

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

In Re: Receivership of

UNITED SOUTHERN ASSURANCE COMPANY

Case No.: 1997-CA-5297

**DEPARTMENT'S MOTION FOR ORDER APPROVING DISCHARGE ACCOUNTING
STATEMENT, DIRECTING FINAL DISCHARGE OF THE DEPARTMENT AS
RECEIVER, AUTHORIZING DESTRUCTION OF OBSOLETE RECORDS, AND
CLOSING THE ESTATE**

COMES NOW, The Florida Department of Financial Services, Division of Rehabilitation and Liquidation, as Receiver of United Southern Assurance Company (hereinafter "Department"), by and through the undersigned counsel, and hereby moves this Court for entry of an Order Approving the Discharge Accounting Statement, Directing Final Discharge of the Department as Receiver, Authorizing the Destruction of Obsolete Records, and Closing the Estate and as good grounds therefor states:

1. United Southern Assurance Company ("USAC") was a domestic property and casualty insurance corporation authorized pursuant to the Florida Insurance Code to transact business in the State of Florida.

2. On September 18, 1997, this Court entered an *Order Appointing the Florida Department of Financial Services, as the Receiver of USAC for purposes of Liquidation, Injunction, and Notice of Automatic Stay* ("Liquidation Order").

3. Pursuant to section 631.021, Florida Statutes, this Court has jurisdiction over the receivership and upon entry of an order of liquidation has exclusive jurisdiction with respect to the assets and property of the subject insurer and is authorized to enter all necessary and/or proper orders to carry out the purpose of the Florida Insurers Rehabilitation and Liquidation Act, sections 631.001 et seq., Florida Statutes.

4. On September 19, 2017, this Court entered an *Order Approving the Final Claims Report, Claims Distribution Report, Distribution Accounting Statement, and Authorizing Distribution* (“Distribution Order”). The Order authorized a distribution of estate assets in the amount of \$16,100,321.04 to claimants in Classes 1 and 2 which constitutes 100% of the amount recommended in Class 1 and 98.1% of the amount recommended in Class 2.

5. A certain number of the final distribution checks were (a) not mailed due either to a bad address or a W-9 issue or (b) not cashed prior to the check’s expiration date. These checks remain unclaimed. After a diligent search to locate the claimants due these funds, the Department will compile an unclaimed property report pursuant to section 717.117, Florida Statutes. The Department plans to transfer 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.

6. The Department’s Discharge Accounting Statement—*Projected as of February 28, 2018* (the “Discharge Accounting”) is attached hereto and incorporated herein by reference as **Exhibit A**.

7. As shown in the *Discharge Accounting*, the estimated value of all assets remaining in the USAC receivership estate is projected to be \$192,351.31. Of that \$192,351.31, approximately \$155,346.74 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.

8. As shown in the *Discharge Accounting*, the estimated value of the assets available for “wind up” expenses is \$37,004.57. The Department requests authority to retain \$37,004.57 as a reserve for “wind up” expenses of the receivership.

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

10. The Department requests that the following be assigned to the appropriate guaranty associations: all mortgages, notes, judgments, or other liens in favor of USAC recorded with any Clerk of Circuit Court in the State of Florida, upon property located in the State of Florida, that have not been previously assigned, sold, or transferred by the Department.

11. Although such recovery is unlikely, the Department requests an order authorizing it to remit to the appropriate guaranty associations any other assets which may be recovered following the discharge of the Department as Receiver if, in the Department's sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate.

12. Upon approval of the Department's request for final discharge, the records of the USAC receivership 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 Department will seek approval to destroy the records by submitting an *In-House Records Disposition Document* to the Department's Records Management Liaison Officer ("RMLO") for review and approval.

13. 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 February 28, 2018.

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

- A. Granting the Department's Motion;
- B. Approving and adopting the Department's Discharge Accounting Statement;
- C. 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.
- D. Authorizing and directing the Department to retain \$37,004.57 as a reserve for "wind up" expenses of the Department;

E. Authorizing and directing the Department, after final discharge and the conclusion of “wind up” activities, to forward to the appropriate guaranty associations any remaining expense funds that were reserved for wind up activities;

F. Authorizing and directing the Department to remit to the appropriate guaranty associations any other assets which may be recovered following the discharge of the Department as Receiver if, in the Department’s sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate; and

G. Assigning to the appropriate guaranty associations all mortgages, notes, judgments, or other liens in favor of USAC recorded with any Clerk of Circuit Court in the State of Florida, upon property located in the State of Florida, that have not been previously assigned, sold, or transferred by the Department;

H. Authorizing the Department, after final discharge, to destroy any obsolete records in the Department’s possession; and

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 February 28, 2018.

