Minimal info only submitted, need application info, copy of license.				
<input type="checkbox"/> Risk is not recommended due to:				
The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:				
Date submission returned to underwriter: 06/08/2009				
Name of underwriter: Dwain Chamberlain				

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date: 06/29/09	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa North Nursing Center LOC# 2
Submission Address:	3233 W. Pico Blvd. Los Angeles, CA 90019
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 310-574-3733	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 99 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 95	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|--|--|
| <input type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 - CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license *Exp. 03/06/2010 |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 0% WT.LOSS: 0% TUBE FEEDS: 12.8% DEHYDRATION: 0%
BEDFAST: 2.6% ADLS: 5.9% DECLINE ROM: 5.3% RESTRAINTS: 7.7% PRESSURE ULCER: 10.3%

HCFA/CMS 672 report summary - Date of Report: 04/07/09

Medicare: 9 Medicaid: 81 Private Pay/Other: 5 for a total of 95 residents

OSCAR report summary:

Complaint surveys: ☒ YES ☐ NO 7/20/07 w/ 1 tag, POC submitted and approved.

Administrator:

DON:

Elopements in 12 months: ☐ YES ☐ NO Exit alarms: ☐ YES ☐ NO ☐ Some Only

Wander-guard: ☐ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☐ Staff Supervised

Building Description:

Fire Safety Inspection: 5/15/08 w/ 2 tags

Acquired pressure ulcers: Inherited:

Wound Care Nurse on staff: ☐ YES ☐ NO Skin assessments:

Restraints: ☐ YES ☐ NO Types Used:

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's LPN's CNA's

2nd shift: RN's LPN's CNA's

3rd shift: RN's LPN's CNA's

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

PA002443

LC0256512

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 2 of 2

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
05/13/2008	3	0	1	0	0	0
02/13/2007	22	1	5	1	5	0
12/28/2005	2	0	0	0	0	0

Date of last Annual Survey: 05/13/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 3	
Tag	Details **Report NOT included
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: ****Pending receipt of application w/necessary info!**

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Date submission returned to underwriter: 06/29/2009

Name of underwriter: Dwain Chamberlain

PA002444

LC0256513

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date: 06/29/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Novato Healthcare Center LOC#21
Submission Address:	1565 Hill Road, Novato, CA 94947
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 415-897-6161	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 181 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 160	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input checked="" type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input checked="" type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **Exp. 12/31/2009 |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 12.6% WT LOSS: 15.7% TUBE FEEDS: 3% DEHYDRATION: 0%
BEDFAST: 0.7% ADLS: 11.7% DECLINE ROM: 1.5% RESTRAINTS: 3% PRESSURE ULCER: 8.2%

HCFA/CMS 672 report summary - Date of Report: 11/17/2008

Medicare: 18 Medicaid: 116 Private Pay/Other: 23 for a total of 157 resident's at that time.

OSCAR report summary: 10/25/2008

Complaint surveys: ☒ YES ☐ NO 4, all unsubstantiated.

Administrator:

DON: Hazelle Lyn Ticzon, RN

Elopements in 12 months: ☒ YES ☐ NO Exit alarms: ☐ YES ☐ NO ☐ Some Only

Wander-guard: ☐ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☐ Staff Supervised

Building Description: 48,930 sq. ft. one level structure built in 1969 via F/S construction. Fully sprinklered.

Fire Safety Inspection: 12/09/2008 w/3 fire safety deficiencies

Acquired pressure ulcers: 4 Inherited: 2

Wound Care Nurse on staff: ☐ YES ☐ NO Skin assessments:

Restraints: ☒ YES ☐ NO Types Used: 115 residents on chemical restraints.

Staffing: 12 hour shifts ☐ 8 hour shifts ☒ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's 5 LPN's 3 CNA's 19

2nd shift: RN's 3 LPN's 4 CNA's 15

3rd shift: RN's 2 LPN's 2 CNA's 11

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

PA002445

LC0256519

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
11/21/2008	16	0	3	1	4	1
09/07/2007	7	1	0	1	1	1

Date of last Annual Survey: 11/21/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 16	
Tag	Details **POC submitted, no re-visit noted.
1. F156	Rights & Services
2. F157	Notification of Changes
3. F241	Dignity
4. F246	Accommodation of needs
5. F281	Care Plans
6. F309	Quality of Care
7. F362	Insufficient Dietary Staff
8. F364	Food
9. F371	Sanitary Conditions
10. F387	Freq. of MD Visits
11. F511	Radiology & Diagnostic Services
12. F514	Clinical Records
13. F517	Disaster & ER Preparedness
14.	Plus 3 tags for Fire Safety issues
15.	
16.	
17.	
18.	

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: *****Pending receipt of information regarding: admission assessments, building security, wander guard usage, smoking rules, freq. of fire drills, and survey revisit results.***

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Concern over no information regarding door locking, wander guard usage, etc. w/ 1 elopement and high usage of chemical restraints (115 out of 160 residents on chemical restraints). Resident's w/wt. loss issues at 15.7% placing the facility in the 91st percentile. One elopement in past 12 months.

Date submission returned to underwriter: 06/29/2009

Name of underwriter: Dwain Chamberlain

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date:	06/30/2009	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Sheraton Nursing Home LOC# 9		
Submission Address:	9655 Sepulveda Blvd, North Hills, CA 91343		
Parent Company Name:	Country Villa Healthcare Services, etal		
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056		
Phone:	818-892-8665	Fax Number:	Email Address
Separate Management Company: N/A			
Type of LTC entity/number of beds per entity: 138 Bed SNF			
Sub-acute: 138			
Current Census: 128			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license *Exp. 12/12/2009 |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 1.8% WT LOSS: 3.6% TUBE FEEDS: 35.7% DEHYDRATION: 0%
BEDFAST: 8% ADLS: 10% DECLINE ROM: 2.8% RESTRAINTS: 9.8% PRESSURE ULCER: 16.2%

HCFA/CMS 672 report summary - Date of Report: 5/29/2009

Medicare: 5 Medicaid: 53 Private Pay/Other: 50 = for 108 residents at that time

OSCAR report summary:

Complaint surveys: ☒ YES 1/15/2008 w/1 tag; 2/07/2008 w/1 tag; 4/30/2008 w/1 tag; 6/19/2008 w/2 tags; 11/07/2008 w/1 tag.

Administrator:

DON:

Eloperments in 12 months: ☐ YES ☒ NO Exit alarms: ☐ YES ☐ NO ☒ Some Only

Wander-guard: ☐ YES ☒ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☒ Outside Only ☒ Staff Supervised

Building Description: 29,360 sq ft 1 level structure built of F/S construction in 1966. Fully sprinklered, hardwired smoke detectors, generator back-up.

Fire Safety Inspection: 3/3/2009, w/7 deficiencies noted. Fire drills monthly.

Acquired pressure ulcers: 1 Inherited: 46

Wound Care Nurse on staff: ☒ YES ☐ NO Skin assessments:

Restraints: ☒ YES ☐ NO Types Used: 32 residents on chemical restraints and 29 w/physical.

Staffing: 12 hour shifts ☐ 8 hour shifts ☒ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's 3 LPN's 7 CNA's 16

2nd shift: RN's 2 LPN's 6 CNA's 9

3rd shift: RN's 2 LPN's 4 CNA's 7

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

PA002447

LC0256593

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
02/27/2009	20	1	6	3	6	0
12/17/2007	19	1	6	1	4	0
09/19/2006	20	2	5	2	2	0

Date of last Annual Survey: 02/27/2009 Annual only <input type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 20	
Tag	Details ***Survey not included.
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
Other pertinent Information:	
Clinical Determination:	
<input checked="" type="checkbox"/> Risk is recommended: **Pending receipt of missing info from application and copy of last state survey w/20 tags.	
<input type="checkbox"/> Risk is not recommended due to:	
The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:	
Concerned over: Fire Safety inspection w/7 tags. Hx of poor state survey results w/multiple tags. Five complaint surveys all substantiated. Would suggest a risk management onsite evaluation.	
Date submission returned to underwriter: 06/30/2009	
Name of underwriter: Dwain Chamberlain	

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date: 06/29/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa South Nursing Center LOC# 3
Submission Address:	3515 Overland Ave, Los Angeles, CA 90034
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 310-839-5201	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 87 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 71	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input checked="" type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input checked="" type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **Exp. 10/31/2009 |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 8.2% WT LOSS: 2.1% TUBE FEEDS: 10.2% DEHYDRATION: 0%
BEDFAST: 8.2% ADLS: 6.8% DECLINE ROM: 14.3% RESTRAINTS: 12.2% PRESSURE ULCER: 8.8%

HCFA/CMS 672 report summary - Date of Report: 5/12/2009

Medicare: 10 Medicaid: 44 Private Pay/Other: 17 = total of 71 residents

OSCAR report summary:

Complaint surveys: ☐ YES ☐ NO

Administrator: D.J. Weaver

DON: Elvie L. Labaro, RN

Elopements in 12 months: ☒ YES ☐ NO Exit alarms: ☐ YES ☐ NO ☒ Some Only

Wander-guard: ☐ YES ☒ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☒ Outside Only ☒ Staff Supervised

Building Description: 23,166 sq/ ft. 2 level structure built in 1969 via F/S construction. Fully sprinklered, hardwired smoke detectors and central alarm. Generator backup for power supply.

Fire Safety Inspection: 02/10/2009 w/2 fire safety deficiencies noted.

Acquired pressure ulcers: 0 Inherited: 23

Wound Care Nurse on staff: ☒ YES ☐ NO Skin assessments:

Restraints: ☒ YES ☐ NO Types Used: Physical only – currently 3 residents w/restraint usage.

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's 1 LPN's 5 CNA's 10

2nd shift: RN's 0 LPN's 3 CNA's 6

3rd shift: RN's 0 LPN's 2 CNA's 4

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

PA002449

LC0256607

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 2 of 2

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
02/13/2009	19	2	4	2	3	0
11/15/2007	9	0	3	3	0	0
09/10/2006	9	0	2	1	2	0

Date of last Annual Survey: 02/13/2009 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 19	
Tag	Details **POC submitted, no revisit report enclosed.
1. F164	Privacy & Confidentiality
2. F167	Examination of Survey results
3. F176	Self Administration of Drugs
4. F221	Physical Restraints
5. F226	Staff Tx of Residents
6. F253	Housekeeping
7. F278	RA's
8. F279	Care Plans
9. F309	Quality of Care
10. F314	Pressure Sores
11. F318	ROM
12. F322	NG Tubes
13. F367	Therapeutic Diets
14. F441	Infection Control
15. F458	Resident Rooms
16. F502	Lab Services
17. F505	Lab Services
18. F514	Clinical Records
	#19 F518 Disaster & ER Preparedness

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: ****Would like to see results of state survey re-visit.**

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Large percentage of residents noted w/decline in ROM (14.3% which places facility in the 90th percentile). Poor state survey results.

Date submission returned to underwriter: 06/29/2009

Name of underwriter: Dwain Chamberlain

PA002450

LC0256608



Underwriting Risk Management Clinical Review

Date: 06/30/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Westwood Healthcare Center LOC# 6
Submission Address:	12121 Santa Monica Blvd, Los Angeles, CA 90025
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 310-826-0821	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 93 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 77	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input checked="" type="checkbox"/> 671 - CMS Long Term Care Application | <input type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input checked="" type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license *Exp. 11/04/2009 |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 8.8% WT.LOSS: 12.3% TUBE FEEDS: 7.4% DEHYDRATION: 0%
BEDFAST: 22.1% ADLS: 10.5% DECLINE ROM: 4.5% RESTRAINTS: 11.4% PRESSURE ULCER: 23%

HCFA/CMS 672 report summary - Date of Report:

Medicare: Medicaid: Private Pay/Other:

OSCAR report summary:

Complaint surveys: ☒ YES 08/29/2007 unsubstantiated. 11/18/2008 substantiated. 02/01/2008 unsubstantiated.

Administrator: Katherine R. Campbell

DON:

Eloperments in 12 months: ☒ YES ☐ NO Exit alarms: ☐ YES ☐ NO ☒ Some Only

Wander-guard: ☐ YES ☒ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☒ Outside Only ☐ Staff Supervised

Building Description: 35,550 sq ft 1 level structure of JM construction built in 1975. Fully sprinklered. Smoke detectors in hallways only, hardwired to a central alarm. Gas generated back up for power outages.

Fire Safety Inspection: 9/30/08 w/8 deficiencies noted. Fire drills monthly.

Acquired pressure ulcers: 9 Inherited: 27

Wound Care Nurse on staff: ☒ YES ☐ NO Skin assessments:

Restraints: ☒ YES ☐ NO Types Used: 26 resident's w/chemical restraints and 11 w/physical.

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☒

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's 2 LPN's 3 CNA's 10

2nd shift: RN's 0 LPN's 2 CNA's 7

3rd shift: RN's 0 LPN's 2 CNA's 5

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
09/30/2008	3	0	0	0	0	1
06/18/2007	9	1	2	2	1	0
04/30/2006	4	0	1	1	1	1

Date of last Annual Survey: 9/30/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 3	
Tag	Details POC submitter, re: revisit 12/12/2008 w/ all tags corrected.
1. F323	Accidents and Supervision
2. F329	Unnecessary Drugs - Level 3 deficiency.
3. F514	Clinical Records
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:**Clinical Determination:**

☒ Risk is recommended: *****Pending receipt of missing info off the application.***

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Major Concern: On state survey Level 3 tag due to resident who was overdosed w/Oxycodone and required transfer to the hospital for Narcan. Safety survey w/8 deficiencies. POC submitted. 4% med errors.

Date submission returned to underwriter: 06/30/2009

Name of underwriter: Dwain Chamberlain



Underwriting Risk Management Clinical Review

Date: 06/30/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Wilshire Nursing Center LOC#4
Submission Address:	855 North Fairfax Ave, Los Angeles, CA 90046
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 323-653-1521	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 81 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 73	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 - CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **Exp. 3/31/2010 |

QI report summary - 3 month ☒ 6 month ☐

IMPACTION: 0% UTI: 4.3% WT LOSS: 10.3% TUBE FEEDS: 21.7% DEHYDRATION: 0%
BEDFAST: 5.8% ADLS: 6% DECLINE ROM: 0% RESTRAINTS: 11.6% PRESSURE ULCER: 23.2%

HCFA/CMS 672 report summary - Date of Report: 5/29/09

Medicare: 16 Medicaid: 54 Private Pay/Other: 3 = 73 residents

OSCAR report summary:

Complaint surveys: ☒ YES ☐ NO 9/18/2008 & 1/13/2009 - no other info provided.

Administrator:

DON:

Elopements in 12 months: ☐ YES ☒ NO Exit alarms: ☐ YES ☐ NO ☒ Some Only

Wander-guard: ☐ YES ☒ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☒ Outside Only ☒ Staff Supervised

Building Description: 18,342 sq ft 1 level structure built in 1962 via F/S and Masonry construction. Fully sprinklered. Smoke detectors hardwired w/central alarm system. Gas powered back-up generator.

Fire Safety Inspection: 08/13/2008 w/11 deficiencies noted. Fire Drills: Quarterly

Acquired pressure ulcers: 5 Inherited: 15

Wound Care Nurse on staff: ☒ YES ☐ NO Skin assessments:

Restraints: ☒ YES ☐ NO Types Used: 40 residents on chemical restraints and 13 w/physical

Staffing: 12 hour shifts ☐ 8 hour shifts ☒ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's 1 LPN's 4 CNA's 10

2nd shift: RN's 1 LPN's 2 CNA's 6

3rd shift: RN's 1 LPN's 2 CNA's 5

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
8/19/2008	7	0	1	0	2	0
4/17/2007	7	0	2	2	0	0
1/12/2006	8	1	2	1	0	0

Date of last Annual Survey: 08/19/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 7	
Tag	Details **POC submitted 9/19/08, no info re: re-visit provided.
1. F170	Mail issues
2. F241	Dignity
3. F322	NG Tubes
4. F332	Med Errors
5. F333	Med Errors
6. F425	Pharmacy
7. F514	Clinical Records
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: ****Pending receipt of missing info on application and info re: complaint surveys.**

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

High incidence of pressure sores @ 23.2%. Fire Safety Inspection w/11 deficiencies noted is an area of concern.

Date submission returned to underwriter: 06/30/2009

Name of underwriter: Dwain Chamberlain

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date:	06/29/2009	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Belmont Heights Healthcare Center LOC# 15		
Submission Address:	1730 Grand Ave, Long Beach, CA 90804		
Parent Company Name:	Country Villa Healthcare Services, etal		
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056		
Phone:	562-597-8817	Fax Number:	Email Address
Separate Management Company: N/A			
Type of LTC entity/number of beds per entity: 104 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census: 104			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|--|--|
| <input type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input checked="" type="checkbox"/> 671 - CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input checked="" type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license *Exp. 12/10/2009 |

QI report summary - 3 month ☒ 6 month ☐

IMPACTION: 0% UTI: 11.8% WT.LOSS: 7.3% TUBE FEEDS: 34.1% DEHYDRATION: 0 %
BEDFAST: 11.8% ADLS: 2% DECLINE ROM: 0% RESTRAINTS: 5.9% PRESSURE ULCER: 23.6%

HCFA/CMS 672 report summary - Date of Report: 09/23/2008

Medicare: 8 Medicaid: 66 Private Pay/Other: 30 = 104 residents

OSCAR report summary: 9/11/2008 - 4 complaint surveys, 1 substantiated, 3 unsubstantiated.

Complaint surveys: ☒ YES ☐ NO

Administrator:

DON:

Elopements in 12 months: ☐ YES ☐ NO Exit alarms: ☐ YES ☐ NO ☐ Some Only

Wander-guard: ☐ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☐ Staff Supervised

Building Description:

Fire Safety Inspection: 10/09/2008 w/ 3 deficiencies noted

Acquired pressure ulcers: Inherited:

Wound Care Nurse on staff: ☐ YES ☐ NO Skin assessments:

Restraints: ☐ YES ☐ NO Types Used:

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's LPN's CNA's

2nd shift: RN's LPN's CNA's

3rd shift: RN's LPN's CNA's

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

PA002455

LC0256434

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
09/30/2008	11	0	4	1	1	0
07/24/2007	15	2	5	2	1	0
04/10/2006	7	1	1	1	2	0

Date of last Annual Survey: 09/30/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 11	
Tag	Details **No info included re: POC submission or re-visit.
1. F279	Care Plans
2. F309	Quality of Care – including LPN failure to take BP/Pulse prior to drug admin;
3. F322	NG Tubes – including improper admin of NG meds, improper tube feed technique
4. F328	Special Needs – issues w/RN's taking poor T.O. , issues w/O2 admin
5. F371	Sanitary Conditions
6. F425	Pharmacy
7. F428	Drug Regime Review
8. F442	Preventing Spread of Infections – re: resident w/ active MRSA in open wound w/no precautions taken.
9.	*Plus 3 fire safety tags
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: ****Pending application info that is missing! Need to see survey POC or revisit survey results.**

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

High percentage of tube feeds at 34.1% placing the facility in the 92nd percentile. High percentage of pressure ulcers noted. Survey has multiple issues w/hands on nursing care.

Date submission returned to underwriter: 06/29/2009

Name of underwriter: Dwain Chamberlain

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date: 06/30/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Claremont Healthcare Center LOC# 18
Submission Address:	590 S. Indian Hill Blvd, Claremont, CA 91711
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 909-624-4511	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 99 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 91	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 - CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license *Exp. 10/31/2009 |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 3.7% WT LOSS: 3.9% TUBE FEEDS: 8.6% DEHYDRATION: 0%
BEDFAST: 3.7% ADLS: 0% DECLINE ROM: 1.2% RESTRAINTS: 0% PRESSURE ULCER: 10.2%

HCFA/CMS 672 report summary - Date of Report: 1/11/2009

Medicare: 10 Medicaid: 74 Private Pay/Other: 55

OSCAR report summary:

Complaint surveys: ☒ YES 12/10/2008, abuse complaint unsubstantiated. 11/17/2008, unsubstantiated. 8/28/08, w/1 deficiency and POC submitted. 10/08/2008, no info.

Administrator:

DON:

Eloperments in 12 months: ☒ YES x 2 w/ 1 injury Exit alarms: ☒ YES ☐ NO ☐ Some Only

Wander-guard: ☒ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☒ Outside Only ☐ Staff Supervised

Building Description: 29,613 sq ft one level building constructed in 1958. Fully sprinklered. Hardwired smoke detectors, central alarm, and generator back-up for power.

Fire Safety Inspection: 1/16/2009 w/4 deficiencies noted. Fire drills monthly.

Acquired pressure ulcers: 4 Inherited: 16

Wound Care Nurse on staff: ☒ YES ☐ NO Skin assessments:

Restraints: ☒ YES ☐ NO Types Used: no physical restraints but 28 residents on chemical restraints.

Staffing: 12 hour shifts ☐ 8 hour shifts ☒ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's 2 LPN's 4 CNA's 12

2nd shift: RN's 1 LPN's 3 CNA's 9

3rd shift: RN's 0 LPN's 2 CNA's 5

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

PA002457

LC0256442

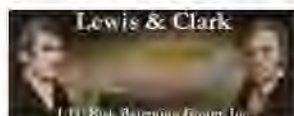
Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
01/16/2009	6	0	0	1	0	0
11/09/2007	11	2	3	2	2	0
09/20/2006	9	0	3	0	1	0

Date of last Annual Survey: 01/16/2009		Annual only <input checked="" type="checkbox"/>	Annual & Complaint <input type="checkbox"/>	Total # of Def. = 6
Tag	Details <i>**Copy of survey not enclosed, info below based on Medicare site reporting.</i>			
1.	Inaccurate RN assessments			
2.	Unnecessary drug usage			
3.	Med storage			
4.	Infection control – 3 issues			
5.				
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
Other pertinent Information:				
Clinical Determination:				
<input checked="" type="checkbox"/> Risk is recommended: <i>**Pending receipt of last state survey and missing info from the application.</i>				
<input type="checkbox"/> Risk is not recommended due to:				
The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:				
Multiple complaint surveys, only 1 substantiated. Two elopements, one w/injury – no info enclosed.				
Date submission returned to underwriter: 06/30/2009				
Name of underwriter: Dwain Chamberlain				

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date:	06/08/2009	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa East Nursing Center	LOC #	8
Submission Address:	2415 South Western Ave. Los Angeles, CA 90018		
Parent Company Name:	Country Villa Health Services, etal		
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056		
Phone:	323-734-1101	Fax Number:	Email Address:
Separate Management Company:			
Type of LTC entity/number of beds per entity: 99 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census: 88			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports; 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **exp. 4/9/10 |

QI report summary - Dates of report:	3 month <input checked="" type="checkbox"/> 6 month <input checked="" type="checkbox"/>
IMPACTION: 0% UTI: 3.2% WT.LOSS: 3.3% TUBE FEEDS: 19% DEHYDRATION: 0%	
BEDFAST: 9.5% ADLS: 5.5% DECLINE ROM: 9.5% RESTRAINTS: 4.8% PRESSURE ULCER: 16%	
HCFA/CMS 672 report summary - Date of Report: 5/29/09	
Medicare:	9 Medicaid: 62 Private Pay/Other: 29
OSCAR report summary:	
Complaint surveys: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO 1/13/2009, 11/21/2008	
Administrator:	
DON:	
Elopements in 12 months: <input checked="" type="checkbox"/> YES 5, one w/injury Exit alarms: <input checked="" type="checkbox"/> YES, some only Wander-guard: <input type="checkbox"/>	
YES <input checked="" type="checkbox"/> NO Smoking Permitted: <input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> Outside Only <input checked="" type="checkbox"/> Staff Supervised	
Building Description: 24,430 sq. ft. joisted masonry constructed 2 level structure built in 1969. Sprinklered.	
Fire Safety Inspection: 4/5/2007, w/ 10 deficiencies noted. Monthly fire drills	
Acquired pressure ulcers: 6 Inherited: 8	
Wound Care Nurse on staff: Yes Skin assessments:	
Restraints: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Types Used: 38 resident's w/chemical; 5 w/physical in place.	
Staffing: 12 hour shifts <input type="checkbox"/> 8 hour shifts <input type="checkbox"/> Combination <input type="checkbox"/>	
Criminal Back Ground Checks: <input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO	
1 st shift: RN's LPN's CNA's	
2 nd shift: RN's LPN's CNA's **ratio of 3.44	
3 rd shift: RN's LPN's CNA's	
Claims History:	
Risk Management Program:	

PA002459

LC0256452

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
07/08/2008	20	2	7	2	6	2
04/03/2007	14	1	4	1	5	0
01/12/2006	14	0	6	1	2	0

Date of last Annual Survey: 07/08/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 20			
Tag	Details	Tag	Details
F157	Notification of Change	F224	Staff TX of Residents
F226	Staff TX of Residents	F241	Dignity
F244	Participation Resident/Family Groups	F246	Accommodation of Needs
F248	Activities	F250	Social Services
F252	Environment	F272	Comprehensive Assessments
F279	Comprehensive Care Plans	F309	Quality of Care
F314	Pressure Sores	F318	ROM
F323	Accidents & Supervision	F368	Freq. of Meals
F369	Dietary Services	F441	Infection Control
F465	Environmental Conditions	F514	Clinical Records
	***Plus 10 tags for Fire Safety		
	***POC submitted but re-visit pending; however, it has been nearly a year.		

