

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

IN RE: THE RECEIVERSHIP of
UNION GENERAL INSURANCE
COMPANY, a Florida corporation

CASE NO.: 93-1071

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LEON COUNTY, FLORIDA

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**RECEIVER'S MOTION FOR ORDER APPROVING CLAIMS DISTRIBUTION
REPORT AND DISTRIBUTION ACCOUNTING AND AUTHORIZING
DISTRIBUTION**

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, as Receiver of Union General Insurance Company ("Receiver"), hereby moves this court for an Order approving the Receiver's Claims Distribution Report and Distribution Accounting. In support of its Motion, the Receiver says:

1. Union General Insurance Company ("Union General") was a Florida corporation previously authorized to transact insurance business in the State of Florida pursuant to Florida Statutes. On May 11, 1993, the Second Judicial Circuit Court in and for Leon County, Florida (the "Court") entered its Order Appointing the Florida Department of Insurance as Receiver for Purposes of Liquidation, Injunction and Notice of Automatic Stay. On January 7, 2003, the Florida Department of Insurance became a part of the Florida Department of Financial Services.

2. This Court has jurisdiction over the Union General 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(1), Florida Statutes.

3. The Receiver's Final Claims Report was approved by this court on July 27, 2006. The report reflected classification of all Class 1-8 filed claims by priority in accordance with Section 631.271, Florida Statutes, and the claims filing deadline. This report also incorporated

the resolution of all filed objections and claimant information updates.

4. With the approval of the Receiver's Final Claims Report, the Receiver made a partial distribution of receivership assets. Said assets were previously distributed to claimants in Classes 1-3 in accordance with the July 27, 2006 order.

5. The first distribution was limited to Classes 1-3 due to the holding in Ruthardt v. United States, 303 F.3d 375 (1st Cir. 2002) where the court ruled that the federal government is exempt from state law deadlines for filing claims in insurance liquidation proceedings.

6. In an effort to find a solution to this issue, the Receiver worked with the Department of Justice to obtain a settlement agreement and release from the Federal government. By the terms of the Settlement Agreement and Release (approved by this court on November 23, 2010), the United States releases Union General and the Receiver from any potential federal claims arising out of the Union General estate except for claims related to federal tax, fraud or criminal claims.

7. With the approval of the Settlement Agreement and Release with the United States, the Receiver is now in the position to make a distribution of receivership assets to the claimants in priority classes below Class 3. Said assets will be distributed to claimants in Classes 6 and 8 in accordance with the Claims Distribution Report dated February 23, 2012. For the Court's convenience, a paper copy of the summary totals from the Claims Distribution Report is attached as Exhibit "A". The Claims Distribution Report lists all claims where an approved amount has been recommended in the Final Claims Report and is in accord with Section 631.271, Florida Statutes.

8. Based upon the Distribution Accounting projected for a February 29, 2012 distribution, which is attached hereto as Composite Exhibit "B," the Receiver is prepared to

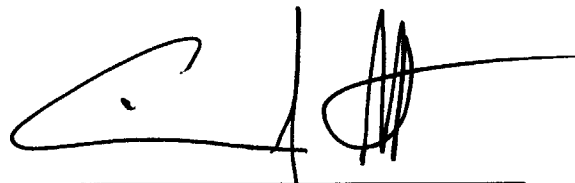
make a distribution of \$81,068.51 to all claimants in Classes 6 and 8 based on a calculated distribution of 100% of the amount approved by the Court.

9. The Receiver recommends that the Claims Distribution Report and Distribution Accounting be approved.

10. The Receiver recommends that the distribution amounts intended for the claimants who did not respond to the Receiver's inquiries, or where inadequate address information exists, be transferred to the Florida Department of Financial Services, Bureau of Unclaimed Property.

WHEREFORE, the Receiver respectfully requests this Court grant its Motion and enter an Order approving the Claims Distribution Report and Distribution Accounting and directing the Receiver to make the above referenced distribution to claimants in this receivership.

DATED this 14th day of March, 2012.