Respectfully Submitted on this the 22nd day of February, 2018.

/s/ Jamila G. Gooden
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United Southern Assurance Company
Discharge Accounting Statement
Projected for February 2018

ASSETS

	Amount		
Cash	\$ 192,351.31		Schedule A
Total Assets	\$ 192,351.31		

LIABILITIES

	Recommended Disbursement		
Outstanding Amounts from Distribution to Unclaimed Property	155,346.74		
Total Liabilities	\$ 155,346.74		

WINDUP SUMMARY

Funds Available for Windup Expenses	37,004.57		
Projected Windup Expenses	(12,000.00)		Schedule D
Balance (Any Remaining Funds to GA)	25,004.57		

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

United Southern Assurance Company
Available Cash Projection
Projected for February 2018

	Cash Bal. as of December 31, 2017	Jan-18	Feb-18
Beginning Pooled Cash Balance	\$	220,004.55	\$ 203,189.64
Transfer from Distribution Account for Voided Checks			\$ 5,831.67
Direct Receiver Expenses (Actual or Estimated)			
Rent-Storage, Postage, Scanning UCP records		300.00	300.00
Sub-total		300.00	300.00
Allocated Receiver Expenses (Estimated)			
Labor & Benefits		16,450.00	16,450.00 ¹
Indirect Expenses		220.00	220.00 ²
Sub-total		16,670.00	16,670.00
Cash Balance Before Interest Earnings		203,034.55	192,051.31
Interest Earnings			
Pooled Cash:			
Actual SPIA Earnings for December to be credited on 1/1/2018.		155.09	
Estimate based on assume SPIA APR on the previous month's average Pooled Cash balance (Sch. D)			300.00
Ending Pooled Cash Balance	\$	220,004.55	\$ 192,351.31

Assumptions for Allocated Receiver Expenses:

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

September Actual	\$ 29,764.60
October Actual	24,244.60
November Actual	8,805.34
December Actual	2,991.74
Sub-total	<u>65,806.28</u>
4 mth. actual average (rounded)	<u>\$ 16,450.00</u>

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

Estimated Total Asset %	0.20%
Estimated Total for the Receiver	\$ 110,000.00
Estimated Expense	<u>\$ 220.00</u>

United Southern Assurance Company
Allocated State Funds Expensed

Estimated from January through the Projected Discharge Date of February 2018

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

	January	February	Totals
Accrued Allocated State of Florida Expenses (Estimated)			
Labor & Benefits	\$ 380.00	\$ 380.00	\$ 760.00 ¹
Indirect Expenses	50.00	50.00	100.00 ²
Total	\$ 430.00	\$ 430.00	\$ 860.00 ³

Assumptions for Allocated State of Florida Expenses:

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

September Actual	629.84
October Actual	593.40
November Actual	225.72
December Actual	67.71
Sub-total	<u>1,516.67</u>
4 mth. actual average (rounded)	<u>\$ 380.00</u>

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

Estimated Total Asset %	0.20%
Estimated Total for the State	<u>\$ 25,000.00</u>
Estimated Expense	<u>\$ 50.00</u>

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

United Southern Assurance Company
Interest Earnings Projection - Pooled Cash
Projected for February 2018

Interest accrued for January

Beginning cash balance	220,004.55
Ending cash balance	203,189.64
Average cash balance	211,597.10
Assumed SPIA interest rate (Annualized)	1.50%
Subtotal (Annualized)	3,173.96

Accrual for January

\$ 300.00

Interest accrued for February

Beginning cash balance	203,189.64
Ending cash balance	192,351.31
Average cash balance	197,770.48
Assumed SPIA interest rate (Annualized)	1.50%
Subtotal (Annualized)	2,966.56

Accrual for February

\$ 200.00

**United Southern Assurance Company
Receiver Windup Expenses
Projected for February 2018**

Discharge Expenses (Projected for Post 12/31/2017)

Records Storage, Unclaimed Property Reports	12,000.00
2017 and 2018 Tax Returns	
Total	<u>\$ 12,000.00</u>

United Southern Assurance Company
Statement of Contributed Equity from Regulatory Trust Fund Estimated Balances
Projected for Discharge by 2/28/2018

I. Contributed Equity Balance as of 12/31/2017		\$ 533,323.46
	Accrual for January - February (Estimate from Schedule B)	<u>\$ 860.00</u>
Total		<u>\$ 860.00</u>
Projected Contributed Equity Balance as of 2/28/2018		<u><u>\$ 534,183.46</u></u>