

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

IN RE:

The Receivership of FLORIDA PREFERRED CASE NO.: 2006 CA 1198
PROPERTY INSURANCE COMPANY.

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

The Florida Department of Financial Services, as Receiver of Florida Preferred Property Insurance Company ("the Department"), by and through its undersigned counsel, 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 June 1, 2006, this Court entered an Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Liquidation, Injunction, and Notice of Automatic Stay.
2. Florida Preferred Property Insurance Company ("FPPIC") was a property and casualty insurance company located in the State of Florida.
3. This Court has jurisdiction over the FPPIC 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.
4. The Court previously approved the Department's Final Claims Report, Claims Distribution Report, and Distribution Accounting, in an Order entered on August

25, 2017. Distribution was made to Class 1 and Class 2 as authorized by that Order in the total amount of \$226,212,434.60. This distribution represented a 100% distribution of the recommended claim amount to Class 1 and 2 claimants, and an approximate 7.8535% distribution to Class 3 claimants. Previously, the federal release was obtained by the Department and entry into the Release Agreement was approved by this Court on April 19, 2017.

5. 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.

6. The Department's Discharge Accounting Statement – Projected for February 2018 (the "Discharge Accounting") is attached hereto as Exhibit 1.

7. As shown in the Discharge Accounting, the estimated value of all assets of the FPPIC Receivership estate is projected to be \$806,604.94 as of February, 2018. See Schedule A to Exhibit 1. Of that \$806,604.94, approximately \$804,716.34 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. The Department would retain \$1,500.00 as a reserve for "wind up" expenses of the Receivership.

9. The Department requests an order authorizing the Department to remit to the Florida Insurance Guaranty Association (“FIGA”) any surplus expense funds remaining after discharge.

10. Upon approval of the Department’s request for final discharge, the records of the FPPIC 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.

11. Although such recovery is unlikely, the Department requests an order authorizing it to remit to FIGA 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. The first \$75,000.00 of any such recovered assets shall be repaid to the Insurance Regulatory Trust Fund (“IRTF”) as a result of funding provided by the IRTF.

12. 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, 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 \$1,500.00 as a reserve for wind up expenses of the Department;
- D. Authorizing the Department to remit any surplus expense funds remaining after discharge to FIGA;
- E. Authorizing the Department, after final discharge, to destroy any obsolete records in the Department's possession;
- F. Authorizing the Department to remit to FIGA 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. The first \$75,000.00 of any such recovered assets shall be paid to the IRTF;
- G. 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 this 12th day of February, 2018.



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Florida Preferred Property Insurance company
Discharge Accounting Statement
Projected for February 2018

ASSETS

	Amount		
Cash	\$ 806,604.94		Schedule A
Total Assets	\$ 806,604.94		

LIABILITIES

	Recommended Disbursement
Outstanding Amounts from Distribution to Unclaimed Property	804,716.34
Total Liabilities	\$ 804,716.34

WINDUP SUMMARY

Funds Available for Windup Expenses	1,888.60		
Projected Windup Expenses	(1,500.00)		Schedule D
Balance (Any Remaining Funds to Reimburse Regulatory Trust Fund)	388.60		

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

Florida Preferred Property Insurance company
Available Cash Projection
Projected for February 2018

	Cash Bal. as of December 31, 2017	Jan-18	Feb-18
Beginning Pooled Cash Balance	\$	763,926.04	\$ 747,754.94
Regulatory Trust Advance			\$ 75,000.00
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		16,640.00	16,640.00 ¹
Indirect Expenses		110.00	110.00 ²
Sub-total		16,750.00	16,750.00
Cash Balance Before Interest Earnings		746,876.04	805,704.94
Interest Earnings			
Pooled Cash:			
Actual SPIA Earnings for December to be credited on 1/1/2018.		878.90	
Estimate based on assume SPIA APR on the previous month's average Pooled Cash balance (Sch. D)			900.00
Ending Pooled Cash Balance	\$	763,926.04	\$ 806,604.94

Assumptions for Allocated Receiver Expenses:

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

September Actual	\$ 34,878.92
October Actual	21,031.34
November Actual	8,780.02
December Actual	1,889.24
Sub-total	66,579.52
4 mth. actual average (rounded)	<u>\$ 16,640.00</u>

² Indirect Expenses: This estimate is Florida Preferred's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on Florida Preferred'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	\$ 110,000.00
Estimated Expense	<u>\$ 110.00</u>

Florida Preferred Property Insurance 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

	<u>January</u>	<u>February</u>	<u>Totals</u>
Accrued Allocated State of Florida Expenses (Estimated)			
Labor & Benefits	\$ 380.00	\$ 380.00	\$ 760.00 ¹
Indirect Expenses	10.00	10.00	\$ 20.00 ²
Total	\$ 390.00	\$ 390.00	\$ 780.00 ³

Assumptions for Allocated State of Florida Expenses:

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

September Actual	738.07
October Actual	514.76
November Actual	225.07
December Actual	42.76
Sub-total	<u>1,520.66</u>
4 mth. actual average (rounded)	<u>\$ 380.00</u>

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

Estimated Total Asset %	0.10%
Estimated Total for the State	<u>\$ 10,000.00</u>
Estimated Expense	<u>\$ 10.00</u>

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

Florida Preferred Property Insurance company
Interest Earnings Projection - Pooled Cash
Projected for February 2018

Interest accrued for January

Beginning cash balance	763,926.04
Ending cash balance	747,754.94
Average cash balance	755,840.49
Assumed SPIA interest rate (Annualized)	1.50%
Subtotal (Annualized)	11,337.61

Accrual for January **\$ 900.00**

Interest accrued for February

Beginning cash balance	747,754.94
Ending cash balance	806,604.94
Average cash balance	777,179.94
Assumed SPIA interest rate (Annualized)	1.50%
Subtotal (Annualized)	11,657.70

Accrual for February **\$ 1,000.00**

Florida Preferred Property Insurance company
Receiver Windup Expenses
Projected for February 2018

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

Records Storage, Labor	1,500.00
2017 and 2018 Tax Returns	
Total	<u><u>\$ 1,500.00</u></u>

Florida Preferred Property Insurance 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		\$ 637,851.60
	Accrual for January - February (Estimate from Schedule B)	<u>\$ 780.00</u>
Total		<u>\$ 780.00</u>
Projected Contributed Equity Balance as of 2/28/2018		<u><u>\$ 638,631.60</u></u>