

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

IN RE: THE RECEIVERSHIP OF
UNITED SOUTHERN ASSURANCE COMPANY

CASE NO.: 97-5297

2012 MAR -2

FILED

**RECEIVER'S MOTION FOR APPROVAL OF FIRST INTERIM CLAIMS REPORT
AND RECOMMENDATIONS ON CLAIMS**

The Florida Department of Financial Services, as Receiver of United Southern Assurance Company, files herewith the Receiver's First Interim Claims Report and says:

1. United Southern Assurance Company ("USAC") was a Florida corporation previously authorized to transact the business of a property and casualty insurance company in the State of Florida pursuant to Chapter 641, Florida Statutes. On September 18, 1997, the Second Judicial Circuit Court in and for Leon County, Florida ("Court"), entered its Consent Order Appointing the Florida Department of Insurance as Receiver for 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 USAC receivership estate 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. In accord with the Court's Order and Section 631.182, Florida Statutes, the Receiver compiled a First Interim Claims Report (the "Report") consisting of the Receiver's recommendations on the Class one through Class two claims in the USAC receivership estate. The Report is broken down into two parts. Part A of the Report consists of claims of non-guaranty association claimants and Part B consists of claims of guaranty association claimants.

COPY - not verified against original

4. Part A of the Report shows that the gross number of filed claims for non-guaranty association claimants is 2,208 for a total amount claimed of \$114,905,155.56. The total amount recommended by the Receiver is \$256,416.27. For the Court's convenience, a paper copy of the summary totals from Part A of the Report is attached as Exhibit "A".

5. Part B of the Report shows that the gross number of filed claims for guaranty association claimants is 105 for a total amount claimed of \$21,964,714.46. The total amount recommended by the Receiver is \$17,114,751.54. For the Court's convenience, a paper copy of the summary totals from Part B of the Report is attached as Exhibit "B". Given that USAC wrote in many states, there are 35 guaranty associations invoked by the USAC receivership.

6. Due to the limited assets in the USAC estate, claims filed in Classes three through eight were not evaluated. In the event that funds become available to make a distribution beyond Class two claims, the Receiver will file further evaluation reports.

7. Under Section 631.181(2), Florida Statutes, claimants are entitled to notice of the Receiver's recommendations on their claim and the deadline for filing objections. A sample copy of the "Notice of Determination" is attached hereto as Exhibit "C."

8. The Receiver will establish the deadline for claimants to file an objection with the Court. Such deadline will not be less than forty-five (45) days from the date of this Court's order granting approval of the Report. The Receiver has a procedure for dealing with late-filed objections. For any objection filed after the deadline, the Receiver will send a letter to the claimant advising the claimant that their objection was not filed in compliance with Florida Statutes and this Court's Order and, therefore will not be handled as a filed objection. A copy of this letter will be filed with the Court.

9. The Receiver requests that its recommendations be approved unless an objection is filed thereto within the deadline set by the Court.

WHEREFORE, the Receiver moves this Court for entry for an Order:

A. Authorizing and directing the Receiver to provide notice to each claimant, as herewith reported to the Court, of the Receiver's recommendations regarding their claim, by U.S. Mail to the last known address of such persons, as shown in the Receiver's files.

B. Authorizing and directing the Receiver to establish an objection filing deadline that is not less than forty-five (45) days from the date of this Court's order granting approval of the Report.

C. Directing all persons who have filed claims, as herewith reported to the Court, to file any objection that they may have to the Receiver's Report with the Clerk of this Court on or before 11:59 p.m. on the objection filing deadline at:

Clerk of the Leon County Circuit Court
Leon County Courthouse
301 S. Monroe Street
Tallahassee, FL 32301

and requiring that a copy of said objection be served on the Receiver at:

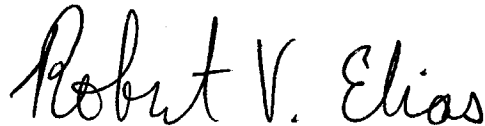
The State of Florida Department of Financial Services
As Receiver of United Southern Assurance Company
Division of Rehabilitation & Liquidation
2020 Capital Circle SE, Suite 310
Tallahassee, FL 32301

D. Requiring any persons filing objections to submit documentation to support their claim and declaring that the Court will not consider any information or documentation submitted after the objection is filed.

E. Approving the Receiver's procedure for addressing late-filed objections.

F. Finally, approving the Receiver's recommendations contained in Receiver's First Interim Claims Report for which no objections are filed.

DATED this 2nd day of March, 2012.