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: ****Major concern over 5 elopements, one w/injury. Major concerns over state survey.**

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Large number of elopements w/ not all doors outfitted w/locks or alarms. No wander guard type system. Two complaint surveys in past 12 months. State survey w/20 tags, 2 at a greater than level 2 deficiency. Multiple issue on survey related to residents poor Tx by the CNA's; multiple residents w/ Scabies infections and this was noted reported to the health dept.

Date submission returned to underwriter: 06/08/2009

Name of underwriter: Dwain Chamberlain



Underwriting Risk Management Clinical Review

Date:	06/30/2009	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Hacienda Healthcare Center LOC# 17		
Submission Address:	1311 East Date Street, San Bernardino, CA 92404		
Parent Company Name:	Country Villa Healthcare Services, etal		
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056		
Phone:	909-882-3316	Fax Number:	Email Address
Separate Management Company: N/A			
Type of LTC entity/number of beds per entity: 99 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census:			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|---|--|
| <input type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input checked="" type="checkbox"/> 671 – CMS Long Term Care Application | <input type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input checked="" type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input checked="" type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license *Exp. 11/30/2009 |

QI report summary - 3 month ☐ 6 month ☐

IMPACTION: % UTI: % WT LOSS: % TUBE FEEDS: % DEHYDRATION: %

BEDFAST: % ADLS: % DECLINE ROM: % RESTRAINTS: % PRESSURE ULCER: %

HCFA/CMS 672 report summary - Date of Report:

Medicare: Medicaid: Private Pay/Other:

OSCAR report summary: 6/09/2008, 4 complaint surveys, all unsubstantiated.

Complaint surveys: ☒ YES enclosed copies for: 1/23/08, no deficiency; 2/14/08, no deficiency; 4/17/08, 1 deficiency; 8/28/08, no deficiency; 9/2/08, no deficiency; 12/10/2008, no deficiency; 2/5/09, no deficiency.

Administrator: Kam Amirshahi

DON: Carmelita Magnaye, RN

Eloperments in 12 months: ☐ YES ☐ NO Exit alarms: ☐ YES ☐ NO ☐ Some Only

Wander-guard: ☐ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☐ Staff Supervised

Building Description:

Fire Safety Inspection: 07/17/2008 w/ 12 tags. Bldg. partially sprinklered only.

Acquired pressure ulcers: Inherited:

Wound Care Nurse on staff: ☐ YES ☐ NO Skin assessments:

Restraints: ☐ YES ☐ NO Types Used:

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's LPN's CNA's

2nd shift: RN's LPN's CNA's

3rd shift: RN's LPN's CNA's

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
07/03/2008	11	2	1	1	1	0
06/07/2007	11	0	1	4	2	1
03/24/2006	38	3	11	3	7	9

Date of last Annual Survey: 07/03/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 11	
Tag	Details **POC submitted 8/14/2008, re-visit report not included.
1. F221	Physical Restraints
2. F226	Staff Tx of Residents
3. F246	Accommodation of Needs
4. F352	Housekeeping
5. F279	Care Plans
6. F309	Quality of Care
7. F364	Food
8. F368	Freq. of Meals
9. F371	Sanitary Food Conditions
10. F431	Pharmacy
11. F465	Environmental conditions
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:**Clinical Determination:**

☒ Risk is recommended: ****Pending receipt of application w/required and necessary info to make a decision.**

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Seven complaint surveys, only 1 w/a deficiency; however, this is a high level of complaints. Concern over life safety survey w/12 fire safety deficiencies noted. Very poor survey hx.

Date submission returned to underwriter: 06/30/2009

Name of underwriter: Dwain Chamberlain



Underwriting Risk Management Clinical Review

Date: 06/30/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Petaluma Healthcare Center LOC# 22
Submission Address:	523 Hayes Lane Petaluma, CA 94952
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 707-763-2457	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 79 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 75	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license *Exp. 06/08/2009??? |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 3% WT.LOSS: 7.8% TUBE FEEDS: 0% DEHYDRATION: 0%
BEDFAST: 7.5% ADLS: 1.8% DECLINE ROM: 0% RESTRAINTS: 1.5% PRESSURE ULCER: 6.2%

HCFA/CMS 672 report summary - Date of Report: 06/01/2009

Medicare: 9 Medicaid: 54 Private Pay/Other: 10

OSCAR report summary:

Complaint surveys: ☒ YES 9/7/07, no tags; 10/3/07, 2 tags; 11/30/07, no tags; 12/14/07, 1 tag; 12/19/07, 2 tags; 1/16/08, no tags; 1/24/08, no tags; 1/30/08, no tags; 2/27/08, no tags; 2/28/08, no tags; 4/2/08, 1 tag; 4/4/08, 1 tag; 5/22/08, no tags; 6/10/08, no tags; 7/7/08 no tags; 7/9/08, no tags; 8/14/08, no tags; 8/28/08, 2 tags; 9/22/08, no tags; 11/5/08, no tags; 12/2/08, no tags; 2/9/09, no tags.

Administrator:

DON:

Elopements in 12 months: ☐ YES ☐ NO Exit alarms: ☐ YES ☐ NO ☐ Some Only

Wander-guard: ☐ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☐ Staff Supervised

Building Description: 16,110 sq ft, 1 level, F/S construction built in 1964. Fully sprinklered.

Fire Safety Inspection: 12/15/2008 w/9 deficiencies noted.

Acquired pressure ulcers: 4 Inherited: 7

Wound Care Nurse on staff: ☐ YES ☐ NO Skin assessments:

Restraints: ☒ YES Types Used: 1 resident w/physical restraints and 21 w/chemical restraints

Staffing: 12 hour shifts ☐ 8 hour shifts ☒ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's 2 LPN's 2 CNA's 10

2nd shift: RN's 1 LPN's 2 CNA's 8

3rd shift: RN's 1 LPN's 1 CNA's 4

Claims History:

Risk Management Program: ☐ YES ☐ NO Director:

PA002463

LC0256541

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
02/16/2008	15	0	3	0	3	4
12/07/2007	31	3	7	5	3	4
10/23/2006	33	2	7	6	4	6

Date of last Annual Survey: 02/16/2008 Annual only <input type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 15	
Tag	Details <i>**Survey not enclosed, info below based on Medicare report.</i>
1.	Resident care issues – level 3 tag
2.	Nutritional needs not met – level 3 tag
3.	Inadequate social services provided
4.	Failure to notify MD of worsening condition
5.	Dignity issues
6.	Failure to meet needs of resident
7.	Inadequate nourishment
8.	Storage of food – level 4 tag
9.	Overuse of meds
10.	Pharmacy issues
11.	Environmental safety issue – level 4 tag
12.	Accident issues
13.	No preventive measures re: rodents and bugs
14.	Rooms too small
15.	Inaccurate record keeping
16.	
17.	
18.	

Other pertinent Information:**Clinical Determination:**

☒ Risk is recommended: *****Pending new, current license, and addition info missing from application. Receipt of last survey, POC and re-visit.***

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Last state survey w/4 tags at a level greater than two. Twenty-two (22) complaint surveys conducted, 6 substantiated, w/POC submitted. Fire Safety inspection w/9 deficiencies noted.

Date submission returned to underwriter: 06/30/2009

Name of underwriter: Dwain Chamberlain



Underwriting Risk Management Clinical Review

Date:	Clinician: Linda McCallum, BSN, RN		
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Rehabilitation Center	Loc #7	
Submission Address:	340 South Alvarado Street Los Angeles, CA 90057		
Parent Company Name:	Country Villa Health Services, etal		
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056		
Phone: 213-484-9730	Fax Number:	Email Address:	
Separate Management Company:			
Type of LTC entity/number of beds per entity: 171 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census: 161			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports; 3 & 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **Exp. 5/31/2009 |

QI report summary - Dates of report: 3 month <input checked="" type="checkbox"/> 6 month <input checked="" type="checkbox"/>	
IMPACTION: 0% UTL: 3.4% WT.LOSS: 7.7% TUBE FEEDS: 38.6% DEHYDRATION: 0%	
BEDFAST: 9.1% ADLS: 6.1% DECLINE ROM: 6.9% RESTRAINTS: 18.6% PRESSURE ULCER: 28.5%	
HCFA/CMS 672 report summary - Date of Report:	
Medicare:	Medicaid: Private Pay/Other:
OSCAR report summary:	
Complaint surveys: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Administrator:	
DON:	
Elopements in 12 months: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Exit alarms: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Wander-guard: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Smoking Permitted: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Outside Only <input type="checkbox"/> Staff Supervised	
Building Description: 55,108 sq. ft. fire resistant structure build in 1964. Five levels, fully sprinklered. Hardwired smoke detectors. Smoking permitted in the interior dining hall and outside areas.	
Fire Safety Inspection: 12/11/2007, 2 deficiencies noted.	
Acquired pressure ulcers: 13 Inherited: 15	
Wound Care Nurse on staff: Yes Skin assessments: on admit and ?	
Restraints: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Types Used: Chemical (1 resident) Physical (9 residents)	
Staffing: 12 hour shifts <input type="checkbox"/> 8 hour shifts <input checked="" type="checkbox"/> Combination <input type="checkbox"/>	
Criminal Back Ground Checks: <input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO	
1 st shift: RN's 8 LPN's 7 CNA's 24	
2 nd shift: RN's 4 LPN's 2 CNA's 14	
3 rd shift: RN's 2 LPN's 5 CNA's 12	
Claims History:	
Risk Management Program:	

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
12/11/2007	14	0	3	1	4	0
09/13/2006	28	1	11	4	6	4
06/22/2005	15	1	2	0	3	1

Date of last Annual Survey: 12/11/2007 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 14	
Tag	Details ** POC submitted, no re-visit noted, no clearance of tags noted.
1. F157	Notification of Changes
2. F164	Privacy & Confidentiality
3. F241	Dignity
4. F246	Accommodation of Needs
5. F252	Environment
6. F253	Housekeeping/Maint.
7. F258	Environment – Sound
8. F279	Comprehensive Care Plans
9. F312	ADL's
10. ****	***Pages 14-17 are missing!!
11. F314	Care Plan
12. F323	Accidents and Supervision
13. F328	Special Needs
14. F425	Pharmacy
15. F431	Pharmacy
16.	
17.	
18.	

Other pertinent Information:

Fire drills monthly. Power backup per generator.

Clinical Determination:

☐ Risk is recommended: **License exp. 5/31/09, need copy of current license; Need administrative info.

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Concern over pressure ulcer rate 24.5%, 94th percentile. Several pages of last state survey are missing. Re-visit and clearance of all tags pending. Hx of very poor state surveys. Indoor smoking allowed in dinning hall. Last Fire Marshal inspection 9/19/06.

Date submission returned to underwriter: 06/05/2009

Name of underwriter: Dwain Chamberlain



Underwriting Risk Management Clinical Review

Date:	06/05/09	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Plaza Convalescent Center	Loc #5	
Submission Address:	1209 Hemlock Way Santa Ana, CA 92707		
Parent Company Name:	Country Villa Health Services, etal		
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056		
Phone:	714-546-1966	Fax Number:	Email Address:
Separate Management Company:			
Type of LTC entity/number of beds per entity: 145 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census: 115			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **exp. 11/5/09 |

QI report summary - Dates of report:	3 month <input checked="" type="checkbox"/> 6 month <input checked="" type="checkbox"/>
IMPACTION: 0 UTI: 8% WT.LOSS: 2% TUBE FEEDS: 12% DEHYDRATION: 0 BEDFAST: 10% ADLS: 9% DECLINE ROM: 16.3% RESTRAINTS: 12% PRESSURE ULCER: 2.9%	
HCFA/CMS 672 report summary - Date of Report:	
Medicare:	16% Medicaid: 70% Private Pay/Other: 14%
OSCAR report summary:	
Complaint surveys: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO 3/11/09	
Administrator:	
DON:	
Elopements in 12 months: <input checked="" type="checkbox"/> YES, x1 Exit alarms: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Wander-guard: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
Smoking Permitted: <input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> Outside Only <input type="checkbox"/> Staff Supervised	
Building Description: One level F/S constructed structure, built in 1965 w/28,559 sq. feet. Fully Sprinklered. Hardwired smoke detectors in all rooms.	
Fire Safety Inspection: 06/17/2008 w/8 deficiencies noted	
Acquired pressure ulcers: 7 Inherited: 21	
Wound Care Nurse on staff: Yes Skin assessments: on admit and weekly	
Restraints: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Types Used: Chemical (for 26 residents) & physical (for 9 residents)	
Staffing: 12 hour shifts <input type="checkbox"/> 8 hour shifts <input checked="" type="checkbox"/> Combination <input type="checkbox"/>	
Criminal Back Ground Checks: <input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO	
1 st shift: RN's LPN's CNA's **Staffing ratios given as 3.42	
2 nd shift: RN's LPN's CNA's	
3 rd shift: RN's LPN's CNA's	
Claims History:	
Risk Management Program:	

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
06/05/2008	26	1	6	2	4	0
02/08/2007	16	2	3	2	1	0
12/01/2005	13	1	2	2	0	0

Date of last Annual Survey: 06/05/2008		Annual only <input checked="" type="checkbox"/>	Annual & Complaint <input type="checkbox"/>	Total # of Def. = 26
Tag	Details **POC submitted, re-visit pending.			
1. F155	Notice of Rights & Services			
2. F156	Notice of Rights & Services			
3. F225	Staff TX of Residents			
4. F241	Dignity			
5. F246	Accommodation of Needs			
6. F250	Social Services			
7. F253	Housekeeping & Maintenance			
8. F272	Comprehensive Assessments			
9. F279	Comprehensive Care Plans			
10. F282	Comprehensive Care Plans			
11. F309	Quality of Care			
12. F315	Urinary Incontinence			
13. F323	Accidents & Supervision			
14. F325	Nutrition			
15. F328	Special Needs			
16. F329	Unnecessary Drugs			
17. F356	Nurse Staffing			
18. F364	Food			
19. F425	Pharmacy Services			
20. F428	Drug Regime Review			
21. F431	Pharmacy Services			
22. F442	Preventing Spread of Infection			
23. F463	Resident Call System			
24. F465	Environment			
25. F514	Clinical Records			
26. F518	Disaster & ER Preparedness			
Other pertinent Information:				
Fire drills monthly; Disaster drills 2 x per yr. Full assessments done on admit and quarterly.				
Clinical Determination:				
<input checked="" type="checkbox"/> Risk is recommended: *Would like info regarding Admin & DON				
<input type="checkbox"/> Risk is not recommended due to:				
The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:				
High number of deficiencies noted on last 3 surveys. Multiple issues w/documentation and care plans. Would like to see results of re-visit once completed.				
Date submission returned to underwriter: 06/05/2009				
Name of underwriter: Dwain Chamberlain				



Underwriting Risk Management Clinical Review

Date:	06/08/2009	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Bay Vista HCC	Loc #14	
Submission Address:	5901 Downey Ave. Long Beach, CA 90805		
Parent Company Name:	Country Villa Health Services, etal		
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056		
Phone:	562-634-4693	Fax Number:	Email Address:
Separate Management Company:			
Type of LTC entity/number of beds per entity: 70 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census: 66			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports; 3& 6 month |
| <input checked="" type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input checked="" type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **exp. 12/10/2009 |

QI report summary - Dates of report: 3 month <input checked="" type="checkbox"/> 6 month <input checked="" type="checkbox"/>
IMPACTION: 0% UTI: 6.8% WT.LOSS: 12.1% TUBE FEEDS: 8.5% DEHYDRATION: 0% BEDFAST: 6.8% ADLS: 1.8% DECLINE ROM: 7.3% RESTRAINTS: 8.5% PRESSURE ULCER: 27.3%
HCFA/CMS 672 report summary - Date of Report: 5/14/2009
Medicare: 6 Medicaid: 35 Private Pay/Other: 24 total of 65 residents for this report.
OSCAR report summary:
Complaint surveys: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Administrator: Rush Melliti, resume enclosed.
DON: Mohsen Mobasser, RN resume enclosed.
Eloperments in 12 months: <input checked="" type="checkbox"/> YES 6, no injuries Exit alarms: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Wander-guard: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Smoking Permitted: <input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> Outside Only <input type="checkbox"/> Staff Supervised
Building Description:
Fire Safety Inspection: 8/18/2008 w/ 3 tags
Acquired pressure ulcers: Inherited:
Wound Care Nurse on staff: Consultant only Skin assessments:
Restraints: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Types Used: 37 on chemical restraints and 2 w/physical restraints
Staffing: 12 hour shifts <input type="checkbox"/> 8 hour shifts <input checked="" type="checkbox"/> Combination <input type="checkbox"/>
Criminal Back Ground Checks: <input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO
1 st shift: RN's LPN's CNA's
2 nd shift: RN's LPN's CNA's
3 rd shift: RN's LPN's CNA's
Claims History:
Risk Management Program:

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
8/2/08	9	0	0	1	1	0
5/31/07	7	1	3	1	0	1
4/15/06	6	0	1	0	1	0

Date of last Annual Survey: 08/02/2008 Annual only <input type="checkbox"/> Annual & Complaint <input checked="" type="checkbox"/> Total # of Def. = 9	
Tag	Details **POC submitted, no re-visit noted.
1. F246	Accommodation of needs
2. F253	Housekeeping
3. F253	Housekeeping
4. F280	Care plans
5. F371	Sanitary food conditions
6. F425	Pharmacy
7. F444	Infection control
8. F445	Infection control
9. F446	Equipment
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:**Clinical Determination:**☒ Risk is recommended:☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

27.3% of resident's w/pressure ulcers placing them in the 92nd percentile. Six elopements w/no locked/alarmed doors, no wander guard type system.

Date submission returned to underwriter: 06/08/2009

Name of underwriter: Dwain Chamberlain

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date: 8/11/09	Clinician: Kathy Massing, RN, BSN, LNC
Program: Lewis & Clark	
Submission Facility Name: Braswell's Hampton Manor, LP	
Submission Address: 4970 Fourth Street, Yucaipa, CA 92399	
Parent Company Name: Braswell's Family Senior Care	
Address:	
Phone: 909-790-2273 Fax Number: 909-790-3333 Email Address: Hampton@braswellshealth.com	
Separate Management Company:	
Type of LTC entity/number of beds per entity:	
Intermediate: Skilled: 99	Sub-acute: High Acuity:
Current Census: 95	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 - CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license |

QI report summary - 3 month ☐ 6 month ☒

IMPACTION: 0% UTI: 12.5 % WT LOSS: 13.4 % TUBE FEEDS: 2.5% DEHYDRATION: 0 %
BEDFAST: 13.5% ADLS: 10.2% DECLINE ROM: 7.5% RESTRAINTS: 12.5% PRESSURE ULCER: 17%

HCFA/CMS 672 report summary - Date of Report: 6/15/09

Medicare: 81 Medicaid: 13 Private Pay/Other: 1

OSCAR report summary:

Complaint surveys: ☐ YES ☒ NO

Administrator: Julie Purday

DON: Darla Evans

Elopements in 12 months: ☐ YES ☐ NO Exit alarms: ☒ YES ☐ NO ☐ Some Only

Wander-guard: ☐ YES ☒ NO ☐ Some Only

Smoking Permitted: ☒ YES ☐ NO ☒ Outside Only ☒ Staff Supervised

Building Description: Built in 1990, single story, 33,264 square feet, frame, masonry non-combustible.

Fire Safety Inspection: 5/09

Fire Drills: not indicated

Acquired pressure ulcers: 3 Inherited: 0

Wound Care Nurse on staff: ☐ YES ☒ NO Skin assessment frequency: Done by CNA's and refer to nurse as needed

Restraints: ☐ YES ☐ NO Types Used:

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☒ YES ☐ NO Abuse Registry: ☒ YES ☐ NO Volunteers: ☒ YES ☐ NO

1st shift: RN's 1 LPN's - 5 CNA's - 10

2nd shift: RN's 1 LPN's - 3 CNA's - 8

3rd shift: RN's 1 LPN's - 1 CNA's - 5

Claims History:

J. McCallum, BSN, RN
June 2009

PA002471

LC0255464

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 2 of 2

Risk Management Program: ☒ YES ☐ NO Director: Mary Washington

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:

Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
4/23/08	18	2	2	4	2	0
3/22/07	10	1	0	2	1	0
1/21/06	22	1	5	3	2	0

Date of last Annual Survey: Annual only ☒ Annual & Complaint ☐ Total # of Def. =

Tag	Details
1. F154	No consents for psychotropic meds
2. F157	Failed to notify physician and responsible party after significant changes
3. F221	Restrained patient without MD order
4. F226	No P&P for screening to prevent abuse (poor verification on employment)
5. F252	Building and environment not in good repair
6. F256	Poor lighting
7. F272	MDS not correctly coded
8. F275	MDS not being done when required
9. F279	Care plans not updated as needed or complete
10. F314	Improper treatment to prevent a pressure ulcer from getting worse
11. F325	Did not maintain acceptable body weight or protein levels
12. F327	Did not assure adequate hydration
13. F329	Multiple meds with Acetaminophen – too much
14. F332	Medication error rate 9%
15. F371	Sanitary conditions with food
16. F387	Late physician visits
17. F428	Pharmacist did not report drug regimen irregularities
18. F431	Meds stored with stock meds
19. F520	No quarterly QA meetings

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended:

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Skin assessments are being done by CNA's should be done by a Nurse!!! High percent of UTI's, non-ambulatory residents, physical restraints, and pressure ulcers. Total of 9% medication errors, need better tracking of needed assessments, Quality Control meetings were inappropriate.

Date submission returned to underwriter: 8/12/09

Name of underwriter: Dwain Chamberlain

T. McCallum, BSN, RN
June 2009

PA002472

LC0255465

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date: 8/11/09	Clinician: Kathy Massing, RN, BSN, LNC
Program: Lewis & Clark	
Submission Facility Name: Braswell's Community Convalescent Center, LP	
Submission Address: 13542 2 nd Street, Yucaipa, CA 92399	
Parent Company Name: Braswell's Family Senior Care	
Address:	
Phone: 909-795-2421 Fax Number: 909-795-5939 Email Address: community@braswellshealth.com	
Separate Management Company:	
Type of LTC entity/number of beds per entity:	
Intermediate: Skilled: 82	Sub-acute: High Acuity:
Current Census: 76	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 - CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license |

QI report summary - 3 month ☐ 6 month ☒

IMPACTION: 0% UTI: 13.2 % WT LOSS: 7.6 % TUBE FEEDS: 2.6% DEHYDRATION: 0 %
BEDFAST: 3.9% ADLS: 6.7% DECLINE ROM: 0% RESTRAINTS: 19.7% PRESSURE ULCER: 13.3%

HCFA/CMS 672 report summary - Date of Report: 3/31/09

Medicare: 17% Medicaid: 70.2% Private Pay/Other: 5.3%

OSCAR report summary:

Complaint surveys: ☐ YES ☐ NO

Administrator: Art Braswell

DON: Frances Bralton

Elopements in 12 months: ☐ YES ☐ NO Exit alarms: ☒ YES ☐ NO ☐ Some Only

Wander-guard: ☒ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☐ Staff Supervised

Building Description: Built in approximately 1964, 1 story, Frame, Joisted Masonry.

Fire Safety Inspection: 6/08

Fire Drills: Monthly

Acquired pressure ulcers: 1 Inherited: 3

Wound Care Nurse on staff: ☒ YES ☐ NO Skin assessment frequency: Admission & 2x week (showers)

Restraints: ☐ YES ☐ NO Types Used:

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☒ YES ☐ NO Abuse Registry: ☒ YES ☐ NO Volunteers: ☒ YES ☐ NO

1st shift: RN's 1 LPN's - 5 CNA's - 17

2nd shift: RN's 0 LPN's - 3 CNA's - 10

3rd shift: RN's 0 LPN's - 3 CNA's - 5

Claims History:

Risk Management Program: ☒ YES ☐ NO

Director: Mary Ann Shadwick

J. McCallum, BSN, RN
June 2009

PA002473

LC0255449

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
6/19/08	9	0	2	0	0	0
4/30/07	23	2	4	5	1	0
2/27/06	15	1	3	0	0	0

Date of last Annual Survey: Annual only <input type="checkbox"/> Annual & Complaint <input checked="" type="checkbox"/> Total # of Def. = 9	
Tag	Details
1. F312	No dining assistance for one resident for 30 minutes after meal served
2. F314	Failed to provide treatment of pressure sores
3. F323	Environment with accident hazards
4. F332	Medical error rate was 5.8%
5. F365	Improper texture of food
6. F371	Food safety
7. F465	Wheels on beds did not lock
8. F467	Bathrooms with strong odor of urine & feces
9. F514	No documentation of 2 step TB for resident, no meal intake documented
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:**Clinical Determination:**☒ Risk is recommended:☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Most of care being delivered by LVN's, 11.8% falls, several psychiatric residents, UTI prevalence higher than national average, pain management needs.

