



Law, Redd, Crona & Munroe, P.A.
Certified Public Accountants

March 19, 2014

Mr. Fred Staubitz
Florida Department of Financial Services
Division of Rehabilitation and Liquidation
2020 Capital Circle SE, #310
Tallahassee, FL 32301

VIA E- MAIL

RE: The Estate of Intercontinental Marine Service Corporation

Dear Fred:

Attached please find our insolvency report prepared in accordance with our contract dated October 7, 2010, including supporting documents utilized in our analysis of the above referenced estate. Our report begins on Page 1 with concluding comments on Page 11. A list of documents referenced in preparing our report is shown on Pages 12 – 13. Supplemental comments received by Law, Redd, Crona and Munroe, P.A. from the Receiver's Legal Team appears as Supplemental Correspondence on Page 14 and is referenced on Page 11 within our report.

If you should have any questions or require further analysis, please do not hesitate to contact me.

Sincerely,

Jeanne C. Allen, CPA

JCA:lld
Attachments

INSOLVENCY REPORT

INTERCONTINENTAL MARINE SERVICE CORPORATION

Receivership Information/Reference –

Name of Receivership	Intercontinental Marine Service Corporation
Receivership Number	521
Date of Conservation	N/A
Date of Rehabilitation	July 28, 2009
Date of Liquidation	December 18, 2009

Scope – As provided in that Provider Contract between the “Receiver of the Estate of Intercontinental Marine Service Company,” (the Receiver being the Florida Department of Financial Services, Division of Rehabilitation and Liquidation), hereinafter referred to as “Receiver,” and Law, Redd, Crona & Munroe, P.A., hereinafter referred to as “Provider” effective October 7, 2010, under Section 5, SCOPE OF WORK, states in part:

5.1 Prepare an insolvency summary report (“Insolvency Report”), pursuant to the requirements of 631.398(3), Florida Statutes, relating to the history and causes of insolvency, including a statement of the business practices of Intercontinental Marine Service Company, which led to its insolvency.

5.1.1 For the receivership of Intercontinental Marine Service Company, Provider will review Intercontinental Marine Service Company’s records in the Receiver’s possession for information relating to the cause(s) of Intercontinental Marine Service Company’s insolvency and prepare and submit an approved, written summary report on those causes.

The authority under which the insolvency report is written is Section 631.398, Florida Statutes which states as follows:

The 2013 Florida Statutes

[Title XXXVII](#)
INSURANCE

[Chapter 631](#)
INSURER INSOLVENCY; GUARANTY OF
PAYMENT

[View Entire Chapter](#)

631.398 Prevention of insolvencies.—To aid in the detection and prevention of insurer insolvencies or impairments:

(1) Any member insurer; agent, employee, or member of the board of directors; or representative of any insurance guaranty association may make reports and recommendations to the department or office upon any matter germane to the solvency, liquidation, rehabilitation, or conservation of any member insurer or germane to the solvency of any company seeking to do an insurance business in this state. Such reports and recommendations are confidential and exempt from the provisions of s. [119.07\(1\)](#) until the termination of a delinquency proceeding.

(2) The office shall:

(a) Report to the board of directors of the appropriate insurance guaranty association when it has reasonable cause to believe from any examination, whether completed or in process, of any member insurer that such insurer may be an impaired or insolvent insurer.

(b) Seek the advice and recommendations of the board of directors of the appropriate insurance guaranty association concerning any matter affecting the duties and responsibilities of the office in relation to the financial condition of member companies and companies seeking admission to transact insurance business in this state.

(3) The department shall, no later than the conclusion of any domestic insurer insolvency proceeding, prepare a summary report containing such information as is in its possession relating to the history and causes of such insolvency, including a statement of the business practices of such insurer which led to such insolvency.

History.—ss. 28, 39, ch. 83-38; ss. 187, 188, ch. 91-108; s. 4, ch. 91-429; ss. 2, 6, ch. 93-118; s. 385, ch. 96-406; s. 1351, ch. 2003-261.

Information relied on to prepare this insolvency report for Intercontinental Marine Service Corporation (IMSC) was obtained from Provider's review of files in the Receiver's possession. The documents selected for our review were primarily the files turned over to the Receiver from the Office of Insurance Regulation (OIR), Bureau of Specialty Lines. The files in the Receiver's possession at 2020 Capital Circle SE were reviewed by Jeanne Allen, CPA, on the following dates: December, 14, 2011, January 25, 2012, January 27, 2012 and December 27, 2013. Additionally, electronic copies of certain documents were obtained and reviewed at Provider's office.

Business – Historical information related to the company is as follows:

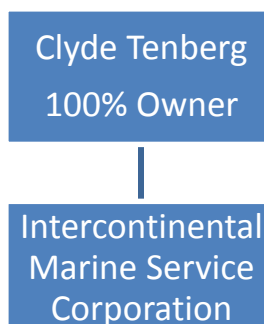
- Date and Location of Incorporation – IMSC was originally organized on October 21, 1988 in the state of Florida. IMSC operated under the fictitious name, First Warranty Group of Florida (FWG) and its principal place of business was Deerfield Beach, Florida. First Warranty Group of Florida (FWG). IMSC changed its principal place of business to Charlotte, North Carolina on its 2008 annual report filing with the Division of Corporations.
- Date Company began doing business in Florida – IMSC was originally licensed in Florida on May 10, 1989 as a service warranty association, and commenced business in June 1989.
- Lines of business and certificates of authority – On May 10, 1989, IMSC was issued a license as a service warranty association (SWA) pursuant to Chapter 634, Part III, F.S. (SW statute), issuing warranties on boats and marine engines under Florida Company Code 80188. Effective February 20, 2003, the SWA license was suspended by OIR and IMSC was issued a license as a motor vehicle service agreement company pursuant to Chapter 634, Part 1, F.S. (MVSA statute) issuing warranty contracts

for marine and certain recreation vehicles, motor cycles, automobiles and marine watercraft under Florida Company Code 60115 (No. 03-650081186). According to IMSC's 2006 annual statement, the Company was also licensed in Texas.

- Geographic – IMSC primarily issued service agreements in Florida, operating out of Deerfield Beach. As mentioned above, the Company was also licensed in Texas. The primary business administration office was located in North Carolina.
- Operating results – IMSC filed annual statements under the MVSA license up through the year ended December 31, 2006. There were quarterly statements filed during 2007, however, as far as can be determined, there was no annual statement filed for the year ended December 31, 2007. Additionally, there was only one statement filed for 2008, as far as can be determined, and it appears to be year to date financial information for the period ended December 22, 2008, which was completed using the quarterly statement form. Accordingly, the following operating results have been extracted from non-comparative periods, but are presented as the best information available to show the financial picture prior to the voluntary surrender of the Florida licenses up through the final operating results filed by the Company.

	12/22/2008	9/30/2007	12/31/2006	12/31/2005
Premiums Earned	\$ 2,159,290	\$ 6,243,057	\$ 10,374,699	\$ 5,271,122
Underwriting Loss	\$ (3,071,675)	\$ (648,368)	\$ (1,461,062)	\$ (84,525)
Net Loss	\$ (2,981,769)	\$ (418,970)	\$ (1,349,269)	\$ (52,532)

- Ownership – On the annual and quarterly statements reviewed by Provider in preparing this insolvency report, Clyde Tenberg was listed as the sole shareholder of IMSC. Further, the Company's 2006 annual statement indicated there were no other individuals or entities that had an ownership interest in IMSC. However, notes to the Company's financial statements as of December 31, 2006 described the Company as a "wholly-owned subsidiary of Intercontinental Acceptance Corporation (FL) d/b/a National Warranty Notification Center (NWNC)." Based on communications between Clyde Tenberg and OIR, as far as can be determined, Tenberg also owned Intercontinental Acceptance Corporation (IAC d/b/a NWNC). However, on the last report filed with OIR in 2008, the Company still reported Tenberg as 100% owner of IMSC, with no reference to an intermediate company holding an ownership interest.



- Affiliates – IMSC shared office space and certain other costs with International Acceptance Corporation – Delaware (IAD) d/b/a First Warranty Group, a company related through common ownership. IMSC paid management fees to IAD for lease and other expenses. Also, according to the notes to IMSC's financial statements as of December 31, 2006, NWNC, the purported parent company of IMSC as referenced above under Ownership, operated one of two primary call centers writing contracts for the Company. Additionally, per email correspondence from Tenberg to OIR dated February 3, 2009, IMSC and IAD were both owned by IAC – Florida (NWNC). Other affiliates as listed in the petition for rehabilitation dated April 23, 2009 were Warranty Central LLC f/k/a Interstate National Dealer Services (INDS) and Pay-As-U-Drive, which had the same operating address in North Carolina as IMSC.

Management – People involved with the ownership and management of the Company were as follows:

- The 2005 annual statement lists Clyde Tenberg as the President, Secretary and Treasurer/Chief Financial Officer (CFO). No other individuals are listed as an officer or director in 2005.
- The 2006 annual statement lists Tenberg as President only, and Tara Williams is listed as Vice President. No other officers/directors are identified in the 2006 annual statement.
- The Quarterly Statement for the period ended September 30, 2007 lists Tenberg as the President, Secretary and Treasurer/CFO, and again lists Williams as the Vice President.
- The final report filed for the period ended December 22, 2008 lists Tenberg as Chief Executive Officer and Williams as President.
- Dates of employment are unknown

Background/Events of Impact – Intercontinental Marine Service Corporation (IMSC or Company) was a Florida Corporation organized in October 1988 and originally licensed in Florida as a service warranty association (SWA) on May 10, 1989. The Company operated under the fictitious name, First Warranty Group of Florida (FWG) and began issuing warranties on boats and marine engines in June 1989.

Subsequent to an examination of IMSC by the Department covering the period of January 1, 1997 through June 30, 1999 that found market conduct and financial reporting issues, a consent order was entered into on May 31, 2002 in Case Number 34770-00-CO. The consent order required that IMSC comply with all provisions of the Florida Insurance Code, submit audited financial statements for a period of five years and be subject to another examination by the Department within six months. The consent order further provided that if the Company were found to be in compliance, that the Department would consider IMSC's application for licensure as a motor vehicle service agreement company.

The Department conducted the examination in 2002 covering the period July 1, 1999 through December 31, 2001, IMSC's fifth examination since obtaining an SWA license in Florida. The Company was found to be in full compliance with Chapter 634, Part III, F.S. (the SWA statute), and no other findings or recommendations were noted in the examination. On February 20, 2003, OIR issued a consent order in Case Number 65811-03-CO suspending the SWA license, requiring that no new service warranty business be written and no existing contracts renewed. The consent order provided for the SWA license to remain suspended until expiration of

the last existing contract, and required the Company continue to service and maintain the remaining service warranty contracts in accordance with the SWA statute. Also upon execution of the February 20, 2003 consent order, IMSC was issued a license as a motor vehicle service agreement company and became subject to the requirements of Chapter 634, Part I, F.S. (the MVSA statute). In accordance with the provisions of the consent order, all existing marine contracts were to be transferred and administered in accordance with the provisions of the MVSA statute, along with all new motor vehicle service agreements. The consent order required submission of audited financial statements for a period of four years, unless otherwise instructed by the Department.

In 2004, the Department conducted its sixth examination of IMSC, covering the period January 1, 2002 through June 30, 2004 in order to determine compliance with Chapter 634, F.S. and Chapters 690-198 and 690-200, Florida Administrative Code. In a letter dated December 23, 2004 to Clyde Tenberg from OIR, there were several findings noted from this examination regarding compliance and financial reporting matters. The following is a summary of the findings:

- IMSC had not submitted audited financial statements for the year ended December 31, 2003 that were required by the February 20, 2003 consent order;
- Improvements were needed in financial reporting regarding: 1) lack of establishing an allowance for uncollectible accounts, 2) commissions receivable recorded on IMSC's books that were actually due to an affiliate of the Company, 3) overstatement of cash surrender values of certain life insurance policies, 4) lack of provision for unpaid losses and claims, and 5) understatement of the unearned premium reserve;
- IMSC did not meet the minimum net asset requirement required after taking into account the adjustments made by the examiner. The net asset deficiency calculated by the examiner was \$269,822 as of June 30, 2004; and
- IMSC did not meet the requirements to maintain an adequately funded unearned premium reserve due to the fact that two of the Company's bank accounts were encumbered under terms of a financing agreement. The examination noted a deficiency of \$762,137 in unencumbered assets.

By letter dated January 20, 2005, the Company submitted its response to the 2004 examination conducted by OIR, including its corrective action plan for addressing each of the findings. A follow up response was also submitted by letter dated February 24, 2005 regarding the encumbrance impacting the funded status of the unearned premium reserve, which included a letter from Mepco, IMSC's warranty financing company, releasing the control account and unencumbering the account balance.

By email dated April 7, 2006, the Company was notified of certain issues noted from OIR's review of IMSC's 2005 annual statement, including the need for the Company to make a capital contribution to reduce the writing ratio to 10 to 1.

By letter dated December 15, 2006, OIR notified IMSC of certain issues revealed as a result of the quarterly statement for the period ended September 30, 2006, which included notification of a deficiency in statutory net worth totaling \$(73,477), as a result of the writing ratio exceeding 10 to 1. By letter dated December 20, 2006, the Company responded by crediting back \$75,000 in management fees from the "parent" company to

rectify the deficiency. In support of this transaction, the Company provided a check image showing a check for \$75,000 paid to First Warranty Group of Florida, posting from the "IAD Main Operating 9720" account.

Based on submission dates documented in the Department's Financial Analysis and Monitoring EDMS (FAME), the Company failed to timely file both its 2006 annual statement and the first quarterly statement of 2007. The 2006 annual statement due on March 1, 2007 was filed May 29, 2007, and the quarterly statement for the period ended March 31, 2007 due on May 15, 2007 was filed May 22, 2007.

On or about June 13, 2007, IMSC was placed on a "solvency monitoring" list by OIR. A letter was drafted to IMSC on June 11, 2007 regarding the Company's negative statutory net worth as reported on the first quarter 2007 statement as (\$554,269) and that need for a capital contribution to bring the statutory net worth up to \$2,686,285 to cure the deficiency and bring the writing ratio back to the maximum allowed of 10 to 1. It is unclear as to whether this letter was sent, however there were email communications documenting that the solvency issue had been discussed with the Company, specifically Clyde Tenberg (then President). By letter dated June 13, 2007 to OIR from Tenberg regarding the Company's noncompliance, he provided some information on steps the Company had been taking to cure the deficiency. The letter discussed rapid growth experienced by IMSC in 2006, and the Company's realization that they would need to obtain additional capital in order to continue to grow while meeting statutory requirements. The letter went on to discuss the company's efforts to raise capital by retaining an investment banking firm, GrowthFinance, LLC, to assist. The Company stated that they would notify all their producers that they would no longer accept any new business as of the close of business on June 29, 2007. Subsequent correspondence indicates that the Company was instructed to stop writing new business effective June 13, 2007.

The Company was unsuccessful in its attempts to raise new capital and consequently, by letter dated August 20, 2007 from Clyde Tenberg to OIR, IMSC requested to be allowed to voluntarily surrender its MVSA license. On September 19, 2007, the Company surrendered license #80188 (SWA) that had been on suspended status, and subsequently, on October 10, 2007, the Company surrendered license #60115 (MVSA). The Surrender Affidavit was signed by Clyde Tenberg and Tara Williams as President and Vice President, respectively. According to the affidavit, the Company had not executed any motor vehicle warranty contracts since June 15, 2007. At the time of surrender, IMSC had 13,682 motor vehicle warranty contracts representing \$27,763,235 outstanding in total gross written premium, with the last contract expiring on July 13, 2014, as stated in the surrender affidavit.

In a File Memorandum dated January 16, 2009, Lamar Downs documented certain issues regarding IMSC's inability to pay claims. The memo stated that on or about December 4, 2008, Downs had been contacted by the Department's Division of Consumer Services regarding consumer inquiries received about IMSC's failure to pay claims. The memo also discussed communications with Clyde Tenberg indicating that the Company had exhausted its available cash paying claims and refunds on cancelled contracts, and that future claims and refunds on cancellations would be processed, but could not be paid. In a memo dated December 4, 2008 to Downs, Tenberg describes an abnormal increase in claims and cancellations experienced in 2008.

As a result of several consumer complaints received by OIR, and IMSC's financial statement as of December 22, 2008, which reported negative statutory net worth in excess of \$3.7 million, OIR initiated examination proceedings to determine IMSC's financial position and ability to pay claims and issue refunds. OIR conducted a target examination from January 27 – February 13, 2009, not only to determine the viability of the company to pay claims and issue refunds, but also looking at the basis and appropriateness of certain bank transfers and payments. A summary of the findings follows:

- As of January 31, 2009, the Company had unpledged, unrestricted cash available to pay claims of approximately \$204,000;
- The Company had paid on average over \$150,000 in claims per month in 2008, and paid approximately \$52,000 in January and February 2009, for claims primarily filed in November and December 2008. In addition, approximately \$119,000 cancellations were processed in January 2009, the majority of which were generated by contract cancellations were filed several months prior to the process date, many of which remained unpaid several weeks after the cancellation refund process date. Accordingly, it was concluded that the Company would quickly exhaust the unpledged/unrestricted cash resources;
- Management fees were paid to an affiliate, Intercontinental Acceptance Corporation of Delaware (IAD), using IMSC's assets, which were in excess of \$5 million in 2006 and totaled \$567,550 in 2008;
- In addition to the cash payment in 2008, IMSC transferred in excess of \$260,000 to IAD for a life insurance policy to offset management fees payable;
- The Company could not produce a copy of the management agreement with IAD, either formal or informal, to substantiate the basis of the fees assessed to and paid by IMSC; and
- IMSC confirmed payments in excess of \$20,000 were made for marketing and entertainment expenses in the fourth quarter of 2008, despite the fact that the Company had surrendered its license in October 2007.

Based on the findings of the examination, OIR determined that one or more grounds existed for the initiation of delinquency proceedings, and by letter dated April 16, 2009, OIR notified the Chief Financial Officer of the Department of Financial Services that receivership proceedings for rehabilitation or liquidation should be initiated against IMSC. The examination findings were documented in the Affidavit of James J. Patino (then Financial Specialist with OIR), and also summarized in the Affidavit of Jovita C. Ashton, (then Director of Specialty Product Administration with OIR), both of which were attached as exhibits in the petition filed by the Department on April 23, 2009, for an order to show cause as to why the Department should not be appointed Receiver over IMSC for purposes of liquidation. On April 23, 2009, an order was also issued requiring the Company appear on July 29, 2009 to show cause in the matter. The order also authorized the Department to continue its investigation into the financial affairs of IMSC. IMSC consented to the Department being appointed as Receiver, and per consent order dated July 28, 2009, the Company was placed into rehabilitation.

The Receiver filed a status report with the Court on October 26, 2009 documenting continued efforts by the Receiver to determine the financial condition of IMSC, preserve and uncover assets, determine the scope of claims outstanding and potential claims and steps undertaken to develop and determine the viability of a rehabilitation plan. However, on December 17, 2009, the Receiver filed a petition for liquidation of IMSC,

citing further efforts to rehabilitate the Company would be useless. Effective December 18, 2009, IMSC was ordered into liquidation to protect the remaining assets of the Company for the benefit of policyholders, creditors and the public. As documented in paragraph 6 of the liquidation order, the consent executed by IMSC "authorized the entry of an order of liquidation without further notice or hearing in the event that the Receiver determined that further efforts to rehabilitate the company would be useless."

On December 9, 2013, the Receiver filed a motion with the Court for approval of final claims report, claims distribution report, distribution accounting, and for an order authorizing final distribution of claims. The final claims report reflected 4,032 claims filed for a total amount claimed of \$3,845,105.43 classified 2-11, by priority in accordance with Section 631.271, Florida Statutes. IMSC was not covered by a guarantee association, accordingly, there were no Class 1 claims. The Receiver recommended total payments of \$1,394,275.09 on Class 2 claims, however, due to the limitation on funds available, the Receiver recommended total distribution of \$615,354.92 to claimants, representing 44.1344% of the recommended claim amount. Also due to the limitation on funds, only the Class 2 claims were evaluated by the Receiver. The Receiver's motion was approved by order of the Court on December 10, 2013.

Underwriting Results – IMSC's underwriting results and costs are summarized in the tables below. Premium written, less cancellations per IMSC's statements filed with OIR were as follows:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005*
Premiums Written	\$ 331,277	\$ 10,444,883	\$ 21,999,818	\$ -
Less Cancellations	(2,355,601)	(4,222,652)	(4,820,361)	-
Adjusted Premiums	<u>\$ (2,024,324)</u>	<u>\$ 6,222,231</u>	<u>\$ 17,179,457</u>	<u>\$ -</u>

* Per the 2005 annual statement, there was no written premium shown on the supporting schedules for the year ended December 31, 2005, only an amount carried over from the prior year (2004) of \$33,371. Additionally, we noted that the 2005 annual statement was prepared using Form OIR-A3-456, whereas the 2006 annual statement was prepared using Form OIR-A3-467. Accordingly, there were differences noted when attempting to compare the information in the supporting schedules.

IMSC reported premiums earned, underwriting loss and net loss per the statements filed with OIR as follows:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005*
Premiums Earned	\$ 2,159,290	\$ 6,243,057	\$ 10,374,699	\$ 5,271,122
Underwriting Loss	\$ (3,071,675)	\$ (648,368)	\$ (1,461,062)	\$ (84,525)
Net Loss	<u>\$ (2,981,769)</u>	<u>\$ (418,970)</u>	<u>\$ (1,349,269)</u>	<u>\$ (52,532)</u>

IMSC reported commissions, both current and deferred, on the statements filed with OIR as follows:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005*
Current Commissions	\$ 2,588,803	\$ 4,141,899	\$ 2,899,187	\$ 1,737,679
Deferred Commissions	-	11,128,361	10,956,105	-
Total Commissions	<u>\$ 2,588,803</u>	<u>\$ 15,270,260</u>	<u>\$ 13,855,292</u>	<u>\$ 1,737,679</u>

There were no deferred commissions reported as of 12/31/2005 (see note above regarding 2005 annual statement form) and none reported on the statement filed as of 12/22/2008. Commissions as a percentage of earned premium, written premium and written premium adjusted for cancellations were as follows:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005*
Current Commissions	\$ 2,588,803	\$ 4,141,899	\$ 2,899,187	\$ 1,737,679
Premium Earned	2,159,290	6,243,057	10,374,699	5,271,122
Ratio	119.89%	66.34%	27.94%	32.97%
Total Commissions	\$ 2,588,803	\$ 15,270,260	\$ 13,855,292	\$ 1,737,679
Premiums Written	331,277	10,444,883	21,999,818	-
Ratio	781.46%	146.20%	62.98%	See note above
Total Commissions	\$ 2,588,803	\$ 15,270,260	\$ 13,855,292	\$ 1,737,679
Adjusted Premium (WP less Cxl's)	(2,024,324)	6,222,231	17,179,457	-
Ratio	-127.88%	245.41%	80.65%	See note above

Reinsurance – Based our review, there did not appear to be any reinsurance in effect at the time of insolvency. Further, the only evidence of any reinsurance found since IMSC's inception was related to a former agreement with Virginia Surety Company, Inc. (VS), an unaffiliated insurance company, under which policies written by the Company were ceded to VS. This agreement was cancelled during 1998. Per IMSC's audited financial statements for the year ended December 31, 2005, the Company maintained no premium in force which had been ceded under this previous agreement for which the risk of loss remained with VS. In connection with this agreement, VS had retained commission due to the Company of \$258,763 as reported on the annual statement for the year ended December 31, 2006 (there is no discussion of reinsurance in the notes to the Company's 2006 financial statements). The receivable was to be remitted to the Company as the related policies expired or were cancelled. On the Company's December 22, 2008 statement filed with OIR, there is no reinsurance reported and no receivable outstanding due from VS.