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Florida Department of Financial Services
Division of Rehabilitation and Liquidation
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Tallahassee, Florida 32301
(850) 413-4408 - Telephone

FLORIDA DEPARTMENT OF FINANCIAL SERVICES - DIVISION OF REHABILITATION AND LIQUIDATION
 UNITED SOUTHERN ASSURANCE COMPANY
 FIRST INTERIM CLAIMS REPORT
 PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS \$114,905,155.56
 TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS \$256,416.27
 TOTAL NUMBER 2,208

Secured Claims

COUNT OF SECURED CLAIMS : 0
 AMOUNT CLAIMED FOR SECURED CLAIMS BY NON GUARANTY ASSOCIATION \$0.00
 AMOUNT RECMD FOR SECURED CLAIMS TO NON GUARANTY ASSOCIATION

Unsecured Claims

COUNT OF CLASS 1 CLAIMS : 0 COUNT OF CLASS 6 CLAIMS : 1,197
 AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION \$0.00 AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY NON GUARANTY ASSOCIATION \$14,016,305.39
 AMOUNT RECMD FOR CLASS 1 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: AMOUNT RECMD FOR CLASS 6 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:

COUNT OF CLASS 2 CLAIMS : 831 COUNT OF CLASS 7 CLAIMS : 18
 AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS \$87,938,874.56 AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION \$24,905.21
 AMOUNT RECMD FOR CLASS 2 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: \$256,416.27 AMOUNT RECMD FOR CLASS 7 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:

COUNT OF CLASS 3 CLAIMS : 30 COUNT OF CLASS 8 CLAIMS : 112
 AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION \$55,422.62 AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION \$12,814,880.12
 AMOUNT RECMD FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: AMOUNT RECMD FOR CLASS 8 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:

COUNT OF CLASS 4 CLAIMS : 0 COUNT OF CLASS 9 CLAIMS : 0
 AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY NON GUARANTY ASSOCIATION \$0.00 AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION \$0.00
 AMOUNT RECMD FOR CLASS 4 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: AMOUNT RECMD FOR CLASS 9 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:

COUNT OF CLASS 5 CLAIMS : 20 COUNT OF CLASS 10 CLAIMS : 0
 AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY NON GUARANTY ASSOCIATION \$44,767.66 AMOUNT CLAIMED FOR CLASS 10 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS: \$0.00
 AMOUNT RECMD FOR CLASS 5 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: AMOUNT RECMD FOR CLASS 10 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:

Note: If status is unevaluated, then dollar amounts have been suppressed

FLORIDA DEPARTMENT OF FINANCIAL SERVICES - DIVISION OF REHABILITATION AND LIQUIDATION
 UNITED SOUTHERN ASSURANCE COMPANY
 FIRST INTERIM CLAIMS REPORT
 PART B - FOR GUARANTY ASSOCIATION

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY GUARANTY ASSOCIATION \$21,964,714.46
 TOTAL AMOUNT RECOMMENDED TO GUARANTY ASSOCIATION \$17,114,751.54
 TOTAL NUMBER 105

COUNT OF CLASS 1 CLAIMS : 56 COUNT OF CLASS 6 CLAIMS : 28
 AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY GUARANTY ASSOCIATION : \$5,710,794.59 AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY GUARANTY ASSOCIATION : \$4,823,977.19

AMOUNT RECMD FOR CLASS 1 CLAIMS TO GUARANTY ASSOCIATION : \$5,705,669.10 AMOUNT RECMD FOR CLASS 6 CLAIMS TO GUARANTY ASSOCIATION :

COUNT OF CLASS 2 CLAIMS : 19 COUNT OF CLASS 7 CLAIMS : 0
 AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY GUARANTY ASSOCIATION : \$11,416,825.62 AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY GUARANTY ASSOCIATION : \$0.00

AMOUNT RECMD FOR CLASS 2 CLAIMS TO GUARANTY ASSOCIATION : \$11,409,082.44 AMOUNT RECMD FOR CLASS 7 CLAIMS TO GUARANTY ASSOCIATION :

COUNT OF CLASS 3 CLAIMS : 2 COUNT OF CLASS 8 CLAIMS : 0
 AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY GUARANTY ASSOCIATION : \$13,117.06 AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY GUARANTY ASSOCIATION : \$0.00

AMOUNT RECMD FOR CLASS 3 CLAIMS TO GUARANTY ASSOCIATION : AMOUNT RECMD FOR CLASS 8 CLAIMS TO GUARANTY ASSOCIATION :

COUNT OF CLASS 4 CLAIMS : 0 COUNT OF CLASS 9 CLAIMS : 0
 AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY GUARANTY ASSOCIATION : \$0.00 AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY GUARANTY ASSOCIATION : \$0.00

AMOUNT RECMD FOR CLASS 4 CLAIMS TO GUARANTY ASSOCIATION : AMOUNT RECMD FOR CLASS 9 CLAIMS TO GUARANTY ASSOCIATION :

COUNT OF CLASS 5 CLAIMS : 0 COUNT OF CLASS 10 CLAIMS : 0
 AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY GUARANTY ASSOCIATION : \$0.00 AMOUNT CLAIMED FOR CLASS 10 CLAIMS BY GUARANTY ASSOCIATION : \$0.00

AMOUNT RECMD FOR CLASS 5 CLAIMS TO GUARANTY ASSOCIATION : AMOUNT RECMD FOR CLASS 10 CLAIMS TO GUARANTY ASSOCIATION :

Note: If status is unevaluated, then dollar amounts have been suppressed



FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER

«company»

February 29, 2012

NOTICE of DETERMINATION

RCN: «CD_COMPANY» «ID_NO»-«SUFFIX»
«FULLNAME»
«ADDRESSLINE2»
«ADDRESSLINE1»
«city» «state» «ZIPCODE»

IDENTIFICATION NUMBER: «cd_company» «id_no»-«suffix»
INSURED: «policyhold»
POLICY NUMBER: «policy_no»
CLAIM NUMBER: «claim_no»
AMOUNT CLAIMED: «amt_claimd»
AMOUNT RECOMMENDED CLAIMANT: «AMT_DUE_CL»
CLASS: «class»

THIS IS NOT A BILL

THIS IS NOT A BILL

RE: «COMPANY»

Civil Action: «CASE_NO»

OBJECTION FILING DEADLINE: ?filing deadline?