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UNION GENERAL INSURANCE COMPANY
CLAIMS DISTRIBUTION REPORT

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED	\$265,080.62
TOTAL AMOUNT RECOMMENDED	\$81,068.51
TOTAL NUMBER	124

Secured Claims

COUNT OF SECURED CLAIMS :	0
COUNT CLAIMED FOR SECURED CLAIMS :	
COUNT RECOMMENDED FOR SECURED CLAIMS :	

Unsecured Claims

COUNT OF CLASS 1 CLAIMS :	0	COUNT OF CLASS 6 CLAIMS :	49
COUNT CLAIMED FOR CLASS 1 CLAIMS :		AMOUNT CLAIMED FOR CLASS 6 CLAIMS :	\$102,549.30
COUNT RECOMMENDED FOR CLASS 1 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 6 CLAIMS :	\$50,929.04

COUNT OF CLASS 2 CLAIMS :	0	COUNT OF CLASS 7 CLAIMS :	0
COUNT CLAIMED FOR CLASS 2 CLAIMS :		AMOUNT CLAIMED FOR CLASS 7 CLAIMS :	
COUNT RECOMMENDED FOR CLASS 2 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 7 CLAIMS :	

COUNT OF CLASS 3 CLAIMS :	0	COUNT OF CLASS 8 CLAIMS :	75
COUNT CLAIMED FOR CLASS 3 CLAIMS :		AMOUNT CLAIMED FOR CLASS 8 CLAIMS :	\$162,531.32
COUNT RECOMMENDED FOR CLASS 3 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 8 CLAIMS :	\$30,139.47

COUNT OF CLASS 4 CLAIMS :	0	COUNT OF CLASS 9 CLAIMS :	0
COUNT CLAIMED FOR CLASS 4 CLAIMS :		AMOUNT CLAIMED FOR CLASS 9 CLAIMS :	
COUNT RECOMMENDED FOR CLASS 4 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 9 CLAIMS :	

COUNT OF CLASS 5 CLAIMS :	0	COUNT OF CLASS 10 CLAIMS :	0
COUNT CLAIMED FOR CLASS 5 CLAIMS :		AMOUNT CLAIMED FOR CLASS 10 CLAIMS :	
COUNT RECOMMENDED FOR CLASS 5 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 10 CLAIMS :	

Union General Insurance Company in Liquidation
 Distribution Accounting - Part 2
 Projected for as of February 29, 2012

ESTIMATED ASSETS

	<u>Value</u>	<u>Reference</u>
Cash	\$ 587,529.14	Schedule A
Accrued Interest to be paid 3/01/2012	1,000.00	Schedule D
Total Assets	\$ 588,529.14	

ESTIMATED FUNDS RETAINAGE

	<u>Value</u>	<u>Reference</u>
Class I - Administrative Claims		
Retainage for Receiver Expenses		
Estimate	4,256.00	Schedule B
Contributed Equity	326,358.28	
Discharge Expenses		
Retainage for records storage, records		
destruction, labor & tax returns (post Feb. 2012)	8,000.00	Schedule F
Total Proposed Retainage	338,614.28	
TOTAL AVAILABLE TO DISTRIBUTE	\$ 249,914.86	

DISTRIBUTION RECOMMENDATION

	<u>Claims Value</u>	<u>Less Previous Claims Distributions</u>	<u>Value of Claims Outstanding</u>	<u>Apply Adv. Pmts. to Guaranty Assoc.</u>	<u>Recommended Distribution</u>	<u>% of Value of Claims O/S</u>	<u>% of Claims Value</u>
Class I - Administrative Claims-Guaranty Funds	\$ 1,236,716.69	\$ 1,236,716.69	\$ -	\$ -	\$ -	0.0000%	0.0000%
Class II - Loss Claims-Guaranty Funds	8,983,752.24	8,983,752.24	-	-	-	0.0000%	0.0000%
Class II - Loss Claims-Other	314,264.66	314,264.66	-	-	-	0.0000%	0.0000%
Class III - Return Premium Claims-Guaranty Funds	951,457.35	951,457.35	-	-	-	0.0000%	0.0000%
Class III - Return Premium Claims-Other	664,179.32	664,179.32	-	-	-	0.0000%	0.0000%
Class IV - Federal Government Claims	-	-	-	-	-	0.0000%	0.0000%
Class V - Employee Claims	-	-	-	-	-	0.0000%	0.0000%
Class VI - General Creditors Claims	50,929.04	-	50,929.04	-	50,929.04	100.0000%	100.0000%
Class VII - State & Local Government Claims	-	-	-	-	-	0.0000%	0.0000%
Class VIII - Late Filed Claims	30,139.47	-	30,139.47	-	30,139.47	100.0000%	100.0000%
Class IX - Assessed Claims	-	-	-	-	-	0.0000%	0.0000%
Class X - Shareholder Claims	-	-	-	-	-	0.0000%	0.0000%
Totals	\$ 12,231,438.77	\$ 12,150,370.26	\$ 81,068.51	\$ -	\$ 81,068.51		