Financial: The following table shows a high level snapshot of IMSC's financial position as reported by the Company per the statements filed with OIR:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005
Total Assets	\$ 1,644,601	\$ 18,139,847	\$ 18,926,852	\$ 3,971,021
Total Liabilities	\$ 5,376,267	\$ 18,969,743	\$ 19,337,778	\$ 3,042,678
Stockholder's Equity	\$ (3,711,665)	\$ (829,896)	\$ (410,926)	\$ 928,343

IMSC's equity was comprised of common stock, additional paid-in capital and retained earnings (deficit). The Company's financial position deteriorated beginning in 2006, ultimately reporting a net deficit in excess of \$3.7 million in 2008, as summarized in the table below:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005
Common Stock	\$ 100	\$ 100	\$ 100	\$ 100
Additional Paid-in Capital	99,900	99,900	99,900	99,900
Retained Earnings (Deficiency)	(3,811,665)	(829,896)	(510,926)	828,343
Total Equity (Deficit)	<u>\$ (3,711,665)</u>	<u>\$ (729,896)</u>	<u>\$ (410,926)</u>	<u>\$ 928,343</u>

IMSC's investments were primarily the statutory deposits held by OIR as collateral. Cash deposits decreased significantly from 2006 to 2008 as shown in the following table:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005
Cash	\$ 481,705	\$ 5,685,729	\$ 6,142,718	\$ 2,098,218
Investments - Short Term	-	105,257	104,484	4,495
Investments - Long Term	1,097,170	920,000	900,000	731,991
Total Cash and Investments	<u>\$ 1,578,875</u>	<u>\$ 6,710,986</u>	<u>\$ 7,147,202</u>	<u>\$ 2,834,704</u>

IMSC reported unearned premium reserves at 50% of unearned gross written premium; however, the Company lacked the unencumbered reserves as required by Section 634.041 (8)(a)1, Florida Statutes, as summarized in the table below:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005
Unearned Premium Reserve	\$ 5,245,584	\$ 9,429,198	\$ 9,450,024	\$ 2,654,109
Funded UEP Reserve	1,578,875	6,709,118	7,061,706	2,793,939

IMSC reported premiums earned, underwriting expenses and net loss per the statements filed with OIR as follows:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005*
Premiums Earned	<u>\$ 2,159,290</u>	<u>\$ 6,243,057</u>	<u>\$ 10,374,699</u>	<u>\$ 5,271,122</u>
Claims – MVSA	1,999,428	2,236,556	2,042,672	740,168
Commissions to Agents – Current	2,588,803	4,141,899	2,899,187	1,737,679
General Expenses	642,734	512,970	6,893,902	2,877,800
Total Expenses	<u>5,230,965</u>	<u>6,891,425</u>	<u>11,835,761</u>	<u>5,355,647</u>
Net Underwriting Income (Loss)	(3,071,675)	(648,368)	(1,461,062)	(84,525)
Investment Income	89,906	229,398	111,793	31,993
Net Income (Loss)	<u>\$ (2,981,769)</u>	<u>\$ (418,970)</u>	<u>\$ (1,349,269)</u>	<u>\$ (52,532)</u>

General expenses, as reported by IMSC and summarized above, included management fees paid to an affiliated company, IAD. However, in the annual and quarterly statements reviewed by Provider, there were no details provided supporting the amounts reported as to what type of expenses comprised total general expenses. Per the Company's audited statements for the year ended December 31, 2005, management fees paid were \$2,567,595. The Company's audited statements for the year ended December 31, 2006 show management fees expensed and paid of \$3,889,854, (however, the auditor is only reporting on the balance sheet as of December 31, 2006, and not on the results of operations or cash flows for the year then ended). We noted above that during the target examination conducted in 2009, the examiner documented management fees exceeded \$5 million in 2006 and totaled \$576,550 in 2008. During our review of the documents regarding the IMSC receivership, we did not attempt to reconcile the difference in the management fees found by the OIR examiner and the amount in the Company's 2006 financial statements, nor did we locate documentation of the management fees incurred and/or paid in 2007.

Based on amounts reported by IMSC on the statements filed with OIR, claims paid and incurred as a percentage of earned premiums were as follows:

	12/22/2008	9/30/2007	12/31/2006	12/31/2005*
Reported Claims Paid Current and YTD	\$ 1,978,725	\$ 2,236,556	\$ 2,042,672	\$ 740,168
Premium Earned YTD	2,159,290	6,243,057	10,374,699	5,271,122
Ratio	91.64%	35.82%	19.69%	14.04%
Reported Claims Incurred	\$ 1,999,428	\$ 2,246,746	\$ 2,075,201	\$ 760,929
Premium Earned Plus Inv. Inc.	2,240,215	6,472,455	10,486,492	5,303,115
Ratio	89.25%	34.71%	19.79%	14.35%

Conclusion – Intercontinental Marine Service Corporation had some history of noncompliance, including deficiencies in maintaining adequately funded reserves. The Company experienced a large amount of growth in written premium in 2006. Along with the growth in written premium, the Company also paid out large amounts for commissions to agents and management fees to a related entity. Commissions paid out in 2006 and 2007 were approximately 28% and 66% of earned premium, respectively, while total commissions (current and deferred) were approximately 63% and 146% of written premium for 2006 and 2007, respectively. Management fees paid in 2006 exceeded \$5 million, and the Company was unable to provide a copy (formal or informal) of a management agreement supporting those fees. IMSC's attempts to raise additional capital to sustain the growth experienced in 2006 were unsuccessful, ultimately resulting in the Company's voluntary surrender of its Florida license. The Company experienced further deterioration partially due to large amounts of cancellations, \$4.8 million, \$4.2 million and \$2.35 million in 2006, 2007 and 2008, respectively. After the surrender of the license, the payment of claims, commissions and other operating expenses quickly drained the Company's liquid reserves, and the Company was unable to pay claims.

Comments of the Receiver's Legal Team – Comments provided by the Receiver are documented on Page 14 below the List of References under the section entitled "Supplemental Correspondence."

References – The following documents were utilized in preparing the above insolvency report:

Legal documents referenced (L Series) –

- L-1 – Consent order, Case No. 34770-00-CO (dated 5/31/2002)
- L-2 – Consent order, Case No. 65811-03-CO (dated 2/20/2003)
- L-3 – Petition for an order to show cause as to why the Department of Financial Services should not be appointed receiver for purposes of liquidation and for an order enjoining the waste or disposition of property (dated 4/23/2009); including the following documents
 - o IMSC's 2008 Annual Report filing with the Division of Corporations
 - o IMSC's Application for Registration of Fictitious Name
 - o IMSC's Surrender Affidavit (dated 10/10/2007)
 - o Affidavit of Jovita Ashton
 - o Affidavit of James Patino
 - o IMSC's statement filing with OIR for the period ended December 22, 2008
 - o Referral letter from OIR to the Chief Financial Officer (dated 4/16/2009)
- L-4 – Order to show cause, injunction and notice of automatic stay (dated 4/23/2009)
- L-5 – Consent order appointing the Florida Department of Financial Services as Receiver for purposes of rehabilitation, injunction, and notice of automatic stay (dated 7/28/2009)
- L-6 – Receiver status report and plan of rehabilitation (dated 10/26/2009)
- L-7 – Petition for order appointing the Florida Department of Financial Services as Receiver for purposes of liquidation, injunction, and notice of automatic stay (dated 12/17/2009)
 - o IMSC's consent to order of receivership included as an attachment
- L-8 – Order appointing the Florida Department of Financial Services as Receiver for purposes of liquidation, injunction and notice of automatic stay (dated 12/18/2009)
- L-9 – Motion for approval of final claims report, claims distribution report, distribution accounting, and for order authorizing distribution (dated 12/9/2013)
- L-10 – Order approving Receiver's motion for approval of final claims report, claims distribution report, and distribution accounting, and authorizing distribution (dated 12/10/2013)

Financial reporting documents (F Series) –

- F-1 – IMSC's 2005 annual statement filed with OIR
- F-2 – IMSC's 2006 annual statement filed with OIR
- F-3 – IMSC's 2007 first quarter statement filing dates
- F-4 – IMSC's 2007 third quarter statement filed with OIR
- F-5 – IMSC's Statutory Financial Statements for the years ended December 31, 2005 and 2004 and Independent Auditors' Report
- F-6 – IMSC's Financial Statements for the year ended December 31, 2006 and Independent Auditors' Report (Balance Sheet only – GAAP basis)

Correspondence and OIR findings (C Series) –

- C-1 – Letter from OIR to Clyde Tenberg with Report of Examination for the period ended June 30, 2004 (dated December 23, 2004)
- C-2 – Letters from Clyde Tenberg to OIR regarding IMSC's response to the examination findings (dated January 20, 2005 and February 24, 2005)
- C-3 – Email correspondence between OIR and IMSC regarding issues noted from OIR's review of the Company's 2005 annual statement
- C-4 – Correspondence regarding third quarter statement for 2006
- C-5 – Email correspondence regarding solvency monitoring
- C-6 – Correspondence from Clyde Tenberg to OIR regarding noncompliance
- C-7 – Correspondence from Clyde Tenberg to OIR regarding noncompliance including documentation regarding attempts to raise capital
- C-8 – Email correspondence regarding IMSC's attempts to obtain a bridge loan
- C-9 – Email correspondence regarding instructions to IMSC to stop writing new business
- C-10 – Correspondence from Clyde Tenberg to OIR regarding IMSC's request to voluntarily surrender its license
- C-11 – File memorandum regarding complaints filed against IMSC, documentation of discussions between OIR and Clyde Tenberg and current and future financial position
- C-12 – Email correspondence from Clyde Tenberg to Jim Patino (dated February 3, 2009)

Supplemental Correspondence

As detailed above, IMSC was owned and controlled by one individual – Clyde Tenberg. In the last few years of IMSC's existence, significant amounts of money were transferred to one or more affiliates, also owned and controlled by Clyde Tenberg. Upon appointment, the receiver attempted to analyze and investigate those transfers. Our efforts were frustrated by:

The absence of records of IMSC detailing, supporting, and justifying the transfers;

The inability to obtain records of the affiliates to further analyze the transfers and the flow of funds originating in IMSC;

Mr. Tenberg's failure to cooperate, respond, and assist in the Receiver's efforts to obtain explanations and information concerning these transfers; and

Mr. Tenberg's disappearance.

Absent the ability to fully analyze these transactions, the possibility that these transactions were without fair consideration, improperly benefitted Mr. Tenberg to the detriment of IMSC, and in fact, caused the insolvency of IMSC, cannot be ruled out.

Bob Elias
Chief Attorney

L Series – Legal Documents Referenced

Jovita

2002 Consent order regarding noncompliance

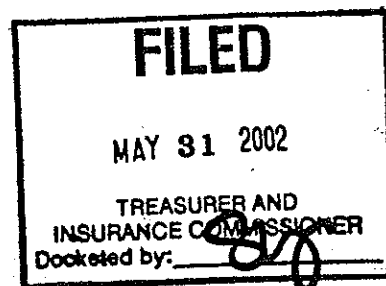
cc: SCOTT
BERNIE } 6/7/02
AMY

L-1

Please make sure staff
follows up on the terms &
conditions of this op.
Note the Exon 12
6 months



TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE



6/4/02

INTERCONTINENTAL
MARINE SERVICE CORPORATION

CASE NO. 34770-00-CO

RECEIVED

JUN 03 2002

BUREAU OF SPECIALTY INSURERS

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between INTERCONTINENTAL MARINE SERVICE CORPORATION, (hereinafter referred to as "INTERCONTINENTAL MARINE") and the FLORIDA DEPARTMENT OF INSURANCE, (hereinafter referred to as the "DEPARTMENT"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the Treasurer and Insurance Commissioner, as head of the FLORIDA DEPARTMENT OF INSURANCE, hereby finds as follows:

1. The Treasurer and Insurance Commissioner, as head of the DEPARTMENT, has jurisdiction over the subject matter of, and parties to, this proceeding.
2. INTERCONTINENTAL MARINE is a Florida corporation licensed as a service warranty association and is subject to the jurisdiction and regulation of the DEPARTMENT pursuant to the Florida Insurance Code.

3. The DEPARTMENT conducted an examination of INTERCONTINENTAL MARINE covering the period of January 1, 1997 through June 30, 1999, pursuant to Section 634.416, Florida Statutes. As a result of such examination, the DEPARTMENT determined that INTERCONTINENTAL MARINE committed the following violations of the Florida Insurance Code.

a. INTERCONTINENTAL MARINE has failed to include all "gross written premiums" in its 1999 quarterly report in violation of Section 634.401(4), Florida Statutes and Rule 4-198.005, Florida Administrative Code. The examination found that the amount reported was understated by approximately \$46,440.00. A violation of the same Code provision was cited in a previous examination and addressed in the Department's Consent Order issued November 6, 1998.

b. INTERCONTINENTAL MARINE has failed to comply with the financial requirements of Section 634.406(5), Florida Statutes, relating to the ratio of gross written premiums to net assets. The examination found that the ratio for gross written premiums in force to net assets exceeded the statutorily required to 7 to 1 ratio. Based on \$5,068,932 of gross written premiums in force, the company was required to maintain minimum net assets of \$724,133. However, due to the Department's disallowance of certain assets, the company only had net admissible assets of \$573,719; resulting in a 8.84 to 1 ratio of gross written premiums to net assets. A violation of the same Code provision was cited in a previous examination and addressed in the Department's Consent Order issued November 6, 1998.

c. INTERCONTINENTAL MARINE failed to accurately report to the Department its accounts payable amount. The examination found that the accounts

payable amount had to be increased due to the company's failure to report the correct amount of unremitted premium due.

d. INTERCONTINENTAL MARINE failed to accurately report its fixed assets in accordance with Section 634.4061, Florida Statutes. The examination found that the corporation included numerous items under \$200 and was not amortizing any items. Furthermore, the company failed to provide the Department with documentation to substantiate the cost and acquisition date of said fixed assets reported.

e. INTERCONTINENTAL MARINE improperly included the cash surrender value of a life insurance policy as an asset and misstated the cash surrender value of said policy. The examination found that the company included said policy in its non-current receivables. However, the company is not a beneficiary of said policy. Thus, said policy should not have been reported as an asset. Additionally, the company stated the cash surrender value of said policy as \$22,364. However, the Department's examination revealed that the cash surrender value was only \$2,039.

4. The DEPARTMENT and INTERCONTINENTAL MARINE expressly waive a hearing in this matter and the making of Findings of Fact and Conclusions of Law by the DEPARTMENT and all further and other proceedings herein to which the parties may be entitled by law.

5. INTERCONTINENTAL MARINE hereby knowingly and voluntarily waives the rights to challenge or to contest this Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

6. For each violation noted in Paragraph 3, INTERCONTINENTAL MARINE provided written documentation detailing the corrective action taken in order to comply with Florida Statutes and/or the Florida Administrative Code to the DEPARTMENT.

7. INTERCONTINENTAL MARINE agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) INTERCONTINENTAL MARINE shall pay an administrative penalty of \$5,000 on or before the 30th day after this Consent Order is executed.

(b) INTERCONTINENTAL MARINE shall henceforth comply with all of the provisions of the Florida Insurance Code and the Florida Administrative Code.

(c) INTERCONTINENTAL MARINE shall submit audited financial statements prepared pursuant to Section 634.415, Florida Statutes, for a period of 5 years or until the Department instructs otherwise.

(d) The Department shall commence an examination of INTERCONTINENTAL MARINE, pursuant to Section 634.416, Florida Statutes within six months from the date of execution of this Consent Order. If the completed examination and the audited financial statements for the year ending December 31, 2001 demonstrate to the DEPARTMENT that INTERCONTINENTAL MARINE is and has been in compliance with the provisions of Chapter 634, Part III, Florida Statutes, the DEPARTMENT then shall consider for approval INTERCONTINENTAL MARINE's application for licensure to issue motor service agreements pursuant to Chapter 634, Part I, Florida Statutes, provided that INTERCONTINENTAL MARINE has complied and adhered to all conditions set forth in this Consent Order.

(e) INTERCONTINENTAL MARINE is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations of these sections by INTERCONTINENTAL MARINE may be deemed willful, subjecting INTERCONTINENTAL MARINE to appropriate penalties.

8. INTERCONTINENTAL MARINE agrees that the failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a lawful order of the DEPARTMENT, and shall subject INTERCONTINENTAL MARINE to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

9. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

10. THEREFORE, the agreement between INTERCONTINENTAL MARINE SERVICE CORPORATION and the FLORIDA DEPARTMENT OF INSURANCE, consisting of the terms and conditions set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 31st day of May, 2002.





KEVIN McCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof INTERCONTINENTAL MARINE SERVICE CORPORATION consents to entry of this Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. I am authorized to execute this document.

INTERCONTINENTAL MARINE
SERVICE CORPORATION

By: Clyde Tenby

Title: President

Date: 4/17/02

COPIES FURNISHED TO:

Clyde Tenberg, President
Intercontinental Marine Service Corporation
1191 East Newport Center Drive #100
Deerfield Beach, Florida 33442

Dan Taylor, Esquire
Tripp, Scott, Conklin & Smith, P.A.
110 SE 6th Street, 15th Floor
Fort Lauderdale, FL 33301

Robert A. Willis, Chief
Department of Insurance
Bureau of Specialty Insurers
200 East Gaines Street
Tallahassee, Florida 32399

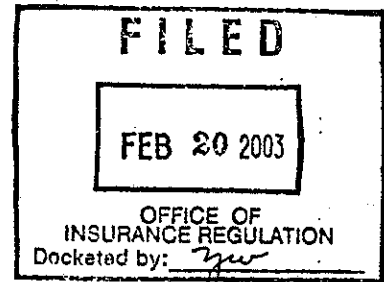
Mechele R. McBride, Senior Attorney
Department of Insurance
Division of Legal Services
200 East Gaines Street
Tallahassee, Florida 32399-0333

2003 Consent order regarding
the MVSA license



OFFICE OF INSURANCE REGULATION

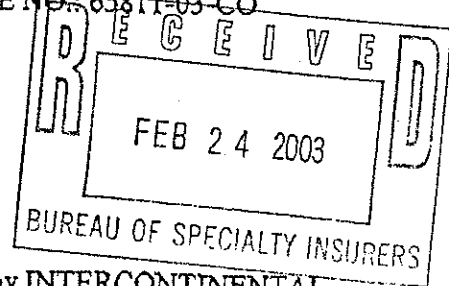
KEVIN M. MCCARTY
DIRECTOR



IN THE MATTER OF:

INTERCONTINENTAL MARINE
SERVICE CORPORATION

CASE NO. 65811-03-CO

CONSENT ORDER

THIS CAUSE came on for consideration upon the filing by INTERCONTINENTAL MARINE SERVICE CORPORATION (hereinafter, the "APPLICANT") with the OFFICE OF INSURANCE REGULATION of the FINANCIAL SERVICES COMMISSION within the DEPARTMENT OF FINANCIAL SERVICES (hereinafter referred to as "the OFFICE") of an application for licensure in Florida as a motor vehicle service agreement company. The OFFICE, having considered said application and being otherwise advised in its premises, finds as follows:

1. The OFFICE has jurisdiction over the subject matter of, and parties to, this proceeding.
 2. APPLICANT is a domestic corporation and has applied for and, subject to the satisfaction of the conditions established herein, met all of the conditions precedent to the granting of a license to act as a motor vehicle service agreement company in Florida pursuant to the requirements set forth for licensure by the Florida Insurance Code.
 3. APPLICANT has been licensed since 1989 as a service warranty association pursuant to Part III of Chapter 634, Florida Statutes, and issues warranties on boats and marine
- 60

engines and other service warranties. APPLICANT is presently operating under the terms of an earlier consent order, in Case Number 34770-00-CO, regarding certain market conduct and financial reporting issues, namely failure to include all gross written premiums in its 1999 quarterly report, failure to comply with the ratio requirement due to the Department disallowing certain assets, and inaccurate reporting of fixed assets. The consent order was entered on May 31, 2002 and provided that Applicant must comply with all provisions of the Florida Insurance Code, submit audited financial statements for the next five years, and be examined by the Department within six months. The consent order also provided that if the exam found the company in full compliance with the provisions of Chapter 634, Part III, Florida Statutes, the Department would consider applicant's licensure as a motor vehicle service agreement company. APPLICANT has been found to be in full compliance and is also in full compliance with the consent order entered in the matter and has filed this application in keeping with the terms of the consent order.

4. APPLICANT shall henceforth comply with the applicable provisions of the Florida Insurance Code and the Florida Administrative Code. APPLICANT is hereby placed on notice of these requirements and agrees that any future violations may be deemed willful, subjecting Applicant to appropriate penalties.

5. APPLICANT shall submit audited financial statements prepared pursuant to Section 634.141, Florida Statutes, for a period of 4 years or until the OFFICE instructs otherwise.

6. APPLICANT agrees to the following further terms and conditions relating to its existing service warranty license:

a) The OFFICE will place the service warranty license in suspended status immediately upon execution of this consent order by the Office;

(2)

b) No new service warranty business will be written and no existing contracts will be renewed; the service warranty license will remain in suspended status until the last existing contract expires; and the service warranty license will be surrendered for termination immediately upon such expiration.

c) APPLICANT shall continue to remit all license fees and meet all reporting requirements of Part III of Chapter 634 while the service warranty license is in suspended status.

d) Upon the effective date of this Consent Order, APPLICANT shall be subject to the requirements of Part I of Chapter 634, Florida Statutes with respect to all existing marine contracts and those contracts shall be administered in accordance with the provisions of Chapter 634, Part I.

e) APPLICANT shall service and maintain the remaining service warranty contracts in accordance with the requirements of Chapter 634, Part III, Florida Statutes. At the same time, and in addition to these requirements, APPLICANT shall service and maintain the transferred contracts and all new motor vehicle service agreements in accordance with the financial requirements of Chapter 634, Part I, Florida Statutes. Under no circumstances will the net worth and assets used to calculate and/or meet the ratio and reserve requirements under Part III be utilized to calculate and/or meet the ratio and reserve requirements of Part I.

f) APPLICANT shall initiate, within 5 days of the execution of the consent order by the OFFICE, a transfer of securities in excess of the amount needed to fulfill the deposit requirements for its remaining service warranty contracts under Chapter 634, Part III, from the accounts currently held by Collateral Securities, to new accounts established to fulfill the requirements under Chapter 634, Part I, for motor vehicle service agreements, including the transferred marine contracts.

7. APPLICANT agrees that the failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a lawful order of the OFFICE and shall subject APPLICANT to such administrative action as the OFFICE may deem appropriate.

8. Executive Order 13224, which was signed by President George Bush on September 23, 2001, blocks the assets of terrorist and terrorist support organizations identified by the Office of Foreign Assets Control of the Treasury Department. The Order also prohibits any transactions by U.S. persons involving the blocked assets and interests. The list of identified terrorists and terrorist support organizations is periodically updated at the Treasury Department's website, www.treas.gov/ofac/.

9. APPLICANT shall establish and adhere to necessary procedures to detect and prevent prohibited transactions with individuals and entities which have been identified at the Office of Foreign Assets Control website of the Treasury Department.

10. APPLICANT expressly waives a hearing in this matter, and the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which the parties may be entitled by law or rules of the OFFICE. APPLICANT hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order in any forum now available, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

11. The parties agree that this Consent Order will be deemed to be executed when the agency head or his designee has signed a copy of this Consent Order bearing the signature of all parties or their authorized representatives, notwithstanding the fact that the copy was transmitted to the agency by facsimile machine.

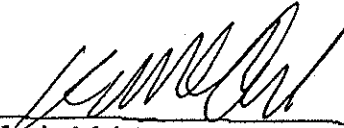
12. Each party to this proceeding shall bear its own costs and fees.

WHEREFORE, subject to the conditions set forth above, the Application of INTERCONTINENTAL MARINE SERVICE CORPORATION to conduct business in the State of Florida as a motor vehicle service agreement company is APPROVED and APPLICANT is hereby authorized to conduct business in the State of Florida as a motor vehicle service agreement company.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE and ORDERED this 20th day of February, 2003.




Kevin M. McCarty
Director

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

STATE OF FLORIDA, ex. rel., the
DEPARTMENT OF FINANCIAL SERVICES
OF THE STATE OF FLORIDA,

Relator,

vs.

CASE NO.: 2009-CA- 1568

INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida,

Respondent.

_____ /

**PETITION FOR AN ORDER TO SHOW CAUSE AS TO WHY
THE DEPARTMENT OF FINANCIAL SERVICES SHOULD NOT BE
APPOINTED RECEIVER FOR PURPOSES OF LIQUIDATION AND FOR AN
ORDER ENJOINING THE WASTE OR DISPOSITION OF PROPERTY**

The State of Florida, ex rel., the Florida Department of Financial Services, Division of Rehabilitation and Liquidation (hereinafter the "Department"), by counsel, applies to this Court for the entry of an Order to Show Cause on the appointment of the Department as the Receiver of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida (hereinafter "Respondent"), for purposes of liquidation and giving notice of automatic stay, and for entry of an Order enjoining the waste or disposition of property of, or relating to, Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida. In support of its Petition, the Department states as follows:

1. This Court has jurisdiction pursuant to Section 631.021, Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. Respondent was licensed as a Motor Vehicle Service Agreement Corporation insurer pursuant to Chapter 634, Part One, Florida Statutes, on February 20, 2003 and authorized to offer motor vehicle warranties to Florida residents. The current known principal place of business associated with the Respondent is at 9115 Harris Corners Parkway, #100, Charlotte, NC 28269. Its previously known principal place of business in Florida was at 1191 E. Newport Center Drive, #100, Deerfield Beach, FL 33442. Copies of the *2008 For Profit Corporation Annual Report* and the *Application for Registration of Fictitious Name (Name Registered: First Warranty Group of Florida)* filed with the Florida Secretary of State are incorporated herein as Attachment "A."