Date submission returned to underwriter: 8/12/09

Name of underwriter: Dwain Chamberlain

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date: 8/11/09	Clinician: Kathy Massing, RN, BSN, LNC
Program: Lewis & Clark	
Submission Facility Name: Braswell's Yucaipa Valley Convalescent Home, LP	
Submission Address: 35253 Ave H, Yucaipa, CA 92399	
Parent Company Name: Braswell's Family Senior Care	
Address:	
Phone: 909-795-2476 Fax Number: 909-795-0458 Email Address: Yucaipa@braswellshealth.com	
Separate Management Company:	
Type of LTC entity/number of beds per entity: Fax cut off page with this information	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 44	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run - 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 - CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 - CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license |

QI report summary - 3 month ☐ 6 month ☒

IMPACTION: 0% UTI: 9.6 % WT.LOSS: 2.2 % TUBE FEEDS: 0% DEHYDRATION: 0 %
BEDFAST: 9.5% ADLS: 7.0% DECLINE ROM: 4% RESTRAINTS: 1.9 % PRESSURE ULCER: 30%

HCFA/CMS 672 report summary - Date of Report: 5/31/09

Medicare: 3 Medicaid: 33 Private Pay/Other: 8

OSCAR report summary:

Complaint surveys: ☐ YES ☐ NO

Administrator: Brigitta Grimaldi

DON: Susan DeGauge

Elopements in 12 months: ☐ YES ☐ NO Exit alarms: ☐ YES ☒ NO ☐ Some Only

Wander-guard: ☐ YES ☒ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☒ Staff Supervised

Building Description: Built in 1965, single story, frame, built as a nursing home, 15,400 square feet

Fire Safety Inspection: 12/18/08

Fire Drills: Once a year

Acquired pressure ulcers: 5 Inherited: 2

Wound Care Nurse on staff: ☐ YES ☒ NO Skin assessment frequency: Admission & weekly

Restraints: ☐ YES ☐ NO Types Used:

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☒ YES ☐ NO Abuse Registry: ☒ YES ☐ NO Volunteers: ☒ YES ☐ NO

1st shift: RN's - 1 LPN's - 2 CNA's - 6

2nd shift: RN's - 0 LPN's - 2 CNA's - 6

3rd shift: RN's - 0 LPN's - 1 CNA's - 3

Claims History:

Risk Management Program: ☒ YES ☐ NO

Director: Lynne Henley, RN

L. McCallum, BSN, RN
June 2009

PA002475

LC0255423

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
12/30/08	12	0	3	1	0	1
2/25/08	12	0	1	2	2	0
11/16/06	14	0	2	3	1	0

Date of last Annual Survey: Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 12	
Tag	Details
1. F253	House keeping
2. F258	Too noisy at night
3. F278	MDS not coded correctly
4. F309	Oxygen given without MD order
5. F314	Inadequate MD notification, treatment and care plan when pressure ulcer first reported
6. F323	Unsafe smokers, no P&P for smoking
7. F328	Oxygen not being delivered at ordered rate
8. F371	Kitchen sanitation
9. F456	Poor upkeep of equipment
10. F465	Exit doors not totally closed, vents dirty
11. F469	Insects in facility
12. F514	Dosage transcribed incorrectly
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:**Clinical Determination:**☐ Risk is recommended:☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

High percentage of pressure ulcers, only one RN on staff, high percentage of bedridden/chair ridden patients, need policy and procedure for smoking and inadequate supervision of smoking. On deficiency in latest survey was a level 4 and that was a safety issue.

Date submission returned to underwriter: 8/12/09

Name of underwriter: Dwain Chamberlain

**Underwriting Risk Management Clinical Review**

Date: 8/12/09	Clinician: Kathy A. Massing, RN, BSN, LNC
Program: Lewis & Clark	
Submission Facility Name: Braswell's Villa Monte Vista, LP	
Submission Address: 12696 Monte Vista RD, Poway, CA 92064	
Parent Company Name: Braswell's Family Senior Care	
Address:	
Phone: 858-487-6242 Fax Number: 858-487-0254 Email Address: villa@braswellshealth.com	
Separate Management Company:	
Type of LTC entity/number of beds per entity:	
Intermediate:	Skilled: 149 Sub-acute: High Acuity:
Current Census: 124	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license |

QI report summary - 3 month ☐ 6 month ☒

IMPACTION: 0% UTI: 5.6 % WT.LOSS: 11.3 % TUBE FEEDS: 4.8% DEHYDRATION: 0 %
BEDFAST: 6.5% ADLS: 7.8% DECLINE ROM: 5.7% RESTRAINTS: 0.8% PRESSURE ULCER: 18.3%

HCFA/CMS 672 report summary - Date of Report: 8/19/08

Medicare: 3 Medicaid: 79 Private Pay/Other: 42

OSCAR report summary:

Complaint surveys: ☐ YES ☐ NO

Administrator: Loraine Wiencek

DON: Cathy Bachety

Elopements in 12 months: ☐ YES ☐ NO Exit alarms: ☒ YES ☐ NO ☐ Some Only

Wander-guard: ☒ YES ☐ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☐ Outside Only ☐ Staff Supervised

Building Description: Built in 1984, single story, 49,500 square feet, originally built as a nursing home

Fire Safety Inspection: 2/09

Fire Drills:

Acquired pressure ulcers: 8 Inherited: 16

Wound Care Nurse on staff: ☐ YES ☒ NO Skin assessment frequency: Weekly

Restraints: ☒ YES ☐ NO Types Used:

Staffing: 12 hour shifts ☐ 8 hour shifts ☐ Combination ☐

Criminal Back Ground Checks: ☒ YES ☐ NO Abuse Registry: ☒ YES ☐ NO Volunteers: ☒ YES ☐ NO

1st shift: RN's 2 LPN's 4 CNA's 19

2nd shift: RN's 1-2 LPN's 4-5 CNA's 13

3rd shift: RN's 1 LPN's 2 CNA's 10

Claims History:

Risk Management Program: ☒ YES ☐ NO Director: Rob Palady, LVN

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
8/22/09	26	1	5	2	5	0
8/10/07	20	2	3	2	3	0
8/11/06	8	0	2	1	1	

Date of last Annual Survey: Annual only <input type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. =		
Tag	Details	
1. F154	No informed consent for psychotropic meds	
2. F167	Recent survey not posted	
3. F176	Prescription mouth rinse at bedside without an order or self-administration assessment	
4. F226	Nurse not familiar with abuse policy	
5. F241	Call lights not being answered	
6. F245	No outside activities, no transportation	
7. F248	Activity did not meet the needs of all residents	
8. F253	Urine odor in building, especially in carpeted rooms	
9. F278	MDS not accurate on residents with pressure ulcers and resistive behavior	
10. F279	Care Plans not comprehensive	
11. F282	Care Plans not being followed	
12. F425	TB test solution not dated when opened	
13. F428	No clear order for maximum daily dose of acetaminophen	
14. F441	Nurse did not wear gloves when drawing blood	
15. F465	Resident patio area used as storage space	
16. F468	Loose hand rails	
17. F511	Physician not notified of x-ray result after a fall	
18. F311	Resident did not receive restorative services for 4 months after recommended by PT	
19. F314	Poor care of residents with pressure sores	
20. F315	Bowel & bladder assessment incomplete, no bladder retraining after catheter DC'd	
21. F323	Two fire exits blocked	
22. F356	Nursing staffing hours not posted	
23. F371	Kitchen sanitation	
24. F514	Dose of Methadone not recapped correctly	
25. F517	No disaster plan for food (to have a 3 day supply)	
26. F518	Kitchen not aware of manual activation switch on fire suppression system.	

Other pertinent Information:**Clinical Determination:**☒ Risk is recommended:☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Large amount of bed and chair ridden residents, high risk residents with pressure ulcers, surveys getting worse over time, need better education of staff, poor documentation and not following MD orders.

Date submission returned to underwriter: 8/12/09
Name of underwriter: Dwain Chamberlain



Underwriting Risk Management Clinical Review

Date: 06/29/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Woodman Healthcare Center LOC# 16
Submission Address:	13524 Sherman Way, Van Nuys, CA 91405
Parent Company Name:	Country Villa Healthcare Services, etal
Address:	5120 W. Goldleaf Circle #400, Los Angeles, CA 90056
Phone: 818-786-3470	Fax Number: Email Address
Separate Management Company: N/A	
Type of LTC entity/number of beds per entity: 99 Bed SNF	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: 93	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input checked="" type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports: 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **Exp. 12/10/2009 |

QI report summary - 3 month ☒ 6 month ☒

IMPACTION: 0% UTI: 7.8% WT.LOSS: 4.2% TUBE FEEDS: 22.1% DEHYDRATION: 0%
BEDFAST: 18.2% ADLS: 5.7% DECLINE ROM: 0% RESTRAINTS: 22.1% PRESSURE ULCER: 32.7%

HCFA/CMS 672 report summary - Date of Report:

Medicare: Medicaid: Private Pay/Other:

OSCAR report summary:

Complaint surveys: ☒ YES

07/30/2008, 9/9/2008, 10/28/2008, 10/30/2008, 02/10/2009, 03/13/2009 ALL w/no deficiencies noted.

The following all had deficiencies and required POC submission:

6/17/2008 w/2 deficiencies; 7/15/2008 w/5 deficiencies; 6/26/2008 w/4 deficiencies; 5/21/2008 w/1 deficiency; 6/26/2008 w/4 deficiencies noted.

Administrator: Douglas Tucker

DON:

Elopements in 12 months: ☐ YES ☒ NO Exit alarms: ☐ YES ☒ NO ☐ Some Only

Wander-guard: ☐ YES ☒ NO ☐ Some Only

Smoking Permitted: ☐ YES ☐ NO ☒ Outside Only ☒ Staff Supervised

Building Description: 23,366 sq. ft. one level F/S constructed facility built in 1956. Fully sprinklered. Smoke detectors in bedrooms only, not hard-wired, no central alarm. Emergency backup is generator powered. Monthly fire drills.

Fire Safety Inspection: 9/23/2008 w/ 5 deficiencies noted.

Acquired pressure ulcers: 5 Inherited: 19

Wound Care Nurse on staff: ☒ YES ☐ NO Skin assessments:

Restraints: ☒ YES ☐ NO Types Used: 27 residents currently on chemical restraints; 21 on physical restraints.

Staffing: 12 hour shifts ☐ 8 hour shifts ☒ Combination ☐

Criminal Back Ground Checks: ☐ YES ☐ NO Abuse Registry: ☐ YES ☐ NO Volunteers: ☐ YES ☐ NO

1st shift: RN's 2 LPN's 7 CNA's 15

2nd shift: RN's 1 LPN's 3 CNA's 8

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 2 of 2

3 rd shift: RN's 1 LPN's 1 CNA's 6
Claims History:
Risk Management Program: <input type="checkbox"/> YES <input type="checkbox"/> NO Director:

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
09/30/2008	26	1	6	0	5	0
07/27/2007	20	1	6	0	3	0
05/08/2006	24	1	9	1	3	0

Date of last Annual Survey: 09/20/2008 Annual only <input type="checkbox"/> Annual & Complaint <input checked="" type="checkbox"/> Total # of Def. = 26

Tag	Details **Copy of this survey not included. According to the Medicare Website Info <u>26</u> deficiencies were due to the following issues:
1.	Restraint Use
2.	Pressure Sores / Improper Prevention of Sores
3.	Nutrition Issues / Food Storage Issues
4.	Resident Care – Multiple Issues
5.	Unnecessary Catheterization Use
6.	Poor Assistance w/Grooming or Hygiene
7.	Failure to Notify MD of change in condition
8.	Dignity
9.	Pharmacy Issues
10.	Infection Control – re: Prevention, Spread of Infections
11.	Housekeeping Deficiencies
12.	Spatial Issues w/room size
13.	Medical Records
14.	Health Disclosure Issues w/ Resident/Families
15.	
16.	
17.	
18.	

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: **Multiple issues, recommend an onsite visit!!

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

REQUIRES A VISIT FROM RISK MANAGEMENT. Issue w/ Pressure sores at 32.7% which places facility in the 94th percentile. Issue w/Restraint use at 22.1% which places them in the 94th percentile. Eleven complaint survey w/multiple citations. Poor history of annual state surveys w/26 deficiencies noted on last annual visit.

Date submission returned to underwriter: 06/29/2009

Name of underwriter: Dwain Chamberlain

PA002481

LC0256656



Underwriting Risk Management Clinical Review

Date: 06/05/2009	Clinician: Linda McCallum, BSN, RN
Program: Lewis & Clark	
Submission Facility Name:	Country Villa Terrace Nursing Center Loc #12 SNF (& Loc. #11 ALF)
Submission Address:	6070 & 6030 W. Pico Blvd. Los Angeles, CA 90035
Parent Company Name:	Country Villa Health Services, etal
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056
Phone: 323-653-3980	Fax Number: Email Address:
Separate Management Company:	
Type of LTC entity/number of beds per entity: 50 Bed SNF w/100 Bed ALF attached.	
Intermediate:	Skilled: Sub-acute: High Acuity:
Current Census: SNF = 42 ALF = 52	
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No	

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports; 3& 6 month |
| <input checked="" type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input type="checkbox"/> Copy of current state license |

QI report summary - Dates of report: 3 month <input checked="" type="checkbox"/> 6 month <input checked="" type="checkbox"/>
IMPACTION: 0% UTI: 3.2% WT.LOSS: 3.2% TUBE FEEDS: 16.1% DEHYDRATION: 0% BEDFAST: 0% ADLS: 0% DECLINE ROM: 3.2% RESTRAINTS: 22.6% PRESSURE ULCER: 29.9%
HCFA/CMS 672 report summary - Date of Report: 3/31/09
For SNF: Medicare: 14 Medicaid: 25 Private Pay/Other: 5
OSCAR report summary:
Complaint surveys: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO
Administrator:
DON:
Elopements in 12 months: <input checked="" type="checkbox"/> YES x1 w/no injury noted Exit alarms: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Wander-guard: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Smoking Permitted: Outside only.
Building Description: 17,175 sq. ft, 3 level structure built in 1964 via F/S construction. Fully sprinklered.
Fire Safety Inspection: 4-6-2009
Acquired pressure ulcers: 3 Inherited: 4
Wound Care Nurse on staff: YES Skin assessments:
Restraints: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Types Used: on ALF, none. SNF Chemical (18 residents) Physical (6 residents)
Staffing: 12 hour shifts <input type="checkbox"/> 8 hour shifts <input type="checkbox"/> Combination <input type="checkbox"/>
Criminal Back Ground Checks: <input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO
1 st shift: RN's LPN's CNA's
2 nd shift: RN's LPN's CNA's **staffing ratios 3.57:45
3 rd shift: RN's LPN's CNA's
Claims History:
Risk Management Program:

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
03/31/2008	7	1	4	1	0	0
01/10/2007	16	0	4	2	2	0
11/28/2005	6	0	3	1	0	0

Date of last Annual Survey: 03/31/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 7	
Tag	Details **POC submitted, re-visit pending
1. F279	Comprehensive Care Plans
2. F309	Quality of Care
3. F323	Accidents & Supervision
4. F328	Special Needs
5. F332	Med Errors
6. F334	Immunizations
7. F425	Pharmacy
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:

ER power per generator backup. Monthly fire drills.

Clinical Determination:☒ Risk is recommended: In need of administrative info. Need copy of license.☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Date submission returned to underwriter: 06/05/2009

Name of underwriter: Dwain Chamberlain



Underwriting Risk Management Clinical Review

Date:	06/08/2009	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Los Feliz Healthcare Center	Loc #13	
Submission Address:	3002 Rowena Ave. Los Angeles, CA 90039		
Parent Company Name:	Country Villa Health Services, etal		
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056		
Phone: 310-574-3733	Fax Number:	Email Address:	
Separate Management Company:			
Type of LTC entity/number of beds per entity: 128 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census: 124			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports; 3& 6 month |
| <input checked="" type="checkbox"/> 671 – CMS Long Term Care Application | <input checked="" type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input checked="" type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input checked="" type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **exp. 10-31-09 |

QI report summary - Dates of report:	3 month <input checked="" type="checkbox"/> 6 month <input checked="" type="checkbox"/>
IMPACTION: 0% UTI: 0% WT.LOSS: 5.6% TUBE FEEDS: 20% DEHYDRATION: 0% BEDFAST: 1.8% ADLS: 10.1% DECLINE ROM: 6.5% RESTRAINTS: 33.6% PRESSURE ULCER: 22.6%	
HCFA/CMS 672 report summary - Date of Report: 7/21/08	
Medicare:	15 Medicaid: 94 Private Pay/Other: 15 = 124 residents
OSCAR report summary: 4 complaint surveys, 1 substantiated.	
Complaint surveys: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO	
Administrator: Raymund Villaluz, resume enclosed.	
DON: Carol Poblete, RN resume enclosed.	
Eloperments in 12 months:	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Exit alarms: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Wander-guard: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO
Smoking Permitted:	<input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> Outside Only <input type="checkbox"/> Staff Supervised
Building Description: 29,000 sq. ft, 1 level, F/S constructed facility built in 1967. Sprinklered.	
Fire Safety Inspection: 7/30/2008, 8 tags noted. monthly fire drills	
Acquired pressure ulcers:	2 Inherited: 44
Wound Care Nurse on staff:	Skin assessments:
Restraints:	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Types Used: 49 resident's w/chemical restraints and 28 w/physical.
Staffing:	12 hour shifts <input type="checkbox"/> 8 hour shifts <input checked="" type="checkbox"/> Combination <input type="checkbox"/>
Criminal Back Ground Checks:	<input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO
1 st shift: RN's	LPN's CNA's
2 nd shift: RN's	LPN's CNA's ** Staff ratios of 3.42
3 rd shift: RN's	LPN's CNA's
Claims History:	
Risk Management Program:	

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
07/29/2008	10	0	2	1	0	0
04/29/2007	8	0	2	0	3	0
02/01/2006	5	0	1	1	0	0

Date of last Annual Survey: 07/29/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 10	
Tag	Details **POC submitted, re-visit pending.
1. F253	Housekeeping
2. F279	Care plans
3. F309	Quality of care
4. F323	Accidents and supervision
5. F328	Special needs
6. F371	Sanitary food conditions
7. F456	Space and equipment
8. F467	Ventilation
9. F514	Clinical records
10. F517	ER preparedness
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:**Clinical Determination:**

☒ Risk is recommended: **Would like to see state survey re-visit results.

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

High incidents of restraint usage and high number of pressure sores.

Date submission returned to underwriter: 06/08/2009

Name of underwriter: Dwain Chamberlain

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 1 of 2



Underwriting Risk Management Clinical Review

Date:	06/08/2009	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Park Avenue Nursing & Health Center LOC #23		
Submission Address:	1550 North Park Ave. Pomona, CA 91768		
Parent Company Name:	Country Villa Health Services, etal		
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056		
Phone:	909-623-0791	Fax Number:	Email Address:
Separate Management Company:			
Type of LTC entity/number of beds per entity: 231 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census: 142			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports; 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input type="checkbox"/> Administrator & DON resume | <input checked="" type="checkbox"/> Copy of current state license **exp. 11/28/09 |

QI report summary - Dates of report:	3 month <input checked="" type="checkbox"/>	6 month <input checked="" type="checkbox"/>
IMPACTION: 0% UTI: 8.6% WT.LOSS: 0% TUBE FEEDS: 12.9% DEHYDRATION: 0% BEDFAST: 4.3% ADLS: --% DECLINE ROM: --% RESTRAINTS: 15.7% PRESSURE ULCER: 4.8%		
HCFA/CMS 672 report summary - Date of Report:		
Medicare:	Medicaid:	Private Pay/Other:
OSCAR report summary:		
Complaint surveys: <input type="checkbox"/> YES <input type="checkbox"/> NO		
Administrator:		
DON:		
Elopements in 12 months: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Exit alarms: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Wander-guard: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO		
Smoking Permitted: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> Outside Only <input checked="" type="checkbox"/> Staff Supervised		
Building Description: 38,922 sq. ft. one level structure built in 1968 w/ JM construction. Sprinklered.		
Fire Safety Inspection: 8/30/2008		
Acquired pressure ulcers: 0 Inherited: 0		
Wound Care Nurse on staff: Yes Skin assessments:		
Restraints: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Types Used: 43 resident's w/chemical restraints and 27 w/physical.		
Staffing: 12 hour shifts <input type="checkbox"/> 8 hour shifts <input type="checkbox"/> Combination <input type="checkbox"/>		
Criminal Back Ground Checks: <input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO		
1 st shift: RN's LPN's CNA's		
2 nd shift: RN's LPN's CNA's **staffing ratio 3.38		
3 rd shift: RN's LPN's CNA's		
Claims History:		
Risk Management Program:		

PA002486

LC0256527

Clinical Underwriting Documentation Tool for Skilled & Long Term Care Facilities

Page 2 of 2

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
09/02/2008	8	0	4	2	0	0
08/02/2008	8	0	0	1	1	0
05/31/2007	7	1	3	1	0	0

Date of last Annual Survey: 9/2/08 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 8	
Tag	Details **No info on POC submission or re-visit**
1. F272	Comprehensive Assessments
2. F279	Comprehensive Care Plans
3. F309	Quality of Care
4. F311	ADL's
5. F314	Pressure Sores
6. F315	Urinary Incontinence
7. F323	Accidents & Supervision
8. F465	Environment
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	

Other pertinent Information:

Clinical Determination:

☒ Risk is recommended: **Pending re-visit or POC for state survey.

☐ Risk is not recommended due to:

The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:

Date submission returned to underwriter: 06/08/2009

Name of underwriter: Dwain Chamberlain



Underwriting Risk Management Clinical Review

Date:	06/05/2009	Clinician:	Linda McCallum, BSN, RN
Program: Lewis & Clark			
Submission Facility Name:	Country Villa Pavilion Nursing Center Loc #10		
Submission Address:	5916 W. Pico Blvd. Los Angeles, CA 90035		
Parent Company Name:	Country Villa Health Services, etal		
Address:	5120 W. Goldleaf Circle #400 Los Angeles, CA 90056		
Phone:	323-939-3184	Fax Number:	Email Address:
Separate Management Company:			
Type of LTC entity/number of beds per entity: 59 Bed SNF			
Intermediate:	Skilled:	Sub-acute:	High Acuity:
Current Census: 56			
Alzheimer's Unit/Secured Unit? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			

The following items were available for review with the application:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Long term care application | <input type="checkbox"/> Loss Run – 5 years (valued within the last 90 days) |
| <input type="checkbox"/> Accord Commercial Insurance application | <input type="checkbox"/> Financials |
| <input checked="" type="checkbox"/> Survey and complaint surveys, Life Safety Code report | <input checked="" type="checkbox"/> Quality Indicator reports; 3& 6 month |
| <input type="checkbox"/> 671 – CMS Long Term Care Application | <input type="checkbox"/> Current 672 – CMS Census & Condition report |
| <input type="checkbox"/> OSCAR report | <input type="checkbox"/> Skin care, falls, elopement, abuse, restraint protocols |
| <input checked="" type="checkbox"/> Administrator & DON resume | <input type="checkbox"/> Copy of current state license |

QI report summary - Dates of report: 4/6/09 3 month <input checked="" type="checkbox"/> 6 month <input type="checkbox"/>	
IMPACTION: 0% UTI: 18.9% WT.LOSS: 5.9% TUBE FEEDS: 16.2% DEHYDRATION: 0% BEDFAST: 16.2% ADLS: 7.1% DECLINE ROM: 2.8% RESTRAINTS: 40.5% PRESSURE ULCER: 15.6%	
HCFA/CMS 672 report summary - Date of Report:	
Medicare:	Medicaid: Private Pay/Other:
OSCAR report summary:	
Complaint surveys: <input type="checkbox"/> YES <input type="checkbox"/> NO	
Administrator: Fanny Rodriguez, resume enclosed.	
DON: Angela Henry, RN resume enclosed.	
Elopements in 12 months: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Exit alarms: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Wander-guard: <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
Smoking Permitted: <input type="checkbox"/> YES <input type="checkbox"/> NO <input checked="" type="checkbox"/> Outside Only <input type="checkbox"/> Staff Supervised	
Building Description: 14,900 sq. ft. 1 level structure built in 1966. F/S construction fully sprinklered.	
Fire Safety Inspection: 10/08/2008, fire drills quarterly	
Acquired pressure ulcers: 5 Inherited: 13	
Wound Care Nurse on staff: Yes Skin assessments:	
Restraints: <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Types Used: Physical only, currently for 21 residents.	
Staffing: 12 hour shifts <input type="checkbox"/> 8 hour shifts <input type="checkbox"/> Combination <input type="checkbox"/>	
Criminal Back Ground Checks: <input type="checkbox"/> YES <input type="checkbox"/> NO Abuse Registry: <input type="checkbox"/> YES <input type="checkbox"/> NO Volunteers: <input type="checkbox"/> YES <input type="checkbox"/> NO	
1 st shift: RN's 2 LPN's 4 CNA's 18	
2 nd shift: RN's 2 LPN's 4 CNA's 18	
3 rd shift: RN's 2 LPN's 4 CNA's 18	
Claims History:	
Risk Management Program:	

Summary of findings and recommendations:

Nursing Home Compare Abbreviated Survey Data:						
Survey Date:	Total # of Deficiencies	Mis-TX	Quality of Care	Resid. Assess	Resid. Rights	# of def. > level 2
10/24/2008	5	0	0	2	0	0
08/16/2007	10	0	2	2	1	0
06/11/2006	11	0	5	0	2	0

Date of last Annual Survey: 10/24/2008 Annual only <input checked="" type="checkbox"/> Annual & Complaint <input type="checkbox"/> Total # of Def. = 5	
Tag	Details *POC submitted but re-visit pending.
1. F272	Comprehensive Assessments
2. F280	Comprehensive Care Plans
3. F371	Sanitary Conditions
4. F458	Residents Rooms
5. F469	Pest Control
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	
15.	
16.	
17.	
18.	
Other pertinent Information:	
Clinical Determination:	
<input checked="" type="checkbox"/> Risk is recommended:	
<input type="checkbox"/> Risk is not recommended due to:	
The following are areas of potential risk concerns which have been preliminarily identified, based upon review of the underwriting documentation, with suggested Risk Management intervention to be employed in the event this account is bound:	
40% of residents w/physical restraints; this places them in the 99 th percentile.	
Date submission returned to underwriter: 06/08/2009	
Name of underwriter: Dwain Chamberlain	

EXHIBIT 15

Elsass, Sandy

From: Chamberlain, Dwain
Sent: Friday, February 17, 2012 9:16 AM
To: Elsass, Sandy
Subject: Country Villa

Sandy as requested, here's a summary of the Country Villa coverage history and how we got involved. I still have all the old quotes and further information about the submissions. If you need any of that, let me know.