THIS IS NOT A BILL. The purpose of this Notice of Determination is to inform you of the Receiver's report of its final recommendations to the Circuit Court concerning the classification and amount on a claim filed by you or on your behalf against the Receivership Estate of «COMPANY».

The Receiver has evaluated Class 1 through Class 2 claims submitted in the estate of «COMPANY» and is recommending the amount on the line reading "Amount Recommended Claimant." The Receiver's "Class" or "Priority" of your claim will affect the amount you may receive. Please be advised that the assets in the Receivership estate of «COMPANY» are not sufficient to fund a distribution payment to all claimants.

If you agree with the amount recommended and the class/priority, no further action on your part is necessary.

If you object to the recommended amount or to the assigned class of your claim, YOU MUST FILE YOUR WRITTEN OBJECTION WITH BOTH THE RECEIVER (ADDRESS BELOW) AND THE CLERK OF COURT AT:

CLERK OF THE LEON COUNTY CIRCUIT COURT
LEON COUNTY COURTHOUSE
301 S. MONROE STREET
TALLAHASSEE, FLORIDA 32301

YOUR OBJECTION MUST BE FILED (RECEIVED) BY ?filing deadline?. IT IS SUGGESTED THAT YOU SEND YOUR OBJECTION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED. LATE FILED OBJECTIONS WILL NOT BE CONSIDERED.

The objection procedure is:

- 1. At the top of your statement, include the following information: The Civil Action Number noted above, your identification number noted above, and your correct address and telephone number. State in detail all legal and factual reasons for your objection.
2. Attach a copy of this notice and any documentation to support your objection. By order of the Court, all documentation must be filed with your objection.
3. File the original with the Clerk of Court, file a copy with the Receiver, and keep a copy for yourself.
4. If your objection cannot be resolved, a hearing will be scheduled before the Circuit Court, Leon County, Florida.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER

«company»

2020 CAPITAL CIRCLE, S. E., SUITE 310
TALLAHASSEE, FLORIDA 32301

Website: www.MyFloridaCFO.com/Receiver

Telephone: 850-413-3081, Toll Free: 800-882-3054, Facsimile: 850-413-3992

EXHIBIT "C"

FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER «company»

NOTE: Any distribution will be made on a pro-rata basis. If a distribution is made, you may not receive the full amount recommended for your claim. Depending on the assets available for distribution, you and other claimants in your classification may only receive a percentage of the amount recommended on your claim. (i.e. 25% equals 25 cents on the dollar.)

IF a distribution is made, the payee(s) name(s) on the claim check will be the same as the name(s) appearing on the front of this form. If the information on this form is incorrect, or becomes incorrect in the future, it is your responsibility to notify the Receiver and document any changes. Further instructions can be found on our website listed below.

FLORIDA STATUTE 631.271 Priority of Claims

631.271 Priority of claims.—

(1) The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this subsection. Every claim in each class shall be paid in full or adequate funds shall be retained for such payment before the members of the next class may receive any payment. No subclasses may be established within any class. The order of distribution of claims shall be:

(a) Class 1.—

1. All of the receiver's costs and expenses of administration.
2. All of the expenses of a guaranty association or foreign guaranty association in handling claims.

(b) Class 2.— All claims under policies for losses incurred, including third-party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which claims are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, may not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to her or his employee may be treated as a gratuity.

(c) Class 3.—Claims under nonassessable policies for unearned premiums or premium refunds.

(d) Class 4.—Claims of the Federal Government.

(e) Class 5.—Debts due to employees for services performed, to the extent that the debts do not exceed \$2,000 for each employee and represent payment for services performed within 6 months before the filing of the petition for liquidation. Officers and directors are not entitled to the benefit of this priority. This priority is in lieu of any other similar priority that is authorized by law as to wages or compensation of employees.

(f) Class 6.—Claims of general creditors.

(g) Class 7.—Claims of any state or local government. Claims, including those of any state or local government for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (j).

(h) Class 8.—Claims filed after the time specified in F.S. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (i) or under paragraph (j).

(i) Class 9.—Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law.

(j) Class 10.—The claims of shareholders or other owners.

(2) In a liquidation proceeding involving one or more reciprocal states, the order of distribution of the domiciliary state shall control as to all claims of residents of this and reciprocal states. All claims of residents of reciprocal states shall be given equal priority of payment from the insurer's assets regardless of where such assets are located.

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER
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