

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

In Re: The Receivership of  
UNION GENERAL INSURANCE COMPANY

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CASE NO. 1993-CA-001071

**RECEIVER'S MOTION FOR ORDER APPROVING DISCHARGE ACCOUNTING,  
AUTHORITY TO RESERVE FOR DISCHARGE EXPENSES, AUTHORIZING  
REIMBURSEMENT OF CONTRIBUTED EQUITY, AUTHORIZING DESTRUCTION  
OF OBSOLETE RECORDS AND DIRECTING FINAL DISCHARGE**

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, as Receiver of Union General Insurance Company (“Receiver”), by and through its undersigned Attorney, moves this Court for entry of an Order Approving the Receiver’s Discharge Accounting, Authority to Reserve for Discharge Expenses, Authorizing Reimbursement of Contributed Equity, Authorization for the Destruction of Obsolete Records and Directing Final Discharge. In support of its motion, the Receiver states as follows:

1. Union General Insurance Company (“Union General”) was a Florida corporation previously authorized to transact insurance business in the State of Florida. On May 11, 1993, this Court adjudicated Union General insolvent and entered an Order Appointing the Florida Department of Insurance as Receiver (of Union General) for the Purposes of Liquidation, Injunction, and Notice of Automatic Stay (“Order”). 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 Discharge Accounting Statement Projected for Discharge in December 2014 (the “Discharge Accounting”) is attached as EXHIBIT A.

4. As shown in the Discharge Accounting, the estimated value of all remaining assets of the Union General estate is projected to be \$402,839.36 as of December 2014.

5. Gemar Investments Corp. owned 100 percent of the stock of Union General. On or about August 6, 1993, the Receiver filed a civil suit in Leon County Circuit Court against Gemar Investments Corp. and others<sup>1</sup>, seeking to recover damages on behalf of the Union General estate. Venue was subsequently transferred to Dade County Circuit Court, where it was assigned case no. 94-17948 CA (23).

6. On or about September 6, 1995, the Receiver entered into a settlement agreement with the Defendants in case no. 94-17948 CA (23). Pursuant to the settlement agreement, Gemar Investments Corp. transferred ownership in all capital stock of Union General to the Receiver, and all Defendants released any claims they may have had against the Receiver. Consequently, the Receiver is now the sole shareholder of Union General.

7. Claims in the Union General estate have been categorized as set forth in § 631.271(1), Fla. Stat. (1992). The Receiver has paid all claims to claimants in classes 1 through 8 in full. Because the Receiver holds all capital stock of Union General, there are no claims in classes 9 or 10. The Receiver therefore requests an Order authorizing payment of the balance of the estate's assets to the Florida Insurance Regulatory Trust Fund.

8. The Receiver requests authority to retain \$20,000.00 as a reserve for "wind up" expenses of the Receivership. (See EXHIBIT A, Discharge Accounting). The Receiver requests authorization to transfer any surplus wind-up expense remaining after discharge along with the balance of the estate's assets, estimated to be \$42,828.15, to the Florida Insurance Regulatory Trust Fund.

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<sup>1</sup> In addition to Gemar Investments Corp., the defendants included Union General Underwriters Corp., Principal Finance Company, Commercebank, N.A., Julio Marty, Georginia Nodal Marty, and Georgina Marty Casanova.

9. The Receiver receives an annual budget from the Florida Insurance Regulatory Trust Fund (“Regulatory Trust Fund”), which funds a portion of the Receiver’s costs and expenses of administration. The Receiver funds the majority and remainder of its budget from the open receiverships it supervises. Previously, the Regulatory Trust Fund funded several state positions within the Receiver which included their direct labor and a portion of the Receiver’s overhead. Each receivership is charged a portion of these state funded costs and expenses based on certain allocation formulas. It is the Receiver’s policy to record these state funded expenditures as “Contributed Equity” on each receivership financial statement. If the Receiver determines that there are sufficient assets available at the end of the receivership, it is the policy of the Receiver to reimburse the Regulatory Trust Fund for Contributed Equity as the Receiver’s costs and expenses of administration, as well as the claims of state and local governments pursuant to section 631.271, Florida Statutes. The Contributed Equity for Union General as of December 2014 is estimated to be \$340,011.21 (see EXHIBIT A, Schedule E). A final calculation would be made at the time of reimbursement

10. Upon approval of the Receiver’s request for final discharge, the records of the Union General estate will no longer be needed, and it will be necessary to dispose of the obsolete company records. Prior to the actual destruction of these records, the Receiver will obtain approval from the Records Management Section of the Florida Department of Financial Services.