3. Respondent, through its Officers and Directors: Clyde W. Tenberg (then President) and Tara Williams (then Vice-President), submitted an affidavit in support of surrendering its license to do business as a motor vehicle warranty company in the State of Florida (hereinafter "Surrender Affidavit") on October 10, 2007. The Surrender Affidavit noted that as of the surrender date, the Respondent had 13,682 outstanding motor vehicle warranty contracts with a total gross written premium outstanding of \$27,763,235. The Surrender Affidavit also identified that the expiration date of the last warranty contract is July 13, 2014. A copy of the Surrender Affidavit is incorporated herein as Attachment "B."

4. It is the understanding of the Department that one or both of the Officers and Directors identified in Paragraph 3 of this Petition have been associated in various capacities with several other warranty service business entities or purported managing agencies inclusive of, but not necessarily limited to, the following:

a. *Intercontinental Acceptance Corporation of Florida (a/k/a IAC) d/b/a National Warranty Notification Center.* This entity is the purported parent company of Respondent.

b. *Intercontinental Acceptance Corporation of Delaware (a/k/a IAD).*

c. *First Warranty Group.*

d. *Warranty Central LLC f/k/a Interstate National Dealer Services (INDS).*

d. *Pay-As-U-Drive.* The identified operating address in North Carolina for this entity is the same as that provided for Respondent as noted in Attachment "A."

5. Section 634.253, Florida Statutes, provides that if any grounds for rehabilitation, liquidation, conservation, reorganization, seizure, or summary proceedings exist, then a petition for an appropriate court order may be applied for in accordance with Chapter 631, Florida Statutes.

6. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving an insurer.

7. Pursuant to Section 631.031, Florida Statutes, the Department is empowered to apply to this Court for an Order directing the Respondent to show cause why the Department should not be appointed Receiver of Respondent for purposes of liquidation upon any of the grounds provided for under Section 631.061, Florida Statutes (also citing to grounds specified in Section 631.051, Florida Statutes), together with such other relief as the nature of the case and interests of the policyholders, creditors, stockholders, members, subscribers, or public may require.

8. The Department has determined that one or more grounds exist for delinquency proceedings to be initiated against Respondent's pursuant to Sections 634.253 and 631.061, Florida Statutes (also citing to grounds specified in Section 631.051, Florida Statutes).

9. More specifically, the Department has determined that grounds for liquidation of the Respondent exist pursuant to Section 631.061, Florida Statutes (also citing to grounds specified in Section 631.051, Florida Statutes), as more particularly detailed in the Affidavit of Jovita C. Ashton (hereinafter the "Ashton Affidavit"), Director of Specialty Product Administration for the Florida Office of Insurance Regulation (hereinafter the "Office"). A copy of the Ashton Affidavit is incorporated herein as Attachment "C."

The basis for the Office's determination is summarized as follows:

A. The Respondent is insolvent.

1. Respondent provided financial statements in its 2008 Annual Report filing with the Office which show it is insolvent. (*SEE EXHIBIT B OF ASHTON AFFIDAVIT*)

2. The Respondent lacks the funded unrestricted reserve requirement of 50% of unearned premium as required by Section 634.041, Florida Statutes. (*SEE EXHIBIT C OF ASHTON AFFIDAVIT*)

3. As of January 31, 2009, the Respondent's unpledged, unrestricted cash available to pay claims is insufficient to pay claims as they become due in the normal course of business.

B. The Office has found Respondent to be in such condition or is using such practices in the conduct of its business as to render its further transaction of insurance presently or prospectively hazardous to policyholders, creditors, stockholders, or the public.

1. The Respondent has reported a **negative** net worth in excess of \$3.7 million. (*SEE EXHIBIT B OF ASHTON AFFIDAVIT*)

2. Respondent has delayed payment by more than thirty (30) days on most claims and for several months on cancellation refunds. (*SEE EXHIBIT A OF ASHTON AFFIDAVIT*)

C. The Office has found that the Respondent transferred or attempted to transfer substantially its entire property or business into any transaction the effect of which is to merge substantially its entire property or business into that of any other insurer or entity without having first obtained the written approval of the office under the provisions of Sections 628.451, or Section 628.461, or Section 628.4615, as the case may be.

1. Between 2006 and 2008, the Respondent transferred in excess of \$5 million out of the assets of the company to its parent or other affiliated company and has thus transferred substantially its entire property to its parent or other affiliated company without approval of the Office.

10. By letter to the Honorable Alex Sink, Chief Financial Officer of the State of Florida, Kevin McCarty, Commissioner of the Office of Insurance Regulation, recommended that receivership proceedings, pursuant to Chapter 631, Florida Statutes,

be initiated against the Respondent. A copy of the letter is incorporated herein as Attachment "D."

11. Accordingly, it is in the best interests of Respondent, policyholders, creditors, stockholders, and the public that the relief requested in the Petition be granted.

12. Section 631.041, Florida Statutes, provides that the Department's Petition for an Order to Show Cause operates as a matter of law as an automatic stay of certain actions. Notice of the automatic stay should be contained within the Order to Show Cause. However, the Court Order should provide that regulatory actions against the Respondent by any regulatory body shall not be stayed.

13. Section 631.041, Florida Statutes, authorizes this Court to issue such injunctions restraining the Respondent and its officers, directors, stockholders, members, subscribers, employees, and agents and all other persons from the transaction of its business or the waste or disposition of its property and to issue such orders as deemed necessary to preserve the remaining assets of the insurer until further order of the court.

WHEREFORE, the Department respectfully Petitions this Court entry of its Order:

A. Directing the Respondent to appear before this Court on a day certain and show good cause, if any, as to why the Department should not be appointed Receiver of Respondent for purposes of liquidation under the provisions of Chapter 631, Florida Statutes.

B. Requiring Respondent to file a written response along with any defenses it may have to the Department's allegations no later than 20 days after service of any Order to Show Cause issued by this Court and at least 15 days prior to hearing.

C. Directing that in order to protect the interests of policyholders, creditors, and the public generally, pending adjudication of this matter and to protect and preserve the assets, books, and records of Respondent pending hearing on the Department's Petition pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations, associations and Respondent's affiliates as defined by Section 631.011, Florida Statutes, and all other persons or entities within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, trustees, members, agents, and employees be enjoined and restrained from removing, destroying, or otherwise disposing of any documents, books, records, or assets of Respondent (or pertaining to Respondent); from doing, through acts of commission or omission, or permitting to be done any action which might waste or otherwise dispose of the books, records, and assets of, or directly or indirectly relating to, the Respondent; from denying the Department access to the books, records, and assets of, or directly or indirectly relating to, the Respondent; from, in any manner, interfering with the Department or the conduct of these proceedings; from the removal, concealment or other disposition of the property, books, records and accounts of, or directly or indirectly relating to the Respondent; from the commencement or prosecution of any actions against the Respondent, or the obtaining of preferences, judgments, writs of attachments or execution against the Respondent or its property or assets. However, regulatory actions against Respondent by any regulatory body should not be stayed or enjoined.

D. Directing that, until such further order of the Court, the Department be authorized to conduct an investigation as authorized by Sections 631.156 and 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to

uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and any parent corporations, subsidiaries, and affiliates should be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. The Respondent and the above specified entities should be required to cooperate with the Receiver to the fullest extent required by Section 631.156 and 631.391, Florida Statutes. Such cooperation should include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the state of Respondent's affairs.

E. Directing that any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates should be required to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and that the failure to comply with any Order to Show Cause issued by this Court shall result in the immediate entry of an Order of Liquidation. Upon receipt of a certified copy of the Order, any bank or financial

institution should be required to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

F. Giving notice of the automatic stay provisions of Section 631.041, Florida Statutes.

G. Directing the Officers and Directors of Respondent to comply with the provisions of Section 626.9541, Florida Statutes; and

H. Granting such other relief as the Court deems appropriate.

AND FURTHER, at hearing or on consent of Respondent, if this Court determines that a receiver should be appointed, the Department moves the Court for entry of its Order of Liquidation, or one of similar form and content, attached to this Petition as Attachment "E."

Dated this 23rd day of April, 2009.



Mark S. Hamilton, Senior Attorney
Florida Bar No.: 0063819
Florida Department of Financial Services
Division of Rehabilitation and Liquidation
P.O. Box 110
Tallahassee, Florida 32302-0110
Phone (850) 413-4410
Facsimile (850) 488-1510

2008 FOR PROFIT CORPORATION ANNUAL REPORT

FILED
Apr 18, 2008
Secretary of State

DOCUMENT# K40939

Entity Name: INTERCONTINENTAL MARINE SERVICE CORPORATION

Current Principal Place of Business:

1191 E. NEWPORT CTR. DR.
#100
DEERFIELD BEACH, FL 33442 US

Current Mailing Address:

15806 BROOKWAY
500
HUNTERVILLE, NC 28078 US

New Principal Place of Business:

9115 HARRIS CORNERS PARKWAY
#100
CHARLOTTE, NC 28269 US

New Mailing Address:

9115 HARRIS CORNERS PARKWAY
#100
CHARLOTTE, NC 28269 US

FEI Number: 65-0081186

FEI Number Applied For ()

FEI Number Not Applicable ()

Certificate of Status Desired ()

Name and Address of Current Registered Agent:

CHIEF FINANCIAL OFFICER
P.O. BOX 6200 32314-6200
200 E. GAINES ST.
TALLAHASSEE, FL 32399 US

Name and Address of New Registered Agent:

The above named entity submits this statement for the purpose of changing its registered office or registered agent, or both, in the State of Florida.

SIGNATURE: _____

Electronic Signature of Registered Agent

_____ Date

Election Campaign Financing Trust Fund Contribution ().

OFFICERS AND DIRECTORS:

Title: PDST () Delete
Name: TENBERG, CLYDE W., J, R.
Address: 118 BEACH LANE
City-St-Zip: MOORESVILLE, NC 28117

Title: VP () Delete
Name: TARA, WILLIAMS
Address: 2442 SMITH COVE ROAD
City-St-Zip: DENVER, NC 28037

ADDITIONS/CHANGES TO OFFICERS AND DIRECTORS:

Title: CEO (X) Change () Addition
Name: TENBERG, CLYDE W., J, R.
Address: 118 BEACH LANE
City-St-Zip: MOORESVILLE, NC 28117

Title: PRES (X) Change () Addition
Name: TARA, WILLIAMS
Address: 2442 SMITH COVE ROAD
City-St-Zip: DENVER, NC 28037

I hereby certify that the information supplied with this filing does not qualify for the exemption stated in Chapter 119, Florida Statutes. I further certify that the information indicated on this report or supplemental report is true and accurate and that my electronic signature shall have the same legal effect as if made under oath; that I am an officer or director of the corporation or receiver or trustee empowered to execute this report as required by Chapter 607, Florida Statutes; and that my name appears above, or on an attachment with an address, with all other like empowered.

SIGNATURE: MICHELLE MOORE

EA

04/18/2008

Electronic Signature of Signing Officer or Director

_____ Date

ATTACHMENT "A"

APPLICATION FOR REGISTRATION OF FICTITIOUS NAME

DOCUMENT# G03112900189

Fictitious Name to be Registered: FIRST WARRANTY GROUP OF FLORIDA

Mailing Address of Business: 1191 E. NEWPORT CENTER DRIVE # 100
DEERFIELD BEACH, FL 33442

Florida County of principal place of business: BROWARD

FEI Number: 65-0081186

FILED
Apr 22, 2003
Secretary of State

Owner(s) of Fictitious Name:

INTERCONTINENTAL MARINE SERVICE CORPORATION
1191 E. NEWPORT CENTER DRIVE # 100
DEERFIELD BEACH, FL 33442 US
Florida Registration Number: K40939
FEI Number: 65-0081186

I (we) the undersigned, being the sole (all the) party(ies) owning interest in the above fictitious name, certify that the information indicated on this form is true and accurate. I (we) understand that the electronic signature(s) below shall have the same legal effect as if made under oath.

CLYDE TENBERG, PRESIDENT

04/22/2003

Electronic Signature(s)

Date

Certificate of Status Requested ()

Certified Copy Requested ()

Motor Vehicle Warranty Surrender Affidavit
Intercontinental Marine Service Corporatin

(Name of Company, hereinafter "the Licensee")

Surrender Affidavit

Before me this day appeared the Licensee, through its President, Clyde Tenberg, and
Tara Williams (other officer, identified below), whom first being duly sworn, depose and
represent to the Office of Insurance Regulation that to the best of their knowledge:

1) The Licensee has not executed any motor vehicle warranty contracts since
June 15, 2007.

2) The Licensee has 13682 outstanding motor vehicle warranty contracts as
of the date of surrender with a total gross written premium outstanding of \$ 27,763,235. Attached
to this affidavit is a list of the outstanding motor vehicle warranty contracts, in expiration date order, and
this list is a true and accurate accounting of the outstanding contracts for the Licensee. The expiration
date of the last contract is 07/13/2014.

3) There are no unpaid refunds outstanding on any previously issued motor vehicle
warranty contracts that have been cancelled.

4) The Licensee has no threatened claims, lawsuits or contingent liabilities in
connection with its outstanding motor vehicle warranty contracts as of the date of surrender.

5) The Licensee will submit a complete financial statement as of the date of the
surrender and a subsequent financial statement at such time as the last outstanding motor vehicle
warranty contract has expired or been cancelled by the company/consumer and all monies due refunded
to the consumers.

6) The Licensee will submit Exhibits I through IX on a quarterly basis in the format
required by the Office of Insurance Regulation. Such reports will be submitted within 45 days after the
end of each reporting period. The reports will be submitted until such time as all outstanding motor
vehicle warranty contracts have either has expired or been cancelled by the company/consumer and all
monies due refunded to the consumers.

7) As provided by Section 634.141, Florida Statutes, the Licensee understands that
the Office has the right to periodic examinations of the company at any time during the surrender period
in which motor vehicle warranty contracts remain outstanding. Should such examinations be required or
necessitated, the Licensee will cover all such costs in connection with the examination.

8) The Licensee will preserve its records for a period or three years following the
surrender and/or expiration of the last motor vehicle warranty contract (whichever is later) and will
apprise the Office immediately of any change in the location of these records.

9) As provided in Section 634.101, Florida Statutes, when the motor vehicle
warranty license is surrendered, the Licensee shall proceed immediately, following the effective date of
the surrender, to conclude its affairs transacted under this part. The Licensee will not solicit, negotiate,
advertise, or effectuate new or renewal of any motor vehicle warranty contracts. The Office retains
jurisdiction over the motor vehicle warranty contracts and the Licensee as it may find to be in the best
interest of the insured until all contracts have been fulfilled, expired and/or cancelled.

Motor Vehicle Warranty Surrender Affidavit

10) The Licensee understands that if it wishes to solicit, negotiate, advertise, or effectuate motor vehicle warranty contracts in the state of Florida after the date of the surrender, the Licensee will apply for a license to conduct such business.

11) The Licensee understands and agrees that prior to the Office's release of any funds held on deposit for the Licensee, the Office will perform an on-site field examination.

12) The Licensee has attached the original license issued to the Licensee by the Office to do business as a motor vehicle warranty company in the State of Florida.

13) If the original motor vehicle warranty license is not attached, the Licensee states that they have made a diligent search for the license, but the license could not be located. In the event the license is subsequently found, the Licensee will forward the license to the Office.

Signed: _____

Clyde Tenberg

Typed Name: Clyde Tenberg

Officer Title: President

Signed: _____

Tara Williams

Typed Name: Tara Williams

Officer Title: Vice President

STATE OF NC COUNTY OF Mecklenburg
Sworn to and subscribed before me

this 10 day of October, 2007

Notary Public
State of North Carolina

My Commission Expires: 6/7/12

☒ Personally Known or ☐ Produced Identification

Type of Identification: _____

Michelle Moore

STATE OF NC COUNTY OF Mecklenburg
Sworn to and subscribed before me

this 10 day of October, 2007

Notary Public
State of North Carolina

My Commission Expires: 6/12/10 6/7/12

☒ Personally Known or ☐ Produced Identification

Type of Identification: _____

Michelle Moore

AFFIDAVIT OF JOVITA C. ASHTON

Before me, the undersigned authority, personally appeared Jovita C. Ashton, Director, Specialty Product Administration, Office of Insurance Regulation, who after being sworn, deposes and says:

1. I, Jovita C. Ashton, currently hold the position of Director of Specialty Product Administration for the Florida Office of Insurance Regulation, State of Florida (hereinafter referred to as the "OFFICE"). I am a 1970 graduate of Florida State University, with a Bachelor of Science Degree in Accounting. I have been licensed as a Certified Public Accountant in Florida since February 27, 1976. I have been employed by the OFFICE or its predecessor (Florida Department of Insurance) since October 16, 2000.

2. Intercontinental Marine Service Corporation (hereinafter referred to as "INTERCONTINENTAL") was licensed as a Motor Vehicle Service Agreement Company pursuant to Chapter 634, Part I, Florida Statutes, on February 20, 2003 and was authorized to offer motor vehicle warranties to Florida residents. On October 10, 2007 INTERCONTINENTAL voluntarily surrendered its license.

3. Based upon the limited scope target examination performed by James J. Patino and the facts presented in his affidavit of April 10, 2009, (**Exhibit A**) the OFFICE has determined that one or more grounds exist for the initiation of delinquency proceedings pursuant to Sections 634.253 and 631.061 Florida Statutes, against INTERCONTINENTAL. As specified in Section 631.061, Florida Statutes, among the grounds that allow a petition for an order to liquidate a domestic insurer include:

(a) Is impaired or insolvent;

- 1) INTERCONTINENTAL provided financial statements in its 2008 Annual Report filing which show that INTERCONTINENTAL is insolvent. (**Exhibit B**)
- 2) The company lacks the funded unrestricted reserve requirement of 50% of unearned premium as required by Section 634.041(8)(a), Florida Statutes. (**Exhibit C**)
- 3) Per the onsite target examination, the unpledged, unrestricted cash available to pay claims as of January 31, 2009 was approximately \$204,000 which is insufficient to pay claims as they become due in the normal course of business.

(b) Is found by the OFFICE to be in such condition or is using or has been subject to such methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, or the public;

- 1) With a reported negative net worth in excess of \$3.7 million, as reflected in **Exhibit B**, INTERCONTINENTAL's continued transaction of insurance would be hazardous to its policyholders, creditors, stockholders, or the public.

- 2) During the target examination, it was noted that INTERCONTINENTAL has delayed payment by more than 30 days on most claims and for several months on cancellation refunds. (Exhibit A)

(c) Has transferred or attempted to transfer substantially its entire property or business or entered into any transaction the effect of which is to merge substantially its entire property or business into that of any other insurer or entity without having first obtained the written approval of the office under the provisions of Sections 628.451, or Section 628.461, or Section 628.4615, as the case may be;

With the transfer of assets to the parent, namely Intercontinental Acceptance Corp. of Delaware, in excess of \$5 million between 2006 and 2008 INTERCONTINENTAL has transferred substantially its entire property to its parent company without approval of the OFFICE.

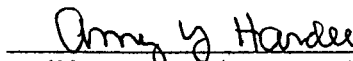
4. Based upon the above findings, the OFFICE has determined that INTERCONTINENTAL is in unsound financial condition and has insufficient capital to assure prompt payment of claims or refunds in this state in the future. Thus, one or more grounds exist for issuing an Order for the entry into liquidation under Chapter 631 and Section 634.253, Florida Statutes.

FURTHER AFFIANT SAYETH NAUGHT,

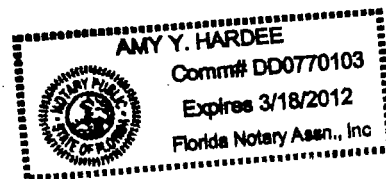

JOVITA C. ASHTON, Director,
Specialty Product Administration
Florida Office of Insurance Regulation

STATE OF FLORIDA
COUNTY OF LEON

The foregoing instrument was acknowledged before me this 21st day of April 2009, by JOVITA C. ASHTON as Director, Specialty Product Administration, Office of Insurance Regulation.


(Signature of the Notary)

Amy Y. Hardee
(Print, Type or Stamp Commissioned Name of Notary)



Personally Known ☒ or Produced Identification _____
Type of Identification Produced _____

Exhibit A

AFFIDAVIT OF JAMES J. PATINO

Before me, the undersigned authority, personally appeared James J. Patino, Financial Specialist, Office of Insurance Regulation, who after being sworn, deposes and says:

1. I, James J. Patino, currently hold the position of Financial Specialist with THE FLORIDA OFFICE OF INSURANCE REGULATION SPECIALTY PRODUCT ADMINISTRATION (hereinafter referred to as the "OFFICE"). I am a 1994 graduate of the University of North Florida, School of Business Administration, with a Master of Business Administration Degree, Major Finance. I have been employed by the OFFICE since August of 1998. My responsibilities include conducting examinations of the financial condition and market conduct compliance of Motor Vehicle Service Agreement Companies. In conducting such examinations, I review pertinent financial documents including annual financial statements.

2. Intercontinental Marine Service Corporation (hereinafter referred to as "INTERCONTINENTAL") was licensed as a Motor Vehicle Service Agreement Company on February 20, 2003 and was authorized to offer motor vehicle warranties to Florida residents. On October 10, 2007 INTERCONTINENTAL voluntarily surrendered its license.

3. The OFFICE has determined that grounds exist for the Department of Financial Services (hereinafter referred to as "DEPARTMENT") to petition for an order, under Section 631.061, Florida Statutes, directing the DEPARTMENT to liquidate INTERCONTINENTAL. The basis for this determination is summarized as follows:

(a) Subsequent to the surrender of the license, the OFFICE received numerous complaints regarding INTERCONTINENTAL's failure to pay claims. The OFFICE also received a financial report filed by INTERCONTINENTAL dated December 22, 2008, which indicated INTERCONTINENTAL was insolvent. The report listed assets in the amount of \$1,644,602 and liabilities of \$5,376,267. As such, statutory net worth was calculated as negative \$3,731,665. During intermittent communication between INTERCONTINENTAL, the Department of Financial Services, and the OFFICE; Clyde Tenberg, President repeatedly indicated that INTERCONTINENTAL was facing a cash shortage, and as a result, was having difficulty meeting its claims obligations.

(b) On January 27, 2009, I was assigned to conduct an onsite target examination of INTERCONTINENTAL. The objective of the examination was to determine the licensee's financial position and its viability to pay claims and issue refunds for the foreseeable

future, and to assess the appropriateness of INTERCONTINENTAL's financial transactions. Scott Slaughter, Financial Examiner/Analyst with the OFFICE, assisted in the onsite examination. The examination of INTERCONTINENTAL was conducted from January 27, 2009 through February 13, 2009; with subsequent follow-up documentation supplied to the OFFICE. The details of the findings are as follows:

As of January 31, 2009, INTERCONTINENTAL had approximately \$457,189 in cash and investments, plus an additional \$978,669 on deposit with the Treasurer of the State of Florida. INTERCONTINENTAL has an additional \$103,758 in cash; however, this amount is pledged to the State of Oklahoma, and will likely not be available to pay claims and refunds to Florida consumers. Moreover, \$253,420 of the investment account is restricted and not readily available to INTERCONTINENTAL. Resulting unpledged, unrestricted cash available to pay claims as of January 31, 2009 was approximately \$204,000. The examination, in conjunction with the follow-up documentation, revealed that over the 2008 calendar year, INTERCONTINENTAL had paid, on average, well over \$150,000 in claims per month. For January and February 2009 combined, INTERCONTINENTAL paid \$51,989 in claims, most of which were filed in November and December of 2008. In January 2009, INTERCONTINENTAL processed \$119,055 in cancellation refunds, the vast majority of which were generated by contract cancellations filed several months prior to the process date. [It should be noted that "processed" does not necessarily equate to payment to the consumer.] Moreover, many of the refunds due on cancelled contracts remained unpaid several weeks after the cancellation refund process date. As such, it is anticipated that INTERCONTINENTAL will quickly exhaust the unrestricted/unpledged cash available to pay claims and refunds.