Index to Attached Schedules:

- Schedule A - Available Cash Projection
- Schedule B - Estimated Funds to be Retained by the Receiver for Discharge of the Estate
- Schedule C - Allocated State Funds Expensed
- Schedule D - Interest Earnings Projection - Pooled Cash
- Schedule E - Receiver Discharge Expenses

Union General Insurance Company In Liquidation
Available Cash Projection
Projected for as of February 29, 2012

Schedule A

	Cash Bal. as of December 31, 2011	Jan-12	Feb-12
Beginning Pooled Cash Balance		\$ 588,698.20	\$ 588,093.14
Direct Receiver Expenses (Actual or Estimated)			
Rent-Storage & Utilities		150.00	150.00
Sub-total		150.00	150.00
Allocated Receiver Expenses (Estimated)			
Labor & Benefits		1,234.00 ¹	1,234.00 ¹
Indirect Expenses		180.00 ²	180.00 ²
Sub-total		1,414.00	1,414.00
Cash Balance Before Interest Earnings		587,134.20	586,529.14
Interest Earnings			
Pooled Cash:			
Actual SPIA Earnings for December to be credited on 01/01/2012.		958.94	
Estimate based on assumed SPIA APR on the previous month's average Pooled Cash balance (See Schedule D).			\$ 1,000.00
Ending Pooled Cash Balance	\$ 588,698.20	\$ 588,093.14	\$ 587,529.14

Assumptions for Allocated Receiver Expenses:

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

September Actual	\$ 431.12
October Actual	505.51
November Actual	1,029.08
December Actual	503.58
Sub-total	2,469.29
4 mth. actual average (rounded)	617.00
Doubled for increased distribution activity	\$ 1,234.00

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

Estimated Total Asset %	0.10%
Estimated Total for the Receiver	\$ 180,000.00
Estimated Expense (rounded)	\$ 180.00

Union General Insurance Company In Liquidation
Estimated Funds to be Retained by the Receiver for Discharge of the Estate
Estimated from March 2012 through the Projected Discharge Date of June 2012

Schedule B

	Projected at Feb-12	Mar-12	Apr-12	May-12	Jun-12	Retainage Calculation
Beginning Cash Balance	\$ 587,529.14	\$ 587,529.14	\$ 504,896.63	\$ 504,332.63	\$ 503,768.63	
Direct Receiver Expenses						
Rent - Storage		150.00	150.00	150.00	150.00	
Sub-total		150.00	150.00	150.00	150.00	\$ 600.00
Allocated Receiver Expenses						
Labor & Benefits		1,234.00 ¹	1,234.00 ¹	1,234.00 ¹	1,234.00 ¹	
Indirect Expenses		180.00 ²	180.00 ²	180.00 ²	180.00 ²	
Sub-total		1,414.00	1,414.00	1,414.00	1,414.00	\$ 5,656.00
Claims Distribution (Approx.)		81,068.51				
Cash Balance Before Interest Earnings		504,896.63	503,332.63	502,768.63	502,204.63	
Interest Earnings						
Estimate based on assumed SPIA APR on the previous month's average Pooled Cash balance (See Schedule D).		-	1,000.00	1,000.00	1,000.00	2,000.00 ³
Projected Ending Cash Balance	\$ 587,529.14	\$ 504,896.63	\$ 504,332.63	\$ 503,768.63	\$ 503,204.63	
			Estimated Retainage:			\$ 4,256.00

Assumptions for Allocated Receiver Expenses:

¹ Labor & Benefits: This estimate is based on a four month actual average doubled for increased labor activity during the distribution period.

September Actual	\$ 431.12
October Actual	505.51
November Actual	1,029.08
December Actual	503.58
Sub-total	2,469.29
4 mth. actual average (rounded)	\$ 617.00
Doubled for increased distribution activity	\$ 1,234.00

² Indirect Expenses: This estimate is Union General's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on Union General's estimated total assets divided by the Receiver's estimated total assets for all receiverships. The Estimated Total Asset % declines for post-distribution periods.

Estimated Total Asset %	0.10%
Estimated Total for the Receiver	\$ 180,000.00
Estimated Expense (rounded)	\$ 180.00

³ The March interest is not included in the 'Retainage Calculation' as it is included as Accrued Interest in the Estimated Assets on the Distribution Accounting Statement dated February 29, 2012.