Coverage History:

- 2003-07 – CLTIC (their own Captive)
- 7/2007-12/2007 – Evanston
- 12/07 - 7/09 – Beazley
- 2009-11 – L&C

In 2007 Country Villa decided that they would dissolve their captive. We first quoted the policy on a retrospective premium agreement in 2007. The base premium was \$1,400,000 and an additional \$50,000 for risk management. The minimum premium was \$1,000,000 and the maximum premium was \$3,000,000. This was approved by our reinsurer at that time, Imagine RE. Evanston won their business in 2007 with what we suspect was a guaranteed cost quote for less premium. After binding with Evanston Country Villa introduced Steve Garcia to the carrier. They made the arrangement with Steve Garcia where he would approve defense council and set reserve strategy for any open claims going forward. Evanston did not agree to this. According to the agent, Paul Meshokow, that's the reason coverage was moved mid-term to Beazley. According to the agent and Country Villa, Beazley agreed to work with Steve Garcia in this capacity.

The agent approached us again in 2009. They were expecting a premium increase due to their loss development. We again quoted a retrospective premium program. Our initial proposal was much more expensive than our bound premium. We agreed to reduce the premium in the hopes that claims were going to be drastically reduced due to their new agreement with Garcia. Towards the end of the 2009 policy Country Villa requested that Steve Garcia take over their claims handling in full capacity. The loss development steadily increased from that point on.

Dwain Chamberlain

Vice President of Underwriting

The Uni-Ter Group

5655 Brookside Parkway

Suite 200

Alpharetta, GA 30022

Direct 678-781-2415

Fax 678-781-2450

dchamberlain@uni-ter.com

PA002491

EXHIBIT 16

From: Rick Stickels [rick@oneidabank.com]
Sent: 7/6/2011 1:49:15 PM
To: Chamberlain, Dwain [dchamberlain@uni-ter.com]; Elsass, Sandy [selsass@usre.com]; rchur@elderwood.com; Dalton, Donna [ddalton@uni-ter.com]; sfogg@marquiscompanies.com; Mark Garber [MarkGarber@Pinnacle-Healthcare.com]; harter@ccmail.nevada.edu; Robert W. Hurlbut (RS) [rwhurlbut@rohmservices.com]; Barbara Lumpkin [barbara_lumpkin@bellsouth.net]; Jeff Marshall [eaglechalet@hotmail.com]; Curtis Sitterson [CSitterson@stearnsweaver.com]
Subject: RE: Country Villa

Good to hear it wasn't a fight to get the additional premium due. Better luck next time when we go "swinging for the fences". Hopefully we have future opportunities to look at big pieces of business that can be structured in a way to protect everyone.

Rick

Eric E. Stickels
Executive Vice President & CFO
Oneida Financial Corp.
(315) 366-3702 - phone
(315) 366-3709 - fax

rstick@oneidabank.com



Please do not print this e-mail unless you need to. We all can make a difference.

This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.

From: Chamberlain, Dwain [mailto:dchamberlain@uni-ter.com]
Sent: Wednesday, July 06, 2011 11:48 AM
To: Elsass, Sandy; rchur@elderwood.com; Dalton, Donna; sfogg@marquiscompanies.com; Mark Garber; harter@ccmail.nevada.edu; Robert W. Hurlbut (RS); Barbara Lumpkin; Jeff Marshall; Rick Stickels; csitterson@stearnsweaver.com
Subject: RE: Country Villa

Good morning,

Just wanted to fill you in on this renewal. We submitted the proposal, but Country Villa decided to go with a Captive Program instead. We were given some details about the Captive, but it really didn't make much sense to us. We also billed and collected the 2009 Retrospective additional premium of \$1,000,000 which helps that year substantially.

Please feel free to give me a call if you have any questions or concerns. Thank you all for your input.

From: Chamberlain, Dwain
Sent: Friday, June 03, 2011 4:28 PM
To: Elsass, Sandy; 'rchur@elderwood.com'; Dalton, Donna; 'sfogg@marquiscompanies.com'; 'Mark Garber'; 'harter@ccmail.nevada.edu'; 'Robert W. Hurlbut (RS)'; 'Barbara Lumpkin'; 'Jeff Marshall'; 'Rick Stickels'; 'csitterson@stearnsweaver.com'
Subject: Country Villa

Good afternoon,

PA002493

SWMLCEM008695

As discussed in your executive session of the last board meeting, I have attached the renewal summary, loss exhibit and proposal for County Villa. We have adjusted the proposed premium and retrospective premium in light of their claims development. Please feel free to give me a call if you have any questions or concerns. Thanks!

Dwain Chamberlain

Vice President of Underwriting

The Uni-Ter Group

3655 Brookside Parkway

Suite 200

Alpharetta, GA 30022

Direct 678-781-2415

Fax 678-781-2450

dchamberlain@uni-ter.com

EXHIBIT 17

To: Larry Shatoff, U. S. RE Corporation
From: Sandy Elsass, Uni-Ter Underwriting Management
Subject: Lewis & Clark RRG Claim Development
Date: October 24, 2011

I know that Reinsurers are concerned with the upward claim development, and subsequent loss of surplus, that occurred in the second quarter and early part of the third quarter of 2011. You have told me that they were particularly concerned since this occurred so soon after the reinsurance was renewed at June 1, 2011 based on March 31, 2011 data.

I want to assure Reinsurers that we certainly had no idea when the renewal was being negotiated that these changes in claims values were coming. I was in Canada on Friday, August 12, when I received the second quarter Lewis & Clark results from Donna Dalton, Uni-Ter's COO/CFO. She had just received them from Katrina Johnson, who prepares the statements. The results were shocking and terrible as everybody who has seen them knows. And they had to be filed on Monday August 15th.

For eight years we had not had financial problems or "surprises" with any of our RRG's and the quarterly reports had been stable and predictable. I take full responsibility for not knowing of the degree of deterioration earlier, and I apologize to our business partners in London, to whom we owe a greater diligence.

We immediately went to work to figure out what happened in such a short period of time. We discovered that there were four insureds that created the bulk of the problem.

- HCFA went into bankruptcy and we canceled in May with no tail, but they had 3 claims go bad.
- Country Villa, during the second quarter, dumped onto us several large claims and a number of smaller ones. We did not renew at the end of June and provided no tail. This account had caused problems due to an arrangement whereby the insured used their own selected claims counsel. This is not the sort of arrangement we will accept in the future without considerable due diligence.
- Braswell was a September 30 renewal but they had 3 claims deteriorate. The Director of Nursing of one home was found to be involved in criminal activity. This lead to negative publicity which we believe exacerbated the claims situation. We non-renewed with no tail, and those claims became inflammatory.
- Finally, Eagle Health Care – a founding insured of L&C - had an insulin case reported in late January of 2011 that we initially reserved at \$250,000. However, the patient died and the claim closed in June for policy limits.

Added to this is the poor state of the economy and high unemployment rates, which may generally increase the propensity of individuals to file suit.

PA002496

Finally, it should be noted that L&C appointed a new Claims Manager during the second quarter of 2011 as well as two new claims adjusters which may have resulted in some lack of consistency in reserving practices.

In order to better understand what had occurred we took the following actions:

- A complete review of every outstanding claim was completed by the Uni-Ter Claims Department in order to determine proper and adequate reserves on each case.
- Praxis Claims Consulting was retained to provide an outside third party audit of our claims operations, and to make recommendations as appropriate.

The above review confirmed that the developments were largely related to the insureds cited earlier, and not to an overall under-reserving problem.

We also asked Milliman to conduct a thorough actuarial review of these results. Even with the loss development, their review confirmed the soundness of L&C's underwriting, predicting that loss ratios were profitable and that they are expected to return to previous levels.

Based on all the above we have strengthened our operations as follows:

- L&C now prepares and reviews financials on a monthly rather than quarterly basis.
- Our claims round table – which reviews large claims - now meets more often and with more participants.
- To demonstrate the Board's confidence additional capital was committed by the owners who are on L&C's Board and by Uni-Ter/US RE in order to replenish the surplus to almost \$4M by year end 2011.
- All remaining L&C renewals for 2011 have been reviewed in advance and will be reviewed again in the underwriting process.
- Rate increases on all accounts will be achieved when possible.
- The stock purchase requirement will be increased from \$50/bed to \$100/bed soon for all new business in order to grow organic capital faster.

Finally, I would note that Demotech renewed our Financial Stability Rating of A based on the commitment of capital mentioned above.

Uni-Ter and Lewis & Clark value the support of our reinsurers and we look forward to continuing our mutually beneficial relationship. I am available to discuss the situation by telephone or in person as needed.

Sanford E. Higgs

President

US RE Agencies, Inc

845-920-7080 direct

617-306-8958 cell

www.usre.com

PA002497

EXHIBIT 18

From: selsass@usre.com [selsass@usre.com]
Sent: 6/4/2011 1:50:25 AM
To: carol.harter@unlv.edu; eaglechalet@hotmail.com; dchamberlain@uni-ter.com; rchur@elderwood.com; ddalton@uni-ter.com; sfogg@marquiscompanies.com; markgarber@pinnacle-healthcare.com; rwhurlbut@rohmservices.com; barbara_lumpkin@bellsouth.net; rick@oneidabank.com; csitterson@stearnsweaver.com
Subject: Re: Country Villa

No Mas only pertains to "if they don't pay the \$1M". If they accept our renewal terms and pay we are renewing.

From: carol.harter@unlv.edu
To: Elsass, Sandy; eaglechalet ; Chamberlain, Dwain; rchur ; Dalton, Donna; sfogg ; markgarber ; rwhurlbut ; Barbara Lumpkin ; rick ; csitterson
Sent: Fri Jun 03 21:43:47 2011
Subject: Re: Country Villa

It sounds like everyone says "no mas"! I'm afraid our instincts may have been right...

From: "Elsass, Sandy" [selsass@usre.com]
Sent: 06/03/2011 07:54 PM AST
To: <eaglechalet@hotmail.com>; "Chamberlain, Dwain" <dchamberlain@uni-ter.com>; <rchur@elderwood.com>; "Dalton, Donna" <ddalton@uni-ter.com>; <sfogg@marquiscompanies.com>; <markgarber@pinnacle-healthcare.com>; Carol Harter; <rwhurlbut@rohmservices.com>; <barbara_lumpkin@bellsouth.net>; <rick@oneidabank.com>; <csitterson@stearnsweaver.com>
Subject: Re: Country Villa

They have a bill for \$1M due before July 1, and they stated it is set aside. So no pay no bind July 1.

From: Jeff Marshall
To: Chamberlain, Dwain; Elsass, Sandy; Bob Chur ; Dalton, Donna; Steve Fogg ; Mark Garber ; Carol Harter ; Robert Hurlbut ; Barbara Lumpkin ; Rick Stickels ; Curtis Sitterson
Sent: Fri Jun 03 19:52:38 2011
Subject: RE: Country Villa

How can we be certain we won't get stiffed on any retro premium?

Subject: Country Villa
Date: Fri, 3 Jun 2011 16:27:43 -0400
From: dchamberlain@uni-ter.com
To: selsass@usre.com; rchur@elderwood.com; ddalton@uni-ter.com; sfogg@marquiscompanies.com; MarkGarber@Pinnacle-Healthcare.com; harter@ccmail.nevada.edu; rwhurlbut@rohmservices.com; barbara_lumpkin@bellsouth.net; eaglechalet@hotmail.com; rick@oneidabank.com; csitterson@stearnsweaver.com

Good afternoon,

As discussed in your executive session of the last board meeting, I have attached the renewal summary, loss exhibit and proposal for County Villa. We have adjusted the proposed premium and retrospective premium in light of their claims development. Please feel free to give me a call if you have any questions or concerns. Thanks!

Dwain Chamberlain

Vice President of Underwriting

The Uni-Ter Group

3655 Brookside Parkway

Suite 200

Alpharetta, GA 30022

Direct 678-781-2415

Fax 678-781-2450

dchamberlain@uni-ter.com

From: MarkGarber@Pinnacle-Healthcare.com [MarkGarber@Pinnacle-Healthcare.com]
Sent: 6/4/2011 12:11:00 AM
To: eaglechalet@hotmail.com; selsass@usre.com; dchamberlain@uni-ter.com; rchur@elderwood.com; ddalton@uni-ter.com; sfogg@marquiscompanies.com; harter@ccmail.nevada.edu; rwhurlbut@rohmservices.com; barbara_lumpkin@bellsouth.net; rick@oneidabank.com; csitterson@stearnsweaver.com
Subject: Re: Country Villa

Been reading the comments. I agree with Jeff " No Mas"
Mark

----- Original Message -----

From: Jeff Marshall <caglechalet@hotmail.com>
To: Sandy Elsass <selsass@usre.com>; Dwain Chamberlain <dchamberlain@uni-ter.com>; Bob Chur <rchur@elderwood.com>; Donna Dalton <ddalton@uni-ter.com>; Steve Fogg <sfogg@marquiscompanies.com>; Mark Garber; Carol Harter <harter@ccmail.nevada.edu>; Robert Hurlbut <rwhurlbut@rohmservices.com>; Barbara Lumpkin <barbara_lumpkin@bellsouth.net>; Rick Stickels <rick@oneidabank.com>; Curtis Sitterson <csitterson@stearnsweaver.com>
Sent: Fri Jun 03 16:57:26 2011
Subject: RE: Country Villa

In that event, in the words of the immortal Roberto Duran, "No mas!"

Subject: Re: Country Villa
Date: Fri, 3 Jun 2011 19:54:55 -0400
From: selsass@usre.com
To: eaglechalet@hotmail.com; dchamberlain@uni-ter.com; rchur@elderwood.com; ddalton@uni-ter.com; sfogg@marquiscompanies.com; markgarber@pinnacle-healthcare.com; harter@ccmail.nevada.edu; rwhurlbut@rohmservices.com; barbara_lumpkin@bellsouth.net; rick@oneidabank.com; csitterson@stearnsweaver.com

They have a bill for \$1M due before July 1, and they stated it is set aside. So no pay no bind July 1.

From: Jeff Marshall
To: Chamberlain, Dwain; Elsass, Sandy; Bob Chur; Dalton, Donna; Steve Fogg; Mark Garber; Carol Harter; Robert Hurlbut; Barbara Lumpkin; Rick Stickels; Curtis Sitterson
Sent: Fri Jun 03 19:52:38 2011
Subject: RE: Country Villa

How can we be certain we won't get stiffed on any retro premium?

Subject: Country Villa
Date: Fri, 3 Jun 2011 16:27:43 -0400
From: dchamberlain@uni-ter.com
To: selsass@usre.com; rchur@elderwood.com; ddalton@uni-ter.com; sfogg@marquiscompanies.com; MarkGarber@Pinnacle-Healthcare.com; harter@ccmail.nevada.edu; rwhurlbut@rohmservices.com; barbara_lumpkin@bellsouth.net; caglechalet@hotmail.com; rick@oneidabank.com; csitterson@stearnsweaver.com

PA002501

BD 0002912

Good afternoon,

As discussed in your executive session of the last board meeting, I have attached the renewal summary, loss exhibit and proposal for County Villa. We have adjusted the proposed premium and retrospective premium in light of their claims development. Please feel free to give me a call if you have any questions or concerns. Thanks!

Dwain Chamberlain

Vice President of Underwriting

The Uni-Ter Group

3655 Brookside Parkway

Suite 200

Alpharetta, GA 30022

Direct 678-781-2415

Fax 678-781-2450

dchamberlain@uni-ter.com

From: barbara_lumpkin@bellsouth.net [barbara_lumpkin@bellsouth.net]
Sent: 6/5/2011 2:01:07 PM
To: sfogg@marquiscompanies.com; selsass@usre.com; carol.harther@unlv.edu; eaglechalet@hotmail.com; dchamberlain@uni-ter.com; rchur@elderwood.com; ddalton@uni-ter.com; markgarber@pinnacle-healthcare.com; rwhurlbut@rohmservices.com; rick@oneidabank.com; csitterson@stearnsweaver.com
Subject: Re: Country Villa

Steve,

Thanks for your thoughtful comments. It is helpful and a great summary of the pros and cons.

Barbara

----- Original Message -----

From: Steve Fogg

To: Elsass, Sandy ; carol.harther@unlv.edu ; eaglechalet@hotmail.com ; Chamberlain, Dwain ; rchur@elderwood.com ; Dalton, Donna ; markgarber@pinnacle-healthcare.com ; rwhurlbut@rohmservices.com ; barbara_lumpkin@bellsouth.net ; rick@oneidabank.com ; csitterson@stearnsweaver.com

Sent: Saturday, June 04, 2011 1:57 PM

Subject: RE: Country Villa

Well, with all of the comments being generated, let me see if I can summarize the pro's and con's of this account from my perspective:

Pro's:

1. The quote has a 50 cents on every loss dollar add-on that L&C RRG enjoys as contribution to overhead/A&G/profit, ect. So if actual losses are \$2.5M, we automatically generate an additional \$1.25M in policy revenue. In other words, we are always guaranteed nothing more than a 67% loss ratio on this account, with one caveat. This assumes that the account doesn't incur losses to a level that this along with the 50 cent per dollar add-on would accumulate to an amount over \$4.4M; which is the quoted max premium amount to them. Which means their loss point needs to stay below \$2.9M to \$3M for us to maintain this automatic 67% loss ratio. Another way said, if their losses end up being \$2M, we get an additional \$1M to contribute to O/H, Admin, Profit, ect. We don't have any other account at this level that allows us this kind of O/H contribution level.
2. Having an account like Countryvilla may afford us an ability to get to other accounts, for those operators that are influenced by where/who their larger competitors do business with.
3. While I don't know if this is reality, does having the premium allow us economies of scale with purchasing power on stop loss / reinsurance premium negotiations, or with any other operating expenses????

Con's:

1. We have some risk that the Country Villa losses will exceed the \$2.9/\$3M loss level and drive down that 33% margin spread. Not sure exactly how to assess that.
2. Conversely to number 2 above, if in fact losses incurred by Countryvilla cause payouts from our reinsurance, will that drive premium increases on this in future years
3. The claims losses incurred by Countryvilla are having a "material" affect on the overall loss ratio of L&C RRG. Does this put us in a challenging position going forward with respect to:
 - a. Ability to get competitive on premium quotes for new customers or policy renewals
 - b. Future years reinsurance premiums
 - c. Other?
4. Payment risk – due to the size of this policy, and the potential for us to have a potential "material" additional premium due, post policy year, there is an added level of payment risk. Add to this that we are dealing with facilities in the state of CA that currently has a 7.6% to 10% Medicaid rate reduction on the board. While this is not dissimilar to many other states in the Country, it is something to keep in mind. That said, it would seem to me, as an outsider, that Countryvilla is certainly economically viable.
5. We carry additional risk by providing them \$5M in the aggregate at certain locations. Not sure exactly how to quantify that.
6. I would guess that if we did a "true" profit margin analysis on all L&C RRG policies/customers, taking into consideration the "actual" time spent by Uniter staff on each, that Countryvilla would have a disproportionate amount of expense to it –vs- other policyholders (claims mgmt, risk mgmt.,ect.) Not sure if that actually directly affects L&C RRG as much as it does Uniter from an economic perspective, but it is something to keep in mind. That said, if the Countryvilla account is taking time from Uniter staff, and not allowing adequate time for other policyholders, it could have a more direct affect on overall performance of the book of business.
7. Countryvilla does not have the profile of what is the bread and butter type of account for L&C RRG. Which is the regional operator, 25 facilities or less, with committed, active ownership that strive to create a positive culture throughout the organization, and keeps the needs of our residents at the forefront. From this you get outcomes like low leadership turnover and quality survey outcomes. I'm not certain if Countryvilla embodies that. In addition it is such a "large" premium for L&C RRG to the total, it seems like a big risk to take.

At the end of the day, if the Countryvilla loss performance was better we wouldn't even be having this discussion. Now that we have some history with the account, it requires us to evaluate more closely. I am sure Sandy will respond with this as well, but it may be that we have already provided a premium quote to Countryvilla for next year, and to take that back now may be difficult to do. And if that is the case, I understand. Plus we quoted an additional \$1M in premium (correct?) for further protection.

Hopefully the novel I have written above is helpful in allowing all of us to further assess this account.

Would welcome comments,

Steve

From: Elsass, Sandy [<mailto:selsass@usre.com>]

Sent: Friday, June 03, 2011 6:50 PM

To: carol.harter@unlv.edu; eaglechalet@hotmail.com; Chamberlain, Dwain, rchur@elderwood.com, Dalton, Donna; Steve Fogg; markgarber@pinnacle-healthcare.com; rwhurlbut@rohmservices.com; barbara_lumpkin@bellsouth.net; rick@oneidabank.com; csitterson@stearnsweaver.com

Subject: Re: Country Villa

No Mas only pertains to "if they don't pay the \$1M". If they accept our renewal terms and pay we are renewing.

From: carol.harter@unlv.edu

To: Elsass, Sandy; eaglechalet; Chamberlain, Dwain; rchur; Dalton, Donna; sfogg; markgarber; rwhurlbut; Barbara Lumpkin; rick; csitterson

Sent: Fri Jun 03 21:43:47 2011

Subject: Re: Country Villa

It sounds like everyone says "no mas"! I'm afraid our instincts may have been right...

From: "Elsass, Sandy" [selsass@usre.com]

Sent: 06/03/2011 07:54 PM AST

To: <eaglechalet@hotmail.com>; "Chamberlain, Dwain" <dchamberlain@uni-ter.com>; <rchur@elderwood.com>; "Dalton, Donna" <ddalton@uni-ter.com>; <sfogg@marquiscompanies.com>; <markgarber@pinnacle-healthcare.com>; Carol Harter; <rwhurlbut@rohmservices.com>; <barbara_lumpkin@bellsouth.net>; <rick@oneidabank.com>; <csitterson@stearnsweaver.com>

Subject: Re: Country Villa

They have a bill for \$1M due before July 1, and they stated it is set aside. So no pay no bind July 1.

From: Jeff Marshall

To: Chamberlain, Dwain; Elsass, Sandy; Bob Chur; Dalton, Donna; Steve Fogg; Mark Garber; Carol Harter; Robert Hurlbut; Barbara Lumpkin; Rick Stickels; Curtis Sitterson

Sent: Fri Jun 03 19:52:38 2011

Subject: RE: Country Villa

How can we be certain we won't get stiffed on any retro premium?

Subject: Country Villa

Date: Fri, 3 Jun 2011 16:27:43 -0400

From: dchamberlain@uni-ter.com

To: selsass@usre.com; rchur@elderwood.com; ddalton@uni-ter.com; sfogg@marquiscompanies.com; MarkGarber@Pinnacle-Healthcare.com; harter@ccmail.nevada.edu; rwhurlbut@rohmservices.com; barbara_lumpkin@bellsouth.net; eaglechalet@hotmail.com; rick@oneidabank.com; csitterson@stearnsweaver.com

Good afternoon,

As discussed in your executive session of the last board meeting, I have attached the renewal summary, loss exhibit and proposal for County Villa. We have adjusted the proposed premium and retrospective premium in light of their claims development. Please feel free to give me a call if you have any questions or concerns. Thanks!

Dwain Chamberlain

Vice President of Underwriting

The Uni-Ter Group

3655 Brookside Parkway

Suite 200

Alpharetta, GA 30022

Direct 678-781-2415

Fax 678-781-2450

dchamberlain@uni-ter.com

Uni-Ter Underwriting Management Corporation

GENERAL LIABILITY PROFESSIONAL LIABILITY QUOTATION

Policy No: **LCR000186-02**

Agent: GNW Evergreen Insurance
P.O. Box 20005
Encino, CA 91436

Fax #: (818) 257-7620

Named Insured:

Country Villa Services Corp, DBA Country Villa Health Services
5120 West Goldleaf Circle, Ste 400
Los Angeles, CA 90056

Insurance Company:

Lewis & Clark LTC Risk Retention Group Inc

Policy Period:

7/01/11 – 7/01/12

Form:

Claims- Made

Retroactive Date:

10/01/2000

Policy Limits

Professional Liability: \$1,000,000 per Incident

General Liability: \$1,000,000 per Incident

General Aggregate-
Per Location \$3,000,000

Policy Aggregate \$15,000,000

Personal & Advertising Injury: Included In General Liability

Fire Damage: \$ 50,000

Medical Expense: \$ 5,000

Deductible: None

Employee Benefits Liability: Included In General Liability

Sexual and Physical Abuse Sub Limit \$1,000,000

Professional Liability/General Liability \$3,300,000

Employee Benefits Liability \$ Included

Total Annual Premium: \$3,300,000

Risk Management Fee \$ 100,000

Total Program Price \$3,400,000

Additional Costs:

Capital Costs:

N/A

Date 09/27/17

PA002507

BD 0003162

Uni-Ter Underwriting Management Corporation

Payment Terms:

\$700,000 down payment plus 9 monthly installments of \$300,000

Terms and Conditions

1. All state surveys should be forwarded to Uni-Ter Underwriting Management Corporation upon receipt by the facility.
2. If medical records are released to anyone, the facility must notify the Uni-Ter Underwriting Management Corporation's claim department within two weeks.
3. Uni-Ter Underwriting Risk Management must be notified within two weeks of staff changes for the Administrator or D. O. N.
4. The policy currently has a \$25,000 aggregate limit for a Legal Reimbursement Endorsement. This can be increased to \$50,000 per occurrence/\$300,000 aggregate. The premium and retrospective premium will be adjusted by \$275,000 if this is added.
5. Policy will be a Limited Risk Transfer Agreement with the following terms:
 - a. Final adjusted premium is to be determined 7/1/15, when all claims are closed, or when the retrospective maximum premium is reached.
 - b. 1.50 Loss Conversion Factor – Final Retrospective Premium will be the total incurred losses including expenses multiplied by 1.50, subject to the minimum and maximum premium below.
 - c. Minimum Premium = \$2,400,000
 - d. Maximum Premium = \$4,400,000

To give you an idea of how the proposal would work, please see the table below which outlines the final premium at various loss levels. If the total incurred claims, multiplied by the loss conversion factor, are less than the 3.4 M buy in, Country Villa will get a refund subject to the 2.4M minimum. If the total incurred claims, multiplied by the loss conversion factor, are more than the 3.4 M buy in Country Villa will owe more premium subject to the 4.4M maximum.