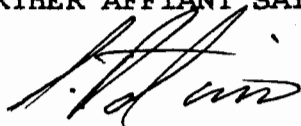
The examination also disclosed many instances where INTERCONTINENTAL's assets were used as payment to an affiliate, namely Intercontinental Acceptance Corp. of Delaware (hereinafter "IAD"), for management fees. Per audited financial statements for 2006, INTERCONTINENTAL incurred and paid over \$5 million in management fees to IAD. In 2008, IAD management and administrative expenses totaled \$567,550. In addition to these fees paid, in March 2008, as an offset to management fees payable to IAD; INTERCONTINENTAL transferred a life insurance policy with a cash surrender value of \$174,704 to IAD. The stated cash surrender value does not take into consideration the premium payment of \$85,828 made by INTERCONTINENTAL in March 2008. General Ledger entries reflect a total transfer by INTERCONTINENTAL to IAD in excess of \$260,000 for the life insurance policy.

A copy of the management agreement with IAD was requested to determine the basis of the fees assessed to and paid by INTERCONTINENTAL. Despite several requests, no management agreement was made available. Clyde Tenberg, President responded that no formal agreement existed. A subsequent request was made for the "informal agreement", but Clyde Tenberg, President provided no response to the inquiry. Additionally, a copy of the Declarations Page of the transferred insurance policy was requested, both verbally and via email. To date, the Declarations Page has not been made available.

Although INTERCONTINENTAL surrendered its license in October 2007 and indicated to the OFFICE that: marketing, solicitation and effectuation of policies had ceased in June 2007; during the fourth quarter of 2008, seven (7) cash transfers from one of INTERCONTINENTAL's operating accounts were identified and confirmed by Clyde Tenberg, President as marketing and entertainment expenses. According to INTERCONTINENTAL's President, the payments totaling more than \$20,000 represented INTERCONTINENTAL's marketing and entertainment expense specifically for the use of a chartered boat.

4. Based upon the above, the OFFICE has determined that one or more grounds exist for the initiation of delinquency proceedings pursuant to Chapter 631, Florida Statutes, against INTERCONTINENTAL.

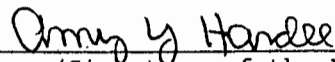
FURTHER AFFIANT SAYETH NAUGHT,



JAMES J. PATINO, Financial Specialist
Specialty Products Administration
Florida Office of Insurance Regulation

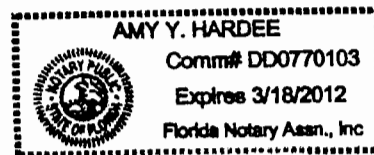
STATE OF FLORIDA
COUNTY OF LEON

The foregoing ²⁰⁰⁹ instrument was acknowledged before me this 21st day of April ~~2007~~, by JAMES J. PATINO as Financial Specialist, Office of Insurance Regulation.



(Signature of the Notary)

Amy Y. Hardee



(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ or Produced Identification ✓

Type of Identification Produced FL Driver's License

Exhibit B

Office of Insurance Regulation
Specialty Product Administration

Correct
1/5/04

FLORIDA COMPANY
CODE:

60115

FEDERAL EMPLOYER
IDENTIFICATION NUMBER:

650081146

QUARTERLY REPORT
OF THE

Detrol Contrived Mary L. Davis car
(Motor Vehicle Service Agreement)

TO THE
OFFICE OF INSURANCE REGULATION
OF THE
STATE OF FLORIDA

Specialty Product Administration
200 East Gaines Street
Tallahassee, FL 32399 - 0331

FOR PERIOD ENDED

12/22/08

GENERAL INFORMATION AND INSTRUCTIONS

1. This report is very important and is a tool the Office of Insurance Regulation (the Office) uses to gauge the financial viability of your company. The financial information submitted is compiled into a financial spreadsheet which shows data accumulated from these reports. Financial viability ratios are computed from this information.
2. Financial statements must be prepared in accordance with generally accepted accounting principles and as prescribed in the Florida Statutes.
3. All terms used in this report will have their general meaning except where specific statutory language applies under the applicable provisions of the Florida Insurance Code.
4. The Balance Sheet, Statement of Operations and the Statement of Cash flows must be prepared based on year-to-date amounts.
5. This form is submitted electronically. Adobe Reader version 7.0.5 or higher is required. If you do not have that version, please upgrade prior to downloading any forms, visit <http://www.adobe.com>.
6. When you downloaded this report, you were assigned a session key. This session key has an expiration date that was also assigned prior to downloading this form. **Please make sure you save or submit prior to this expiration date or all work up until the last save will be lost.**

This session key will expire on:

Eastern Time

7. To assist you in completing this form click both "Highlight Fields" and "Highlight Required Fields" in the upper right hand corner of the report page. This will highlight the fields where you may enter data.
8. The report form will calculate all totals and pre-populate fields based upon your responses. Data cannot be entered into the total and pre-populated fields.
9. Please enter all numeric fields with numbers only (no commas, dashes, dollar signs, etc.) Unanswered questions and blank lines on schedules will not be accepted. If no answers or entries are to be made, enter "0" on all lines asking for a numeric response and "None" or "N/A" on all lines requesting a non-numeric response. Additionally, certain Schedules and Exhibits provide the option "Check if N/A" if the information requested is not applicable to your company.
10. Line descriptions may not be altered or added. When in doubt where to place an item, show the item in an appropriate "Other" line and include a supplemental schedule describing the items listed in the "Other" category. Any item which is of an extraordinary nature should also be entered on an appropriate "Other" line.
11. To save or submit the data, buttons are provided on the last page of this report. Hit the ALT+s keys to go to the last page. By clicking the Save button, all data entered on the form will be saved to our website. **It is strongly recommended that you save your data periodically as you fill in this form.** You will receive a confirmation message once the data is successfully saved.
12. When you either save or submit the form, all data is checked for completeness and you will be notified if errors have occurred. When submitting data, you will be asked to correct these validation errors. Once the data is successfully submitted, you will no longer be able to enter data because this form will become read-only. **To update this information after you have already submitted the data, you will have to make an amendment to this form which is done through REFS.**
13. If additional explanations, supporting statements or schedules are added or are necessary, the additions should be properly cross-referenced to the item being answered. This additional information should be in electronic format (i.e. Word, Excel, PDF, etc) or, if in paper format, scanned in as a PDF, and should be uploaded and attached to the filing as a Miscellaneous Document through REFS.
14. If you have to mail additional information including the attestations, please include a copy of the cover page of the report so that we can properly match the mailed information to the correct report. Alternatively, you may submit a scanned PDF of the signed and notarized attestation page (see next page) as a Miscellaneous Document through REFS.

Company Name: INTERCONTINENTAL MARINE SERVICE CORPORATION Period Ending: 9/30/08

STATEMENT

You can notarize this form electronically by entering the Notary Public, Commission Number and Expiration Date on the form prior to submitting OR if you choose not to notarize electronically then see Instruction 14 on the previous page for options.

Company Name: INTERCONTINENTAL MARINE SERVICE CORPORATION
Company FEIN: 65-0081186 Florida Company Code: 60115 Period Ending Date: 9/30/08
State and Date of Incorporation/Organization: (State/Prov): FL (Date):
Date Licensed by the Office of Insurance Regulation: (Date):
Date Commenced Business: (Date):
Address of Home Office:
Street: 9115 HARRIS CORNERS PARKWAY, SUITE 100
City: CHARLOTTE State/Prov: NC Zip/Postal Code: 28269
Phone: 704-895-1206 Ext: 675 Fax: 704-895-6122
Address of Main Administrative Office:
Street: 9115 HARRIS CORNERS PARKWAY, SUITE 100
City: CHARLOTTE State/Prov: NC Zip/Postal Code: 28269
Phone: 704-895-1206 Ext: 675 Fax: 704-895-6122
Mailing Address:
Street: 9115 HARRIS CORNERS PARKWAY, SUITE 100
City: CHARLOTTE State/Prov: NC Zip/Postal Code: 28269
Phone: CEO Ext: 675 Fax: 704-895-6122
Records Location (if different than Main Office):
Street:
City: State/Prov: Zip/Postal Code:
Address of Principle Florida Office:
Street: 1191 E NEWPORT CENTER DRIVE
City: DEERFIELD BEACH State/Prov: FL Zip/Postal Code: 33442
Phone: 954-360-0254 Ext: Fax:
Website:
Type of entity (check one) ☒ Corporation - For profit ☐ Sole proprietorship
☐ Corporation - Not for profit ☐ Limited liability company
☐ Partnership ☐ Other:
Contact Name: CLYDE TENBERG
Contact Title: CEO
Phone: 704-895-1206 Ext: 675 Fax: 704-895-6122
Email Address: CTENBERG@FIRSTWARRANTYGROUP.COM

OFFICERS / DIRECTORS / MEMBERS
Show full name (initials not acceptable)

Chief Executive Officer CLYDE TENBERG
President TARA WILLIAMS
Vice President
Secretary
Treasurer / Chief Financial Officer
Chairman of the Board

Directors / Members

STATE OF: North Carolina
COUNTY OF: Mecklenburg
Do you intend to notarize this form electronically? ☐
and [Signature], President, [Signature], Secretary,
and [Signature], Chief Financial Officer (or corresponding person having charge of the
financial records of the licensee), of the Intercontinental Marine Service Corp being duly sworn
each for himself or herself deposes and says that they are the above-described officers of the said licensee, and that on the reporting
period stated above, all of the herein assets were the absolute property of the said licensee, free and clear from any liens or claims
thereon, except as herein stated, and that this report, together with related exhibits, schedules and explanations therein contained,
annexed or referred to is a full and true statement of all assets and liabilities and of the condition and affairs of the said licensee as of
the reporting period stated above, and of its income and deductions for the period reported.

Subscribed and Sworn to before me this 5th day of December, 2008
Notary Public: Michelle Mare
Commission Number:
Expiration Date: 5/20/12
President/Owner
Secretary
Treasurer/CFO

Print this page

Company Name:

Period Ending:

BALANCE SHEET ASSETS

	As of
CURRENT ASSETS:	
1. Cash on Hand and on Deposit (Schedule A - Page 7)	481,705
2. Investments (Schedule B - Page 8)	-
3. Receivables (Schedule C - Page 9)	65,726
Allowance for Doubtful Accounts	()
4. Prepaid Expenses	-
5. Inventories	-
6. Other Current Assets (Schedule D - Page 10)	0
7. Total Current Assets	547,431
NON-CURRENT ASSETS:	
8. Investments (Schedule B - Page 8)	1,097,170
9. Receivables (Schedule C - Page 9)	-
Allowance for Doubtful Accounts	()
10. Deferred Acquisition Expenses (Attach Details)	-
11. Deferred Expenses	-
12. Intangible Assets	-
13. Other Non-Current Assets (Schedule D - Page 10)	-
14. Total Non-Current Assets	1,097,170
FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION)	
15. Real Estate Owned	-
16. Automobiles	-
17. Office Equipment & Furniture	-
18. Leasehold Improvements	-
19. Other Fixed Assets (Schedule D - Page 10)	-
20. Total Fixed Assets (Net of Accumulated Depreciation)	-
21. Total Assets	1,644,602
22. Less Non-Admitted Assets (Schedule E, Line 10, Page 11)	()
23. TOTAL ADMITTED ASSETS	1,644,602

Company Name:

Period Ending:

BALANCE SHEET
LIABILITIES AND STOCKHOLDERS' EQUITY

	As of
LIABILITIES:	
1. Accounts Payable	<u>31,100</u>
2. Commissions Payable	
3. Taxes Payable	
4. Current Portion of Notes Payable (Schedule F - Page 12)	
5. Accrued Interest Payable	
6. Claims Payable / Reserve	
a. Motor Vehicle Warranty (F.S. 634, Part I)	<u>94,563</u>
b. Home Warranty (F.S. 634, Part II)	
c. Service Warranty (F.S. 634, Part III)	
7. Other Current Liabilities (Schedule G - Page 14)	<u>36,100</u>
8. Total Current Liabilities	<u>130,683</u>
9. Reserve for Unearned Premium	
a. Motor Vehicle Warranty (F.S. 634, Part I)	<u>5,245,584</u>
b. Home Warranty (F.S. 634, Part II)	
c. Service Warranty (F.S. 634, Part III)	
10. Long Term Portion of Notes Payable (Schedule F - Page 12)	
11. Other Long Term Liabilities (Schedule G - Page 13)	
12. Total Long Term Liabilities	<u>5,245,584</u>
13. Total Liabilities	<u>5,376,267</u>
STOCKHOLDERS' EQUITY:	
14. Common Stock	<u>100</u>
15. Preferred Stock	
16. Additional Paid-in Capital	<u>99,900</u>
17. Retained Earnings (Line 17 - Page 6)	<u>(3,811,665)</u>
18. Less Treasury Stock	()
19. Other (Attach Detail)	
20. Total Stockholders' Equity	
21. TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>1,664,602</u>
22. Total Stockholders' Equity (Line 20 above)	
23. Less Non-Admitted Assets (Schedule E, Line 10, Page 11)	()
24. Statutory Net Worth	

Company Name:

Period Ending:

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

	Current Quarter	Year To Date
INCOME:		
1. Premiums Earned		
a. Motor Vehicle Warranty (F.S. 634, Part I)		2,159,290
b. Home Warranty (F.S. 634, Part II)		
c. Service Warranty (F.S. 634, Part III)		
2. Total Net Investment Income Earned:		
a. Net Income Earned on all Reserves		89,906
b. Net Income Earned on Other Investments		
3. Net Realized Capital Gains (or Losses)		
4. Other Income (Attach Schedule)		
5. Total Income		2,249,196
EXPENSES:		
6. Claims		
a. Motor Vehicle Warranty (F.S. 634, Part I)		1,999,420
b. Home Warranty (F.S. 634, Part II)		
c. Service Warranty (F.S. 634, Part III) 777,750		
7. Commissions to Agents (0.5% premium) 2,588,803		2,588,803
8. General Expenses (Attach Schedule) 6,42,734		642,734
9. Total Expenses		5,230,965
10. Net Gain (or Loss) from operations before Federal and State Income Taxes and Extraordinary Item(s) (298,4769)		
11. Extraordinary Item(s) (Attach Schedule)		
12. Federal and State Income Taxes		
13. Net Gain (or Loss) from Operations		(2,981,769)
14. Retained Earnings, December 31, Previous Year		(829,896)
15. Other (Attach Details)		
16. Less Dividends to Stockholders		()
17. RETAINED EARNINGS (Enter on Line 17, Page 5)		(3,811,665)

Company Name:

Period Ending:

SCHEDULE A
CASH ON HAND AND ON DEPOSIT

☐ Check if Not Applicable

Place a check in the column marked with an asterisk (*) to designate if all or any part of the deposit balance is assigned as collateral for a loan or is otherwise restricted. Attach a supporting statement marked Exhibit A-1, describing the nature of the restriction.

Name of Depository (List All Accounts Even If Closed During Period)	*	Balance as of
CASH MARIION 7379	☐	285,500
CASH MARIION 7530	☐	14,210
CASH MARIION 2596/9343	☐	250
CASH BOFA 9461	☐	9700
CASH FB	☐	172,045
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
	☐	
Total Cash On Deposit:		481,705
Cash On Hand (Petty Cash):		-
TOTAL (Line 1, Page 4):		481,705

Totals of Depository Balances (Demand and Time) as of the
Last Day of Each Month During the Current Year

Month	Balance	Month	Balance	Month	Balance	Month	Balance
JAN		APR		JUL		OCT	
FEB		MAY		AUG		NOV	
MAR		JUN		SEP		DEC	481,705

Company Name:

Period Ending:

SCHEDULE B INVESTMENTS

Place a check in the column marked with an asterisk (*) if this investment represents reserve funds invested. Show all stocks, bonds, debenture bonds, collateral or mortgage notes owned and list in the order of their maturity. If stocks and bonds are not traded on one of the major exchanges or over-the-counter, then sufficient information should be given so that the investments may be verified. Collateral and mortgage notes owned should also reflect sufficient data for confirmation. If investment is on deposit with the Department, indicate with a check in the column marked with a number sign (#).

Description	Maturity Date or Number of Shares	*	#	Market Value	Original Cost
Current:	☐ Check if Not Applicable				
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
Total Current (Line 2, Page 4):				<i>0</i>	
Non-Current:	☐ Check if Not Applicable				
DOZ COLLATERAL		☐	☐	971,148	
OK - CD DEPOSIT		☐	☐	101,023	
TX - CD DEPOSIT		☐	☐	25,000	
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
Total Non-Current (Line 8, Page 4):				1,097,171	
TOTAL INVESTMENTS:				1,097,171	

Period Ending:

Place a check in the column marked with an asterisk (*) on all receivables which are past due over 90 days. Under **Description / Name of Debtor**, identify if the Debtor is an **Affiliate, Director, Officer, Shareholder, or Employee / Salesperson**.

Click Alt+s to jump to the Save/Submit page

Company Name:

Period Ending:

**SCHEDULE D
OTHER ASSETS
(Net of Accumulated Depreciation)**

Identify as current, non-current, or fixed where appropriate. Place a check in the column marked with an asterisk (*) if all or any part of the asset is assigned as collateral for a loan or is otherwise restricted.

Name	Nature of Asset	*	Balance
Other Current Assets:		☐ Check if Not Applicable	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Current Assets (Line 6, Page 4):			
Non-Current Assets:		☐ Check if Not Applicable	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Non-Current Assets (Line 13, Page 4):			
Other Fixed Assets:		☐ Check if Not Applicable	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Fixed Assets (Line 19, Page 4):			
TOTAL OTHER ASSETS:			

Company Name:

Period Ending:

**SCHEDULE E
NON-ADMITTED ASSETS**

1.	Notes, Accounts Receivables or Advances:		
a.	From Affiliates		
b.	From Controlling Stockholder / Ownership Interest		
c.	From Directors / Officers		
d.	From Employees / Salesmen		
e.	From Others		
Total (Line 1, entries a through e):			
2.	Fixed Assets costing less than \$200 each or amortized longer than five years		
3.	Leasehold Improvements in excess of Statute authorization		
4.	Investments:		
a.	In Subsidiaries		
b.	In Affiliates of Parent / Ultimate Parent		
Total (Line 4, entries a and b):			
5.	Prepaid Expenses in excess of Liquidation Value		
6.	Deferred Expenses		
7.	Intangible Assets:		
a.	Goodwill		
b.	Franchises		
c.	Customer Lists		
d.	Patents or Trademarks		
e.	Agreements not to Compete		
f.	Others (Identify)		
Total (Line 7, entries a through f):			
8.	Any Other asset pledged as collateral or otherwise restricted		
9.	Other Assets not allowed by Statute (Identify)		
Total (Line 9, all entries):			
10.	TOTAL NON-ADMITTED ASSETS (Line 22, Page 4 and Line 23, Page 5)		2

Company Name:

Period Ending:

**SCHEDULE F
NOTES PAYABLE**

Place a check in the column marked with an asterisk (*) to designate Notes due to Affiliates, Directors, Officers, or Controlling Shareholder / Interest.

Description			Balance
Current Portion of Notes Payable:	☐ Check if Not Applicable	*	
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
Total Current Portion of Notes Payable (Line 4, Page 5):			0
Long-Term Portion of Notes Payable:	☐ Check if Not Applicable	*	
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
Total Long-Term Portion of Notes Payable (Line 10, Page 5):			
TOTAL NOTES PAYABLE:			0

Company Name:

Period Ending:

**SCHEDULE G
OTHER LIABILITIES**

Name	Nature of Liability	Balance
Other Current Liabilities:	☐ Check if Not Applicable	
	CAPITATION	36,100
Total Other Current Liabilities (Line 7, Page 5):		36,100
Other Long-Term Liabilities:	☐ Check if Not Applicable	
Total Other Long-Term Liabilities (Line 11, Page 5):		
TOTAL OTHER LIABILITIES:		36,100

Company Name:

Period Ending:

SCHEDULE H
FUNDED UNEARNED PREMIUM RESERVE
Chapter 634, Florida Statutes

List all assets used to meet the Unearned Premium Reserve requirement(s) for any warranty license(s) held by the Licensee. The reserve is required to be funded with unencumbered assets. The assets shall be held as prescribed under Chapter 625.301 - 625.340, Florida Statutes. (Attach additional pages, if needed.) Please identify any assets on deposit with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management with check in the column marked with an asterisk (*).

Description of Asset	Maturity or Number of Shares	*	Market Value	Original Cost
Motor Vehicle Service Agreement Company		☐	☐ Check if Not Applicable	
ALL CASH		☐		
INVESTMENTS		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
MOTOR VEHICLE SERVICE AGREEMENT COMPANY RESERVES:				
Home Warranty Association		☐	☐ Check if Not Applicable	
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
HOME WARRANTY ASSOCIATION RESERVES:				
Service Warranty Association		☐	☐ Check if Not Applicable	
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
SERVICE WARRANTY ASSOCIATION RESERVES:				
		TOTAL RESERVES:		

Company Name:

Period Ending: 12/22/08

EXHIBIT I
Recap of Premiums Written for Current Period Ending
NATIONWIDE (Including FLORIDA)

	(A) 1-Year or Less Contracts	(B) 2-Year Contracts	(C) 3-Year Contracts	(D) 4-Year Contracts	(E) Others (5 Year or Longer)	(F) Totals
1. Gross Written Premium Current Year	0	1327	5371	23917	300,682	331,277
2. Less Cancellations and Refunds	(0)	(27376)	(389,683)	(269276)	(1,669,260)	(2,335,601)
3. Adjusted Premiums		26049	384,312	245359	1,768,604	2074324

EXHIBIT II
Recap of In-Force Premiums
NATIONWIDE (Including FLORIDA)

	(A) Number of Warranties	(B) Premium Received and Outstanding	(C) Unearned Premium Reserve (UPR)	(D) Amount of Premium Covered by CLP **
1. In-Force end of prior year 9/2007	13,631	27990871	9,429,98	
2. Audit adjustments to prior year				
3. Issued during the year	134	331,277	165,638	
4. Cancelled during the year	(1063)	(2,355,601)	(1,177,800)	()
5. Expired during the year	(2,449)	(3,962,381)	(1,981,190)	()
6. Earned during the year			(1,190,262)	
7. In-Force end of current year	90,453	22004166	5,245,584 *	

* Amount must agree with Line 9a, Page 5 and the Total of Exhibit IV, Column E, Page 16.

** For companies with more than one CLP policy, attach a separate schedule listing the name and address of the insurer, the time period covered, the number of contracts and the total dollar amount covered by each policy.

PLEASE NOTE: Multiple policies of the same type of coverage are not permitted for the same time period.

EXHIBIT III
Recap of Earned Premiums
NATIONWIDE (Including FLORIDA)

	(A) Adjusted Premiums Written (from Exhibit I)	(B) Add Required UPR Prior Year	(C) Deduct Required UPR Current Year	(D) Premiums Earned (Enter on Line 1a, Year to Date, Page 6)
1. Premiums Written	(2,024,324)	9,429,198	5,245,584	2,159,290

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SCHEDULE C
 AUTO.DBF - MSC
 DETAIL OF UNEARNED PREMIUM RESERVE

12/23/08

CALENDAR YEAR	COUNT	TERM	PREMIUM RECEIVED & OUTSTANDING	UNEARNED PREMIUM RESERVE	COLUMN D/ COLUMN C
2000	1	48	2,194.00	183.00	.080
TOTALS			2,194.00	183.00	.080
2001	1	84	1,770.00	621.00	.350
TOTALS			1,770.00	621.00	.350
2004	352	60	597,924.00	36,354.00	.060
2004	45	72	66,131.00	7,291.00	.110
2004	30	84	38,041.00	6,693.00	.180
TOTALS			702,096.00	50,339.00	.070
2005	153	48	294,685.00	20,592.00	.070
2005	443	60	898,340.00	149,210.00	.170
2005	617	72	1,088,272.00	174,663.00	.160
2005	99	84	199,642.00	47,286.00	.240
2005	3	96	8,376.00	1,717.00	.210
TOTALS			2,489,316.00	393,470.00	.160
2006	972	36	2,003,023.00	167,817.00	.080
2006	302	48	759,852.00	136,669.00	.180
2006	1871	60	4,164,250.00	1,006,555.00	.240
2006	2155	72	4,439,187.00	1,206,991.00	.270
2006	369	84	769,929.00	231,492.00	.300
2006	42	96	83,413.00	18,155.00	.220
TOTALS			12,219,657.00	2,767,683.00	.230
2007	50	24	92,774.00	6,369.00	.070
2007	510	36	1,080,662.00	207,507.00	.190
2007	283	48	692,535.00	193,429.00	.280
2007	872	60	1,952,562.00	626,795.00	.320
2007	874	72	1,855,669.00	645,740.00	.350
2007	315	84	674,398.00	250,131.00	.370
TOTALS			6,348,602.00	1,929,974.00	.300
2008	1	24	1,327.00	110.00	.080
2008	2	36	3,510.00	1,133.00	.320
2008	5	48	12,954.00	5,278.00	.410
2008	21	60	52,427.00	22,027.00	.420
2008	39	72	100,028.00	43,656.00	.440
2008	26	84	70,282.00	31,106.00	.440
TOTALS			240,529.00	103,311.00	.430
GRAND TOTALS			22,004,166.00	5,245,584.00	.240

Company Name:

Period Ending:

EXHIBIT IV
Detail of Unearned Premium Reserve
NATIONWIDE (Including FLORIDA)

ATTACHED

(A)	(B)	(C)	(D)	(E)	(F)
Calendar Year	Term Year	Premium Received and Outstanding on Warranties Not Covered by CLP	Gross Unearned Premium	Unearned Premium Reserve	Column E Divided By Column D
Current	1 or Less				
	2				
	3				
	4				
	5				
	Other				
	2				
	3				
	4				
	5				
	Other				
	3				
	4				
	5				
	Other				
	4				
	5				
	Other				
	5				
	Other				
	Other				
	Totals			*	%

* Amount must equal Unearned Premium Reserve column on Exhibit II, Page 15.