11. The Receiver requests an Order authorizing the Division of Rehabilitation and Liquidation to transfer to the Regulatory Trust Fund any assets which may be recovered following the discharge of this receivership.

12. All mortgages, notes, or other liens in favor of Union General recorded with the Clerks of the Circuit Courts in the State of Florida, upon property located in the State of Florida, not sold, transferred, or assigned, by the Receiver are hereby assigned to the Regulatory Trust Fund.

13. The Receiver requests an Order that it shall be fully and finally discharged of its responsibilities in this Receivership.

**WHEREFORE**, the Receiver respectfully requests this Court grant its motion and enter an Order:

- A. Approving and adopting the Receiver's Discharge Accounting;
- B. Authorizing and directing the Receiver to retain \$20,000.00 as a reserve for "wind up" expenses of the Receiver. Any surplus remaining from the \$20,000.00 and the balance of the estate's assets, estimated to be \$42,828.15, shall be paid to the Florida Insurance Regulatory Trust Fund;
- C. Authorizing the Receiver to reimburse the Florida Insurance Regulatory Trust Fund for Contributed Equity which is estimated to be \$340,011.21 in the Union General estate. A final calculation will be made at the time of reimbursement;
- D. Authorizing the Receiver, after final discharge, to destroy any obsolete records in the Receiver's possession;
- E. Authorizing the Division of Rehabilitation and Liquidation to remit to the Florida Insurance Regulatory Trust Fund any assets which may be recovered following the discharge of this receivership;
- F. Assigning all mortgages, notes, or other liens, on property located in Florida, in favor of Union General to the Florida Insurance Regulatory Trust Fund; and

G. Directing, without further Order of this Court, the closure of this estate and the final discharge of the Receiver of its responsibilities in this receivership estate as of 12:01 a.m. on December 31, 2014.

DATED this 29<sup>th</sup> day of October, 2014.



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**Union General Insurance Company**  
**Discharge Accounting Statement**  
**Projected for Discharge in December 2014**

**ASSETS**

	<u>Amount</u>	
Cash	\$ 402,839.36	Schedule A
<b>Total Assets</b>	<u><u>\$ 402,839.36</u></u>	

**LIABILITIES**

	<u>Recommended Disbursement</u>	
Contributed Equity - August 2014	\$ 339,891.21	Schedule E
Estimated Contributed Equity - September - December 2014	\$ 120.00	Schedule B
<b>Total Liabilities</b>	<u><u>\$ 340,011.21</u></u>	

**WINDUP SUMMARY**

Funds Available	62,828.15	
Projected Windup Expenses	<u>(20,000.00)</u>	Schedule D
<b>Estimated Remaining Balance at 12/31/2014 (to IRTF)</b>	<u><u>42,828.15</u></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 from the Regulatory Trust Fund

**Union General Insurance Company**

Estimated Funds to be Retained by the Receiver for Administration of the Estate  
Estimated from 9/1/2014 through the Projected Discharge Date of 12/31/2014

	Aug-14	September	October	November	December
Beginning Cash Balance		\$ 432,994.64	\$ 425,562.36	\$ 418,021.36	\$ 410,480.36
<b>Direct Receiver Expenses</b>					
Rent - Storage, Bank Charges		500.00	500.00	500.00	500.00
<b>Sub-total</b>		<u>500.00</u>	<u>500.00</u>	<u>500.00</u>	<u>500.00</u>
<b>Allocated Receiver Expenses</b>					
Labor & Benefits		7,426.00	7,426.00	7,426.00	7,426.00
Indirect Expenses		15.00	15.00	15.00	15.00
<b>Sub-total</b>		<u>7,441.00</u>	<u>7,441.00</u>	<u>7,441.00</u>	<u>7,441.00</u>
<b>Cash Balance Before Interest Earnings</b>		<b>425,053.64</b>	<b>417,621.36</b>	<b>410,080.36</b>	<b>402,539.36</b>
<b>Interest Earnings</b>					
Estimate based on assumed SPIA APR on the previous month's average Pooled Cash balance (See Schedule C).		508.72	400.00	400.00	300.00
<b>Projected Ending Cash Balance</b>		<b>\$ 432,994.64</b>	<b>\$ 425,562.36</b>	<b>\$ 418,021.36</b>	<b>\$ 410,480.36</b>

**Assumptions for Allocated Receiver Expenses:**

<sup>1</sup> Labor & Benefits: This estimate is based on a four month actual average doubled for increased labor through distribution month.