Total Incurred	Loss Conversion Factor	Final Premium
\$500,000	1.5	\$2,400,000 (min)
\$750,000	1.5	\$2,400,000 (min)
\$1,500,000	1.5	\$2,400,000 (min)
\$2,266,666	1.5	\$3,400,000
\$2,750,000	1.5	\$4,125,000
\$2,933,333	1.5	\$4,400,000 (max)
\$3,500,000	1.5	\$4,400,000 (max)
\$4,000,000	1.5	\$4,400,000 (max)
\$5,000,000	1.5	\$4,400,000 (max)

2. The following locations will have \$1,000,000/ \$5,000,000 limits to comply with their current contract with Kaiser:
 - a. Country Villa Rehabilitation Center
 - b. Country Villa Belmont Heights
 - c. Country Villa Sheraton
 - d. Country Villa South
 - e. Country Villa Westwood
 - f. Country Villa Woodman

Date 09/27/17

PA002508

BD 0003163

From: carol.harter@unlv.edu [carol.harter@unlv.edu]
Sent: 7/6/2011 5:28:34 PM
To: selsass@usre.com
Subject: Re: Country Villa

The honeymoon was grand. Will tell you all about it when we see each other. Pictures from party are great too and you'll see and receive a couple when I get around to reviewing everything. Are being moved out of our house right this minute for construction defect repair—all the tile will be replaced and the faulty membrane beneath as well. We've had a crazy few weeks!

And good job with Shelley. She is extremely influential in many quarters and, should she win the Senate seat, could be even more helpful. Her husband is a physician, I think I told you (did you meet him?), so they could be helpful in several ways.

Sandy, is our meeting date set for the 21/22nd of September? If there is any room to move back a day to the 20th/21st, I'd be grateful. We have a Nobel Laureate coming on the 22nd and our own Board meeting and reception built around his attendance, so I am up to my eyeballs those two days. If you can't change, I'll survive, but one day's wiggle room would be a great blessing....sorry, but these things always happen, don't they?

All best to wonderful Abigail.
Carol

"Elsass, Sandy" —07/06/2011 09:45:11 AM—How was the honeymoon? I went to Shelley Berkley \$1K lunch in NY.

From: "Elsass, Sandy" <selsass@usre.com>
To: <carol.harter@unlv.edu>
Date: 07/06/2011 09:45 AM
Subject: Re: Country Villa

How was the honeymoon? I went to Shelley Berkley \$1K lunch in NY.

From: carol.harter@unlv.edu
To: Chamberlain, Dwain
Cc: Barbara Lumpkin ; csitterson@stearnsweaver.com ; Dalton, Donna; Jeff Marshall ; harter@ccmail.nevada.edu ; Mark Garber ; rchur@elderwood.com ; Rick Stickels ; Robert W. Hurlbut (RS) ; Elsass, Sandy; sfogg@marquiscompanies.com
Sent: Wed Jul 06 12:33:56 2011
Subject: RE: Country Villa

Honestly Dwain, I hear collective sighs of relief across the country, especially around the Rochester area....

Carol

"Chamberlain, Dwain" —07/06/2011 08:48:34 AM—Good morning,

From: "Chamberlain, Dwain" <dchamberlain@uni-ter.com>
To: "Elsass, Sandy" <selsass@usre.com>, <rchur@elderwood.com>, "Dalton, Donna" <ddalton@uni-ter.com>, <sfogg@marquiscompanies.com>, "Mark Garber" <MarkGarber@Pinnacle-Healthcare.com>, <harter@ccmail.nevada.edu>, "Robert W. Hurlbut (RS)" <rwurlbut@rohmservices.com>, "Barbara Lumpkin" <barbara_lumpkin@bellsouth.net>, "Jeff Marshall" <eaglechalet@hotmail.com>, "Rick Stickels" <rick@oneidabank.com>, <csitterson@stearnsweaver.com>
Date: 07/06/2011 08:48 AM
Subject: RE: Country Villa

Good morning,

Just wanted to fill you in on this renewal. We submitted the proposal, but Country Villa decided to go with a Captive Program instead. We were given some details about the Captive, but it really didn't make much sense to us. We also billed and collected the 2009 Retrospective additional premium of \$1,000,000 which helps that year substantially.

Please feel free to give me a call if you have any questions or concerns. Thank you all for your input.

From: Chamberlain, Dwain

Sent: Friday, June 03, 2011 4:28 PM

To: Elsass, Sandy; 'rchur@elderwood.com'; Dalton, Donna; 'sfogg@marquiscompanies.com'; 'Mark Garber'; 'harter@ccmail.nevada.edu'; 'Robert W. Hurlbut (RS)'; 'Barbara Lumpkin'; 'Jeff Marshall'; 'Rick Stickels'; 'csitterson@stearnsweaver.com'

Subject: Country Villa

Good afternoon,

As discussed in your executive session of the last board meeting, I have attached the renewal summary, loss exhibit and proposal for County Villa. We have adjusted the proposed premium and retrospective premium in light of their claims development. Please feel free to give me a call if you have any questions or concerns. Thanks!

Dwain Chamberlain

Vice President of Underwriting

The Uni-Ter Group

3655 Brookside Parkway

Suite 200

Alpharetta, GA 30022

Direct 678-781-2415

Fax 678-781-2450

dchamberlain@uni-ter.com

PA002510

BD 0002622

EXHIBIT 19

From: Curtis Sitterson [/o=StearnsWeaver/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=CSitterson]
Sent: 7/25/2011 2:45:21 PM
To: 'Dalton, Donna' [ddalton@uni-ter.com]; Elsass, Sandy [selsass@usre.com]
CC: Miller, Jonna [JMiller@uni-ter.com]
Subject: RE: Lewis & Clark - sub account

Under the man K, since the claim may exceed 10% of cap and surplus, you need to advise the Board anyway (BTW, are you doing this on an ongoing basis other than at Board meetings?). I think you can go ahead and so advise. You might as well ask for approval for either a bond or to post cash collateral, as you decide which makes more sense. Probably need to describe the claim. Is this a 2009-2010 or a 2010-11 CV claim?

Curtis H. Sitterson
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 W. Flagler St., Suite 2200
Miami, FL 33130
Direct: (305) 789-3550
Main: (305) 789-3200
Fax: (305) 789-2667
csitterson@stearnsweaver.com
www.stearnsweaver.com

From: Dalton, Donna [mailto:ddalton@uni-ter.com]
Sent: Monday, July 25, 2011 2:38 PM
To: Curtis Sitterson; Elsass, Sandy
Cc: Miller, Jonna
Subject: Re: Lewis & Clark - sub account

I should have also shared that Rick Stickels thinks we should get Board approval to pledge assets.

From: Dalton, Donna
To: 'csitterson@stearnsweaver.com' ; Elsass, Sandy
Cc: Miller, Jonna
Sent: Mon Jul 25 14:36:29 2011
Subject: Re: Lewis & Clark - sub account

The net effect is the same. I don't recall what Sandy was concerned about when he said he didn't want to put up cash? If we use cash, the entry would be a Deposit on Assets according to JL. We would not reduce the liability yet.

From: Curtis Sitterson
To: Dalton, Donna; Elsass, Sandy
Cc: Miller, Jonna
Sent: Mon Jul 25 11:27:30 2011
Subject: RE: Lewis & Clark - sub account

Still don't understand. We are carrying a liability on this claim for the full amount, right? So what's the difference?

Curtis H. Sitterson
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 W. Flagler St., Suite 2200
Miami, FL 33130
Direct: (305) 789-3550
Main: (305) 789-3200
Fax: (305) 789-2667
csitterson@stearnsweaver.com

PA002512

SWMLCEM008927

From: Dalton, Donna [mailto:ddalton@uni-ter.com]
Sent: Monday, July 25, 2011 11:21 AM
To: Curtis Sitterson; Elsass, Sandy
Cc: Miller, Jonna
Subject: RE: Lewis & Clark - sub account

Jim Murphy says that if we pledge a bond, we only have to footnote it rather than affected the assets on the BS.

From: Curtis Sitterson [mailto:CSitterson@stearnsweaver.com]
Sent: Monday, July 25, 2011 11:18 AM
To: Dalton, Donna; Elsass, Sandy
Cc: Miller, Jonna
Subject: RE: Lewis & Clark - sub account

I don't think so. My question is why is this route better than posting a cash bond in the court. Paying a bonding company seems an added expense.

Curtis H. Sitterson
Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 W. Flagler St., Suite 2200
Miami, FL 33130
Direct: (305) 789-3550
Main: (305) 789-3200
Fax: (305) 789-2667
csitterson@stearnsweaver.com
www.stearnsweaver.com

From: Dalton, Donna [mailto:ddalton@uni-ter.com]
Sent: Monday, July 25, 2011 11:03 AM
To: Curtis Sitterson; Elsass, Sandy
Cc: Miller, Jonna
Subject: FW: Lewis & Clark - sub account

Please see Rick's email below. Do we have an issue here?

From: Rick Stickels [mailto:rick@oneidabank.com]
Sent: Monday, July 25, 2011 10:53 AM
To: Dalton, Donna
Subject: RE: Lewis & Clark - sub account

The only documents attached are Oneida and Logan forms. What is an "Appeal Bond" that we are collateralizing and does the Board and/or Nevada DOI need to authorize this encumbrment of assets. As Oneida cannot have a priority lien on assets with a Surplus Note what other creditor would the DOI allow to have specific asset pledge?

Rick

Eric E. Stickels
Executive Vice President & CFO
Oneida Financial Corp.
(315) 366-3702 - phone
(315) 366-3709 - fax



Please do not print this e-mail unless you need to. We all can make a difference.

This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.

From: Dalton, Donna [mailto:ddalton@uni-ter.com]

Sent: Monday, July 25, 2011 10:03 AM

To: Rick Stickels

Subject: Lewis & Clark - sub account

Good Morning Rick,

The attached documentation is required to set up sub accounts at Oneida Bank and Logan Capital. These accounts will be used for assets that L&C needs to pledge to collateralize an appeal bond. Can you please sign in the appropriate areas and return to me?

Let me know if you have any questions.

Thanks,

Donna

Donna Dalton

COO/CFO

Uni-ter Underwriting Management Corp.

3655 Brookside Parkway, Suite 200

Alpharetta, GA 30022

(678) 781-2444

(678) 781-2450 fax

CONFIDENTIALITY NOTICE: The information contained in this E-mail message is attorney privileged and confidential information intended only for the use of the individual(s) named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please contact the sender by reply E-mail and destroy all copies of the original message. Thank you.

CIRCULAR 230 DISCLOSURE: To ensure compliance with recently-enacted U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including any attachments, is not intended or written by us to be used, and cannot be used, by anyone for the purpose of avoiding federal tax penalties that may be imposed by the federal government or for promoting, marketing or recommending to another party any tax-related matters addressed herein.

From: selsass@usre.com [selsass@usre.com]
Sent: 8/25/2011 9:52:38 PM
To: carol.harter@unlv.edu
Subject: RE: L&C June Financials

Very nice thank you.

Sanford D Elsass

President

US RE Agencies, Inc

845-920-7080 direct

617-306-8958 cell

www.usre.com

From: carol.harter@unlv.edu [<mailto:carol.harter@unlv.edu>]
Sent: Thursday, August 25, 2011 5:44 PM
To: Elsass, Sandy
Subject: RE: L&C June Financials

Ugh.

Did you get--and like--your pictures from our party?

* "Elsass, Sandy" ---08/25/2011 02:36:25 PM---A lot of "easy money" appearances but some serious large claims. Too early to tell as they take time

From: "Elsass, Sandy" <selsass@usre.com>
To: <carol.harter@unlv.edu>
Cc: <csitterson@stearnsweaver.com>, "Dalton, Donna" <ddalton@uni-ter.com>, <eaglechalet@hotmail.com>, <markgarber@pinnacle-healthcare.com>, "Robert M. Chur " <rchur@elderwood.com>, "rstick@oneidabank.com" <rstickels@oneidabank.com>, "Robert Hurlbut" <rwhurlbut@rohmservices.com>, <sfogg@marquiscompanies.com>
Date: 08/25/2011 02:36 PM
Subject: RE: L&C June Financials

PA002515

BD 0002556

A lot of "easy money" appearances but some serious large claims. Too early to tell as they take time to unravel.

Sanford D Elsass
President
US RE Agencies, Inc
845-920-7080 direct
617-306-8958 cell
www.usre.com

From: carol.harter@unlv.edu [<mailto:carol.harter@unlv.edu>]
Sent: Thursday, August 25, 2011 5:35 PM
To: Elsass, Sandy
Cc: csitterson@stearnsweaver.com; Dalton, Donna; eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com; Robert M. Chur ; rstick@oneidabank.com; Robert Hurlbut; sfogg@marquiscompanies.com
Subject: Re: L&C June Financials

We used to be the only good news in the financial world at large--now we share some pain. Any evidence that such large claims have more to do with peoples' sense of easy money as opposed to legitimate occurrences?

Carol

"Elsass, Sandy" ---08/25/2011 02:26:35 PM---Our June 30th financials that were filed with the NV DOI last week reflected a large increase in res

From: "Elsass, Sandy" <selsass@usre.com>
To: "Carol Harter \harter@ccmail.nevada.edu\" <carol.harter@unlv.edu>, "rstick@oneidabank.com" <rstickels@oneidabank.com>, <eaglechalet@hotmail.com>, <markgarber@pinnacle-healthcare.com>, "Robert M. Chur " <rchur@elderwood.com>, "Robert Hurlbut" <rwhurlbut@rohmservices.com>, <sfogg@marquiscompanies.com>
Cc: <csitterson@stearnsweaver.com>, "Dalton, Donna" <ddalton@uni-ter.com>
Date: 08/25/2011 02:26 PM
Subject: L&C June Financials

Our June 30th financials that were filed with the NV DOI last week reflected a large increase in reserves on current claims and 69 new claims filed in the last 6 months, of which 15 were Country Villa. These events caused the capital and surplus to drop from \$4.579M at 12/31/10 to \$2.733M on June 30th. June 30, 2010 capital and surplus was \$3.403. We have been aggressively digging into every one of L&C's 190 claims with the help of our reinsurance broker, actuaries, the Uni's and Curtis. I wanted to tell you of these events as we were surprised at such an acceleration in a short time frame.

PA002516

BD 0002557

As soon as we are certain of future impact we will be sending a detailed report of the numbers and the consequences. The NV DOI's and Demotech's opinion will be important once we get them our explanation and plan to recapture capital. We need to measure the impact on the 3rd quarter, evaluate reinsurance recoverables, and figure out premium levels for the remainder of the year, as some of our challenges. While the finger pointing will include Country Villa, there are several large claims from other insureds, each in excess of \$350K. By tonight we will have a clearer view of the reserves for all open claims and following our meeting with Richard Lord of Milliman tomorrow afternoon, Donna and I and I can build a concise report for the board to review then decide if we want to meet by phone and/or wait for September 21st.

Sanford D Elsass
President
US RE Agencies, Inc
845-920-7080 direct
617-306-8958 cell
www.usre.com

From: selsass@usre.com [selsass@usre.com]
Sent: 8/25/2011 9:53:02 PM
To: rick@oneidabank.com; carol.harter@unlv.edu; eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com; rchur@elderwood.com; rwhurlbut@rohmservices.com; sfogg@marquiscompanies.com
CC: csitterson@stearnsweaver.com; ddalton@uni-ter.com
Subject: RE: L&C June Financials

Agree.

Sanford D Elsass

President

US RE Agencies, Inc

845-920-7080 direct

617-306-8958 cell

www.usre.com

From: Rick Stickels [<mailto:rick@oneidabank.com>]
Sent: Thursday, August 25, 2011 5:46 PM
To: Elsass, Sandy; Carol Harter (harter@ccmail.nevada.edu); eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com; Robert M. Chur ; Robert Hurlbut; sfogg@marquiscompanies.com
Cc: csitterson@stearnsweaver.com; Dalton, Donna
Subject: RE: L&C June Financials

A \$1.8 million (40%) reduction in capital and surplus in 6 months may warrant a discussion before September 21st,

Rick

Eric E. Stickels

Executive Vice President & CFO

PA002518

BD 0002851

Oneida Financial Corp.

(315) 366-3702 - phone

(315) 366-3709 - fax

rstick@oneidabank.com

P Please do not print this e-mail unless you need to. We all can make a difference.

This message contains confidential information and is intended only for the individual named. If you are not the named addressee you should not disseminate, distribute or copy this e-mail. Please notify the sender immediately by e-mail if you have received this e-mail by mistake and delete this e-mail from your system. E-mail transmission cannot be guaranteed to be secure or error-free as information could be intercepted, corrupted, lost, destroyed, arrive late or incomplete, or contain viruses. The sender therefore does not accept liability for any errors or omissions in the contents of this message, which arise as a result of e-mail transmission. If verification is required please request a hard-copy version.

From: Elsass, Sandy [<mailto:selsass@usre.com>]

Sent: Thursday, August 25, 2011 5:27 PM

To: Carol Harter (harter@ccmail.nevada.edu); Rick Stickels; eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com; Robert M. Chur ; Robert Hurlbut; sfogg@marquiscompanies.com

Cc: csitterson@stearnsweaver.com; Dalton, Donna

Subject: L&C June Financials

Our June 30th financials that were filed with the NV DOI last week reflected a large increase in reserves on current claims and 69 new claims filed in the last 6 months, of which 15 were Country Villa. These events caused the capital and surplus to drop from \$4.579M at 12/31/10 to \$2.733M on June 30th. June 30, 2010 capital and surplus was \$3.403. We have been aggressively digging into every one of L&C's 190 claims with the help of our reinsurance broker, actuaries, the Uni's and Curtis. I wanted to tell you of these events as we were surprised at such an acceleration in a short time frame.

As soon as we are certain of future impact we will be sending a detailed report of the numbers and the consequences. The NV DOI's and Demotech's opinion will be important once we get them our explanation and plan to recapture capital. We need to measure the impact on the 3rd quarter, evaluate reinsurance recoverables, and figure out premium levels for the remainder of the year, as some of our challenges. While the finger pointing will include Country Villa, there are several large claims from other insureds, each in excess of \$350K. By tonight we will have a clearer view of the reserves for all open claims and following our meeting with Richard Lord of Milliman tomorrow afternoon, Donna and I and I can build a concise report for the board to review then decide if we want to meet by phone and/or wait for September 21st.

PA002519

BD 0002852

Sanford D Elsass

President

US RE Agencies, Inc

845-920-7080 direct

617-306-8958 cell

www.usre.com

EXHIBIT 20

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON NOVEMBER 10-11, 2010**

A meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at 5:30 p.m. local time on November 10, 2010 and continuing on November 11, 2010 at 8:00 a.m. local time in Las Vegas, Nevada.

The Board noted that all directors were present (with Mr. Stickels attending by telephone), in addition to Sanford Elsass, Nadeene Wood-Clater, Dwain Chamberlain, Susan Bugg and Christine McCarthy of Uni-Ter Underwriting Management Corporation, Constance Akridge of Jones Vargas, and Curtis H. Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. Donna Dalton of Uni-Ter, Jim Murphy of Johnson Lambert & Co. LLP and Peter Rawlings and Jonathan Heckscher of Logan Capital attended all or a portion of the meeting by telephone.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The Board reviewed and approved the minutes of the Board meeting of May 21, 2010 and the Audit Committee meeting of May 21, 2010.
2. Ms. Wood-Clater presented a marketing report. The Board approved a marketing budget for 2011 of approximately \$250,000 for the Corporation's long term healthcare business and approximately \$50,000 for its nurses business. The Board (with Mr. Stickels abstaining) also approved a revision to the Corporation's and Uni-Ter's agent commission schedule for 2011 (subject to annual approval) to increase certain agents' renewal commissions to 15% upon achieving specified production levels, coupled with a reduction in Uni-Ter's and Bailey Haskell's commission of 1% each for 2011. To the extent that the amount of such increased renewal commissions paid for 2011 is less than such 1% reductions, Uni-Ter and Bailey Haskell shall be paid the difference on a pro-rata basis.
3. The Board tentatively set the next regular Board meeting and the annual shareholders meeting for May 3-4, 2011 in Sonoma, California and a following Board meeting for September 18, 2011 in Las Vegas, Nevada.
4. Ms. Dalton presented a review of the unaudited financial results through the third quarter of 2010, which was approved by the Board.
5. Jonathan Heckscher of Logan Capital presented a third quarter 2010 investment report which was approved by the Board. The Board approved the Company's investments as

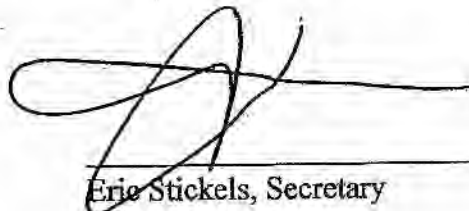
reflected in the investment report. The Board authorized Mr. Stickels to discuss potential investment sales with Logan.

6. The Board discussed the proposed terms of the renewal of the Management Agreement with Uni-Ter and approved (with Mr. Stickels abstaining) same subject to the following revisions:

- a) Clarification of significant claims notice to the Board, with settlement authority remaining with Uni-Ter;
- b) Current profit sharing calculation to apply through 2006;
- c) Beginning with 2007, profit sharing bonus calculated generally at 20% of pre-tax profit;
- d) Carryover of losses from 2010 forward;
- e) Deletion of 75% maximum loss ratio.

7. Ms. McCarthy presented a report on current claims experience, including reserve additions in the third quarter of 2010.
8. Ms. Bugg presented a risk management report.
9. Mr. Chamberlain presented a report on third quarter 2010 underwriting results.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Eric Stickels, Secretary

EXHIBIT 21

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON MAY 4-5, 2011**

A meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at 4:00 pm local time on May 4, 2011 and continuing on May 5, 2011 at 8:00 a.m. local time in Sonoma, California.

The Board noted that all directors were present, in addition to Sanford Elsass, Nadeene Wood-Clater, Dwain Chamberlain, Donna Dalton, Tonya Dugan, Jonna Miller, and Susan Bugg of Uni-Ter Underwriting Management Corporation, Jim Murphy of Johnson Lambert & Co. LLP and Curtis H. Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. Andrew Keller of ENP and Jonathan Heckscher of Logan Capital each attended a portion of the meeting.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The Board reviewed and approved the minutes of the Board meeting of November 10-11, 2010.
2. The members of the Board reviewed and executed the Conflicts of Interest statements for 2011.
3. After receiving a report from Mr. Murphy and after meeting in executive session, the Board approved the 2010 annual audited statements and report prepared by the Corporation's outside auditors, Johnson Lambert & Co. LLP.
4. Mr. Heckscher of Logan Capital presented an investment report through the first quarter of 2011, which was approved by the Board. The Board approved the Company's investments as reflected in the investment report. The Board requested that Logan present a proposal for equity investments by the Corporation.
5. Ms. Miller presented a report on current claims experience.
6. Ms. Bugg presented a risk management report.
7. Ms. Dugan and Mr. Chamberlain presented a report on 2010 and first quarter 2011 underwriting results.
8. The Board approved (with Mr. Stickels abstaining) the renewal by the Corporation of its D&O insurance upon the terms reviewed by Mr. Elsass.

9. Ms. Wood-Clater presented a marketing report.
10. The Board (with Mr. Marshall and Mr. Stickels abstaining) reappointed officers of the Corporation, as follows:

Jeff Marshall, Chairman and President
Erik Stickels, Treasurer and Secretary

11. Andrew Keller of ENP presented a report on internet related issues, particularly relative to the Sophia Palmer nurses business.
12. Mr. Elsass presented various reports regarding possible new business opportunities. The Board authorized further inquiry into (i) the offering by the Corporation of employment practices liability insurance and (ii) a possible acquisition of the CCRRC business.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Erik Stickels, Secretary

EXHIBIT 22

**MINUTES OF A MEETING OF THE
BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
ON SEPTEMBER 21, 2011**

A meeting of the Board of Directors of Lewis & Clark LTC Risk Retention Group, Inc. (the "Corporation") was held at 12:00 pm local time on September 21, 2011 in Las Vegas, Nevada.