Company Name:

Period Ending:

EXHIBIT V
Recap of FLORIDA Premium Written for the Current Period Ending

	(A) 1-Year or Less Contracts	(B) 2-Year Contracts	(C) 3-Year Contracts	(D) 4-Year Contracts	(E) Others (5 Year or Longer)	(F) Totals
1. Gross Written Premium Current Year	0	0	0	0	0	0
2. Less Cancellations and Refunds	(0)	(27376)	(362,622)	(243756)	(1,386,669)	(2,020,421)
3. Adjusted Premiums		27,276	362,622	24,3756	1,386,669	2,020,421

EXHIBIT VI
Recap of FLORIDA In-Force Premiums

	(A) Number of Warranties	(B) Premium Received and Outstanding	(C) Unearned Premium Reserve (UPR)	(D) Amount of Premium Covered by CLP
1. In-Force end of prior year	11603	24,631,894	8,992,395	
2. Audit adjustments to prior year				
3. Issued during the year	0	0	0	
4. Cancelled during the year	(928)	(2,020,421)	(1,010,210)	()
5. Expired during the year	(1665)	(2,058,708)	(1,029,354)	()
6. Earned during the year			(2,186,575)	
7. In-Force end of current year	9810	20,552,765	4,766,256	

EXHIBIT VII
Recap of FLORIDA Earned Premiums

	(A) Adjusted Premiums Written (from Exhibit V)	(B) Add Required UPR Prior Year	(C) Deduct Required UPR Current Year	(D) Premiums Earned
1. Premiums Written	(2,020,421)	8,992,395	4,176,256	2,155,718

EXHIBIT VII-A
Recap of 15% Reserve

1. Gross Unearned Premium, From Exhibit VIII, Column D, Page 18, x 50%	4,776,256 0
2. Line 1 x 15%	716,438 0
3. Less Statutory Deposit Held Under Section 643.052, F.S.	971,000
4. Required Reserve to be Held by the Department of Financial Services, Division of Treasury, Bureau of Collateral Management Under Section 634.041, F.S.	(254,562) 0

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SCHEDULE C
FL ONLY AUTO.DBF - MSC
DETAIL OF UNEARNED PREMIUM RESERVE

12/23/08

CALENDAR YEAR	COUNT	TERM	PREMIUM RECEIVED & OUTSTANDING	UNEARNED PREMIUM RESERVE	COLUMN D/ COLUMN C
2000	1	48	2,194.00	183.00	.080
TOTALS			2,194.00	183.00	.080
2001	1	84	1,770.00	621.00	.350
TOTALS			1,770.00	621.00	.350
2004	352	60	597,924.00	36,354.00	.060
2004	44	72	64,671.00	7,108.00	.110
2004	30	84	38,041.00	6,693.00	.180
TOTALS			700,636.00	50,156.00	.070
2005	150	48	287,503.00	19,950.00	.070
2005	438	60	888,163.00	147,446.00	.170
2005	602	72	1,057,725.00	167,809.00	.160
2005	97	84	196,293.00	46,471.00	.240
2005	3	96	8,376.00	1,717.00	.210
TOTALS			2,438,061.00	383,394.00	.160
2006	960	36	1,979,921.00	165,569.00	.080
2006	295	48	743,430.00	133,656.00	.180
2006	1838	60	4,092,314.00	989,867.00	.240
2006	2059	72	4,222,105.00	1,143,898.00	.270
2006	331	84	677,963.00	201,843.00	.300
2006	42	96	83,413.00	18,155.00	.220
TOTALS			11,799,148.00	2,652,991.00	.220
2007	43	24	80,600.00	4,879.00	.060
2007	459	36	983,096.00	185,095.00	.190
2007	254	48	618,387.00	170,693.00	.280
2007	839	60	1,883,031.00	603,356.00	.320
2007	731	72	1,543,918.00	531,848.00	.340
2007	231	84	483,250.00	177,232.00	.370
TOTALS			5,592,284.00	1,673,106.00	.300
2008	1	24	1,327.00	110.00	.080
2008	4	60	7,834.00	2,481.00	.320
2008	3	72	5,399.00	1,669.00	.310
2008	2	84	4,110.00	1,541.00	.380
TOTALS			18,671.00	5,803.00	.310
GRAND TOTALS			20,552,765.00	4,766,256.00	.230

□

Company Name:

Period Ending:

EXHIBIT VIII
Detail of FLORIDA Unearned Premium Reserve

att

(A)	(B)	(C)	(D)	(E)	(F)
Calendar Year	Term Year	Premium Received and Outstanding on Warranties Not Covered by CLP	Gross Unearned Premium	Unearned Premium Reserve	Column E Divided By Column D
Current	1 or Less				
	2				
	3				
	4				
	5				
	Other				
	2				
	3				
	4				
	5				
	Other				
	3				
	4				
	5				
	Other				
	4				
	5				
	Other				
	5				
	Other				
	Other				
	Totals			*	%

* Amount must equal Unearned Premium Reserve column on Exhibit VI, Page 17.

Company Name:

Period Ending:

EXHIBIT IX
Reported Claims Incurred

Exclude All IBNR Claims	(A) Reported claims paid current year to date	(B) Total reported claims unpaid	(C) Reported claims unpaid at end of previous year	(D) Reported claims incurred current year (A+B-C=D)
1. Number	4098	171	133	4136
2. Amount	1,978,725	94,503	73,880	1,999,428

EXHIBIT X
Claims Adequacy

(A) Claims reserve previous year	(B) Claims paid during current year on claims incurred in previous years	(C) Excess or (deficiency) (A-B=C)
73880	78800	(4,920)

EXHIBIT XI
Compilation of Claims Payable / Reserve
(Page 6, Line 6a)

	(A) Claims incurred but not reported	(B) Claims reported but not paid	(C) Claims reserve (A+B=C)
1. Number	0		
2. Amount	0		

EXHIBIT XII
Ratios

1	<u>1,978,725</u> Reported claims paid current year to date	<u>2,159,090</u> Premium earned year to date	<u>91.61</u> %
2	<u>1,999,428</u> Reported claims incurred	<u>2,240,015</u> Premium earned (Plus reserve investment income from Statement of Operations, Line 2a, Year to Date, Page 6).	<u>89.2</u> %

EXHIBIT XIII
Claims Exposure

	(A) Total Claims Paid	(B) Total Claims Covered by CLP	(C) % Claims Covered by CLP
1. Nationwide	1,978,725	0	0 %
2. Florida Only	1,918,724	0	0 %

Company Name:

Period Ending:

**EXHIBIT XIV
Itemized Agreement Acquisition Costs**

	(A) Current	(B) Deferred	(C) Total
1. Commissions			
2. Administrative Fees			
3. Underwriting Costs			
4. Other *			
5. Totals			

* Provide detailed breakdown on additional page(s).

**EXHIBIT XV
Premiums Written and Claims Paid by State**

State	Is Company Licensed?	Gross Premiums Written	Claims Paid		Number of Claims Resisted
			Number	Amount	
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
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	☐				
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	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
All Additional States *					
TOTALS:					

Company Name:

Period Ending:

LIST OF OFFICERS/DIRECTORS AND KEY PERSONNEL

Complete the following for all officers, directors, partners, members, and facility executive director/administrators. Include shareholders and affiliates holding at least 10% interest in the operations of the provider. State the percentage owned. If such person and/or shareholder has been appointed, elected, nominated, designated or has been added to this list during this report period, place a check in the "New" column provided. If required biographical information has not been previously submitted on those checked, please refer to the instructions provided at <http://www.flor.com/pdf/OfficeDirector.pdf>.

Name	Position/Title	Residence Address	City	State/ Prov.	Zip/Postal Code	Date of Birth	%	New
Clyde Ten Berge	CEO	11 FREDERICK LANE	ORANGEVIEW	MI	3847	9/15/57	100	☐
Therese Williams	PRN		DENVER	NE			0	☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐
								☐

Exhibit C

Florida Business as of 12/31/2008

Expiration Date	Number of Contracts Outstanding	Gross Written Premium (Retail Price Paid by Consumer)	Prorata Unearned Premium	Prorata Unearned Premium Reserve
01/01/2009 to 03/31/2009	8966	19,100,787	7,496,000	3,748,000
04/01/2009 to 06/30/2009	8370	17,861,712	6,569,490	3,284,745
07/01/2009 to 09/30/2009	7942	17,008,851	5,721,616	2,860,808
10/01/2009 to 12/31/2009	7570	16,272,131	4,943,442	2,471,721
01/01/2010 to 03/31/2010	7206	15,558,437	4,204,428	2,102,214
04/01/2010 to 06/30/2010	6804	14,716,860	3,508,740	1,754,370
07/01/2010 to 09/30/2010	6275	13,598,088	2,853,882	1,426,941
10/01/2010 to 12/31/2010	5666	12,237,096	2,282,324	1,141,162
01/01/2011 to 03/31/2011	5149	11,148,275	1,766,480	883,240
04/01/2011 to 06/30/2011	4339	9,306,743	1,314,058	657,029
07/01/2011 to 09/30/2011	3684	7,906,771	945,974	472,987
10/01/2011 to 12/31/2011	2923	6,276,029	648,324	324,162
01/01/2012 to 03/31/2012	2284	491,663	421,226	210,613
04/01/2012 to 06/30/2012	1454	3,077,869	257,638	128,819
07/01/2012 to 09/30/2012	1038	2,181,269	157,100	78,550
10/01/2012 to 12/31/2012	652	1,369,221	89,308	44,654
01/01/2013 to 03/31/2013	356	741,911	50,898	25,449
04/01/2013 to 06/30/2013	257	535,361	27,912	13,956
07/01/2013 to 09/30/2013				
10/01/2013 to 12/31/2013				
01/01/2014 to 03/31/2014				
04/01/2014 to 06/30/2014				
07/01/2014 to 09/30/2014				
10/01/2014 to 12/31/2014				
01/01/2015 to 03/31/2015				
04/01/2015 to 06/30/2015				
07/01/2015 to 09/30/2015				
10/01/2015 to 12/31/2015				
01/01/2016 to 03/31/2016				
04/01/2016 to 06/30/2016				
07/01/2016 to 09/30/2016				
10/01/2016 to 12/31/2016				

National Business as of 12/31/2008

Expiration Date	Number of Contracts Outstanding	Gross Written Premium (Retail Price Paid by Consumer)	Prorata Unearned Premium	Prorata Unearned Premium Reserve
01/01/2009 to 03/31/2009	10048	21,348,543	9,422,656	4,711,328
04/01/2009 to 06/30/2009	9598	20,535,574	8,360,028	4,180,014
07/01/2009 to 09/30/2009	8996	19,285,621	7,363,932	3,681,966
10/01/2009 to 12/31/2009	8560	18,417,188	6,447,768	3,223,884
01/01/2010 to 03/31/2010	8178	1,756,903	5,603,950	2,801,975
04/01/2010 to 06/30/2010	7795	16,908,396	4,800,718	2,400,359
07/01/2010 to 09/30/2010	7364	16,011,888	4,046,032	2,023,016
10/01/2010 to 12/31/2010	6832	14,886,832	3,332,806	1,666,403
01/01/2011 to 03/31/2011	6212	13,500,119	2,705,864	1,352,932
04/01/2011 to 06/30/2011	5684	12,384,898	2,135,290	1,067,645
07/01/2011 to 09/30/2011	4834	10,465,348	1,631,752	815,876
10/01/2011 to 12/31/2011	4155	9,010,214	1,216,796	608,398
01/01/2012 to 03/31/2012	3376	7,339,262	874,790	437,395
04/01/2012 to 06/30/2012	2702	5,895,091	605,444	302,722
07/01/2012 to 09/30/2012	1815	3,929,760	404,754	202,377
10/01/2012 to 12/31/2012	1374	2,972,911	271,606	135,803
01/01/2013 to 03/31/2013	943	2,056,617	174,602	87,301
04/01/2013 to 06/30/2013	592	1,305,323	111,496	55,748
07/01/2013 to 09/30/2013	409	916,010	69,872	34,936
10/01/2013 to 12/31/2013				
01/01/2014 to 03/31/2014				
04/01/2014 to 06/30/2014				
07/01/2014 to 09/30/2014				
10/01/2014 to 12/31/2014				
01/01/2015 to 03/31/2015				
04/01/2015 to 06/30/2015				
07/01/2015 to 09/30/2015				
10/01/2015 to 12/31/2015				
01/01/2016 to 03/31/2016				
04/01/2016 to 06/30/2016				
07/01/2016 to 09/30/2016				
10/01/2016 to 12/31/2016				



OFFICE OF INSURANCE REGULATION

FINANCIAL SERVICES
COMMISSION

CHARLIE CRIST
GOVERNOR

ALEX SINK
CHIEF FINANCIAL OFFICER

BILL McCOLLUM
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF
AGRICULTURE

KEVIN M. MCCARTY
COMMISSIONER

April 16, 2009

The Honorable Alex Sink
The Chief Financial Officer
Department of Financial Services
The Capitol, PL-11
Tallahassee, FL 32399

Via Email

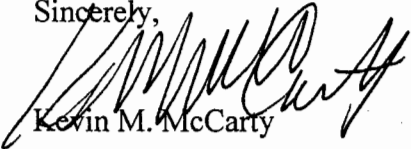
Re: Intercontinental Marine Service Corporation

Dear Chief Financial Officer Sink:

Please be advised that the Office of Insurance Regulation (hereinafter referred to as the "Office") has determined that one or more grounds exist for the initiation of receivership proceedings for rehabilitation or liquidation, pursuant to Chapter 631 and 634, Florida Statutes, against Intercontinental Marine Service Corporation. Please find enclosed the affidavits of Jovita C. Ashton, Director of Specialty Product Administration, and James J. Patino, Financial Specialist, Specialty Product Administration along with attached exhibits with the specific findings of the Office regarding this company. As such, I am advising you of this determination so that receivership proceedings can be initiated by the Division of Rehabilitation and Liquidation.

As always, the Office stands ready to provide any additional information or assistance the Department of Financial Services needs in order for this matter to proceed as expeditiously as possible. Thank you for your attention to this matter.

Sincerely,


Kevin M. McCarty

Enclosures

cc: Benjamin F. Diamond, General Counsel, Department of Financial Services
Wayne A. Johnson, Division Director, Division of Rehabilitation and Liquidation

...

KEVIN M. MCCARTY • COMMISSIONER
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0305 • (850) 413-5914 • FAX (850) 488-3334
WEBSITE: WWW.FLOIR.COM • EMAIL: KEVIN.MCCARTY@FLDFS.COM

Affirmative Action / Equal Opportunity Employer

ATTACHMENT "D"

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

STATE OF FLORIDA, ex. rel., the
DEPARTMENT OF FINANCIAL SERVICES
OF THE STATE OF FLORIDA,

Relator,

vs.

CASE NO.: 2009-CA-_____

INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida,

Respondent.

_____ /

**ORDER APPOINTING THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES
AS RECEIVER OF INTERCONTINENTAL MARINE SERVICE CORPORATION
D/B/A FIRST WARRANTY GROUP OF FLORIDA FOR PURPOSES OF
LIQUIDATION, INJUNCTION AND NOTICE OF AUTOMATIC STAY**

THIS CAUSE was considered on the Petition of the Department of Financial Services for an Order to Show Cause on the appointment of a Receiver of INTERCONTINENTAL MARINE SERVICE CORPORATION D/B/A FIRST WARRANTY GROUP OF FLORIDA (herein "Respondent") for purposes of liquidation. The Court having considered and reviewed the pleadings of record, heard the presentation and argument of counsel, and otherwise being fully informed of the circumstances, this Court finds as follows:

1. This Court has jurisdiction pursuant to Section 631.021, Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.
2. Respondent was licensed as a Motor Vehicle Service Agreement Corporation

insurer pursuant to Chapter 634, Part One, Florida Statutes, on February 20, 2003 and authorized to offer motor vehicle warranties to Florida residents. The current known principal place of business associated with the Respondent is at 9115 Harris Corners Parkway, #100, Charlotte, NC 28269. Its previously known principal place of business in Florida was at 1191 E. Newport Center Drive, #100, Deerfield Beach, FL 33442.

3. Section 641.284, Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive methods of liquidating, rehabilitation, reorganizing, or conserving an insurer.

4. Pursuant to Section 631.031, Florida Statute, the Department is authorized to apply to this Court for an Order directing the Respondent to show cause why the Department should not be appointed Receiver of Respondent for purposes of liquidation under any of the grounds set out in Sections 631.051 and 631.061, Florida Statutes.

5. Pursuant to Section 631.031(1), Florida Statutes, Kevin McCarty, the Commissioner of the Florida Office of Insurance Regulation (the "Office"), advised by letter to Florida's Chief Financial Officer Alex Sink that the Office had concluded grounds existed for the initiation of delinquency proceedings against Respondent.

6. Respondent has in excess of approximately 8,000 outstanding motor vehicle warranty service contracts outstanding in Florida. Respondent must be liquidated to protect the remaining assets of Respondent for the benefit of its policyholders, creditors and the public.

7. Pursuant to Section 631.061, Florida Statutes, this Court finds that it is in the best interests of Respondent, its policyholders, creditors, and the public that the relief requested in the

petition be granted.

THEREFORE, IT IS ORDERED AND ADJUDGED as follows:

8. Effective at 12:01 a.m. on _____, the Department of Financial Services, Division of Liquidation and Rehabilitation of the State of Florida shall be appointed Receiver of Respondent for purposes of liquidation.

9. The Receiver shall be authorized and directed to:

a. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to Sections 631.111 and 631.141, Florida Statutes, including but not limited to: offices maintained by Respondent, rights of action, books, papers, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, wherever situate and however titled, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates and all real property of Respondent, wherever situate, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates.

b. Liquidate the assets of Respondent, including but not limited to, funds held by Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives or others under agency contracts or otherwise which are due and unpaid to Respondent, including premiums, unearned commissions, agents' balances, agents' reserve funds, and subrogation recoveries.

c. Employ and authorize the compensation of legal counsel, actuaries,

accountants, clerks, consultants, and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

d. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

e. Not defend or accept service of process on legal actions wherein Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

f. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

g. Collect all debts which are economically feasible to collect which are due and owing to Respondent.

h. Deposit funds and maintain bank accounts in accordance with Section 631.221, Florida Statutes.

i. Take possession of all of Respondent's securities and certificates of deposit on deposit with the Treasurer of Florida or any similar official of any other state, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this

receivership.

j. Publish notice specifying the time and place fixed for the filing of claims with the Receiver once each week for three consecutive weeks in the Florida Administrative Weekly published by the Secretary of State, and at least once in the Florida Bar News and to publish notice by similar methods in all states where Respondents may have issued insurance policies.

k. Negotiate and settle subrogation claims and Final Judgments up to and including the sum of Twenty Thousand Dollars (\$20,000.00) without further order of this Court.

l. Sell any salvage recovered property having value of not more than Twenty Thousand Dollars (\$20,000.00) without further order of this Court.

m. Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes, and to its insureds, if any.

n. All officers, directors, trustees, administrators, agents and employees and all other persons representing Respondent or currently employed or utilized by Respondent in connection with the conduct of its business are discharged forthwith.

o. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates shall be required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes, notwithstanding the provisions of the above paragraph.

p. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to Sections 631.111 and 631.141, Florida Statutes.

q. All attorneys employed by Respondent as of the date of the Order, within 10 days notice of the Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent shall be discharged as of the date of the Order unless their services are retained by the Receiver. All attorneys employed by Respondent shall be advised that pursuant to Section 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1st DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent shall be required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by the delivery of these documents.

r. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent shall be required to account for and pay all premiums and commissions unearned due to cancellation of policies by the Order or in the normal course of business owed to the Respondent directly to Receiver within 30 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they shall not be required to account to the Receiver or be held in contempt of Court for violation of the

provisions of the Order. No agent, broker, premium finance company or other person shall use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

s. Any premium finance company which has entered into a contract to finance a premium for a policy which has been issued by the Respondent shall be required to pay any premium owed to the Respondent directly to the Receiver.

t. Reinsurance premiums due to or payable by Respondent shall be remitted to, or disbursed by, the Receiver. Reinsurance losses recoverable or payable by Respondent shall be handled by the Receiver. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

u. Upon request by the Receiver, any company providing telephonic services to Respondent shall be required to provide a reference of calls from the number presently assigned to Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

v. Any bank, savings and loan association, or other financial institution which has on deposit, in its possession, custody or control any funds, accounts and any other assets of Respondent, shall be required to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver shall be authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to

transfer any funds or assets to the Receiver's control without the permission of this Court.

w. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to Respondent shall be required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

x. Any data processing service, which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Respondent shall be required to transfer custody and control of such records to the Receiver. The Receiver shall be authorized to compensate any such entity for the actual use of hardware and software which the Receiver finds to be necessary to this proceeding. Compensation shall be based upon the monthly rate provided for in contracts or leases with Respondent which was in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

y. The United States Postal Service shall be directed to provide any information requested by the Receiver regarding Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

z. All claims shall be filed with the Receiver on or before 11:59 p.m. on _____ or be forever barred, and all such claims shall be filed on proof of claim forms prepared by the Receiver.

aa. Except for contracts of insurance, all executory contracts to which the Respondent was a party shall be cancelled and stand cancelled unless specifically adopted by the

Receiver within ninety (90) days of the date of this Order or from the date of the Receiver's actual knowledge of the existence of such contract, whichever is later. "Actual Knowledge" means the Receiver has in its possession the original of a written contract to which Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract. Any vendor, including but not limited to, any and all employees/contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship. This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or goods were provided pursuant to the contract, any current, future and/or past due amounts owing under the contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

bb. All affiliated companies and associations, shall be directed to make their books and records available to the Receiver, to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to Respondent. The Receiver shall have title to all policy files and other records of, and relating to Respondent, whether such documents are kept in offices occupied by an affiliate company or any other person, corporation, or association. The Receiver shall be authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be

withheld from the Receiver's review, but shall be safeguarded and presented to this Court for review prior to copying by the Receiver.

cc. The Receiver shall have complete access to and control of all computer records of the Respondent, including administrative rights.

dd. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms shall be directed to appear before this Court to show good cause, if any they may have, as to why they shall not be held in contempt of Court for violation of the provisions of this Order.

10. All insurance policies/contracts issued by Respondent which have not been canceled as a result of action by the policyholder/enrollee or for non-payment of premium prior to _____ are canceled as of that time.

11. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida having any interest in the building located at 1191 E. Newport Center Drive, #100, Deerfield Beach, FL 33442; 9115 Harris Corners Parkway, #100, Charlotte, NC 28269; or any other facility in which Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida may operate, shall make available, at that location and at no charge to the Receiver or to Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

12. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any

other business entity affiliated with Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida. having any interest in the computer equipment and software currently used by or for Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida shall make such computer equipment and software available to the Receiver at no charge to the Receiver or Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida to the extent deemed necessary by the Receiver in its sole discretion.

