

IN THE CIRCUIT COURT OF THE
SECOND JUDICIAL CIRCUIT, IN
AND FOR LEON COUNTY, FLORIDA

IN RE: The Receivership of
AEQUICAP INSURANCE
COMPANY, a Florida corporation.

CASE NO.: 2011-CA-0494

**DEPARTMENT OF FINANCIAL SERVICES' MOTION FOR ORDER
APPROVING DISCHARGE ACCOUNTING STATEMENT, DIRECTING FINAL
DISCHARGE, AND AUTHORIZING DESTRUCTION OF OBSOLETE
RECORDS**

The Florida Department of Financial Services, in its capacity as Receiver for Aequicap Insurance Company, moves this Court for entry of an Order approving the Discharge Accounting Statement, for an Order directing final discharge of the Receivership, and for authorization to destroy obsolete records, and in support of its Motion states as follows:

1. Effective February 28, 2011, the Florida Department of Financial Services was appointed as Receiver in liquidation for Aequicap Insurance Company ("the Department" or "AIC").
2. This Court has jurisdiction over the AIC Receivership and is "authorized to make all necessary or proper orders to carry out the purposes of the Florida Insurers Rehabilitation and Liquidation Act", Section 631.021, Florida Statutes.
3. The Motion to approve the Final Claims Report, distribution accounting and distribution report, and authorizing distribution in full to Class 1 and pro rata to Class 2 claimants was filed on December 12, 2017, with an Order approving same entered on December 13, 2017. The Department distributed \$6,271,552.72, with 100% paid in full to Class 1 claimants, and a pro rata distribution of 13.311% to Class 2 claimants.

4. The Motion to approve a second distribution was filed on June 21, 2018, with an Order approving same entered on June 25, 2018. The Department distributed approximately \$1,167,564.11 to Class 2 claimants, representing a pro rata distribution of 1.3059%.

5. A third distribution was approved in an Order entered on August 30, 2018, authorizing distribution of \$477,469.83, representing a pro rata distribution of .05341% to Class 2 claimants.

6. The Department obtained the federal release and the Court approved the Release Agreement in November, 2017.

7. Despite the Department's best efforts, some approved claims may have inadequate current address information and/or may not have provided the Department with a form W-9, required by the Internal Revenue Service. The total unclaimed property in the estate is listed below. The Department recommends that said funds be transferred to the Division of Unclaimed Property, Department of Financial Services, as "unclaimed property" pursuant to Section 717.119, Florida Statutes and/or to the unclaimed property units of other states as appropriate.

8. The Department's Discharge Accounting Statement – Projected for November 2018 (the "Discharge Accounting") is attached hereto as Exhibit 1. As shown in the Discharge Accounting, the estimated value of all assets of the AIC Receivership estate is projected to be \$635,991.65 as of November, 2018. See Schedule A to Exhibit 1. Of that \$635,991.65, \$267,438.46 will be forwarded by the Department to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Department's files.

9. The Department would retain \$5,200.00 as a reserve for “wind up” expenses of the Receivership.

10. The Department requests an order authorizing the Department to remit to the appropriate guaranty associations any surplus expense funds remaining after discharge.

11. Upon approval of the Department’s request for final discharge, the records of the AIC receivership estate will no longer be needed, and it will be necessary to dispose of the obsolete company records. This procedure is in direct compliance with Article 1, Section 24, Florida Constitution, Chapters 119 and 257, Florida Statutes, and chapter 1B-24 and 1B-26.003, Florida Administrative Code. The Department will further give notice of its intent to the United States Department of Justice as agreed in the Federal Release Agreement.

12. The Department is still in the process of collecting reinsurance on several worker’s compensation claims. However, it is not economical to keep the receivership open for the sole purpose of collecting the reinsurance. The Department reserves the right to reopen the receivership should sufficient reinsurance be collected such that the Department determines that another distribution is worthwhile to claimants whose claims were timely filed and reported prior to the date of discharge.

13. In the alternative, the Department requests an order authorizing it to remit to the guaranty associations any assets which may be recovered following the discharge of this receivership if, in the Department’s sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate. Reinsurance assets will

be remitted to the guaranty association(s) less expenses incurred in connection with the collection process.

14. The Department assigns to the Florida Insurance Guaranty Association (“FIGA”) the right to collect monthly payments under the Department’s settlement with Gulf Coast Transportation, Inc. That settlement was approved by this Court in an Order entered on April 20, 2017 approving the Release and Settlement Agreement. Gulf Coast Transportation, Inc. should begin making its payments directly to FIGA effective with the December 1, 2018 payment.

15. The Department requests an Order that it shall be fully and finally discharged of its responsibilities in this receivership as of 11:59 P.M. on November 30, 2018, subject to the terms stated above.

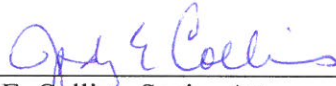
WHEREFORE, the Department respectfully requests the Court grant this Motion and enter an Order:

- A. Approving and adopting the Department’s Discharge Accounting Statement.
- B. Authorizing and directing the Department to transfer any unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants’ last address of record in the Department’s files, including the Florida Division of Unclaimed Property;
- C. Authorizing and directing the Department to retain \$5,200.00 as a reserve for wind up expenses of the Department;
- D. Authorizing the Department to remit any surplus expense funds remaining after discharge to the appropriate guaranty associations;

- E. Authorizing the Department, after final discharge, to destroy any obsolete records in the Department's possession;
- F. Authorizing the Department to remit to the appropriate guaranty associations any assets which may be recovered following the discharge of this receivership if, in the Department's sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate, including any judgments or amounts recovered from judgments;
- G. Authorizing the Department to assign the rights to the recovery in the Gulf Coast Transportation, Inc. settlement to the Florida Insurance Guaranty Association, and directing Gulf Coast Transportation to make its monthly payments directly to FIGA.
- H. Authorizing the Department to make another distribution, should the Department reopen the receivership after collecting reinsurance funds, to claimants whose claims were timely filed and reported prior to the date of discharge;

I. Directing, without further order of this Court, the final discharge of the Department of its responsibilities in this receivership estate as of 11:59 P.M. on November 30, 2018.