The Board noted that all directors were present (with Mr. Fogg attending by telephone), in addition to Sanford Elsass, Nadeene Wood-Clater, Donna Dalton, and Jonna Miller of Uni-Ter Underwriting Management Corporation, Richard Lord of Milliman, Richard Davies of USRE, Cathy Levee of Marquis Companies, Constance Akridge of Jones Vargas, and Curtis H. Sitterson of Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A. Tonya Dugan, Dwain Chamberlain and Susan Bugg of Uni-Ter and Jim Murphy of Johnson Lambert & Co. attended all or a portion of the meeting by telephone.

The following matters were presented to the Board and were discussed and/or approved as noted.

1. The Board reviewed and approved the minutes of the Board meeting of May 4-5, 2011, the Audit Committee meeting of May 5, 2011, and the Shareholders meeting of May 5, 2011.
2. Ms. Dalton presented a report on the second quarter 2011 unaudited financial statements which were approved by the Board. The Board also reviewed pro-forma third and fourth quarter 2011 and full year 2012 unaudited financial statements.
3. The Board reviewed the second quarter 2011 investment report of Logan Capital. The Board approved the report and the investments reflected therein.
4. Mr. Lord of Milliman presented an actuarial report based upon the Corporation's recent claims experience.
5. Ms. Miller presented a report on recent claims experience.
6. The Board discussed in detail the current loss experience of the Corporation and the need to raise capital on a current basis.
7. Ms. Dugan presented an underwriting report. The Board reviewed and approved a statement of the Corporation's underwriting philosophy.
8. Ms. Bugg presented a risk management report.
9. Ms. Wood-Clater presented a marketing report.

10. The next Board meeting was tentatively scheduled for December 7, 2011 in Chicago, Illinois.

There being no further business to come before the meeting, upon motion duly made and seconded, the meeting was adjourned.



Eric E. Stickels, Secretary

EXHIBIT 23

62

MANAGEMENT AGREEMENT

THIS AGREEMENT is made between Lewis & Clark LTC RISK RETENTION GROUP, INC. ("L&C"), a Nevada corporation, and UNI-TER UNDERWRITING MANAGEMENT CORPORATION and UNI-TER CLAIMS SERVICES CORPORATION ("UCS") (collectively "Manager"), which are direct or indirect subsidiaries of U.S. RE Companies, Inc. a Delaware corporation, and which shall continue as such subsidiaries during the term or extended term of this agreement.

ARTICLE I. Term of Agreement

This Agreement is effective as of January 1, 2011 (except as specified in Article IV. D.). It will continue for a period of five (5) years from the effective date hereof unless terminated prior thereto under the provisions of Article X of this Agreement, and automatically shall be renewed for an additional five (5) years, subject to mutual agreement between the parties as to the terms of such renewal. If the parties are unable to so agree, then L&C shall be free to enter into a selection process for a new managing general agent.

ARTICLE II. Appointment of Manager; Lines of Authority

L&C appoints Manager as its underwriting, administrative, accounting, risk management and claims manager as follows:

- A. Lines of Authority: Manager's appointment and authority extends to the classes of business, policies of insurance, including all endorsements, (the "Policies"); and lines and limits of insurance described in Exhibit A attached to this Agreement (the "Business").
- B. Territory: Manager's appointment and authority extends to risks located in the states set forth in Exhibit A.
- C. Exclusions: Manager's appointment and authority is subject to any exclusions set forth in Exhibit A.
- D. Fiduciary: Manager will serve L&C in a fiduciary capacity for all legal duties.

ARTICLE III. Manager's Duties and Responsibilities

Manager faithfully will perform all of its duties to the best of its professional knowledge, skill and judgment. Manager's duties include the following:

- A. Solicitation: To solicit risks and classes of risks at limits and for lines of insurance authorized in Exhibit A, that in their pricing and insurability meet or exceed the agreed upon underwriting and pricing standards established by L&C in writing.
- B. Binding of Risks: To bind risks only in accordance with Exhibit A and any other agreed upon underwriting and pricing standards established by L&C in writing.
- C. Policy Issuance: To timely and properly issue, deliver and execute or countersign policies, certificates, endorsements, and binders on forms approved by L&C and appropriate regulatory authorities, as required by law, for the business described in Exhibit A.
- D. Risks Bound: To record on the books of L&C each risk or policy bound or written under this Agreement.
- E. Compliance with State and Federal Regulations: To comply fully, timely and promptly with all manuals, rules, guidelines, instructions and directions issued in writing by L&C relating to the business covered by this Agreement as well as to comply with all state and federal rules, regulations, and statutes including those relating to privacy and confidentiality for all L&C business covered hereby.
- F. Premium Rates: To quote accurate premiums and rates for policies bound or written under this agreement in compliance with the approved and applicable rating manuals or rating plans of L&C.
- G. Statistical Reporting: To provide the necessary data processing and statistical records, including the development of any specialized programs which may be required by L&C.
- H. Accounting: To timely account for the business and for the financial affairs of L&C as follows:
 - 1. Manager shall prepare and forward to L&C on a quarterly basis, within forty-five (45) calendar days of the end of each calendar quarter, a complete set of financial statements prepared in accordance with Generally Accepted Accounting Principles (GAAP) basis to include:
 - a. Operating Statement
 - b. Balance Sheet
 - c. Policies written for the quarter
 - d. Claims incurred for the quarter
 - e. Accounts receivable summary
 - f. Summary report of all claims, reserves and losses

2. As of the end of each calendar quarter or calendar year as appropriate, Manager shall prepare and file, in accordance with Statutory Standards or GAAP as required, quarterly and annual financial statements with the Nevada Department of Insurance and any other State requiring same, including all regulatory forms necessary to keep L&C's Certificate of Authority in good standing.
- L. Fiduciary Capacity – Premium Trust Funds and Assets of L&C: To hold all premiums and assets of L&C in a bank, which is a member of the Federal Reserve System and investment custodian accounts owned by L&C. The bank accounts shall be designated by Manager in such a manner as to clearly establish that Manager is a fiduciary for L&C with respect to all funds so held. L&C funds, under fiduciary control of Manager, may be used as necessary to pay return premiums, claims, and operating expenses of L&C. These funds shall not be used for the operating expenses of Manager.
- J. Copies of Policies: Manager shall maintain copies of all policies, endorsements, policy cancellations, and underwriting file documentation.
- K. Collection of Premiums: To invoice and collect premiums on all policies and capital assessments. Other than making a good faith effort to collect all premiums and capital, Manager is not responsible for uncollectable premiums and capital other than to cancel the related policies as applicable. All funds collected for the account of L&C shall be deposited directly into bank accounts owned by L&C. These account(s) shall be used for all payments as directed by L&C and by this Agreement.
- L. Reinsurance Transactions: To pay, collect, and otherwise account for any reinsurance transactions, as authorized by L&C.
- M. L&C Property: To safeguard, maintain and account for all policies, forms, manuals, accounting and claims records, equipment, supplies or anything else furnished Manager by L&C, all of which shall remain the property of L&C. Manager will return all property to L&C promptly upon demand.
- N. Manager Expenses: To pay, assume the obligation for and to be fully responsible for all costs and expenses associated with Manager's performance under this Agreement, including: travel expense, employee and clerical salaries, benefits and expense, postage, Manager's advertising etc. L&C shall be responsible for its own expenses such as license fees, income taxes, premium taxes and assessments, auditor fees, legal fees, investment advisor fees, investment custodian fees, actuarial fees, directors' fees, advertising and marketing expenses and fees as agreed by L&C from time to time, and salary, benefits and overhead of any direct employees of L&C.
- O. Legal Compliance: The Manager shall be responsible for the appointment of qualified agents and brokers (producers) after verification of the license of such producers to lawfully transact the designated line(s) of insurance and shall assure that such producers comply with all laws, regulations, rules and

requirements applicable to Manager's activities and, in addition, all written instructions provided from time to time by L&C concerning underwriting requirements and regulatory compliance in general; provided, however, that such written instructions shall not unreasonably alter or amend the terms of this Agreement.

- P. Governmental Contacts: To promptly respond to all contacts and correspondence received from insurance regulatory or other governmental authorities that pertain to business described in Exhibit A, to respond appropriately to all summonses, complaints, subpoenas or other court documents, and to advise L&C of any such items that are of a material nature.
- Q. Claims Handling: To respond to all claims, suits and losses reported to Manager and/or L&C, and to perform the investigation, settlement and payment of each and all claims, and to collect deductibles due and salvage or subrogation. Manager's specific claim handling duties are set forth in Exhibit B.
- R. Risk Management: To arrange or perform risk management services for the insureds of L&C. Such risk management shall have the primary goal of reducing the frequency of medical incidents that give rise to policy claims. Specific risk management duties and compensation therefore will be negotiated and invoiced directly between Manager and L&C insureds.
- S. Competent Staff: To maintain sufficient supplies and equipment, and a staff of competent and trained personnel, to produce, develop, underwrite and supervise the business covered by this Agreement.
- T. Accurate Records: To keep and maintain separate, identifiable, orderly, accurate, complete and timely records and accounts of all business and transactions pertaining to policies bound or written under the Agreement including complete underwriting and rate files, all claims-related records, all accounting and financial records, regulatory records, and all other records relating to the operations of L&C. Such records and files shall be the property of L&C; provided that Manager may retain copies of all such records and files. In addition, any Insurance Commissioner shall have access to all books, accounts, records and files of Manager for business bound or written under this Agreement and any such books, accounts, records, and files shall be kept in a form acceptable by such Insurance Commissioner. Records of L&C shall be retained according to Section NRS 694C.410 Nevada Statutes.
- U. Electronic Files: All records maintained in electronic format shall be treated the same as hard copy records for purposes of this agreement. Manager shall maintain appropriate data backup procedures and transmit all required data on a timely basis.
- V. Audit: To permit L&C during the term of this agreement to visit, inspect, examine, audit and verify, at Manager's offices, within normal business hours, with or without prior notice any of the properties, accounts, files, documents, books, reports, work papers and other records belonging to or in the possession or control of Manager or of any other person relating to the

business covered by this agreement. L&C may make copies and extracts as may be reasonably necessary. L&C may conduct any audit through any person or persons it may designate.

W. Services: To provide for all usual and customary services to Insureds, Policyholders and subproducers including delivery of policies, return of premiums due Insureds or policyholders and timely, appropriate responses to complaints.

X. Policy Cancellation and Non-Renewal: To cancel, non-renew or otherwise terminate policies bound or written by or through Manager as required by applicable underwriting standards and consistent with applicable regulatory and policy conditions. L&C shall always retain the right to direct the termination or non-renewal of policies by Manager or to terminate or non-renew policies by direct notice to Insureds or policyholders in accordance with the provisions of applicable state insurance regulations. Manager shall not make, permit, or cause general or indiscriminate cancellations, termination or replacements of policies. Manager shall be responsible for notifying governmental agencies or other persons for whom Manager has certified coverage or provided evidence of insurance.

Y. Limitations of Authority: Manager shall have no authority to do any of the following acts:

1. Bind reinsurance on behalf of L&C or commit L&C to participate in insurance or reinsurance syndicates, except as specifically authorized by L&C. Manager shall have authority to negotiate reinsurance on behalf of, and recommend reinsurance to L&C.
2. Jointly employ an individual who is employed by L&C.
3. Permit any producers appointed pursuant to Article III, O. to serve on the board of directors of Manager.
4. Appoint a submanaging general agent or manager.
5. Exceed the maximum policy limits set forth in Exhibit A.
6. Charge a per-policy fee to insureds or policyholders of L&C.

Manager shall have full authority to settle claims on L&C's behalf or commit L&C to pay claims. However, Manager shall give prompt written notice to L&C if it identifies claims which it believes may exceed ten percent (10%) of L&C's policy holder surplus.

ARTICLE IV. Manager's Compensation

L&C will pay the Manager as full compensation for all of its duties and responsibilities under this agreement as follows:

*different
than
MA.*

- A. Management Fee: For all services under this Agreement other than claims handling and except as provided below, the Manager shall receive fees as follows:

During each year of L&C's operations, commissions at the rate of 12% of the annual gross written premiums (net of cancellations and non-renewals) plus the amount of agency commissions (at rates approved by L&C) payable to retail and wholesale agents appointed by the Manager. The calculation of gross written premiums shall be made net of the per bed risk management fee charged from time to time.

The above provisions are applicable to L&C's long term care facility/home health care book of business. With respect to L&C's nurse/nurse practitioner book of business produced by agents, commissions shall be payable each year at a rate of 37.5% of the annual gross written premiums (net of cancellations and non-renewals) (with the Manager responsible for paying the amount of any agency commissions payable to retail and wholesale agents appointed by the Manager). For such business sold directly by the Company, the commission rate shall be 30.0%.

- B. Claims Handling Fees: For claims handling services under this Agreement, Manager shall receive a time-and-expense fee as follows:

1. \$250 file setup fee for each claim or significant incident investigation.
2. \$155 per hour for claim adjuster/nurse professional time and actual travel expenses for investigations, mediations, trials, etc.
3. Claims handling fees shall be billed monthly by Manager, by individual claim.

- C. Payment of Management Fees: Fees are to be paid to Manager and adjusted on a continuing basis when and as premiums are collected or adjusted on behalf of L&C.

- D. Profit Sharing Bonus: Manager shall be entitled to a profit sharing bonus equal to twenty percent (20%) of L&C's Profit (as defined below) for each calendar year or partial calendar year from 2007 forward through the term of this Agreement. The calculation of the Profit Sharing Bonus under the prior agreement between the parties shall apply for the 2006 calendar year. For purposes of this Agreement, L&C's Profit shall, except as provided below, be equal to L&C's pre-tax net income for the applicable calendar year from all sources, before deduction of such profit sharing bonus, determined on the basis of generally accepted accounting principles (U.S. GAAP) and in accordance with L&C's audited financial statements adjusted for changes in the applicable accident year's (a) loss ratio, (b) allocated loss adjustment expense ratio, and (c) reinsurance payables and receivables (including reinsurance profit commissions payable to L&C) through December 31 of the

fourth year following the end of each such calendar year. The profit sharing bonus shall be paid to Manager no later than June 1st of the year following such fourth year (for example, for 2011, the profit sharing bonus will be calculated as of December 31, 2015 and paid by June 1, 2016). In no event will a profit sharing bonus be earned, accrued or paid to Manager for a calendar year for which L&C has no Profit (or a loss ("Loss") based upon the above methodology). L&C's Profit for any calendar year, and the calculation of Manager's profit sharing bonus for such calendar year, shall not be affected by a Loss in any other calendar year for the calendar years 2007 - 2009. However, any Loss in any calendar year beginning with 2010 shall not be carried back to prior years, but shall be carried forward to reduce the Profit, and/or increase the Loss, as applicable, in the succeeding calendar year.

ARTICLE V. Representation with Respect to Policies

Manager will not make nor allow any other person to make any representation to applicants, insureds, policyholders or claimants as to the existence or extent of coverage either available from L&C or under a policy that is not consistent with the terms and conditions of coverages available from L&C or of a policy. Manager shall ensure that Manager or Manager's employees will make known to any applicant, insured or policyholder the full scope and effect of all exclusions and limitations upon or under coverage provided by the Policy.

ARTICLE VI. Insurance of Manager

Manager will maintain for as long as this Agreement remains in force with insurers and on forms acceptable to L&C:

- A. Professional Errors and Omissions policy in an amount not less than \$5,000,000.
- B. Blanket Employee Dishonesty bond covering all employees of Manager in an amount not less than \$1,000,000.

L&C may require certificates of insurance or other evidence that the insurance required by this article is in force. The limits of such coverage adequacy will be reviewed annually by L&C and shall periodically be increased by Manager as the L&C shall determine.

ARTICLE VII. Indemnification

Manager shall be responsible to L&C and shall indemnify, save, defend and hold L&C, including its affiliates, and all officers, directors and employees harmless against any and all claims, suits, hearings, actions, damages of any kind, liability, fines, penalties, loss or expense, including attorney's fees, caused by or arising from any allegation of any act or negligence, misconduct, error, omission or breach of this Agreement by Manager, or Manager's employees, or representatives, and unless the conduct giving rise to the

allegation was performed at the specific direction of L&C, provided Manager has not contributed to or compounded the act alleged.

L&C shall be responsible to Manager and shall indemnify, save, defend and hold Manager, including its affiliates, and all officers, directors and employees harmless against any and all claims, suits, hearings, actions, damages of any kind, liability, fines, penalties, loss or expense, including attorney's fees caused by or arising from any act or allegation of any negligence, misconduct, error, omission or breach of this Agreement by L&C, or L&C's employees, or representatives, and unless the conduct giving rise to the allegation was performed at the specific direction of Manager, provided L&C has not contributed to or compounded the act alleged.

ARTICLE VIII. Ownership of Expirations

Records of insureds, policyholders and Policies and their use and control for solicitation of business written or bound by or through Manager, as between Manager and L&C, shall be the sole and exclusive property of L&C. Manager shall be allowed, at Manager's expense, to make and keep copies of all such records.

ARTICLE IX. Termination of Agreement

A. L&C may immediately terminate this Agreement as follows:

Immediately upon written notice to Manager in the event of the following:

1. License Suspension or Revocation: An order of suspension or revocation of Manager's license by any insurance regulatory authority; or
2. Misapplication of Funds: A misapplication, misdirection or misappropriation by Manager of funds or property of L&C or funds received from Policyholders by Manager; or
3. Default: A default under this Agreement by Manager or Manager's failure to timely and fully comply with L&C directives, rules, regulations or manuals; or
4. Conviction: Of a charge brought against Manager or any of Manager's executive officers of violation of the insurance laws or regulations of any jurisdiction or of any law constituting a felony in the jurisdiction in which committed, or of any law whose violation reflects adversely upon the honesty or integrity of Manager or any of Manager's executive officers whether or not classified as a felony; or
5. Bankruptcy: A court order of bankruptcy, receivership or common law composition of creditors, whether voluntary or involuntary.

B. Manager may terminate this Agreement as follows:

Immediately upon written notice to L&C in the event of the occurrence of items 1 or 3 in this Article IX. B, and with respect to item 2 of this Article IX. B, a finding by a court, government regulator or tribunal pursuant to Article XII hereunder against L&C:

1. Certificate of Authority Suspension or Revocation: An order of suspension or revocation of L&C's Certificate of Authority by an insurance regulatory authority; or
2. Default: A default under this Agreement by L&C.
3. Bankruptcy: A court order of bankruptcy, receivership or common law composition of creditors, whether voluntarily or involuntarily.

ARTICLE X. Cure Provision

In the event L&C shall be entitled to terminate this Agreement pursuant to Article IX, A, 3 above, and if Manager shall submit a written plan of correction to L&C (which plan of correction must specifically outline the actions to be taken and the deadline for a final cure of the event which permits L&C's termination right), and if L&C accepts the written plan of correction, then L&C may thereafter terminate this Agreement if the plan of correction fails or is not completed by the deadline specified in the plan of correction.

ARTICLE XI. Continuing Duties of Manager after Termination

Following the effective date of termination of this Agreement, and following the transfer of all records and property of L&C by Manager to L&C, Manager shall have no continuing duties under this Agreement. However, Manager shall fulfill any obligations on Policies during the pendency of any dispute regarding the cause for termination.

ARTICLE XII. Arbitration

- A. Submission to Arbitration: Any dispute arising out of this Agreement shall be submitted to the decision of a board of arbitration composed of two arbitrators and an umpire meeting at the L&C offices in Nevada unless otherwise mutually agreed.
- B. Notice: The notice requesting arbitration shall state in particulars all principal issues to be resolved and shall set a date for the hearing, which date shall be no sooner than 90 days and no later than 120 days from the date that the notice requesting arbitration is mailed.
- C. Arbitration Board Membership: The members of the board of arbitration shall be active or retired and disinterested officials of insurance companies. Each party shall appoint its own arbitrator and the two arbitrators shall choose a third arbitrator as umpire before the date set for the hearing. If a party fails to appoint its arbitrator within thirty days after having received a written request from the other, the other shall appoint the second arbitrator. If the two

arbitrators fail to agree upon the appointment of the umpire within thirty days after their appointment, then the American Arbitration Association shall make the selection of the umpire. The umpire shall promptly notify all parties to the arbitration of his selection.

- D. Submission of Briefs: The parties shall submit their initial briefs within twenty days from appointment of the umpire. Each may submit reply briefs within ten days after filing the initial briefs.
- E. Arbitration Board: The board shall make an award of monetary damages or other relief with regard to the custom and usage of the insurance business which shall be in writing. The award shall be based upon a hearing in which evidence may be introduced without following strict rules of evidence but in which cross examination and rebuttal shall be allowed. At its own election or at the request of the board, either party may submit a post-hearing brief for consideration of the board within twenty days of the close of the hearing. The board shall make its award within thirty days following the close of the hearing or the submission of post-hearing briefs, whichever is longer, unless the parties consent to an extension. A decision by the majority of the members of the board shall become the award of the board and shall be final and binding upon all parties to the proceeding, however, the board shall have no authority to issue an award for punitive damages. Either party may apply to the United States District Court or to a Nevada State Court of competent jurisdiction for an order confirming the award; a judgment of such Court shall thereupon be entered on the award. If such an order is issued, the attorney's fees of the party so applying and court costs will be paid by the party against whom confirmation is sought.
- F. Arbitration Expense: Each party shall bear the expense of its own arbitrator and shall jointly and equally bear with the other party the expense of the umpire. The remaining costs of the arbitration proceedings shall be allocated by the board.
- G. Survival: This Article shall survive the termination of this Agreement.

ARTICLE XIII. Other Terms and Conditions

- A. Waiver: The failure of L&C or Manager to insist on strict compliance with this Agreement, or to exercise any right or remedy shall not constitute a waiver of any rights provided under this Agreement, nor estop the parties from thereafter demanding full and complete compliance nor prevent the parties from exercising such a remedy in the future.
- B. Conflict with Law: If any provision of this Agreement should be declared invalid by a court of general jurisdiction and suspended by specific law or regulation, such law or regulation shall control to the extent of such conflict without affecting the remaining portions of this Agreement.
- C. Assignment: This Agreement may not be assigned in whole or in part by Manager.

- D. Headings: The headings preceding the text of the articles and paragraphs of the Agreement are intended solely for the convenience of reference and shall not affect the meaning, construction or effect of this Agreement.
- E. Governing Law: This Agreement shall be governed as to performance, administration and interpretation by the laws of the State of Nevada.
- F. Honorable Undertaking: This Agreement shall be considered as an honorable undertaking made in good faith and shall be subject to a liberal construction for the purpose of giving effect to the good faith and honorable intentions of Manager and L&C.
- G. Notices: Wherever notice is required under this Agreement, it shall be in writing, sent by certified mail or express delivery, and addressed:

If to L&C:

c/o Constance Akridge
Jones Vargas
3773 Howard Hughes Parkway
3rd Floor South
Las Vegas, NV 89169

Jeff C. Marshall
President & CEO
Eagle Healthcare Inc.
12015 115th Avenue NE
Suite E-195
Kirkland, Washington 98034

If to Manager:

Sanford D. Elsass
President
Uni-Ter Underwriting Management Corporation
3655 Brookside Parkway, Suite 200
Alpharetta, GA 30022

- H. Independent Contractor: This Agreement is not a contract for employment and nothing contained in this Agreement shall be construed to create the relationship of joint venture, partnership, or employer and employee between L&C and Manager. Manager is an independent contractor and shall be free, subject to the terms and conditions of this Agreement, to exercise judgment and discretion with regard to the conduct of business.
- I. Entire Agreement: This Agreement supercedes all previous agreements, whether written or oral, between L&C and Manager, or their predecessors with respect to the duties under this Agreement.

1. This Agreement may be amended, altered or modified only in writing signed by both parties.
2. Manuals, rules, regulations, instructions and directions issued in writing by L&C and received by Manager from time to time as provided in this Agreement, shall bind the parties as though a part of this Agreement.

The Manager and L&C have executed this Agreement in duplicate, each of which shall serve as an original:

FOR L&C:

BY: J. W. Marshall
TITLE: President
DATE: 11/23/10

FOR MANAGER: UNI-TER UNDERWRITING MANAGEMENT
CORPORATION

BY: [Signature]
TITLE: President
DATE: 12/1/10

UNI-TER CLAIMS SERVICES CORPORATION

BY: [Signature]
TITLE: President
DATE: 12/1/10

Exhibit A – Underwriting Authority

To
Management Agreement
Between
Lewis & Clark LTC Risk Retention Group, Inc.
And
Uni-Ter Underwriting Management Corporation and
Uni-Ter Claims Services Corporation

The authority granted Manager is subject to the following definitions and limitations:

- A. Eligibility: Eligible risks include skilled nursing facilities, assisted living facilities, independent living facilities, continuing care retirement communities, or any health care operation whose principal business is to provide long term health care, home healthcare, and nurses and allied healthcare.
- B. Lines of Authority: Professional Liability and General Liability.
- C. Territory: Continental United States, excluding Hawaii and Alaska, and in Florida, excluding long term care and home healthcare.
- D. Policy Form: Claims Made form and Occurrence form.
- E. Maximum Limits of Liability: \$2,000,000 per claim, \$4,000,000 aggregate per insured location. Defense costs and supplementary payments are within the limits, except for Florida and other states as required by law.
- F. Deductible: As agreed from time to time.
- G. Maximum Policy Period: One Year.
- H. Underwriting Guidelines: These guidelines, as developed by Manager from time to time, shall contain specific parameters of classifications, coverage, limits of liability, deductibles, risk selection, premium base, premium calculation, schedule rating plan, rates, extended reporting period option, policy issuance, and risk management.
- I. Cancellation and Nonrenewal: Manager shall comply with all applicable insurance laws and regulations pertaining to the cancellation or nonrenewal of any Policies bound or written under this Agreement.