CONTINUATION OF INVESTIGATION

13. The Receiver shall be authorized to conduct an investigation as authorized by Section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its affiliates shall be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. Respondent and the above specified entities shall be required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

14. Any officer, director, manager, trustee, administrator, attorney, agent, accountant,

actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates shall be required to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution shall be required to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

NOTICE OF AUTOMATIC STAY

15. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of this order, and which prohibits:

- a. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;
- b. The enforcement of judgment against the insurer or an affiliate, provided that such affiliate is owned by or constitutes an asset of Respondent, obtained either before or after the commencement of the delinquency proceeding;
- c. Any act to obtain possession of property of the insurer;
- d. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;

e. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

f. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

16. All Sheriffs and all law enforcement officials of the state shall cooperate with and assist the Receiver in the implementation of this Order.

17. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

18. The Respondent is ordered into liquidation, effective 12:01a.m., _____, 2009.

DONE and ORDERED in Chambers at the Leon County Courthouse in Tallahassee, Leon County, Florida this ____ day of _____, 2009.

CIRCUIT JUDGE

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

**STATE OF FLORIDA, ex. rel., the
DEPARTMENT OF FINANCIAL SERVICES
OF THE STATE OF FLORIDA,**

Relator,

vs.

CASE NO.: 2009-CA- 1568

**INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida,**

Respondent.

ORDER TO SHOW CAUSE, INJUNCTION AND NOTICE OF AUTOMATIC STAY

THIS CAUSE was considered on the Petition of the Department of Financial Services, Division of Rehabilitation and Liquidation's (hereinafter the "Department") Petition for an Order to Show Cause on the appointment of a Receiver of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida (hereinafter "Respondent"), for purposes of liquidation. The Court having considered the matters set forth in said Petition and being otherwise fully informed in the premises, the Court finds:

1. The Department has made a prima facie showing that Respondent meets one or more of the following statutory grounds for the appointment of the Department as Receiver for purposes of liquidation by this Court:

a. That Respondent is or is about to become insolvent pursuant to Section 631.061, Florida Statutes;

b. That Respondent is in such condition, or is using or has been subject to such

methods or practices in the conduct of its business, as to render its further transaction of insurance presently or prospectively hazardous to its policyholders, creditors, stockholders, and is subject to liquidation pursuant to Section 631.051(3), Florida Statutes;

c. That Respondent has transferred or attempted to transfer substantially its entire property or business, or has entered into any transaction the effect of which is to merge substantially its entire property or business into that of any other insurer or entity without having first obtained the written approval of the Florida Office of Insurance Regulation; and

d. That Respondent has willfully violated the law (s) of this state and is subject to liquidation pursuant to Section 631.051(8), Florida Statutes.

It is therefore, **ORDERED** and **ADJUDGED** as follows:

1. The Respondent shall appear before the Honorable John C. Cooper, Circuit Judge, in Room 365-I, Leon County Courthouse, Tallahassee, Florida, at 1:30 a.m. (p.m.), on July 29, 2009, to show good cause, if any, why the Department of Financial Services should not be appointed Receiver of Respondent for the purpose of liquidation in accordance with Chapter 631, Part I, Florida Statutes. Respondent shall file its written response along with any defenses it may have to the Department's allegations no later than 20 days after the service of this ORDER. Should the hearing date fall within 35 days after the service of this ORDER then Respondent's defenses are due 15 days prior to the hearing date set by this ORDER. Said response shall include: a list of all witnesses; a summary of the testimony of each witness and dates when those witnesses will be available for deposition by the Department; and any and all evidence and copies of all documents to be presented on behalf of Respondent at hearing.

2. Pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations, associations and Respondent's affiliates as defined by Section 631.011, Florida Statutes, and all other persons or entities within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, trustees, members, agents, and employees are enjoined and restrained from removing, destroying, or otherwise disposing of any documents, books, records, or assets of Respondent (or pertaining to Respondent); from doing, through acts of commission or omission, or permitting to be done any action which might waste or otherwise dispose of the books, records, and assets of, or directly or indirectly relating to, the Respondent; from denying the Department access to the books, records, and assets of, or directly or indirectly relating to, the Respondent; from in any manner interfering with the Department or the conduct of these proceedings; from the removal, concealment or other disposition of the property, books, records and accounts of, or directly or indirectly relating to the Respondent; from the commencement or prosecution of any actions against the Respondent, or the obtaining of preferences, judgments, writs of attachments or execution against the Respondent or its property or assets. However, regulatory actions against Respondent by any regulatory body should not be stayed or enjoined.

3. Until such further Order of this Court, the Department is authorized to conduct, at its discretion, an investigation as authorized by Sections 631.156 and 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and any parent corporations, subsidiaries, and affiliates shall make all books, documents, accounts, records, and affairs, which either belong to or pertain to the Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (8:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of this Order. The Respondent and the above specified entities shall cooperate with the Receiver to the fullest extent

required by Section 631.156 and 631.391, Florida Statutes. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's financial affairs.

4. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates shall fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph.

5. The failure of Respondent and its affiliates, and all other person or entities within the jurisdiction of this Court, to cooperate with the Department's investigation as required by Section 631.191, Florida Statutes, or the failure to comply with this Order to Show Cause issued by this Court shall result in the immediate entry of an order of liquidation. Upon receipt of a certified copy of the Order, any bank or financial institution shall immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

6. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial Petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of the order, and which prohibits:

- a. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;
- b. The enforcement of a judgment against the insurer or an affiliate, provided that such affiliate is owned by or constitutes an asset of Respondent, obtained either before or after the commencement of the delinquency proceeding;
- c. Any act to obtain possession of property of the insurer;
- d. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;
- e. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;
- f. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

7. All Sheriffs and all law enforcement officials of this state shall cooperate with and assist the Receiver in the implementation of this Order.

8. The Officers and Directors of Respondent shall comply with the provisions of Section 626.9541, Florida Statutes;

ORDERED in Chambers at the Leon County Courthouse, Tallahassee, Leon County, Florida, this 23rd day of April, 2009.

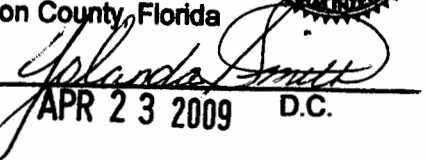

CIRCUIT JUDGE

5

A Certified Copy
Attest:

Bob Inzer

Clerk Circuit Court
Leon County, Florida

By 

APR 23 2009

D.C.



picked up
Copies Mailed By Atty Hamilton
SB on 4-23-09 to mail.

SB

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

IN RE: The Receivership of
INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida

CASE NO.: 2009- 1568

**CONSENT ORDER APPOINTING THE FLORIDA DEPARTMENT OF
FINANCIAL SERVICES AS RECEIVER FOR PURPOSES OF REHABILITATION,
INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

THIS CAUSE was considered on the Department of Financial Services, Division of Rehabilitation and Liquidation's (hereinafter the "Department") Petition for an Order appointing the Department as Receiver for purposes of Rehabilitation of INTERCONTINENTAL MARINE SERVICE CORPORATION D/B/A FIRST WARRANTY GROUP OF FLORIDA (hereinafter the "Respondent"). The Court, having reviewed the pleadings of record, and otherwise being fully informed in the premises finds that:

1. This Court has jurisdiction pursuant to Section 631.021(1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. Respondent was licensed as a Motor Vehicle Service Agreement Corporation insurer pursuant to Chapter 634, Part One, Florida Statutes, on February 20, 2003 and authorized to offer motor vehicle warranties to Florida residents. The current known principal place of business associated with the Respondent is at 9624 Bailey Road, #283, Cornelius, NC 28031. The prior addresses in North Carolina associated with the Respondent include: 9115 Harris Corners Parkway, #100, Charlotte, NC 28269 and 15806 Brookway, #500, Huntersville, NC 28078. Its previously known principal place of

business in Florida was at 1191 E. Newport Center Drive, #100, Deerfield Beach, FL 33442.

3. Respondent, through its Officers and Directors: Clyde W. Tenberg (then President) and Tara Williams (then Vice-President), submitted an affidavit in support of surrendering its license to do business as a motor vehicle warranty company in the State of Florida (hereinafter "Surrender Affidavit") on October 10, 2007. The Surrender Affidavit noted that as of the surrender date, the Respondent had 13,682 outstanding motor vehicle warranty contracts with a total gross written premium outstanding of \$27,763,235. The Surrender Affidavit also identified that the expiration date of the last warranty contract is July 13, 2014.

4. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving an insurer. Further, Section 631.025(2), Florida Statutes, authorizes the Department to initiate delinquency proceedings against any insurer if the statutory grounds are present as to that insurer.

5. Pursuant to Section 631.031 (2), Florida Statutes, the Department is empowered to apply to this Court for an Order directing the Respondent to show cause why the Department should not be appointed Receiver of Respondent, together with such other relief as the nature of the case and interests of the policyholders, creditors, stockholders, members, subscribers, or public may require.

6. On April 23, 2009, the Department filed its *Petition for An Order to Show Cause As To Why the Department of Financial Services Should Not Be Appointed Receiver (of Intercontinental Marine Services Corporation D/B/A First Warranty Group of Florida)* (hereinafter "Show Cause Petition").

7. On April 23, 2009, the Court entered its *Order to Show Cause, Injunction and Notice of Automatic Stay* (hereinafter "Order to Show Cause"). The Order to Show Cause established a return hearing date of July 29, 2009.

8. Section 631.051, Florida Statutes, authorizes the Department to apply to this Court for an Order directing it to rehabilitate a domestic insurer upon the existence of any grounds specified in that section.

9. Section 631.051(11), Florida Statutes, authorizes the Department to apply to this Court for an order directing it to rehabilitate a domestic insurer upon the ground that the insurer has consented to such an order through a majority of its directors, stockholders, members, or subscribers.

10. Respondent has consented to the appointment of the Department as Receiver for purposes of rehabilitation.

11. In furtherance of its investigative duties authorized by Section 631.156 and 631.191, Florida Statutes, as well as the Order to Show Cause, the Department has been in contact with various producers/marketers of the underlying policies associated with the Respondent to uncover and make fully available to the Court the true state of Respondent's financial affairs. The Department has indicated that those discussions are continuing in nature.

12. Based on its initial discussions, the Department has indicated its belief at this time that it can work to develop a plan of rehabilitation to present for review and approval by this Court within ninety (90) days of the date of this Order.

13. Accordingly, it is in the best interests of Respondent, policyholders, creditors, stockholders, and the public that the relief requested in the Petition be granted.

THEREFORE, IT IS ORDERED AND ADJUDGED as follows:

14. The Department of Financial Services of the State of Florida shall be appointed Receiver of Respondent for purposes of rehabilitation.

15. The Receiver shall be authorized and directed to:

A. Conduct the business of Respondent and take all steps, as the Court may direct, toward the removal of the causes and conditions which have made the order of rehabilitation necessary and to take such further action, as the Receiver deems necessary or appropriate, to reform and revitalize the Respondent.

B. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to Sections 631.101, 631.111, and 631.141, Florida Statutes, including but not limited to: offices maintained by Respondent, rights of action, books, papers, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, and all real property of the Respondent, wherever situated and however titled, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents, affiliates, or other persons.

C. Appoint one or more special deputies and employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of Respondent in the possession of the Receiver or coming into its possession.

D. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

E. Not defend or accept service of process on legal actions wherein Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its discretion.

F. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

G. Collect all debts that are due and owing to Respondent and are economically feasible to collect.

H. Deposit funds and maintain bank accounts.

I. Take possession of all of Respondent's securities and certificates of deposit on deposit with the Chief Financial Officer of Florida or any similar official of any other state, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership or otherwise best benefit the estate.

J. Continue its efforts to develop a plan of rehabilitation to present for review and approval by this Court within ninety (90) days of the date of this Order. The Receiver is authorized and directed to take all reasonable and

necessary steps in furtherance of developing and presenting a plan of rehabilitation to this Court within that time frame. In the event that the Department subsequently determines a plan of rehabilitation is not viable, it shall submit that determination to this Court in furtherance of additional proceedings as the Court may deem appropriate.

K. For purposes of this Order, the term "affiliate" shall be defined in accordance with Section 631.011(1), Florida Statutes, and shall include, but not be limited to, Intercontinental Acceptance Corporation.

L. Apply to this Court for further instructions in the discharge of its duties as may be necessary.

16. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates shall be required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes. Any person who fails to cooperate with the Receiver, interferes with the Receiver, or fails to follow the instructions of the Receiver, may be excluded from the building where the Respondent's offices are located, dismissed, or otherwise relieved of duties, at the Receiver's discretion, or subject to such other remedies as provided for under Section 631.391, Florida Statutes.

17. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to Sections 631.101, 631.111, and 631.141, Florida Statutes.

18. The Receiver is granted all of the powers of the Respondent's directors, officers, and managers, whose authority shall be suspended, except as such powers are re-delegated in writing by the Receiver. The Receiver has full power to direct and manage the affairs of Respondent, to hire and discharge employees, and to deal with the property and business of the Respondent.

19. All attorneys employed by Respondent as of the date of the Order, within 10 days notice of the Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent shall be discharged as of the date of the Order unless their services are retained by the Receiver. All attorneys employed by Respondent shall be advised that pursuant to Section 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538 So.2d 945 (Fla. 1st DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent shall be required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by the delivery of these documents.

20. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent are required to account for and pay all premiums and commissions unearned due to cancellation of policies in the normal course of business owed to the Respondent directly to the Receiver within 30 days of

demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they should not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of the Order. No agent, broker, premium finance company or other person should use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

21. Any premium finance company, which has entered into a contract to finance a premium for a policy, which has been issued by the Respondent, is required to pay any premium owed to the Respondent directly to the Receiver.

22. Reinsurance premiums due to or payable by Respondent shall be remitted to, or disbursed by, the Receiver. Reinsurance losses recoverable or payable by Respondent shall be handled by the Receiver. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

23. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to Respondent shall be required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

24. Upon request by the Receiver, any company providing telephonic services to Respondent shall be required to provide a reference of calls from the number presently assigned to Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

25. Any bank, savings and loan association, or other financial institution which has on deposit, in its possession, custody or control any funds, accounts and any other assets of Respondent, shall be required to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver shall be

authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court.

26. Any data processing service, which has custody or control of any data processing information and records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Respondent shall be required to transfer custody and control of such records to the Receiver. The Receiver shall be authorized to compensate any such entity for the actual use of hardware and software which the Receiver finds to be necessary to this proceeding. Compensation shall be based upon the monthly rate provided for in contracts or leases with Respondent which was in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

27. The United States Postal Service is directed to provide any information requested by the Receiver regarding Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

28. All insurance policies, bonds or similar contracts of coverage issued by the Respondent shall remain in full force and effect until they are cancelled, or until further order of this Court. No new business shall be written without further order of this Court.

29. Except for contracts of insurance, if the Receiver does not assume or reject an executory contract, in whole or in part, to which Respondent was a party within ninety

(90) days of the date of this Order or from the date of Receiver's actual knowledge of such contract, whichever is later, then such contract shall be deemed rejected. "Actual Knowledge" means the Receiver has in its possession the original of a written contract to which the Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract. Further, the Receiver shall have the authority to do the following:

A) Pay for services provided by any of Respondent's vendors, in the ninety (90) day period prior to assuming or rejecting the contract, which are necessary to administer the Receivership estate;

B) Once the Receiver determines Respondent's vendor is necessary in the continued administration of the Receivership estate for a period to exceed the ninety (90) days from the date of this order, or from the date of Receiver's actual knowledge of such contract, whichever is later, the Receiver may make minimal modifications to the terms of the contract, including, but not limited to, the expiration date of the agreement, the scope of the services to be provided, and /or the compensation to be paid to Respondent's vendor pursuant to the contract. "Minimal Modifications" shall mean any minimum alteration made to the contract in order to adapt to the new circumstances of the Receivership estate. In no event will any minimal modification be construed as the Receiver entering into a new contract with Respondent's vendor.

Any vendor, including but not limited to, any and all employees / contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship. This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or

goods were provided pursuant to the contract, any current, future and/or past due amounts owing under the contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

30. All affiliated companies and associations shall be directed to make their books and records available to the Receiver, to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to Respondent. The Receiver shall have title to all policy files and other records of, and relating to Respondent, whether such documents are kept in offices occupied by an affiliate company or any other person, corporation, or association. The Receiver shall be authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be withheld from the Receiver's review, but shall be safeguarded and presented to this Court for review prior to copying by the Receiver.

31. The Receiver shall have complete access to and control of all computer records of Respondent and its affiliates, including administrative rights, at all times. Each affiliate shall be given reasonable access to such records for the purposes of carrying out its business operations.

32. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms shall be directed to appear before this Court to show good cause, if any they may have, as to why they shall not be held in contempt of Court for

violation of the provisions of this Order.

33. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent shall fully cooperate with the Receiver in the effort to rehabilitate Respondent.

34. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the building located at 9624 Bailey Road, #283, Cornelius, NC 28031; or 9115 Harris Corners Parkway, #100, Charlotte, NC 28269; or 1700 Statesville Road, Charlotte, NC 28269; or any other facility in which Respondent may operate, shall make available, at that location and at no charge to the Receiver or to Respondent, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

35. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with Respondent having any interest in the computer equipment and software currently used by or for Respondent shall make such computer equipment and software available to the Receiver at no charge to the Receiver or INTERCONTINENTAL MARINE SERVICE CORPORATION D/B/A FIRST WARRANTY GROUP OF FLORIDA to the extent deemed necessary by the Receiver in its sole discretion.

36. Pursuant to Sections 631.041(3) and (4), Florida Statutes, all persons, firms, corporations and associations within the jurisdiction of this Court, including, but not limited to, Respondent and its officers, directors, stockholders, members, subscribers, agents and employees, are hereby enjoined and restrained from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books,

records and assets of Respondent; from in any means interfering with the Receiver or these proceedings; from the transfer of property and assets of Respondent without the consent of the Receiver; from the removal, concealment, or other disposition of Respondent's property, books, records, and accounts; from the commencement or prosecution of any actions against Respondent or the Receiver together with its agents or employees, the service of process and subpoenas, or the obtaining of preferences, judgments, writs of attachment or garnishment or other liens; and from the making of any levy or execution against Respondent or any of its property or assets. Notwithstanding the provisions of this paragraph, the Receiver is permitted to accept and be subpoenaed for non-party production of claims files in its possession, including medical records, which may be contained therein. In such cases, the requesting party must submit an affidavit to the Receiver stating that notice of the non-party production was appropriately issued and provided to the patient and that the patient was given the opportunity to object and either did not object to the non-party production, or objected and the Court overruled the objection, in which case a copy of the Court's ruling must be attached to the affidavit. The Receiver is authorized to impose a charge for copies of such claim files pursuant to the provisions of Section 119.07(1)(a) and 624.501, Florida Statutes.

CONTINUATION OF INVESTIGATION

37. The Receiver shall be authorized to conduct an investigation as authorized by Section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its affiliates shall be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to Respondent, available for full, free and unhindered inspection and examination

by the Receiver during normal business hours (9:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. Respondent and the above specified entities shall be required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

38. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates shall be required to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution shall be required to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

NOTICE OF AUTOMATIC STAY

39. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable

to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of this order, and which prohibits:

A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

B. The enforcement of judgment against the insurer or an affiliate, provided that such affiliate is owned by or constitutes an asset of Respondent, obtained either before or after the commencement of the delinquency proceeding;

C. Any act to obtain possession of property of the insurer;

D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

40. All Sheriffs and all law enforcement officials of the state shall cooperate with and assist the Receiver in the implementation of this Order.

41. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

DONE and ORDERED in Chambers at the Leon County Courthouse in Tallahassee, Leon County, Florida this 28th day of July, 2009.

A Certified Copy
Attest:

Bob Inzer

Clerk Circuit Court
Leon County, Florida

By

Yolanda Smith
JUL 30 2009

D.C.



John Cooper
HONORABLE JOHN C. COOPER
CIRCUIT JUDGE

COPY

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

IN RE: The Receivership of
INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida

CASE NO.: 2009- 1568

0-03
BOB INZER
CLERK CIRCUIT COURT
LEON COUNTY, FLORIDA

09 OCT 26 PM 3:35

FILED

RECEIVER'S STATUS REPORT AND PLAN OF REHABILITATION

The Florida Department of Financial Services as Receiver of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida (hereinafter "IMSC"), files herewith the Receiver's Status Report and Plan of Rehabilitation as set forth herein and, as good cause therefore, would show this Court:

I. STATUS REPORT

A. BACKGROUND

1. This Court has jurisdiction pursuant to Section 631.021, Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.
2. On February 20, 2003, IMSC was licensed as a Motor Vehicle Service Agreement Company pursuant to Chapter 634, Part One, Florida Statutes, and was authorized to offer motor vehicle warranties to Florida residents. The company had several previous known addresses associated with the business including, but not limited to: 1) 9624 Bailey Road, #283, Cornelius, NC 28031; 2) 9115 Harris Corners Parkway, #100, Charlotte, NC 28269; 3) 15806 Brookway, #500, Huntersville, NC 28078; and 4) 1191 E. Newport Center Drive, #100, Deerfield Beach, FL 33442.

3. The Office of Insurance Regulation (hereinafter the “Office”) determined that one or more grounds existed for delinquency proceedings to be initiated against IMSC pursuant to Sections 634.253 and 631.061, Florida Statutes (also citing to grounds specified in Section 631.051, Florida Statutes).

4. As a result, on April 23, 2009, the Department filed its *Petition for Order to Show Cause as to Why the Department of Financial Services Should Not Be Appointed Receiver for Purposes of Liquidation, and for an Order Enjoining the Waste or Disposition of Property* (hereinafter the “Show Cause Petition”).

5. On April 23, 2009, the Court entered its *Order to Show Cause, Injunction and Notice of Automatic Stay* (hereinafter “Show Cause Order”).

6. Pursuant to Section 631.031, Florida Statutes, the Department is empowered to apply to this Court for an Order appointing it as the Receiver of Respondent for purposes of rehabilitation under any of the grounds specified in Section 631.051, Florida Statutes.

7. Section 631.051(11), Florida Statutes, authorizes the Department to apply to this Court for an order directing it to rehabilitate a domestic insurer upon the ground that the insurer has consented to such an order through a majority of its directors, stockholders, members, or subscribers. IMSC consented to the appointment of the Department as Receiver for purposes of rehabilitation.

8. As a result, the Court entered its *Consent Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay* (hereinafter the “Rehabilitation Order”) on July 28, 2009.

9. The Rehabilitation Order did not cancel any IMSC Vehicle Service Contract or Agreement or Service Warranty (hereinafter “Warranty”). Existing

Warranties remain in full force and effect until they expire by reaching the end of the coverage period or mileage limits in the normal course of business, or are cancelled by the Warranty holder or by a future Court order.

10. Additionally, the Rehabilitation Order provided the Receiver a period of ninety (90) days to further assess the status of the company and take all reasonable and necessary steps in furtherance of developing and presenting a plan of rehabilitation to the Court. In the event that the Receiver was to determine a plan of rehabilitation is not viable for IMSC, the Rehabilitation Order provides that the Receiver is to submit that determination to the Court in furtherance of additional proceedings as may be deemed appropriate.

11. In furtherance of advising Warranty holders of the status of IMSC and the receivership, the Receiver issued a Notice to them dated September 8, 2009. The Receiver also developed and provided a Claim Inquiry Form for use by those Warranty holders who may have claims not previously reported to IMSC. Copies of the Notice and Claim Inquiry Form are incorporated herein as Attachment "A."

B. FINANCIAL CONDITION

12. The 2008 Annual Report filing submitted by IMSC to the Florida Office of Insurance Regulation indicated the company was insolvent. A copy of the 2008 Annual Report filing is incorporated herein as Attachment "B."

13. In furtherance of the efforts to minimize costs and maximize monies available for claims, the Receiver took the initial steps of closing the company's office in North Carolina and concluded any remaining staffing issues associated with IMSC. The Receiver also negotiated a resolution to the outstanding liability of claimed monies due

from IMSC for remaining rent balances at that location. The Receiver obtained a Full and Complete Release ("Release") for the balances claimed, or which could have been claimed, in the receivership estate. A copy of the Release is incorporated herein as Attachment "C."

14. Prior to the inception of the receivership, IMSC was also paying additional rents for storage of company records in North Carolina. In order to further reduce costs, the Receiver moved all company records to Leon County under the jurisdiction of this Court and closed out its prior use of a storage facility previously used by the IMSC.