Union General Insurance Company In Liquidation

Allocated State Funds Expensed

Estimated from March 2012 through June 2012

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

	March	April	May	June	Totals
Accrued Allocated State of Florida Expenses (Estimated)					
Labor & Benefits	\$ 250.00 ¹	\$ 250.00 ¹	\$ 250.00 ¹	\$ 250.00 ¹	\$ 1,000.00
Indirect Expenses	40.00 ²	40.00 ²	40.00 ²	40.00 ²	160.00
Total	\$ 290.00	\$ 290.00	\$ 290.00	\$ 290.00	\$ 1,160.00

Assumptions for Allocated State of Florida Expenses:

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

September Actual	\$ 119.32
October Actual	327.12
November Actual	471.42
December Actual	83.28
Sub-total	1,001.14
4 mth. actual average (rounded)	\$ 250.00

² Indirect Expenses: This estimate is Union General's estimated pro rata share of the State's estimated total indirect expenses. The pro rata share calculation is based on Union General's estimated total assets divided by the Receiver's estimated total assets for all receiverships. The Estimated Total Asset % declines for post-distribution periods.

Estimated Total Asset %	0.10%
Estimated Total for the State	\$ 40,000.00
Estimated Expense (rounded)	\$ 40.00

³ Per current Receiver policies and procedures, these accumulated amounts are recorded directly against estate equity as opposed to a liability account.

Union General Insurance Company in Liquidation
Interest Earnings Projection - Pooled Cash
Projected for as of February 29, 2012

<u>Interest accrued for January</u>		
Beginning cash balance at 01/01/2012	\$	588,898.20
Ending cash balance at 01/31/2012	\$	588,093.14
Average cash balance for January		588,395.67
Assumed SPIA interest rate (Annualized)		2.00%
Subtotal (Annualized)		11,767.91
Accrual for January (Rounded)	<u>\$</u>	<u>1,000.00</u>
<u>Interest accrued for February</u>		
Beginning cash balance at 02/01/2012	\$	588,093.14
Ending cash balance at 02/28/2012	\$	587,529.14
Average cash balance for February		587,811.14
Assumed SPIA interest rate (Annualized)		2.00%
Subtotal (Annualized)		11,756.22
Accrual for February (Rounded)	<u>\$</u>	<u>1,000.00</u>
<u>Interest accrued for March</u>		
Beginning cash balance at 03/01/2012	\$	587,529.14
Ending cash balance at 03/31/2012	\$	504,896.63
Average cash balance for March		546,212.89
Assumed SPIA interest rate (Annualized)		2.00%
Subtotal (Annualized)		10,924.26
Accrual for March (Rounded)	<u>\$</u>	<u>1,000.00</u>
<u>Interest accrued for April</u>		
Beginning cash balance at 04/01/2012	\$	504,896.63
Ending cash balance at 04/30/2012	\$	504,332.63
Average cash balance for April		504,614.63
Assumed SPIA interest rate (Annualized)		2.00%
Subtotal (Annualized)		10,092.29
Accrual for April (Rounded)	<u>\$</u>	<u>1,000.00</u>
<u>Interest accrued for May</u>		
Beginning cash balance at 05/01/2012	\$	504,332.63
Ending cash balance at 05/31/2012	\$	503,768.63
Average cash balance for May		504,050.63
Assumed SPIA interest rate (Annualized)		2.00%
Subtotal (Annualized)		10,081.01
Accrual for May (Rounded)	<u>\$</u>	<u>1,000.00</u>
<u>Interest accrued for June</u>		
Beginning cash balance at 06/01/2012		503,768.63
Ending cash balance at 06/30/2012		503,204.63
Average cash balance for June		503,486.63
Assumed SPIA interest rate (Annualized)		2.00%
Subtotal (Annualized)		10,069.73
Accrual for June	<u>\$</u>	<u>1,000.00</u>

Assumptions for Interest Earnings Projection - Pooled Cash:

¹ Interest is assumed to be earned evenly across the given period

Union General Insurance Company In Liquidation
Receiver Discharge Expenses
Projected for as of February 29, 2012

Discharge Expenses (Projected)

Records Storage, Records Destruction, Labor &
2011 - 2012 Tax Returns, Contributed Equity Accrual
Total

\$	8,000.00
\$	<u>8,000.00</u>