May Actual	10,435.14
June Actual	663.01
July Actual	1,380.66
August Actual	2,354.36
Sub-total	<u>14,853.19</u>
4 mth. actual average (rounded)	<u>3,713.00</u>
Doubled for increased distribution activity	<u>\$ 7,426.00</u>

<sup>2</sup> 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 %	0.01%
Estimated Total for the Receiver	<u>\$ 150,000.00</u>
Estimated Expense (rounded)	<u>\$ 15.00</u>

**Union General Insurance Company**

**Allocated State Funds Expensed**

Estimated from 9/01/2014 through the Projected Discharge Date of 12/31/2014

	Sep-14	Oct-14	Nov-14	Dec-14	Totals
Labor & Benefits	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 120.00
Indirect Expenses	-	-	-	-	-
<b>Total</b>	<b>\$ 30.00</b>	<b>\$ 30.00</b>	<b>\$ 30.00</b>	<b>\$ 30.00</b>	<b>\$ 120.00</b>

**Accrued Allocated State of Florida Expenses (Estimated)**

Labor & Benefits	\$ 30.00	\$ 30.00	\$ 30.00	\$ 30.00	\$ 120.00
Indirect Expenses	-	-	-	-	-
<b>Total</b>	<b>\$ 30.00</b>	<b>\$ 30.00</b>	<b>\$ 30.00</b>	<b>\$ 30.00</b>	<b>\$ 120.00</b>

**Assumptions for Allocated State of Florida Expenses:**

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

May Actual	-
June Actual	139.99
July Actual	-
August Actual	-
Sub-total	139.99
4 mth. actual average (rounded)	30.00

<sup>2</sup> 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.

Estimated Total Asset %	0.01%
Estimated Total for the State	\$ 15,000.00
Estimated Expense (rounded)	\$ -

<sup>3</sup> Per current Receiver policies and procedures, these accumulated amounts are recorded directly against estate equity as opposed to a liab



**Union General Insurance Company**  
**Interest Earnings Projection - Pooled Cash**  
**Projected for Discharge in December 2014**

**Interest accrued for September 2014**

Beginning cash balance at 9/01/2014	\$	432,994.64
Ending cash balance at 9/30/2014		425,562.36
Average cash balance for September		429,278.50
Assumed SPIA interest rate (Annualized)		1.00%
Subtotal (Annualized)		4,292.79

**Accrual for September (Rounded)**

**\$ 400.00**

**Interest accrued for October 2014**

Beginning cash balance at 10/01/2014		425,562.36
Ending cash balance at 10/31/2014		418,021.36
Average cash balance for October 2014		421,791.86
Assumed SPIA interest rate (Annualized)		1.00%
Subtotal (Annualized)		4,217.92

**Accrual for October 2014 (Rounded)**

**\$ 400.00**

**Interest accrued for November 2014**

Beginning cash balance at 11/01/2014		418,021.36
Ending cash balance at 11/30/2014		410,480.36
Average cash balance for November 2014		414,250.86
Assumed SPIA interest rate (Annualized)		1.00%
Subtotal (Annualized)		4,142.51

**Accrual for November 2014 (Rounded)**

**\$ 300.00**

**Interest accrued for December 2014**

Beginning cash balance at 12/01/2014		410,480.36
Ending cash balance at 12/31/2014		402,839.36
Average cash balance for December 2014		406,659.86
Assumed SPIA interest rate (Annualized)		1.00%
Subtotal (Annualized)		4,066.60

**Accrual for December 2014 (Rounded)**

**\$ 300.00**

**Union General Insurance Company  
Receiver Discharge Expenses  
Projected for Discharge in December 2014**

**Discharge Expenses (Projected for Post 12/31/2014)**

Electronic imaging of Records for permanent storage.  
Storage of hardcopy records until imaged and destruction post imaging  
Preparation of Final Tax Return (2014)

**Total**

\$	20,000.00
\$	<u>20,000.00</u>

**Union General Insurance Company**  
**Projected Contributed Equity**  
**Projected for Discharge in December 2014**

<b>I. Contributed Equity Balance as of 8/31/2014</b>	<b>\$ 339,891.21</b>
September 2014 - December 2014 Accrual (Estimate from Schedule B)	\$ 120.00
<b>Projected Contributed Equity Balance as of 12/31/2014</b>	<b><u>\$ 340,011.21</u></b>