SUBMITTED this 20th day of November, 2018.



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Aequicap Insurance Company
Discharge Accounting Statement
Projected for November 30, 2018

ASSETS

Cash	<u>Amount</u>	
	\$ 635,991.65	Schedule A
Total Assets	<u>\$ 635,991.65</u>	

LIABILITIES

	<u>Recommended Disbursement</u>	
Outstanding Amounts from Distribution to Unclaimed Property	267,438.46	
Total Liabilities	<u>\$ 267,438.46</u>	

WINDUP SUMMARY

Funds Available for Windup Expenses	368,553.19	
Projected Windup Expenses	(5,200.00)	Schedule D
Balance (Any Remaining Funds to FIGA)	<u>363,353.19</u>	

Index to Attached Schedules:

Schedule A - Available Cash Projection
Schedule B - Allocated State Funds Expensed
Schedule C - Interest Earnings Projection
Schedule D - Receiver Windup Expenses
Schedule E - Contributed Equity and Advances from the Regulatory Trust Fund

Aequicap Insurance Company
Available Cash Projection
Projected for November 30, 2018

	Cash Bal. as of October 31, 2018	Nov-18
Beginning Pooled Cash Balance	\$	649,327.35
Direct Receiver Expenses (Actual or Estimated)		
Rent-Storage, Postage, Scanning UCP records		1,000.00
Sub-total		1,000.00
Allocated Receiver Expenses (Estimated)		
Labor & Benefits		12,750.00
Indirect Expenses		420.00
Sub-total		13,170.00
Cash Balance Before Interest Earnings		635,157.35
Interest Earnings		
Pooled Cash:		
Actual SPIA Earnings for October to be credited on 11/1/2018		834.30
Estimate based on assume SPIA APR on the previous month's average Pooled Cash balance (Sch. D)		
Ending Pooled Cash Balance	\$	649,327.35
	\$	635,991.65

Assumptions for Allocated Receiver Expenses:

¹ Labor & Benefits: this estimate is based on a four month actual average.

July Actual	\$ 9,764.15
August Actual	22,293.89
September Actual	13,688.70
October Actual	5,269.00
Sub-total	51,015.74
4 mth. actual average (rounded)	\$ 12,750.00

² Indirect Expenses: This estimate is AIC's estimated pro rata share of the Receiver's estimated total indirect e
The pro rata share calculation is based on AIC's estimated total assets divided by the Receiver's estimated to
for all receiverships.

Estimated Total Asset %	0.60%
Estimated Total for the Receiver	\$ 70,000.00
Estimated Expense	\$ 420.00

Aequicap Insurance Company**Allocated State Funds Expensed**

Estimated for November 2018

THIS STATEMENT INCLUDED FOR INFORMATION PURPOSES ONLY - AMOUNTS NOT PART OF
DISTRIBUTION CALCULATION

	November	Totals
Accrued Allocated State of Florida Expenses (Estimated)		
Labor & Benefits	\$ 360.00	\$ 360.00 ¹
Indirect Expenses	270.00	270.00 ²
Total	\$ 630.00	\$ 630.00 ³

Assumptions for Allocated State of Florida Expenses:¹ Labor & Benefits: This estimate is based on a four month actual average.

July Actual	273.32
August Actual	633.42
September Actual	392.88
October Actual	148.62
Sub-total	1,448.24
4 mth. actual average (rounded)	<u>\$ 360.00</u>

² Indirect Expenses: This estimate is AIC's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on AIC's estimated total assets divided by the Receiver's estimated total assets for all receiverships.Before Distribution

Estimated Total Asset %	0.60%
Estimated Total for the State	\$ 45,000.00
Estimated Expense	<u>\$ 270.00</u>

³ Per current Receiver policies and procedures, these accumulated amounts are recorded contributed equity to the estate

Aequicap Insurance Company
Interest Earnings Projection - Pooled Cash
Projected for November 30, 2018

Interest accrued for November 2018

Beginning cash balance	649,327.35
Ending cash balance	635,991.65
Average cash balance	642,659.50
Assumed SPIA interest rate (Annualized)	2.00%
Subtotal (Annualized)	12,853.19

Accrual for November 2018

\$ 1,100.00

Aequicap Insurance Company
Receiver Windup Expenses
Projected for November 30, 2018

Discharge Expenses (Projected for Post 11/30/2018)

Unclaimed Property Reports	
Records Storage, Labor	5,200.00
2018 Final Tax Return Preparation	
Total	<u>\$ 5,200.00</u>

Aequicap Insurance Company
Statement of Contributed Equity from Regulatory Trust Fund Estimated Balances
Projected for Discharge by 11/30/2018

I. Contributed Equity Balance as of 10/31/2018		\$	169,056.22
Accrual for November (Estimate from Schedule B)	\$	630.00	
Total		\$	<u>630.00</u>
Projected Contributed Equity Balance as of 11/30/2018		\$	<u><u>169,686.22</u></u>