15. Although the initial efforts by the Receiver have significantly reduced costs, IMSC continues to lack the funded unrestricted reserve requirement of 50% of unearned premium as required by Section 634.041(8)(a), Florida Statutes. Additionally, the unrestricted cash available for IMSC is insufficient to pay claims as they become due in the normal course of business. A summary of the unrestricted cash available for IMSC is below:

	Intercontinental Marine Service Co. dba First Warranty Group of Florida Available Cash Report	9/30/2009
	Bank of America - Certificate of Deposit	106,005
	IMSC'S SPIA Balance	1,055,903
	Total cash and investments	1,161,908

C. LEGAL ACTIONS AND CLAIMS

16. All existing claim litigation against IMSC was stayed pursuant to this Court's Rehabilitation Order.

17. In furtherance of its investigative duties authorized by the Rehabilitation Order, as well as Section 631.156 and 631.191, Florida Statutes, the Receiver has

continued to be in contact with various producers/marketers/brokers (hereinafter “producers”) of the underlying Warranties associated with IMSC. The purpose and intent of this contact has been to make fully available to the Court the true state of IMSC’s financial affairs, as well as assess the true viability of developing a plan of rehabilitation that could potentially better assist Warranty holders associated with IMSC.

18. The Receiver has also continued to review available underlying Warranty data regarding IMSC to assist in determining the true financial condition of IMSC and assess additional potential liability to the company.

19. As of the inception of this receivership, the information provided to the Receiver indicated that the IMSC had not written any new business and not been associated with any new Warranties since 2007. However, as a result of its preliminary investigation on this issue, the Receiver believes the previous information to be incomplete. At this time, the Receiver is continuing its investigation in order to be able to provide the Court a full and complete assessment of the accuracy of that information, as well as more complete data concerning any additional potential liability to the company.

20. In furtherance of these investigative efforts and consumer related issues, the Receiver has also been in communication with various regulatory entities across multiple state jurisdictions outside of Florida. These include, but are not necessarily limited to, the following regulatory and consumer entities: 1) Arkansas Office of the Attorney General; 2) Illinois Office of the Attorney General; 3) Maryland Office of the Attorney General; 4) Mississippi Office of the Attorney General; 5) Nebraska Department of Insurance; 6) Nevada Division of Insurance; 7) New York Department of Insurance; 8) Oklahoma Department of Insurance; 9) Oregon Division of Insurance; 10)

Pennsylvania Office of the Attorney General; 11) North Carolina Department of Justice; and 12) Better Business Bureau.

21. As a result of these communications, the Receiver has been able to identify the following consumer related complaints and claims on file with these respective regulatory and consumer entities outside of Florida:

9/22/2009	Received/Active	Total Approx. Amount Claimed
1 Better Business Bureau	2	\$1,319.00
2 Arkansas	1	\$1,500.00
3 Illinois	1	\$971.67
4 Maryland	1	\$999.81
5 Mississippi	1	\$2,387.00
6 Nebraska	1	TBD
7 Nevada	2	\$3,075.24
8 New York	1	\$346.44
9 North Carolina	48	\$69757.15
10 Oklahoma	1	\$1,695.00
11 Oregon	1	TBD
12 Pennsylvania	1	\$1,980.00
Approximate Total Consumer Claims/Complaints Other States:		61 \$84,031.31

22. Based upon its preliminary investigation, the Receiver has also identified the following additional claim information for the Court:

- a) At the inception of the receivership, there were approximately 400 claims outstanding with a total claimed amount of approximately \$363,600.00 that had been reviewed by IMSC but for which payment had not been tendered;
- b) At the inception of the receivership, there were also an additional 905 claims outstanding with a total claimed amount of approximately \$762,000.00 that had been received by IMSC but for which the company had indicated additional information was needed from the Warranty holder; and

- c) Since the entry of the Rehabilitation Order, the Receiver has received approximately 200 new claims with a total amount claimed of \$143,772.81.

D. ASSET RECOVERY

23. The Receiver continues to investigate all assets available for recovery by the receivership estate.

24. As previously noted in Paragraph 13 above, the Receiver has closed the IMSC office in North Carolina. At this time, there is no known real property owned by IMSC and any known tangible property is de minimis.

25. The Receiver will continue to examine and vigorously pursue all other assets that it believes can be economically recovered for the benefit of the receivership estate.

II. PLAN OF REHABILITATION

26. Section 631.52, Florida Statutes, sets forth the scope of coverage for which the Florida Insurance Guaranty Association Act is applicable. The provisions, in pertinent part, are set forth as follows:

“631.52 Scope.--This part shall apply to all kinds of direct insurance, **except:**

- (1) Life, annuity, health, or disability insurance;
- (2) Mortgage guaranty, financial guaranty, or other forms of insurance offering protection against investment risks;
- (3) Fidelity or surety bonds, or any other bonding obligations;
- (4) Credit insurance, vendors' single interest insurance, or collateral protection insurance or any similar insurance protecting the interests of a creditor arising out of a creditor-debtor transaction;
- (5) *Warranty, including motor vehicle service, home warranty, or service Warranty.*”

As a result, the Florida Insurance Guaranty Association Act is not applicable to IMSC.

27. While the Receiver believes that a fully developed Plan of Rehabilitation (hereinafter the “Plan”) may better assist the effort to minimize costs, increase available assets, and maximize value to claimants in this receivership while running off the remaining term of Warranties believed to be outstanding (estimated to extend to the Year 2014 at this time), it is still uncertain that such a Plan is viable without more fully developed and complete data concerning the underlying Warranties, additional assets being available to the receivership, and full cooperation from all of the various Producers.

28. Based on historical claims experience and outstanding Warranties known to be outstanding, it has been estimated that future claims could exceed approximately \$3,000,000.00. The Receiver believes that a Plan inclusive of participation from the various Producers of the outstanding Warranties towards funding of claims pursuant to a Claims Funding Agreement (hereinafter “Funding Agreement”), would increase future monies available towards maximizing value to claimants. In the event of liquidation, consumer claim payments, if any, may be significantly delayed and substantially reduced.

A. POLICYHOLDER DATA & COVERAGE ISSUES

29. In order to ensure equitable treatment of Warranty holders, the Receiver will continue to review and assess policyholder data to verify ties to IMSC and any underlying liability to estate. In furtherance of these efforts, the Receiver will continue its investigation and work with the respective producers, regulators, and any other necessary and appropriate entity to verify such information.

30. As part of the Plan, the Receiver would seek to enforce the Warranty terms and limit coverage to those policies actually tied to IMSC in order to minimize waste of assets and maximize resources to Warranty holders. The enforcement of these terms would be inclusive of, but not necessarily limited to, the preauthorization of any and all repair work performed under the terms of the Warranty.

31. The Receiver will continue to review, assess and verify applicable warranty coverage associated with other entities that may have some underlying responsibility and/or liability as it pertains to claims made against such warranties (and thus to the receivership estate).

B. ACCOUNTING AND ASSET RECOVERY ISSUES

32. The Receiver will continue to analyze the financial condition of IMSC and periodically advise the Court of the status of the company.

33. The Receiver will continue its ongoing process of reviewing and analyzing all potential assets available for recovery including, but not limited to, the recovery of additional statutory deposits that may be outstanding, as well as the institution of any potential legal actions as may be deemed necessary and appropriate to maximize assets of the receivership.

34. The Receiver will continue to investigate, assess and verify the collection, processing and recording of IMSC's accounts receivable, verification of warranty coverage, collection of premiums due, calculation of unearned premiums, determination of earned and unearned commissions, as well as other financial related data issues associated with IMSC related warranties on an ongoing basis as deemed necessary and appropriate.

35. In furtherance of the ongoing investigative and rehabilitative efforts, the Receiver anticipates the need to finalize retention of outside providers to assist in this process in order to ensure the equitable and efficient use of available estate resources. This would include, but not necessarily be limited to, the retention of forensic accountants, actuaries, or such other independent contract providers as may be deemed necessary and appropriate by the Receiver to assist in its investigation and vigorous pursuit of all assets which can be economically recovered for the benefit of the receivership.

C. CLAIM ISSUES

36. Due to the specialized area of the warranties associated with IMSC, the Receiver believes it is necessary to finalize the retention of a third party administrator (hereinafter "Claims TPA") to more fully investigate and handle any and all claim issues that are pending, or which may subsequently arise, in the IMSC receivership.

37. As part of the Plan, the Claims TPA would be selected and overseen by the Receiver. The functions of the Claims TPA would be directed by the Receiver and may be inclusive of, but not necessarily limited to, the following: a) review and/or evaluation of current claims; b) setup of new claims; c) receiving and reporting of claim information; d) handling of consumer inquiries; e) determination of coverage; f) pre-authorization of repairs; g) handling of warranty transfer requests; h) handling of any claims funding accounts; i) handling of claim payments; and j) any additional items that may be deemed necessary and appropriate to carry out the Plan.

38. The Receiver will continue to review and monitor the Claims TPA and have ultimate claim decision authority for all claims submitted to the receivership.

D. EFFECTUATION OF PLAN

39. In order to effectuate the provisions of the Plan, the Receiver anticipates the need to enter into Funding Agreements with the respective Producers concerning the various provisions set forth herein. The Receiver also anticipates the need to incorporate the principles of the Plan, as well as develop additional terms and conditions as may be deemed necessary to effectuate the Plan, as part of a Funding Agreement entered into with any Producer.

40. The Receiver also anticipates that many Producers may, for whatever reason, not desire to enter into such a Funding Agreement or participate in this Plan. The Receiver does not believe that the Producers can be compelled to enter into a Funding Agreement. However, to the extent a Producer does not desire to participate in the Plan or execute a Funding Agreement with the Receiver, then the Receiver anticipates it will have no alternative but to cancel the warranties associated with that non-participating Producer. Such action would be necessary and appropriate in order to effectively manage the receivership, efficiently minimize potential liabilities, and ensure the equitable treatment of potential claimants in the estate.

41. The Receiver believes it is necessary and vital to the receivership that the elements of the Plan, along with any Funding Agreement(s), be in place no later than January 1, 2010. In the event that the provisions of the Plan, along with any Funding Agreement(s), are not able to be finalized and approved by that date, the Receiver may have no alternative but to recommend the liquidation of the company to this Court.

42. Due to the continuing nature of its current investigation, the development of additional information, and the substantial likelihood of additional communications

with Producers regarding the Plan, the Receiver believes it may be necessary to amend the provisions of the Plan, or otherwise incorporate additional terms into any Funding Agreement that may be entered into with the various Producers. The Receiver will continue to update the Court on the status of these rehabilitation efforts and provide supplemental information to this Court for its review and final approval.

RESPECTFULLY SUBMITTED on this 26th day of October, 2009.

By: 

MARK S. HAMILTON

SENIOR ATTORNEY

Florida Bar Number: 0063819

Florida Department of Financial Services

As Receiver of Intercontinental Marine

Service Corporation d/b/a First Warranty

Group of Florida

Post Office Box 110

Tallahassee, Florida 32302-0110

Telephone: (850) 413-4410

Facsimile: (850) 488-1510



DEPARTMENT OF FINANCIAL SERVICES

Division of Rehabilitation and Liquidation
www.floridainsurancereceiver.org

September 8, 2009

Bar code
Insured Name
Address 1
Address 2
City/State/Zip

**Notice to Warranty Contract Owners Regarding
the Receivership of Intercontinental Marine Service Corporation
d/b/a First Warranty Group of Florida**

On July 28, 2009, Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida ("IMSC") was ordered into receivership for purposes of rehabilitation by the Second Judicial Circuit Court in Leon County, Florida ("Court"). The Florida Department of Financial Services is the court appointed Receiver of IMSC. A copy of the order placing the company in rehabilitation (the "Rehabilitation Order") is available on the Receiver's website, www.floridainsurancereceiver.org.

The Rehabilitation Order does NOT cancel any IMSC Vehicle Service Contract or Agreement or Service Warranty ("Warranty"); existing Warranties will remain in full force and effect until they expire by reaching the end of the coverage period or mileage limits in the normal course of business, or are cancelled by the Warranty holder or by a future Court order. According to the records of IMSC, you may have purchased a Warranty involving IMSC. If you did and are making monthly premium payments, you should continue to do so to ensure continuation of your Warranty.

As part of the Rehabilitation Order, the Court has approved the Receiver's request to provide it a period of ninety (90) days within which to develop and submit a Plan of Rehabilitation to the Court for its review and approval. In an effort to minimize costs and maximize monies available for claims, the Receiver has taken the initial steps of closing the company's office in North Carolina and moving all company records to Leon County, Florida under the jurisdiction of the Court. During this time, the Receiver is: 1) continuing to evaluate the status of IMSC; 2) working diligently to collect any company assets; and 3) arranging for a specialized claims evaluation procedure in contemplation of resuming payment of claims and cancellation refunds. In furtherance of that goal, the Receiver has already been in contact with various producers/marketers of these Warranties to obtain their assistance and cooperation in developing a rehabilitation plan that will maintain the status of your Warranty. The

Division of Rehabilitation & Liquidation
P.O. Box 110 • Tallahassee, FL 32302-0110 • Tel. 850-413-3081
Website: www.floridainsurancereceiver.org
Affirmative Action • Equal Opportunity Employer

ATTACHMENT "A"

Receiver is not currently providing any cancellation refunds and will post any rehabilitation plan updates on its website.

In the event that a rehabilitation plan cannot be implemented, the Receiver may have no alternative but to seek the immediate entry of an order of liquidation for IMSC. There is no Florida or other state guaranty association coverage for claims arising under these Warranties. Additionally, Chapter 631, Florida Statutes sets forth the claims procedure that is the sole method for obtaining payment in a liquidation proceeding. In the event of a liquidation proceeding, your claims may be paid at a much later date and at a significantly reduced amount than may otherwise be possible under a rehabilitation plan. **For these reasons, the Receiver is asking all Warranty holders, including you, to remain patient over the next 90 days while we work to develop and finalize a rehabilitation plan that will maintain the status of these Warranties.**

During this period of time, claims which have already been submitted to IMSC will not need to be re-reported to the Receiver. However, any claims you may have which have not been previously submitted to IMSC will need to be reported to the Receiver using the enclosed Claim Inquiry Form.

In accordance with your Warranty terms, only those repairs (inclusive of any parts or services) specifically covered by the Warranty will be eligible for reimbursement. Any representations by a repair facility, dealer, or sales agent regarding reimbursement under the Warranty are not binding on the Receiver. Please read your Warranty carefully before having a repair facility start any repair work. In the event that you make arrangements to pay any pending bill for necessary repairs prior to the time a rehabilitation plan is approved through the Receivership Court, you should submit the Claim Inquiry Form and supporting documentation (including proof of payment) to the address shown on the form. Please save a copy for your records so that you can document your claim against IMSC.

Additional information regarding IMSC and the receivership process is available on the Receiver's website, www.floridainsurancereceiver.org. You may also contact us by using the "Contact Us" form on the Receiver's website. If you have any further questions regarding IMSC, please call your dealer or you may call the Florida Department of Financial Services at 850-413-3081 or 1-800-882-3054.

Sincerely,

The Florida Department of Financial Services
Division of Rehabilitation and Liquidation
as Receiver of Intercontinental Marine Service Corporation
d/b/a First Warranty Group of Florida

CLAIM INQUIRY FORM

INTERCONTINENTAL MARINE SERVICE CORPORATION IN RECEIVERSHIP

***NOTICE: Please file one (1) Claim Inquiry Form per claim. In the event that you intend to submit more than one (1) claim or more than one specific type of claim, a separate Claim Inquiry Form is to be used for each specific claim you submit.**

If you have no claim, please ignore this form. In the event you wish to submit a claim, print or type your information as required below on this Claim Inquiry Form:

A. BACKGROUND INFORMATION

Your Name: _____
Street Address: _____
City/State/Zip Code: _____
Contact Telephone: _____
Contact E-Mail: _____
Contract Number: _____

B. TYPE OF CLAIM: _____ Warranty Reimbursement Claim for Repairs
(Check One) _____ Return Premium Claim
_____ Other (Describe: _____)

C. AMOUNT CLAIMED: \$ _____

D. DESCRIPTION OF CLAIM (PROVIDE SPECIFIC DATES AND FACTS – YOU MAY USE A SEPARATE SHEET IF NECESSARY): _____

E. Is this claim in litigation? Yes _____ No _____
Are you represented by an attorney? Yes _____ No _____

F. Selling Agent: _____
Selling Dealer: _____
Mileage: _____
VIN #: _____
Repair Order #: _____
Repair Facility: _____
Parts: _____
Labor Hours: _____
Labor Rate: _____

Labor Charge: _____
Sublet: _____
Tow: _____
Rental: _____
Tax: _____
Deduct: _____
Total: _____

Authorization #: _____, if available.

G. DOCUMENTATION: In order to evaluate your claim, we need documentation that supports your claim. All documentation in support of your claim must be submitted along with this Claim Inquiry Form. Required documentation includes: a copy of the repair bill or estimate; if already paid, proof of payment – cancelled check, repair bill marked paid, credit card statement or any other method of verification that the repair bill has been paid; and a copy of your warranty contract.

Signature of/for Warranty Holder (Insured):

_____ **Date Signed:** ____/____/____

Printed Name of Person Signing and Title: _____

RETURN CLAIM INQUIRY FORM(S) POSTMARKED TO:
Intercontinental Marine Service Corporation in Receivership
P.O. Box 110
Tallahassee, Florida 32302-0110
Telephone: 850-413-3081
Toll-Free Telephone: 1-800-882-3054

Office of Insurance Regulation
Specialty Product Administration

*Correct
1/5/09*

FLORIDA COMPANY
CODE:

60115

FEDERAL EMPLOYER
IDENTIFICATION NUMBER:

650081146

QUARTERLY REPORT
OF THE

Detrol Controlled by Mary L. Davis, Corp
(Motor Vehicle Service Agreement)

TO THE
OFFICE OF INSURANCE REGULATION
OF THE
STATE OF FLORIDA

Specialty Product Administration
200 East Gaines Street
Tallahassee, FL 32399 - 0331

FOR PERIOD ENDED

12/22/08

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

COPY

In Re: The Receivership Estate of
INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida

CASE NO.: 2009-1568

FILED
09 SEP 10 PM 4:00
CLERK CIRCUIT COURT
LEON COUNTY, FLORIDA

NOTICE OF FILING FULL AND COMPLETE RELEASE

Notice is given that the Florida Department of Financial Services, Division of Rehabilitation and Liquidation, as Receiver of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida ("IMSC"), has filed with the above styled Court an original Full and Complete Release ("Release"). The Release has been executed on behalf of Oakhurst Properties, LLC (and any other entity the executors may represent) in furtherance of resolving any and all issues existing between them and IMSC regarding office space premises previously utilized by IMSC located at 9624 Bailey Road, #283, Cornelius, NC 28031 and is hereby filed in the above referenced case.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished to Oakhurst Properties, LLC c/o Ms. Tracy L. Allen, 9624 Bailey Road, Suite #270, Cornelius, NC 28031 on this 10th day of September, 2009.

By: 

MARK S. HAMILTON,
SENIOR ATTORNEY
Florida Bar Number: 0063819
Florida Department of Financial Services
as Receiver of Intercontinental Marine Service
Corporation d/b/a First Warranty Group of Florida
Post Office Box 110
Tallahassee, Florida 32302-0110
Phone: (850) 413-4410
Fax: (850) 488-1510

ATTACHMENT "C"

DIV OF REHAB & LIO
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Sept 1

DIV

HAB

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

In Re: The Receivership Estate of
INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida

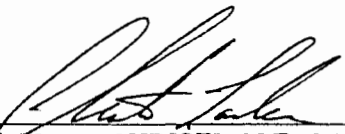
CASE NO.: 2009-1568

FULL AND COMPLETE RELEASE ("RELEASE")

FOR AND IN CONSIDERATION OF the total sum of Five Hundred Fifty and 00/100 Dollars (\$550.00), the undersigned, on behalf of Oakhurst Properties, LLC, themselves, and any other entity they may represent including, but not limited to, Captiva Restaurant Group, Inc. and Carlsen Douglas Development, LLC (hereinafter "Claimant") hereby releases and forever discharges: Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida (hereinafter "IMSC") and all of its heirs, legal representatives, successors, agents, assigns, servants and employees, officers, directors and its affiliate corporations who might be liable, (hereinafter referred to as "said parties") of and from any and all claims, demands, damages, attorneys' fees, actions, causes of action or suits of any kind or nature whatsoever which the undersigned now has, or may hereafter have, against said parties, including, but not restricted to, any and every claim, demand or cause of action for or on account of injuries or damages to person or property, or both; loss of time; loss of services, expenses, impairment or loss of any right, or any other loss, cost or damages of any nature whatsoever sustained by or accruing to the undersigned, whether now known or unknown, resulting from, or in any manner connected with, or growing out of the incident or damages alleged or which could have been alleged in any cause, or which could have been brought or alleged in any such cause by Claimant against IMSC arising out of any an all alleged monies due for office space premises of Claimant and more commonly identified between Claimant and IMSC as being located at 9624 Bailey Road, #283, Cornelius, North Carolina, 28031 and leased to Intercontinental Acceptance Corporation.

This Release pertains to any and all matters relating to monies alleged due to Claimant from IMSC and does not pertain to the claims that Claimant has, or may have, against Intercontinental Acceptance Corporation. It is agreed and understood that no promise or agreement not expressed herein has been made; this release is not executed in reliance upon any statement or representation made by said parties, or any of them, or by any person employed by or representing them, or any of them; that said consideration is in full compromise, settlement and satisfaction of any and every such claim, demand or cause of action, including all claims, demands and causes of action for or on account of all injuries, damages and consequences thereof which may hereafter become known, develop or accrue, as well as those already known, developed or accrued; that the payment of said consideration is not to be construed as an admission of liability, all liability being expressly denied by said parties. Claimant waives any and all right to submit any further claim against IMSC and in the pending Receivership Court action (Case No. 2009-1568).

THE UNDERSIGNED HAS READ THE FOREGOING RELEASE AND FULLY UNDERSTANDS IT.

By: 
Print Name: CHRISTIAN E. CARLSEN

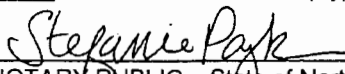
Date: 8.10.09

STATE OF North Carolina
COUNTY OF Mecklenburg

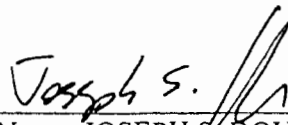
SWORN TO AND SUBSCRIBED to before me this 10 day of August, 2009.

☒ Personally known to me

☐ Produced Identification (Type of Identification): _____


NOTARY PUBLIC - State of North Carolina



By: 
Print Name: JOSEPH S. DOUGLAS

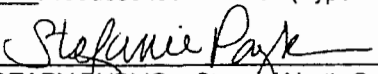
Date: 8.10.09

STATE OF North Carolina
COUNTY OF Mecklenburg

SWORN TO AND SUBSCRIBED to before me this 10 day of August, 2009.

☒ Personally known to me

☐ Produced Identification (Type of Identification): _____


NOTARY PUBLIC - State of North Carolina



COPY - not verified against original

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

IN RE: The Receivership of
INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida

CASE NO.: 2009-CA-1568

**PETITION FOR ORDER APPOINTING
THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES
AS RECEIVER FOR PURPOSES OF LIQUIDATION,
INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

The Florida Department of Financial Services (hereinafter the "Department") hereby petitions this Court pursuant to Sections 631.031 and 631.051, Florida Statutes, for a consent order of liquidation of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida (hereinafter "IMSC"). In support of its Petition, the Department states as follows:

1. This Court has jurisdiction pursuant to Section 631.021, Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. IMSC was licensed as a Motor Vehicle Service Agreement Corporation insurer pursuant to Chapter 634, Part One, as well as licensed as a Service Warranty Association (non-auto) insurer pursuant to Chapter 634, Part Three, Florida Statutes. The company had several previous known addresses associated with the business including, but not limited to: 1) 9624 Bailey Road, #283, Cornelius, NC 28031; 2) 9115 Harris Corners Parkway, #100, Charlotte, NC 28269; 3) 15806 Brookway, #500, Huntersville, NC 28078; and 4) 1191 E. Newport Center Drive, #100, Deerfield Beach, FL 33442.

3. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving a Florida domiciled insurer.

4. The Office of Insurance Regulation (hereinafter the "Office") determined that one or more grounds existed for delinquency proceedings to be initiated against IMSC pursuant to Sections 634.253 and 631.061, Florida Statutes (also citing to grounds specified in Section 631.051, Florida Statutes).