Exhibit B – Claims Management Authority

To
Management Agreement
Between
Lewis & Clark LTC Risk Retention Group, Inc.
And
Uni-Ter Underwriting Management Corporation and
Uni-Ter Claims Services Corporation

UCS shall handle all aspects of claim processing, subject to the requirements and limitations set forth below, for all claims and allocated loss adjustment expenses subject to this Agreement. All claims shall be handled until settlement or other disposition, except as otherwise indicated in this Agreement.

UCS shall establish and maintain claim files on each reported claim and advise insureds of procedures to be followed when claims arise.

- A. **Routine/Initial Reporting Requirements:** UCS shall report every claim to L&C on a quarterly basis. This reporting shall consist of recording the claim on the accounting records of L&C and advising L&C by means of periodic and special claim reports.
- B. **Special Reporting Requirements:** Separate notice shall be sent by UCS to L&C as soon as any of the following becomes known, or at any time earlier upon L&C's request:
 - 1. If the claim could potentially exceed ten percent (10%) of L&C's policy holder surplus.
 - 2. The claim may exceed the Manager's claim settlement authority.
 - 3. Involves a coverage dispute or a bad faith allegation.
 - 4. The claim is closed by payment of ten percent (10%) of L&C's policyholder surplus.
- C. **Quarterly Reporting:** On a quarterly basis, a claims report will be provided listing new claims reported, open reserves, paid claims and ending reserve balances for both indemnity and expense activity.
- D. **Record Ownership and Access:** All claim files shall be the joint property of L&C and UCS. However, upon an order of liquidation of L&C, the claims and related application files shall become the sole property of L&C or its estate. UCS shall have reasonable access to and the right to copy the files on a timely basis.
- E. **Settlement Authority:** Manager shall have full authority to settle, issue payment and establish reserves up to the amount of the per claim policy limit of the policy on which a claim is made. Any settlement authority granted to UCS may be terminated for cause upon L&C's written notice to Manager or upon termination of this Agreement. L&C may suspend the

settlement authority during the pendency of any dispute regarding the cause for termination.

- F. Service of Suit: L&C hereby appoints Constance Akridge, Jones Vargas, 3773 Howard Hughes Parkway, 3rd Floor, Las Vegas, Nevada 89169, as agent for receiving service of process on any suite or proceeding involving a claim or loss arising out of a policy issued by Manager on L&C's behalf. Manager shall also have authority to appoint a suitable independent entity as agent for service of process in all states in which L&C may do business as necessary.
- G. Licensed Adjusters: All claims must be adjusted by properly licensed adjusters.

**FIRST AMENDMENT TO
MANAGEMENT AGREEMENT**

THIS FIRST AMENDMENT TO MANAGEMENT AGREEMENT dated January 1, 2011 (the "Management Agreement") is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of January 1, 2011.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

For calendar year 2011 only, line 4 of Article IV, Section A is hereby revised to provide for a rate of commissions at 10% (rather than 12%). Continuation of this 2% differential (or portion thereof) for subsequent periods covered by this Management Agreement is subject to mutual agreement of the parties.

In all other respects, the Management Agreement, as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: 

Name: Jeff C. Marshall

Title: President

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: 

Name: Sanford Elsass

Title: President

*This was revised
on February 7th, 2011*

SECOND AMENDMENT TO
MANAGEMENT AGREEMENT

THIS SECOND AMENDMENT TO MANAGEMENT AGREEMENT dated January 1, 2011 (the "Management Agreement") is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNITER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of November 15, 2011.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree that the following sentence shall be added at the end of Article IV, Section D:

For so long as any amounts are outstanding and unpaid to the holders of Surplus Subordinated Debentures of L&C issued in 2011 and the first quarter of 2012, the profit sharing bonus payable to Manager may be accrued in the normal course, but not paid.

In all other respects, the Management Agreement as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

UNITER UNDERWRITING
MANAGEMENT CORPORATION

By: *Jeff C. Marshall*
Name: Jeff C. Marshall
Title: President

By: _____
Name: Sanford Elsass
Title: President

**SECOND AMENDMENT TO
MANAGEMENT AGREEMENT**

THIS SECOND AMENDMENT TO MANAGEMENT AGREEMENT dated January 1, 2011 (the "Management Agreement") is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of November 15, 2011.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree that the following sentence shall be added at the end of Article IV, Section D.:

For so long as any amounts are outstanding and unpaid to the holders of Surplus Subordinated Debentures of L&C issued in 2011 and the first quarter of 2012, the profit sharing bonus payable to Manager may be accrued in the normal course, but not paid.

In all other respects, the Management Agreement, as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: _____
Name: Jeff C. Marshall
Title: President

By: Donna K. Dalton
Name: Sanford Bloass Donna Dalton
Title: President COO/CFO

**THIRD AMENDMENT TO
MANAGEMENT AGREEMENT**

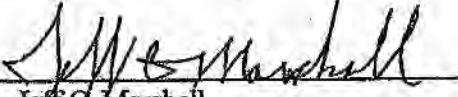
THIS THIRD AMENDMENT TO MANAGEMENT AGREEMENT dated December 31, 2011 (the "Management Agreement") is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of December 31, 2011.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

The parties agree that under Article IV Section D of the Agreement, no profit sharing bonus shall be accrued or paid with respect to the 2008 calendar year, absent mutual agreement otherwise.

In all other respects, the Management Agreement, as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

By: 
Name: Jeff O. Marshall
Title: President

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: _____
Name: Sanford Elsass
Title: President

**THIRD AMENDMENT TO
MANAGEMENT AGREEMENT**

THIS THIRD AMENDMENT TO MANAGEMENT AGREEMENT dated December 31, 2011 (the "Management Agreement") is made between LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation ("L&C"), and UNI-TER UNDERWRITING MANAGEMENT CORPORATION, a Delaware corporation ("Manager"), effective as of December 31, 2011.

For good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

The parties agree that under Article IV Section D of the Agreement, no profit sharing bonus shall be accrued or paid with respect to the 2008 calendar year, absent mutual agreement otherwise.

In all other respects, the Management Agreement, as amended from time to time, remains in full force and effect.

LEWIS & CLARK LTC RISK RETENTION
GROUP, INC.

UNI-TER UNDERWRITING
MANAGEMENT CORPORATION

By: _____
Name: Jeff C. Marshall
Title: President


By: 
Name: Sanford Elsass
Title: President

EXHIBIT 24


From: Elsass, Sandy [selsass@usre.com]
Sent: 7/26/2011 7:06:31 AM
To: Dugan, Tonya [tdugan@uni-ter.com]
CC: Chamberlain, Dwain [dchamberlain@uni-ter.com]; Wood-Clater, Nadeene [nwood-clater@uni-ter.com]; Curtis Sitterson [CSitterson@stearnsweaver.com]
Subject: Re: July 25 2011 update CV

I don't want a lot of detail and no critical comments about Garcia. Curtis may want to opine? I think we told the board they left. What the board wants to see is the economics of how much was lost, or not, for the 2 years and projected ultimate.

From: Dugan, Tonya
To: Elsass, Sandy
Cc: Chamberlain, Dwain; Wood-Clater, Nadeene
Sent: Mon Jul 25 11:37:48 2011
Subject: FW: July 25 2011 update CV
Sandy,

In preparation for the various board meetings, do you want to include in the board materials the chronological order of events leading up to CV's decision to non-renew, including subsequent activities (their claim dumping letter and our responses/correspondences back and forth). I wasn't sure if you wanted it to be as formal as a document that is included with the board materials or just something we create separate as an outline for discussion purposes.

PLEASE NOTE OUR NEW ADDRESS BELOW. PHONE & FAX NUMBERS REMAIN UNCHANGED.

Tonya M. Dugan, CIC 
Sr. Vice President - Underwriting
Uni-Ter Underwriting Management Corp.
3655 Brookside Parkway, Suite 200
Alpharetta, GA 30022

678-781-2400 Main
678-781-2374 Direct
678-781-2450 Fax
678-524-8066 Cell
tdugan@uni-ter.com

From: Miller, Jonna
Sent: Monday, July 25, 2011 11:34 AM
To: Elsass, Sandy; Dugan, Tonya; Chamberlain, Dwain
Subject: July 25 2011 update CV

Attached is the most recent update and my thoughts on each file's reserves.
FYI, Garcia's bills for last month were over 120k, averaging \$10,364/file. I'm reviewing them now.

Jonna Miller ARM
VP Claims
Uni-Ter Group
jmiller@uni-ter.com
678 781 2427
678 781 2450 fax

PA002552

SWMLCEM008955

3655 Brookside Parkway, Suite 200
Alpharetta, Georgia 30022

CONFIDENTIALITY NOTE: The information contained in this transmission may be privileged and confidential, and is intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this transmission in error, please immediately reply to the sender that you have received this communication in error and then delete it. Thank you.

PA002553

SWMLCEM008956

From: CSitterson@stearnsweaver.com [CSitterson@stearnsweaver.com]
Sent: 9/29/2011 7:09:24 PM
To: eaglechalet@hotmail.com; sfogg@marquiscompanies.com; markgarber@pinnacle-healthcare.com;
rwhurlbut@rohmservices.com; carol.harter@unlv.edu; rstick@oneidabank.com; rchur@elderwood.com;
Barbara_Lumpkin@bellsouth.net
CC: ddalton@uni-ter.com; selsass@usre.com
Subject: Lewis & Clark
Attachments: Lewis & Clark Capital Increase.DOC

USRE has indicated that it wants to contribute \$300,000 now. Its remaining \$200,000 would be parri passu to the possible contribution of \$350,000 by the 5 facilities, based upon 4th quarter requirements, if any. Thus, 20/55 would come from USRE and 35/55 from the facilities, subject to a gross cap of \$550,000. The third quarter increase of \$2,150,000 has apparently been ok'd by Demotech. Additionally, Uni-Ter has determined that the projected loss of \$300,000 plus in the fourth quarter may be booked in the third quarter (in lieu of the 4th).

I have prepared the terms accordingly in the attached memo. If any of you wish to discuss this as a group, please advise so that we can schedule a board call. If you have questions, please call me directly. If acceptable, please affirm by e-mail no later than tomorrow the following:

- (1) Your entity's commitment to the contribution in Section 1 under the terms specified in Section 2.
- (2) Your agreement as a Board member to such contribution, subject to your abstention on any item involving your entity. I will prepare Board minutes in due course.

Curtis H. Sitterson

Stearns Weaver Miller Weissler

Alhadeff & Sitterson, P.A.

150 W. Flagler Street

Suite 2200, Museum Tower

Miami, FL 33130

PH (Direct): 305-789-3550

PH (Main): 305-789-3200

FAX (Direct) 305-789-2667

PA002554

BD 0005836

www.stearnsweaver.com

© RCU AR 204 DISCLOSURE: To ensure compliance with recently enacted U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including any attachments, is not intended or written by us to be used, and cannot be used, by anyone for the purpose of avoiding federal tax penalties that may be imposed by the federal government or for avoiding, mitigating or recommending to another party any tax-related matters addressed herein.

BD 0005837

From: CSitterson@stearnsweaver.com [CSitterson@stearnsweaver.com]
Sent: 9/30/2011 3:43:58 PM
To: eaglechalet@hotmail.com; sfogg@marquiscompanies.com; markgarber@pinnacle-healthcare.com;
rwhurlbut@rohmservices.com; carol.harter@unlv.edu; rstick@oneidabank.com; rchur@elderwood.com;
Barbara_Lumpkin@bellsouth.net; ddavies@usre.com; tpiccione@usre.com
CC: ddalton@uni-ter.com; selsass@usre.com
Subject: Lewis & Clark
Attachments: Lewis & Clark Capital Increase (Redline).DOC; Lewis & Clark Capital Increase.DOC

Attached is the revised memo (and a redline) per Steve Fogg's comments.

Curtis H. Sitterson

Stearns Weaver Miller Weissler

Alhadeff & Sitterson, P.A.

150 W. Flagler Street

Suite 2200, Museum Tower

Miami, FL 33130

PH (Direct): 305-789-3550

PH (Main): 305-789-3200

FAX (Direct) 305-789-2667

csitterson@stearnsweaver.com

www.stearnsweaver.com

CONFIDENTIALITY NOTICE: This information contained in this e-mail message is strictly privileged and confidential information intended only for the use of the individual(s) named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please contact the sender by e-mail and delete all copies of the original message. Thank you.

DISCLOSURE NOTICE: Pursuant to the recently enacted U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including any attachments, is not intended or written by us to be used, and cannot be used, by anyone for the purpose of avoiding federal tax penalties that may be imposed by the federal government or for promoting, marketing or recommending to another party any tax-related matters addressed herein.

(See attached file: Lewis & Clark Capital Increase.DOC)(See attached file: Lewis & Clark Capital Increase (Redline).DOC)

PA002556

BD 0003139

Lewis & Clark Capital Increase – 9/28/11

1. Aggregate cash contributions of \$2,150,000 to be made on or before 11/15/11 in exchange for surplus notes by the following persons:
 - a. Oneida Bank - \$750,000
 - b. Eagle Healthcare - \$220,000
 - c. Pinnacle Healthcare - \$220,000
 - d. Marquis Companies - \$220,000
 - e. Elderwood Senior Care - \$220,000
 - f. Rohm Services - \$220,000
 - g. USRE - \$300,000
2. Surplus notes will be generally in the same form as the current Oneida surplus note. Term will be 3 years, with interest payable annually at prime + 2%. All surplus notes will be pari passu as to repayment. Each surplus note will be convertible into common stock at any time on or before the end of the 3 year term, based upon the GAAP book value of the common stock as of ~~the end of the most recent month before the date of conversion~~ 9/30/11. In the case of Oneida and USRE, such conversion can only be made if L&C ceases to be a Risk Retention Group. Prior to repayment of the new surplus notes, any profit sharing bonus payable to Uni-Ter may be accrued in the ordinary course, but not paid.
3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:
 - a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
 - b. USRE 20/55
4. The Board reaffirms L&C's underwriting philosophy as discussed at the last Board meeting.
5. The Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

Comparison Details	
Title	pdfDocs compareDocs Comparison Results
Date & Time	9/30/2011 11:40:02 AM
Comparison Time	1.40 seconds
compareDocs version	v3.4.4.54

Sources	
Original Document	[#1242091] [v3] Lewis & Clark Capital Increase.doc
Modified Document	[#1242091] [v4] Lewis & Clark Capital Increase.doc

Comparison Statistics	
Insertions	1
Deletions	1
Changes	1
Moves	0
TOTAL CHANGES	3

Word Rendering Set Markup Options	
Name	Standard
<u>Insertions</u>	
Deletions	
<u>Moves / Moves</u>	
Inserted cells	
Deleted cells	
Merged cells	
Formatting	Color only,
Changed lines	Mark left border.
Comments color	ByAuthor
Balloons	False

compareDocs Settings Used	Category	Option Selected
Open Comparison Report after Saving	General	Always
Report Type	Word	Formatting
Character Level	Word	False
Include Headers / Footers	Word	True
Include Footnotes / Endnotes	Word	True
Include List Numbers	Word	False
Include Tables	Word	True
Include Field Codes	Word	True
Include Moves	Word	False
Show Track Changes Toolbar	Word	True
Show Reviewing Pane	Word	True
Update Automatic Links at Open	Word	False
Summary Report	Word	End
Include Change Detail Report	Word	Separate
Document View	Word	Print
Remove Personal Information	Word	False

From: CSitterson@stearnsweaver.com [CSitterson@stearnsweaver.com]
Sent: 10/4/2011 5:04:45 PM
To: sfogg@marquiscompanies.com; eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com;
rwhurlbut@rohmservices.com; carol.harter@unlv.edu; rstick@oneidabank.com; rchur@elderwood.com;
Barbara_Lumpkin@bellsouth.net; selsass@usre.com; ddalton@uni-ter.com; CAkridge@jonesvargas.com
Subject: RE: Surplus Note

I agree on your first point and will add language. On your second point, I am somewhat concerned about adding to an argument from any side in the future that the exercise price should have been higher or lower because the book value could or should have been set differently. The theory will be in the Board minutes, so I suppose someone could try to argue it anyway. In my view, the Company relies on accounting professionals to prepare financials and is selecting a set price based upon reported but unaudited book value, but it's set regardless of hindsight or results of future audit. That said, I'm happy to add language if that's preferred.

Curtis H. Sitterson

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A

150 W. Flagler St., Suite 2200

Miami, FL 33130

Direct: (305) 789-3550

Main: (305) 789-3200

Fax: (305) 789-2667

csitterson@stearnsweaver.com

www.stearnsweaver.com

From: Steve Fogg [<mailto:sfogg@marquiscompanies.com>]
Sent: Tuesday, October 04, 2011 12:31 PM
To: Curtis Sitterson; eaglechalet@hotmail.com; markgarber@pinnacle-healthcare.com;
rwhurlbut@rohmservices.com; carol.harter@unlv.edu; rstick@oneidabank.com; rchur@elderwood.com;
Barbara_Lumpkin@bellsouth.net; Sandy Elsass; Donna Dalton; Akridge, Constance
Subject: RE: Surplus Note

Curtis, I only have a couple "minor" suggested changes. 1) Section 8 d iv - Termination of accrued interest - when I read this section it is not 100% clear as to what date the Accrued interest actually stops. Intuitively I read it to be the date notice to convert is received by Company. That said, it seems open for interpretation. Can you add some verbiage that actually states the date interest stops accruing? 2) on the Conversion Price amount - while it is blank now since we haven't yet posted the Book value per share as of 9/30/2011, does it make sense to actually state that the amount is based off of the 09/30/11 book value per share, in addition to placing the amount in there once we know it? Seems to add additional clarity as to theory in setting that amount.

PA002559

BD 0002158

All else looks good to me.

Thanks,

Steve

From: Curtis Sitterson [<mailto:CSitterson@stearnsweaver.com>]

Sent: Tuesday, October 04, 2011 7:50 AM

To: 'eaglechalet@hotmail.com'; Steve Fogg; 'markgarber@pinnacle-healthcare.com'; 'rwhurlbut@rohmservices.com'; 'carol.harter@unlv.edu'; 'rstick@oneidabank.com'; 'rchur@elderwood.com'; 'Barbara_Lumpkin@bellsouth.net'; Sandy Elsass; Donna Dalton; 'Akridge, Constance'

Subject: FW: Surplus Note

Correction: the first paragraph, second sentence of my cover e-mail should read "The form would be the same for the others, except the second *sentence* of Section 8.b. would be deleted for the facilities."

Curtis H. Sitterson

Stearns Weaver Miller Weissler

Alhadeff & Sitterson, P.A.

150 W. Flagler Street

Suite 2200, Museum Tower

Miami, FL 33130

PH (Direct): 305-789-3550

PH (Main): 305-789-3200

FAX (Direct) 305-789-2667

csitterson@stearnsweaver.com

www.stearnsweaver.com

From: Curtis Sitterson

Sent: Tuesday, October 04, 2011 10:38 AM

To: 'eaglechalet@hotmail.com'; 'sfogg@marquiscompanies.com'; 'markgarber@pinnacle-healthcare.com';

PA002560

BD 0002159

'rwhurlbut@rohmservices.com'; 'carol.harter@unlv.edu'; 'rstick@oneidabank.com'; 'rchur@elderwood.com';
'Barbara_Lumpkin@bellsouth.net'; Sandy Elsass; Donna Dalton; 'Akridge, Constance'

Subject: Surplus Note

Enclosed is a draft of the Surplus Note for Oneida. The form would be the same for the others, except the second section of Section 8.b. would be deleted for the facilities.

I have redlined this form against the latest note held by Oneida for JMW, as this was the most recent on our system. The terms of this form is the same for the current outstanding \$1.0M L&C note.

Please review and comment so that we can submit the forms to the Nevada DOI.

Curtis H. Sitterson

Stearns Weaver Miller Weissler

Alhadeff & Sitterson, P.A.

150 W. Flagler Street

Suite 2200, Museum Tower

Miami, FL 33130

PH (Direct): 305-789-3550

PH (Main): 305-789-3200

FAX (Direct) 305-789-2667

csitterson@stearnsweaver.com

www.stearnsweaver.com

CONFIDENTIALITY NOTICE: The information contained in this E-mail message is attorney privileged and confidential information intended only for the use of the individual(s) named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this

PA002561

BD 0002160

communication is strictly prohibited. If you have received this communication in error, please contact the sender by reply E-mail and destroy all copies of the original message. Thank you.

CIRCULAR 230 DISCLOSURE: To ensure compliance with recently-enacted U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including any attachments, is not intended or written by us to be used, and cannot be used, by anyone for the purpose of avoiding federal tax penalties that may be imposed by the federal government or for promoting, marketing or recommending to another party any tax-related matters addressed herein.

Lewis & Clark Capital Increase – 9/28/11

1. Aggregate cash contributions of \$2,150,000 to be made on or before 11/15/11 in exchange for surplus notes by the following persons:
 - a. Oneida Bank - \$750,000
 - b. Eagle Healthcare - \$220,000
 - c. Pinnacle Healthcare - \$220,000
 - d. Marquis Companies - \$220,000
 - e. Elderwood Senior Care - \$220,000
 - f. Rohm Services - \$220,000
 - g. USRE - \$300,000
2. Surplus notes will be generally in the same form as the current Oneida surplus note. Term will be 3 years, with interest payable annually at prime + 2%. All surplus notes will be pari passu as to repayment. Each surplus note will be convertible into common stock at any time on or before the end of the 3 year term, based upon the GAAP book value of the common stock as of the end of the most recent month before the date of conversion. In the case of Oneida and USRE, such conversion can only be made if L&C ceases to be a Risk Retention Group. Prior to repayment of the new surplus notes, any profit sharing bonus payable to Uni-Ter may be accrued in the ordinary course, but not paid.
3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:
 - a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
 - b. USRE 20/55
4. The Board reaffirms L&C's underwriting philosophy as discussed at the last Board meeting.
5. The Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

ACTION BY UNANIMOUS WRITTEN CONSENT
OF THE BOARD OF DIRECTORS OF
LEWIS & CLARK LTC RISK RETENTION GROUP, INC.
IN LIEU OF A SPECIAL MEETING

The undersigned, being all of the members of the Board of Directors (the "Board") of LEWIS & CLARK LTC RISK RETENTION GROUP, INC., a Nevada corporation (the "Corporation"), do hereby adopt the following resolutions by written consent (with each Board member abstaining with respect to matters involving his affiliated entity) in lieu of a special meeting.

A. RESOLVED, that the Board approves of a plan to increase the capital of the Corporation as follows:

1. Aggregate cash contributions of \$2,150,000 are to be made on or before 11/15/11 in exchange for surplus notes by the following persons:
 - a) Oneida Bank - \$750,000
 - b) Eagle Healthcare - \$220,000
 - c) Pinnacle Healthcare - \$220,000
 - d) Marquis Companies - \$220,000
 - e) Elderwood Senior Care - \$220,000
 - f) Rohm Services - \$220,000
 - g) Uni-Ter - \$300,000
2. Surplus notes will be generally in the same form as the current Oneida surplus note. Term will be 3 years, with interest payable annually at prime + 2%. All surplus notes will be pari passu as to repayment. Each surplus note will be convertible into common stock at any time on or before the end of the 3 year term, based upon the unaudited reported GAAP book value of the common stock as of 9/30/11 of \$17.52 per share. Such conversion price shall be so set, and shall not be subject to adjustment based upon future audit or review of the 9/30/11 financials. In the case of Oneida and Uni-Ter, such conversion can only be made if L&C ceases to be a Risk Retention Group. Prior to repayment of the new surplus notes, any profit sharing bonus payable to Uni-Ter may be accrued in the ordinary course, but not paid.

3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:

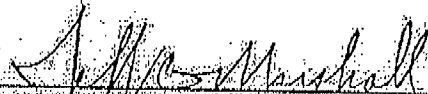
- a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
- b. CSRE Co. - Tr 20/55

B. RESOLVED, that the Board reaffirms the Corporation's underwriting philosophy as discussed at the last Board meeting.

C. RESOLVED, that the Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

IN WITNESS WHEREOF the undersigned being all of the members of the Board of Directors have executed this Unanimous Written Consent as of the 5th day of October, 2011.

BOARD OF DIRECTORS:


Jeff C. Marshall

Steven Charles Fogg

Mark S. Garber

Robert Hurlbut

Carol G. Harter, Ph.D.

Eric Stickels

Robert M. Chur

Barbara Lumpkin, RN

3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:

- a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
b. ~~USRE Unit~~ 20/55

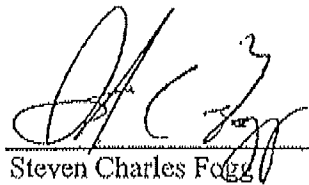
B. RESOLVED, that the Board reaffirms the Corporation's underwriting philosophy as discussed at the last Board meeting.

C. RESOLVED, that the Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

IN WITNESS WHEREOF the undersigned being all of the members of the Board of Directors have executed this Unanimous Written Consent as of the 5th day of October, 2011.

BOARD OF DIRECTORS:

Jeff C. Marshall



Steven Charles Fogg

Mark S. Garber

Robert Hurlbut

Carol C. Harter, Ph.D.

Eric Stickels

Robert M. Chur

Barbara Lumpkin, RN

3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:

- a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
- b. ~~USRE Oneida~~ 20/55

B. RESOLVED, that the Board reaffirms the Corporation's underwriting philosophy as discussed at the last Board meeting.

C. RESOLVED, that the Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

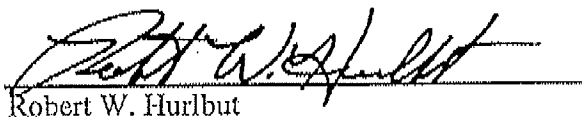
IN WITNESS WHEREOF the undersigned being all of the members of the Board of Directors have executed this Unanimous Written Consent as of the 5th day of October, 2011.

BOARD OF DIRECTORS:

Jeff C. Marshall

Steven Charles Fogg

Mark S. Garber


Robert W. Hurlbut

Carol C. Harter, Ph.D.

Eric Stickels

Robert M. Chur

Barbara Lumpkin, RN

3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:
- a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
 - b. USRE 20/55
- B. RESOLVED, that the Board reaffirms the Corporation's underwriting philosophy as discussed at the last Board meeting.
- C. RESOLVED, that the Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

IN WITNESS WHEREOF the undersigned being all of the members of the Board of Directors have executed this Unanimous Written Consent as of the 5th day of October, 2011.

BOARD OF DIRECTORS:

Jeff C. Marshall

Steven Charles Fogg

Mark S. Garber

Robert W. Hurlbut



Carol C. Harter, Ph.D.

Eric Stickels

Robert M. Chur

Barbara Lumpkin, RN

3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:

- a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
- b. Uni-Ter 20/55

B. RESOLVED, that the Board reaffirms the Corporation's underwriting philosophy as discussed at the last Board meeting.

C. RESOLVED, that the Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

IN WITNESS WHEREOF the undersigned being all of the members of the Board of Directors have executed this Unanimous Written Consent as of the 5th day of October, 2011.

BOARD OF DIRECTORS:

Jeff C. Marshall

Steven Charles Fogg

Mark S. Garber

Robert W. Hurlbut

Carol C. Harter, Ph.D.

Eric Stickels

Robert M. Chur

Barbara Lumpkin, RN

3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:

- a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
- b. Uni-Ter 20/55

B. RESOLVED, that the Board reaffirms the Corporation's underwriting philosophy as discussed at the last Board meeting.

C. RESOLVED, that the Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

IN WITNESS WHEREOF the undersigned being all of the members of the Board of Directors have executed this Unanimous Written Consent as of the 5th day of October, 2011.

BOARD OF DIRECTORS:

Jeff C. Marshall

Steven Charles Fogg

Mark S. Garber

Robert W. Hurlbut

Carol C. Harter, Ph.D.

Eric Stickels

Robert M. Chur

Barbara Lumpkin, RN

3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:
- a. Eagle, Pinnacle, Marquis, Elderwood and Rohm 7/55 each
 - b. Uni-Ter 20/55
- B. RESOLVED, that the Board reaffirms the Corporation's underwriting philosophy as discussed at the last Board meeting.
- C. RESOLVED, that the Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

IN WITNESS WHEREOF the undersigned being all of the members of the Board of Directors have executed this Unanimous Written Consent as of the ____ day of October, 2011.

BOARD OF DIRECTORS:

Jeff C. Marshall

Steven Charles Fogg

Mark S. Garber

Robert W. Hurlbut

Carol C. Harter, Ph.D.

Eric Stickels



Robert M. Chur

Barbara Lumpkin, RN

3. Depending upon the requirements of the business in the 4th quarter 2011, as determined by the Board, the above parties (other than Oneida) would commit to make additional commitments, in exchange for surplus notes, in the aggregate amount of \$550,000 in the 4th quarter 2011 or 1st quarter 2012 in the following proportions:

- | | |
|---|-----------|
| a. Eagle, Pinnacle, Marquis, Elderwood and Rohm | 7/55 each |
| b. Uni-Ter | 20/55 |

B. RESOLVED, that the Board reaffirms the Corporation's underwriting philosophy as discussed at the last Board meeting.

C. RESOLVED, that the Board requests more frequent financial reporting to the Board as discussed at the last meeting, preferably monthly.

IN WITNESS WHEREOF the undersigned being all of the members of the Board of Directors have executed this Unanimous Written Consent as of the 5th day of October, 2011.

BOARD OF DIRECTORS:

Jeff C. Marshall

Steven Charles Fogg

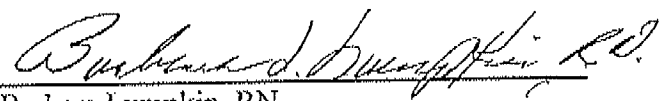
Mark S. Garber

Robert W. Hurlbut

Carol C. Harter, Ph.D.

Eric Stickels

Robert M. Chur



Barbara Lumpkin, RN

EXHIBIT 25



DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE
1818 East College Pkwy., Suite 103
Carson City, Nevada 89706
(775) 687-0700 • Fax (775) 687-0787
Website: doi.nv.gov
Email: insinfo@doi.state.nv.us

September 23, 2011

Jeff C. Marshall, President
Lewis & Clark LTC Risk Retention Group, Inc.
3655 Brookside Parkway, Suite 200
Alpharetta, GA 30022

RE: June 30, 2011 Lewis & Clark Deteriorating Financial Condition

Dear President Marshall:

*Claim developing more than entire company
settled in prior, completed*

The Division's review of the June 30, 2011 financial statement of the above risk retention group revealed a deteriorating financial condition which the company's management must address. A prior letter advised the Board of Directors of deteriorating financial condition and admonished the Board and management to consider a correction plan. The Board and management must now prepare a short-term (3 month) action plan and based on this action plan how they forecast their 12/31/2011 statement to appear.

The following must be considered:

*No long-term
Capital Solution*

- Of particular concern is the Combined ratio which has increased since prior year-end from 99.4% to 153.9% - a 54.8% increase - post-merger.
- A major concern is Risk Based Capital ("RBC") = 208.8%. This RBC calculation results from year-end 2010 financial statement. The RBC is now well below that level considering the reserve (Liability) increases and net loss reducing policyholder surplus by 40.3% for only one-half (Six Months) of a year of operating activity.
- Reserves = 428.8% of policyholder surplus
- Liquidity = 148.7%
- Net loss ratio = 114.4%
- Expense ratio = 39.6%
- Net underwriting loss has deteriorated to \$3.1 million
- Net loss = \$1.8 million

- Net Premiums Written = 499.9% of policyholder surplus

Qtr 2 2011: Since prior year-end, policyholder surplus has declined by 40.3%. Company is experiencing adverse claims Development and is becoming extremely leveraged. Total Liabilities have increased by 26.5% primarily due to a 28.0% Reserve increase which now represent 428.8% of policyholder surplus. Net Loss is \$1.8 million, a result of \$3.1 million net underwriting loss for six months and \$1.7 million underwriting loss for just the second quarter. Unassigned Funds have deteriorated further to a negative (\$1.4 million). Since prior year-to-date, net premiums earned have improved nominally by 5.8% while net losses incurred has increased by 117.6% causing a net loss ratio of 114.4% and resulting in a 153.9% combined ratio. Company is highly leveraged. Cash and invested assets only represent 59.2% of total assets resulting in a 148.7% liquidity ratio coupled with gross premiums written representing 571.6% of policyholder surplus and net premiums written representing 499.9% of policyholder surplus. Due to profit sharing agreement with the reinsurer, like last year, these results may be cyclical. However one of the 2010 year-end transactions was a one-time event, so only the year-end profit sharing transaction may be inadequate to compensate for the poor earnings.

We are available for a conference call at the below telephone number.

John C. Marshall, CFIE
Management Analyst III
Phone: (775) 434-9821
Fax: (775) 687-3937
jcmarshall@doi.state.nv.us

Cc: Company file
Deputy Commissioner Lynch
Enc

EXHIBIT 26

From: Akridge, Constance [cakridge@jonesvargas.com]
Sent: 1/11/2012 2:32:49 AM
To: Steve Fogg [sfogg@marquiscompanies.com]; Curtis Sitterson [CSitterson@stearnsweaver.com]; Elsass, Sandy [selass@usre.com]; Dalton, Donna [ddalton@uni-ter.com]; rchur@elderwood.com; Jeff Marshall [eaglechalet@hotmail.com]; rwhurlbut@hurlbutcare.com
Subject: FW: Lewis & Clark Qtr 3 Analysis Results

From: John Marshall [mailto:jcmarshall@doi.state.nv.us]
Sent: Tuesday, January 10, 2012 4:22 PM
To: Akridge, Constance
Cc: Bill McCune; 'Dalton, Donna'
Subject: RE: Lewis & Clark Qtr 3 Analysis Results

Connie,

Per our telephone conversation this afternoon, Lewis & Clark management response is extended to Tuesday, January 17, 2011.

John Marshall, CFIE
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
1818 E College Pkwy, Suite 103
Carson City, NV 89706
Phone: 775-687-0751

If you're an insurer doing business in Nevada, visit: <http://www.doi.nv.gov/insurers.aspx> for financial statement checklists, FAQs, renewal requirements and much more. Thank you!

From: John Marshall
Sent: Tuesday, January 10, 2012 9:37 AM
To: 'Akridge, Constance'
Cc: Bill McCune; 'Dalton, Donna'
Subject: RE: Lewis & Clark Qtr 3 Analysis Results

Connie,

Wouldn't you folks rather have this discussion completed before a 3-day week-end?

John Marshall, CFIE
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
1818 E College Pkwy, Suite 103
Carson City, NV 89706
Phone: 775-687-0751

If you're an insurer doing business in Nevada, visit: <http://www.doi.nv.gov/insurers.aspx> for financial statement checklists, FAQs, renewal requirements and much more. Thank you!

From: Akridge, Constance [mailto:cakridge@jonesvargas.com]
Sent: Monday, January 09, 2012 10:59 AM
To: John Marshall
Subject: RE: Lewis & Clark Qtr 3 Analysis Results

PA002577

BD 0009921

Hi John,

Can we further extend this to Tuesday January 17 due to the MLK holiday weekend?

Thanks,

Connie

From: John Marshall [mailto:jcmarshall@doi.state.nv.us]
Sent: Wednesday, December 21, 2011 8:29 AM
To: 'Dalton, Donna'
Cc: Curtis Sitterson; Akridge, Constance; Elsass, Sandy; Bill McCune; Michael Lynch
Subject: RE: Lewis & Clark Qtr 3 Analysis Results

Uh oh!

We can postpone the response until Friday, Jan 13.

John Marshall, CFIE
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
1818 E College Pkwy, Suite 103
Carson City, NV 89706
Phone: 775-687-0751

If you're an insurer doing business in Nevada, visit: <http://www.doi.nv.gov/insurers.aspx> for financial statement checklists, FAQs, renewal requirements and much more. Thank you!

From: Dalton, Donna [mailto:ddalton@uni-ter.com]
Sent: Tuesday, December 20, 2011 5:44 PM
To: John Marshall
Cc: Curtis Sitterson; Akridge, Constance; Elsass, Sandy
Subject: FW: Lewis & Clark Qtr 3 Analysis Results

Good Evening John,

To properly respond to your letter of September 23rd, I respectfully request an extension to the second week in January. Lewis & Clark has experienced additional adverse development therefore, we have engaged a consultant to come to Uni-ter the first week in January to review the claims files and the claims handling processes.

Please feel free to contact Sandy Elsass or myself regarding this.

Thank you.

Donna Dalton
COO/CFO
Uni-ter Underwriting Management Corp.
3655 Brookside Parkway, Suite 200
Alpharetta, GA 30022
(678) 781-2444
(678) 781-2450 fax

PA002578

BD 0009922

From: John Marshall [mailto:jcmarshall@doi.state.nv.us]

Sent: Friday, December 02, 2011 5:27 PM

To: Dalton, Donna; Elsass, Sandy

Cc: Peggy Willard-Ross; Bill McCune

Subject: Lewis & Clark Qtr 3 Analysis Results

Attached are questions and concerns regarding the above. Despite the addition of \$2.15 million in capital, capital still declined 20% in the 3rd Quarter and losses continue to increase.

Please respond in writing within 10 business days to the first paragraph of the attached September 23, 2011 letter which was sent as a result of the Qtr 2 2011 Financial Statement.

John Marshall, CFIE
Management Analyst III
Corporate and Financial Section
Nevada Division of Insurance
1818 E College Pkwy, Suite 103
Carson City, NV 89706
Phone: 775-687-0751

If you're an insurer doing business in Nevada, visit: <http://www.doi.nv.gov/insurers.aspx> for financial statement checklists, FAQs, renewal requirements and much more. Thank you!

EXHIBIT 27

From: Robert W. Hurlbut (RS) [rwhurlbut@hurlbutcare.com]
Sent: 12/31/2011 12:17:20 AM
To: Curtis Sitterson [CSitterson@stearnsweaver.com]
CC: carol.harter@unlv.edu; Barbara Lumpkin [barbara_lumpkin@bellsouth.net]; Steve Fogg [sfogg@marquiscompanies.com]; Jeff Marshall [eaglechalet@hotmail.com]; Mark Garber [markgarber@pinnacle-healthcare.com]; Bob Chur [rchur@elderwood.com]; Rick Stickels [rick@oneidabank.com]; Constance Akridge [cakridge@jonesvargas.com]
Subject: Re: Uni-Ter/Lewis & Clark

The 11th is fine with me. I will be out of town and I will call in. Happy New Year everybody!

On Dec 30, 2011, at 6:15 PM, "Curtis Sitterson" <CSitterson@stearnsweaver.com> wrote:

> Sounds like Jan 11 is best. How about 2 pm EST? Once we figure out what the lines of communication will be to UniTer, we can figure out who, if anyone, from UniTer will be on the call, and for what portions.

>
> From: carol.harter@unlv.edu [carol.harter@unlv.edu]
> Sent: Friday, December 30, 2011 5:43 PM
> To: Curtis Sitterson; 'Barbara Lumpkin'
> Cc: Steve Fogg; Jeff Marshall; Mark Garber; Bob Chur; Robert Hurlbut; Rick Stickels; Constance Akridge
> Subject: Re: Uni-Ter/Lewis & Clark

>
> Got it. But we must schedule the call as I know many folks in addition to me have issues with commitments that will need to be re-arranged. Do you have enough input to know what time and day is best?

>
>
>
> From: Curtis Sitterson [CSitterson@stearnsweaver.com]
> Sent: 12/30/2011 05:30 PM EST
> To: "'Barbara Lumpkin'" <barbara_lumpkin@bellsouth.net>; Carol Harter
> Cc: Steve Fogg <sfogg@marquiscompanies.com>; Jeff Marshall <eaglechalet@hotmail.com>; Mark Garber <markgarber@pinnacle-healthcare.com>; Bob Chur <rchur@elderwood.com>; Robert Hurlbut <rwhurlbut@rohmservices.com>; Rick Stickels <rstick@oneidabank.com>; Constance Akridge <cakridge@jonesvargas.com>
> Subject: RE: Uni-Ter/Lewis & Clark
>
> Here is their letter. While I am not sure, it looks like the lawyers have Tal backing off on cancellations. That hopefully is a good sign. While the posturing may bother some of you, they could have tried much worse, so I wouldn't lose sleep over it. Happy New Year to every one.

>
> Curtis H. Sitterson
> Stearns Weaver Miller Weissler
> Alhadeff & Sitterson, P.A.
> 150 W. Flagler St.
> Miami, FL 33130
> Direct: (305) 789-3550
> Main: (305) 789-3200
> Direct Fax: (305) 789-2667
> csitterson@stearnsweaver.com<mailto:csitterson@stearnsweaver.com>
> www.stearnsweaver.com<http://www.stearnsweaver.com/>

>
> From: Barbara Lumpkin [mailto:barbara_lumpkin@bellsouth.net]
> Sent: Friday, December 30, 2011 3:57 PM
> To: carol.harter@unlv.edu
> Cc: Steve Fogg; Jeff Marshall; Curtis Sitterson; Mark Garber; Bob Chur; Robert Hurlbut; Rick Stickels; Constance Akridge
> Subject: Re: Uni-Ter/Lewis & Clark

>
> At this point it is difficult to have any confidence in data/info we get. Hopefully by the time we have the call we will have good info at least from Fishlinger. Hope you all have a Happy and safe Holiday. Jeff I know this must have dampened your vacation. Yes, the road to Hana is a challenge for cell phones!
> Barbara

>
> Sent from my iPad

>
> On Dec 30, 2011, at 2:41 PM, carol.harter@unlv.edu<mailto:carol.harter@unlv.edu> wrote;

>

PA002581

BD 0000794

> Steve is right. I was shocked when Donna denied awareness of what we were sent and refused to answer Steve's perfectly legitimate questions. There appears to be lots of CYA in River City.. Curtis, perhaps you could press that issue with Sandy, assuming you regularly talk to him..

>
>
> _____
>
> From: Steve Fogg [sfogg@marquiscompanies.com<mailto:sfogg@marquiscompanies.com>]

> Sent: 12/30/2011 10:17 AM PST
> To: Jeff Marshall <eaglechalet@hotmail.com<mailto:eaglechalet@hotmail.com>>; Curtis Sitterson <csitterson@stearnsweaver.com<mailto:csitterson@stearnsweaver.com>>; Mark Garber <markgarber@pinnacle-healthcare.com<mailto:markgarber@pinnacle-healthcare.com>>; Bob Chur <rchur@elderwood.com<mailto:rchur@elderwood.com>>; Robert Hurlbut <rwurlbut@rohmservices.com<mailto:rwurlbut@rohmservices.com>>; Rick Stickels <rstick@oneidabank.com<mailto:rstick@oneidabank.com>>; Carol Harter; Barbara Lumpkin <barbara_lumpkin@bellsouth.net<mailto:barbara_lumpkin@bellsouth.net>>; Constance Akridge <cakridge@jonesvargas.com<mailto:cakridge@jonesvargas.com>>
> Subject: RE: Uni-Ter/Lewis & Clark

>
> I will say it again, if only their ability to manage/assess claims /claims reserve levels was as timely/aggressive as their recent efforts in trying to minimize legal exposure.....

>
> Curtis, on another issue, in a prior email from Donna, she claims that she is not certain/aware of a 12/31/11 financial pro-forma going to the board. So, from that, I'm guessing Sandy sent the pro-forma we received yesterday w/out Donna being aware. Regardless of this issue, I would certainly appreciate answers to my questions, and the request for an additional pro-forma based on a different loss pick. I have listed those questions again below. Would it be possible for you to communicate with Sandy/Donna and a) clear up this issue of what exactly was sent to us yesterday, so that all parties are on the same page, and b) get Donna to respond to my requests.

>
> Thanks much,
> Steve

>
> Sandy/Donna, thanks for sending this projection @ 12/31/11. It is very helpful. If I may, I have a few questions, that will add clarity for the board related to this information:

>
> 1. Why has the "policy acquisition cost" expense increased as a % of Gross premiums written for 3rd and 4th qtrs 2011 (29%) -vs- 1 and 2nd qtrs (21%)???? Is that because of the increased commission paid to brokers once they reach certain levels of premium business generated (and if so, does this increase tie out to what seems accurate??) ? Or other reasons?

>
> 2. Can you confirm that with the Unpaid losses/loss expense liability at 12/31/11 of \$15,656,574 - this assumes that we have booked additional loss expense up to what is the Praxis report loss levels???? Plus I assume this includes any changes in loss reserve amounts that have been incurred after the Praxis report (positive or negative)?

>
> 3. Sandy had mentioned in our original call prior to Christmas, that there may be as much as \$500,000 in legal fee recoveries from CA attorney. Also, if I recall, that these fees had not yet been paid, but are expensed (confirm that?). Can you confirm for me that if in fact we do decide to fight this, and are successful, that this would be a net positive to the PL and the Equity/Capital position of up to this \$500K?

>
> 4. For the sake of comparison, and to give us this info earlier than waiting for Fishlinger report, can you have another Pro-Forma prepared that assumes that the Praxis report came in and suggested that we need to adjust reserves \$3.5M instead of \$5.2M.....(please be sure to consider all PL related items that may be affected due to this (ie: would our IBNR amount be reduced as well because of this??/ other???)

>
> 5. From what you know right now, and other than the loss pick, what would be the next three items in this pro-forma that would have the potential of changing with the greatest magnitude, and what might that dollar range be??? (please don't get hung up on being 100% accurate on this, just trying to gain a sense as to the sensitive variables here) (example: are there any 1/1/12 renewals assumed/reflected in this pro-forma? If so, seems like with our recent decision to require monthly premium payment on these renewals, we need to understand this exposure to our financials, should we lose any customers)

>
> 6. Are we current with all claims in booking deductible recoveries from policyholders in these financials? I know that recently we (Marquis) received bills for the claims we have, but was curious if that has happened across the claims spectrum and is booked appropriately?

>
> That is all I have. I think most of these are likely quick/easy answers , short of the request for another Pro-Forma on a different loss pick.

PA002582

BD 0000795

>
> Look forward to the answers/info and let me know if you have any questions.
>
> Steve
>
>
> From: Jeff Marshall [mailto:eaglechalet@hotmail.com]
> Sent: Friday, December 30, 2011 10:06 AM
> To: Curtis Sitterson; Mark Garber; Steve Fogg; Bob Chur; Robert Hurlbut; Rick Stickle; Carol Harter;
Barbara Lumpkin; Constance Akridge
> Subject: RE: Uni-Ter/Lewis & Clark
>
> Guess we'll await their collective response to your letter.
>
>
> From: CSitterson@stearnsweaver.com<mailto:CSitterson@stearnsweaver.com>
> To: eaglechalet@hotmail.com<mailto:eaglechalet@hotmail.com>; markgarber@pinnacle-
healthcare.com<mailto:markgarber@pinnacle-healthcare.com>;
sfogg@marquiscompanies.com<mailto:sfogg@marquiscompanies.com>;
rchur@elderwood.com<mailto:rchur@elderwood.com>;
rwhurlbut@rohmservices.com<mailto:rwhurlbut@rohmservices.com>;
rstick@oneidabank.com<mailto:rstick@oneidabank.com>; carol.harter@unlv.edu<mailto:carol.harter@unlv.edu>;
barbara_lumpkin@bellsouth.net<mailto:barbara_lumpkin@bellsouth.net>;
CAkridge@jonesvargas.com<mailto:CAkridge@jonesvargas.com>
> Date: Fri, 30 Dec 2011 11:10:40 -0500
> Subject: FW: Uni-Ter/Lewis & Clark
> See below
>
> Curtis H. Sitterson
> Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
> 150 W. Flagler St., suite 2200
> Miami, FL 33130
> Direct: (305) 789-3550
> Main: (305) 789-3200
> Fax: (305) 789-2667
> csitterson@stearnsweaver.com<mailto:csitterson@stearnsweaver.com>
> www.stearnsweaver.com<http://www.stearnsweaver.com>
>
> From: Bush, Walter H. [mailto:wbush@carltonfields.com]
> Sent: Friday, December 30, 2011 10:48 AM
> To: Curtis Sitterson
> Cc: Doliner, Nathaniel L.; Vecchioli, Beth
> Subject: Uni-Ter/Lewis & Clark
>
> Dear Curtis my partner Nat Doliner and I just left a voice mail for you at your office. As you
probably are aware, Carlton Fields is representing Uni-Ter in the above matter. We called both to
introduce ourselves, and to provide contact information. We understand you will be sending a letter this
morning to Uni-Ter on behalf of Lewis & Clark. We would appreciate your copying us electronically on
such correspondence. We look forward to discussing this matter with you, and working together for a
successful conclusion. If you wish to speak with us in the interim, please call Nat's direct line,
which is 813.229.4208.
>
> [cid:image001.jpg@01CCC718.A8C2E830]
> Walter H. Bush
> Attorney at Law
>
> One Atlantic Center
> 1201 West Peachtree Street, Suite 3000
> Atlanta, Georgia 30309-3455
>
> direct 404.815.2705
> fax 404.815.3415
> wbush@carltonfields.com<mailto:wbush@carltonfields.com>
> www.carltonfields.com<http://www.carltonfields.com/>
> bio<http://www.carltonfields.com/wbush>
> vcard<http://www.carltonfields.com/attorneys/AttorneyVCard.aspx?id=0218afd9-dec3-48e8-b24d-
be7795878d7>
> Confidential: To ensure compliance with requirements imposed by the IRS, any U.S. tax advice contained
in this communication (or in any attachment) is not intended to be used and cannot be used for purposes
of (i) avoiding penalties under the Internal Revenue Code; or (ii) promoting, marketing, or recommending
to another party any transaction or matter addressed in this communication (or in any attachment).
>

> Confidential: This e-mail contains a communication protected by the attorney-client privilege or constitutes work product. If you do not expect such a communication please delete this message without reading it or any attachment and then notify the sender of this inadvertent delivery.

> [cid:image002.jpg@01CCC718.A8C2E830]

>

>

> CONFIDENTIALITY NOTICE: The information contained in this E-mail message is attorney privileged and confidential information intended only for the use of the individual(s) named above. If the reader of this message is not the intended recipient, you are hereby notified that any dissemination, distribution or copy of this communication is strictly prohibited. If you have received this communication in error, please contact the sender by reply E-mail and destroy all copies of the original message. Thank you.

>

> CIRCULAR 230 DISCLOSURE: To ensure compliance with recently-enacted U.S. Treasury Department Regulations, we are now required to advise you that, unless otherwise expressly indicated, any federal tax advice contained in this communication, including any attachments, is not intended or written by us to be used, and cannot be used, by anyone for the purpose of avoiding federal tax penalties that may be imposed by the federal government or for promoting, marketing or recommending to another party any tax-related matters addressed herein.

PA002584

BD 0000797