5. As a result, on April 23, 2009, the Department filed its *Petition for Order to Show Cause as to Why the Department of Financial Services Should Not Be Appointed Receiver for Purposes of Liquidation, and for an Order Enjoining the Waste or Disposition of Property* (hereinafter the "Show Cause Petition").

6. On April 23, 2009, the Court entered its *Order to Show Cause, Injunction and Notice of Automatic Stay* (hereinafter "Show Cause Order").

7. Pursuant to Section 631.031, Florida Statutes, the Department is empowered to apply to this Court for an Order appointing it as the Receiver of IMSC for purposes of rehabilitation under any of the grounds specified in Section 631.051, Florida Statutes.

8. Section 631.051(11), Florida Statutes, authorizes the Department to apply to this Court for an order directing it to rehabilitate a domestic insurer upon the ground that the insurer has consented to such an order through a majority of its directors, stockholders, members, or subscribers. IMSC executed the Consent to Order of Receivership and Resolutions of the Board of Directors of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida and Intercontinental Acceptance Corporation ("Consent") appointing the Florida

Department of Financial Services as Receiver for the company. The executed Consent also authorized the entry of an order of liquidation without further notice or hearing in the event that the Receiver determined that further efforts to rehabilitate the company would be useless. A copy of the Consent is attached as Composite Exhibit "A."

9. As a result, the Court entered its *Consent Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay* (hereinafter the "Rehabilitation Order") on July 28, 2009.

10. The Rehabilitation Order did not cancel any IMSC Vehicle Service Contract or Agreement or Service Warranty (hereinafter "Warranty"). Existing Warranties remain in full force and effect until they expire by reaching the end of the coverage period or mileage limits in the normal course of business, or are cancelled by the Warranty holder or by a future Court order.

11. Additionally, the Rehabilitation Order provided the Receiver a period of ninety (90) days to further assess the status of the company and take all reasonable and necessary steps in furtherance of developing and presenting a plan of rehabilitation to the Court. In the event that the Receiver was to determine a plan of rehabilitation is not viable for IMSC, the Rehabilitation Order provides that the Receiver is to submit that determination to the Court in furtherance of additional proceedings as may be deemed appropriate.

12. In furtherance of advising Warranty holders of the status of IMSC and the receivership, the Receiver issued a Notice to them dated September 8, 2009. The Receiver also developed and provided a Claim Inquiry Form for use by those Warranty holders who may have claims not previously reported to IMSC.

13. On October 26, 2009, the Receiver filed its *Status Report and Plan of Rehabilitation* ("Status Report") with the Court. As more particularly set forth in the Status Report, the Receiver identified various obstacles that would render a potential plan to rehabilitate the company as unviable. A copy of the Status Report is attached and incorporated herein as Exhibit "B."

14. Pursuant to Section 631.031, Florida Statutes, the Department is empowered to apply to this Court for a consent order of liquidation. As specified in the executed Consent found at Composite Exhibit A, the entry of a consent order of liquidation is authorized without further notice or hearing in the event that the Receiver determined that further efforts to rehabilitate the company would be useless.

15. Based upon the current facts and circumstances of the company, the obstacles identified in the Status Report are insurmountable and the Receiver has determined that further efforts to rehabilitate the company would be useless. As a result, the Receiver is unable to recommend the company continue in rehabilitation.

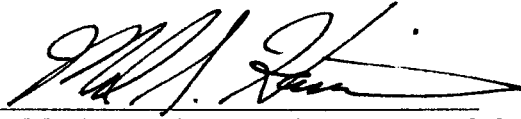
16. Consequently, the Department should be appointed as Receiver for purposes of liquidation without further delay to protect the remaining assets of the company for the benefit of policyholders, creditors and the public.

17. Accordingly, it is in the best interests of IMSC, policyholders, creditors, stockholders, and the public that the relief requested in the Petition be granted.

WHEREFORE, The Florida Department of Financial Services respectfully petitions this Court for entry of its consent order of liquidation attached to this Petition as Exhibit "C" and such

further relief as the Court may deem necessary and appropriate.

SUBMITTED on this day 17th, December 2009.

A handwritten signature in black ink, appearing to read 'William A. Spillias', written over a horizontal line.

WILLIAM A. SPILLIAS, CHIEF ATTORNEY

Florida Bar No. 909769

ROBERT V. ELIAS,

DEPUTY CHIEF ATTORNEY

Florida Bar No. 530107

MARK S. HAMILTON,

SENIOR ATTORNEY

Florida Bar No. 0063819

Florida Department of Financial Services

Division of Rehabilitation and Liquidation

Post Office Box 110

Tallahassee, Florida 32302-0110

(850) 413-4410 – Telephone

(850) 488-1510 – Facsimile

CONSENT TO ORDER OF RECEIVERSHIP

IT IS HEREBY agreed as follows:

1. Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida (hereinafter "Respondent"), was licensed as a Motor Vehicle Service Agreement Company pursuant Chapter 634, Florida Statutes, on February 20, 2003 and was authorized to offer motor vehicle warranties to Florida residents. On October 10, 2007, Respondent voluntarily surrendered its license.

2. Respondent admits that grounds exist for the appointment of a Receiver under Chapter 631, Florida Statutes.

3. Pursuant to Chapter 631, Florida Statutes, Respondent consents, through a majority of its directors, stockholders, members, or subscribers, to the entry of an Order of Rehabilitation appointing the Florida Department of Financial Services as receiver for purposes of rehabilitation and consents to any injunctions this Court deems necessary and appropriate. The Resolution of the Board of Directors of Respondent, as well as those of Intercontinental Acceptance Corporation, a purported parent company, are attached hereto as Composite Attachment "A".

4. Respondent consents and agrees to the entry of the Consent Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay included in this Consent as Attachment "B" and incorporated by reference herein.

5. Intercontinental Acceptance Corporation also consents and agrees to the entry of the Consent Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay for Respondent.

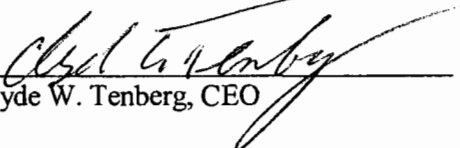
6. Respondent and Intercontinental Acceptance Corporation consent and agree to the original jurisdiction and venue of this matter in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida as set forth under Section 631.021, Florida Statutes.

7. Respondent and Intercontinental Acceptance Corporation consent and agree that if the Receiver determines that further efforts to rehabilitate Respondent would be useless, the Receiver may apply to the Court for entry of an order of liquidation of Respondent without further notice or hearing. Respondent and Intercontinental Acceptance Corporation agree and consent to the entry of such an order, and waive any and all rights to notice and hearing.

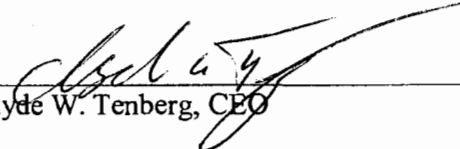
Dated this first day of July, 2009.

(Corporate Seal)

Intercontinental Marine Service Corporation d/b/a
First Warranty Group of Florida


Clyde W. Tenberg, CEO

Intercontinental Acceptance Corporation


Clyde W. Tenberg, CEO

CERTIFIED RESOLUTIONS OF THE BOARD OF DIRECTORS OF
INTERCONTINENTAL MARINE SERVICE CORPORATION
D/B/A FIRST WARRANTY GROUP OF FLORIDA

The undersigned, being all of Shareholders and Directors of Intercontinental Marine Service Corporation d/b/a of First Warranty Group of Florida (hereinafter "Respondent") hereby make and certify the following resolutions were adopted at a combined meeting of the shareholders and directors of the Company on July 1, 2009:

RESOLVED, that the Shareholders and Directors consent to the entry of the Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay included with this Consent as Attachment "B" and incorporated by reference herein;

FURTHER RESOLVED, that if the Receiver determines that further efforts to rehabilitate Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida, the Receiver may apply to the Court for an entry of liquidation of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida, without further notice or hearing. The Shareholders and Directors Consent to the entry of such an order, and waive any and all rights to notice and hearing. The Shareholder and Directors Consent to original jurisdiction and venue of this matter in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida as set forth under Section 631.021, Florida Statutes.

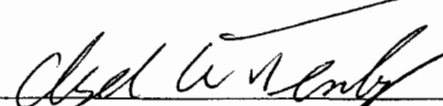
FURTHER RESOLVED, that the CEO, President and any other Officers of Respondent, are hereby authorized to execute any and all consent agreements or other documents on behalf of Respondent to obtain entry of the Order of Rehabilitation and are authorized to take any and all additional actions deemed necessary or appropriate by the Department of Financial Services to

**COMPOSITE
ATTACHMENT "A"**

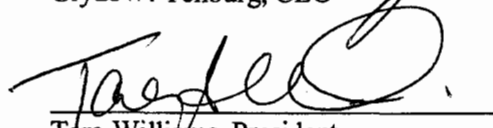
effectuate the foregoing or to comply with the Order, without further approval of the Shareholders or Directors.

Dated this 1 day of July, 2009.

Directors of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida


Clyde W. Tenburg, CEO

(Corporate Seal)


Tara Williams, President

CERTIFIED RESOLUTIONS OF THE BOARD OF DIRECTORS OF
INTERCONTINENTAL ACCEPTANCE CORPORATION

The undersigned, being all of the Shareholders and Directors of Intercontinental Acceptance Corporation hereby make and certify the following resolutions were adopted at a combined meeting of the shareholders and directors of the Company on July 1, 2009:

RESOLVED, that the Shareholders and Directors consent to the entry of the Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay included with this Consent as Attachment "B" and incorporated by reference herein as it pertains to Intercontinental Marine Service Corporation;

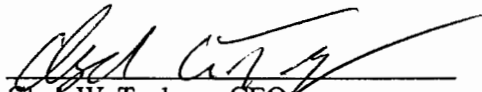
FURTHER RESOLVED, that if the Receiver determines that further efforts to rehabilitate Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida, the Receiver may apply to the Court for an entry of liquidation of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida, without further notice or hearing. The Shareholders and Directors Consent to the entry of such an order, and waive any and all rights to notice and hearing. The Shareholder and Directors Consent to original jurisdiction and venue of this matter in the Circuit Court of the Second Judicial Circuit in and for Leon County, Florida as set forth under Section 631.021, Florida Statutes.

FURTHER RESOLVED, that the CEO, President and any other Officers of Respondent, are hereby authorized to execute any and all consent agreements or other documents on behalf of Intercontinental Acceptance Corporation to obtain entry of the aforementioned Order of Rehabilitation and are authorized to take any and all additional actions deemed necessary or

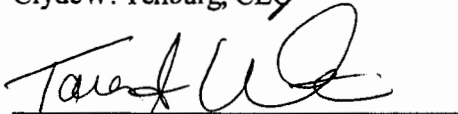
appropriate by the Department of Financial Services to effectuate the foregoing or to comply with the Order, without further approval of the Shareholders or Directors.

Dated this ____ day of July, 2009.

Directors of Intercontinental Acceptance Corporation


Clyde W. Tenburg, CEO

(Corporate Seal)


Tara Williams, President

COPY

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

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FILED

C-03
BOB INZER
CLERK CIRCUIT COURT
LEON COUNTY, FLORIDA

IN RE: The Receivership of
INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida

CASE NO.: 2009- 1568

RECEIVER'S STATUS REPORT AND PLAN OF REHABILITATION

The Florida Department of Financial Services as Receiver of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida (hereinafter "IMSC"), files herewith the Receiver's Status Report and Plan of Rehabilitation as set forth herein and, as good cause therefore, would show this Court:

I. STATUS REPORT

A. BACKGROUND

1. This Court has jurisdiction pursuant to Section 631.021, Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.
2. On February 20, 2003, IMSC was licensed as a Motor Vehicle Service Agreement Company pursuant to Chapter 634, Part One, Florida Statutes, and was authorized to offer motor vehicle warranties to Florida residents. The company had several previous known addresses associated with the business including, but not limited to: 1) 9624 Bailey Road, #283, Cornelius, NC 28031; 2) 9115 Harris Corners Parkway, #100, Charlotte, NC 28269; 3) 15806 Brookway, #500, Huntersville, NC 28078; and 4) 1191 E. Newport Center Drive, #100, Deerfield Beach, FL 33442.

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

IN RE: The Receivership of
INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida

CASE NO.: 2009- 1568

**ORDER APPOINTING THE FLORIDA DEPARTMENT OF
FINANCIAL SERVICES AS RECEIVER FOR PURPOSES OF LIQUIDATION,
INJUNCTION AND NOTICE OF AUTOMATIC STAY**

THIS CAUSE was considered on the Department of Financial Services' (hereinafter the "Department") Petition for an Order appointing the Department as Receiver for purposes of Liquidation of INTERCONTINENTAL MARINE SERVICE CORPORATION D/B/A FIRST WARRANTY GROUP OF FLORIDA (hereinafter the "Respondent"). The Court, having reviewed the pleadings of record, and otherwise being fully informed in the premises finds that:

1. This Court has jurisdiction pursuant to Section 631.021(1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.

2. Respondent was licensed as a Motor Vehicle Service Agreement Corporation insurer pursuant to Chapter 634, Part One, as well as licensed as a Service Warranty Association (non-auto) insurer pursuant to Chapter 634, Part Three, Florida Statutes. The company had several previous known addresses associated with the business including, but not limited to: 1) 9624 Bailey Road, #283, Cornelius, NC 28031; 2) 9115 Harris Corners Parkway, #100, Charlotte, NC 28269; 3) 15806 Brookway, #500, Huntersville, NC 28078; and 4) 1191 E. Newport Center Drive, #100, Deerfield Beach, FL

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

IN RE: The Receivership of
INTERCONTINENTAL MARINE SERVICE
CORPORATION D/B/A FIRST
WARRANTY GROUP OF FLORIDA,
an entity previously licensed as a motor
vehicle service agreement company in Florida

CASE NO.: 2009- 1568

**ORDER APPOINTING THE FLORIDA DEPARTMENT OF
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THIS CAUSE was considered on the Department of Financial Services' (hereinafter the "Department") Petition for an Order appointing the Department as Receiver for purposes of Liquidation of INTERCONTINENTAL MARINE SERVICE CORPORATION D/B/A FIRST WARRANTY GROUP OF FLORIDA (hereinafter the "Respondent"). The Court, having reviewed the pleadings of record, and otherwise being fully informed in the premises finds that:

1. This Court has jurisdiction pursuant to Section 631.021(1), Florida Statutes, and venue is proper pursuant to Section 631.021(2), Florida Statutes.
2. Respondent was licensed as a Motor Vehicle Service Agreement Corporation insurer pursuant to Chapter 634, Part One, as well as licensed as a Service Warranty Association (non-auto) insurer pursuant to Chapter 634, Part Three, Florida Statutes. The company had several previous known addresses associated with the business including, but not limited to: 1) 9624 Bailey Road, #283, Cornelius, NC 28031; 2) 9115 Harris Corners Parkway, #100, Charlotte, NC 28269; 3) 15806 Brookway, #500, Huntersville, NC 28078; and 4) 1191 E. Newport Center Drive, #100, Deerfield Beach, FL

33442.

3. Section 631.021(3), Florida Statutes, provides that a delinquency proceeding pursuant to Chapter 631, Florida Statutes, constitutes the sole and exclusive method of liquidating, rehabilitating, reorganizing, or conserving an insurer. Further, Section 631.025(2), Florida Statutes, authorizes the Department to initiate delinquency proceedings against any insurer if the statutory grounds are present as to that insurer.

4. Section 631.061, Florida Statutes, authorizes the Department to apply to this Court for an Order directing it to liquidate a domestic insurer upon the existence of any grounds specified in Section 631.051, Florida Statutes.

5. Section 631.051(11), Florida Statutes, authorizes the Department to apply to this Court for an order directing it to liquidate the business of such an insurer upon the ground that the insurer has consented to such an order through a majority of its directors, stockholders, members, or subscribers. IMSC executed the Consent to Order of Receivership and Resolutions of the Board of Directors of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida and Intercontinental Acceptance Corporation ("Consent") appointing the Florida Department of Financial Services as Receiver for the company.

6. The executed Consent authorized the entry of an order of liquidation without further notice or hearing in the event that the Receiver determined that further efforts to rehabilitate the company would be useless. The Respondent also waived all rights to contest the Receiver's Petition for Liquidation and any other proceeding concerning same.

7. On July 28, 2009, the Court entered its *Consent Order Appointing the*

Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay (hereinafter the "Rehabilitation Order").

8. The Receiver has determined that further efforts to rehabilitate the company would be useless.

9. Respondent must be liquidated to protect the remaining assets of Respondent for the benefit of its policyholders, creditors and the public.

10. In light of the Respondent's Consent to liquidation, pursuant to Sections 631.051(11) and 631.061, Florida Statutes, the Court finds that it is in the best interests of Respondent, its creditors, and its beneficiaries that the relief requested in the petition be granted and the company be placed in liquidation.

THEREFORE, IT IS ORDERED AND ADJUDGED as follows:

11. The Department of Financial Services of the State of Florida shall be appointed Receiver of Respondent for purposes of liquidation, effective immediately.

12. The Receiver shall be authorized and directed to:

A. Take immediate possession of all the property, assets, and estate, and all other property of every kind whatsoever and wherever located belonging to Respondent pursuant to Sections 631.111 and 631.141, Florida Statutes, including but not limited to: offices maintained by Respondent, rights of action, books, papers, evidences of debt, bank accounts, savings accounts, certificates of deposit, stocks, bonds, debentures and other securities, mortgages, furniture, fixtures, office supplies and equipment, wherever situate and however titled, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates and all real

property of Respondent, wherever situate, whether in the possession of Respondent or its officers, directors, shareholders, trustees, employees, consultants, attorneys, agents or affiliates.

B. Liquidate the assets of Respondent, including but not limited to, funds held by Respondent's agents, subagents, producing agents, brokers, solicitors, service representatives or others under agency contracts or otherwise which are due and unpaid to Respondent, including premiums, unearned commissions, agents' balances, agents' reserve funds, and subrogation recoveries.

C. Employ and authorize the compensation of legal counsel, actuaries, accountants, clerks, consultants, and such assistants as it deems necessary, purchase or lease personal or real property as it deems necessary, and authorize the payment of the expenses of these proceedings and the necessary incidents thereof, as approved by the Court, to be paid out of the funds or assets of the Respondent in the possession of the Receiver or coming into its possession.

D. Reimburse such employees, from the funds of this receivership, for their actual necessary and reasonable expenses incurred while traveling on the business of this receivership.

E. Not defend or accept service of process on legal actions wherein Respondent, the Receiver, or the insured is a party defendant, commenced either prior to or subsequent to the order, without authorization of this Court; except, however, in actions where Respondent is a nominal party, as in certain foreclosure actions, and the action does not affect a claim against or adversely affect the assets of Respondent, the Receiver may file appropriate pleadings in its

discretion.

F. Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

G. Collect all debts which are economically feasible to collect which are due and owing to Respondent.

H. Deposit funds and maintain bank accounts in accordance with Section 631.221, Florida Statutes.

I. Take possession of all of Respondent's securities and certificates of deposit on deposit with the Treasurer of Florida or any similar official of any other state, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership.

J. Publish notice specifying the time and place fixed for the filing of claims with the Receiver once each week for three consecutive weeks in the Florida Administrative Weekly published by the Secretary of State, and at least once in the Florida Bar News and to publish notice by similar methods in all states where Respondents may have issued insurance policies.

K. Negotiate and settle subrogation claims and Final Judgments up to and including the sum of Twenty Thousand Dollars (\$20,000.00) without further order of this Court.

L. Sell any salvage recovered property having value of not more than Twenty Thousand Dollars (\$20,000.00) without further order of this Court.

M. Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes, and to its insureds, if any.

13. All officers, directors, trustees, administrators, agents and employees and all other persons representing Respondent or currently employed or utilized by Respondent in connection with the conduct of its business are discharged forthwith; provided, however, the Receiver may retain such persons in the Receiver's discretion.

14. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of Respondent's affairs or the affairs of its affiliates shall be required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes, notwithstanding the provisions of the above paragraph.

15. Title to all property, real or personal, all contracts, rights of action and all books and records of Respondent, wherever located, is vested in the Receiver pursuant to Sections 631.111 and 631.141, Florida Statutes.

16. All attorneys employed by Respondent as of the date of the Order, within 10 days notice of the Order, are required to report to the Receiver on the name, company claim number and status of each file they are handling on behalf of the Respondent. Said report shall also include an accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent shall be discharged as of the date of the Order unless their services are retained by the Receiver. All attorneys employed by Respondent shall be advised that pursuant to Section 631.011(21), Florida Statutes, a claim based on mere possession does not create a secured claim and all attorneys employed by Respondent, pursuant to In Re the Receivership of Syndicate Two, Inc., 538

So.2d 945 (Fla. 1st DCA 1989), who are in possession of litigation files or other material, documents or records belonging to or relating to work performed by the attorney on behalf of Respondent shall be required to deliver such litigation files, material, documents or records intact and without purging to the Receiver, on request, notwithstanding any claim of a retaining lien which, if otherwise valid, shall not be extinguished by the delivery of these documents.

17. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of the Respondent shall account for and pay all premiums and commissions unearned due to cancellation of policies by this Order or in the normal course of business owed to the Respondent directly to the Receiver within 30 days of demand by the Receiver or appear before this Court to show cause, if any they may have, as to why they should not be required to account to the Receiver or be held in contempt of Court for violation of the provisions of this Order. No agent, broker or other person shall use premium monies owed to the Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.

18. Any premium finance company, which has entered into a contract to finance a premium for a policy, which has been issued by Respondent, shall pay any premium owed to Respondent directly to the Receiver.

19. Reinsurance premiums due to or payable by Respondent shall be remitted to, or disbursed by, the Receiver. Reinsurance losses recoverable or payable by Respondent shall be handled by the Receiver. All correspondence concerning reinsurance shall be between the Receiver and the reinsuring company or intermediary.

20. Upon request by the Receiver, any company providing telephonic services

to Respondent shall be required to provide a reference of calls from the number presently assigned to Respondent to any such number designated by the Receiver or perform any other services or changes necessary to the conduct of the receivership.

21. Any bank, savings and loan association, or other financial institution which has on deposit, in its possession, custody or control any funds, accounts and any other assets of Respondent, shall be required to immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver shall be authorized to change the name of such accounts and other assets, withdraw them from such bank, savings and loan association or other financial institution, or take any lesser action necessary for the proper conduct of this receivership. No bank, savings and loan association or other financial institution shall be permitted to exercise any form of set-off, alleged set-off, lien, any form of self-help whatsoever, or refuse to transfer any funds or assets to the Receiver's control without the permission of this Court.

22. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to Respondent shall be required to maintain such service and transfer any such accounts to the Receiver as of the date of the Order, unless instructed to the contrary by the Receiver.

23. Any data processing service which has custody or control of any data processing information or records including but not limited to source documents, data processing cards, input tapes, all types of storage information, master tapes or any other recorded information relating to Respondent shall be required to transfer custody and control of such records to the Receiver. The Receiver shall be authorized to compensate any such entity for the actual use of hardware and software which the Receiver finds to

be necessary to this proceeding. Compensation shall be based upon the monthly rate provided for in contracts or leases with Respondent which was in effect when this proceeding was instituted, or based upon such contract as may be negotiated by the Receiver, for the actual time such equipment and software is used by the Receiver.

24. The United States Postal Service shall be directed to provide any information requested by the Receiver regarding Respondent and to handle future deliveries of Respondent's mail as directed by the Receiver.

25. All claims shall be filed with the Receiver on or before 11:59 p.m. on December 17, 2010 or be forever barred, and all such claims shall be filed on proof of claim forms prepared by the Receiver.

26. Except for contracts of insurance, if the Receiver does not assume or reject an executory contract, in whole or in part, to which Respondent was a party within ninety (90) days of the date of this Order or from the date of Receiver's actual knowledge of such contract, whichever is later, then such contract shall be deemed rejected. "Actual Knowledge" means the Receiver has in its possession the original of a written contract to which the Respondent is a party, and the Receiver has notified the vendor in writing acknowledging the existence of the contract. Further, the Receiver shall have the authority to do the following:

A) Pay for services provided by any of Respondent's vendors, in the ninety (90) day period prior to assuming or rejecting the contract, which are necessary to administer the Receivership estate;

B) Once the Receiver determines Respondent's vendor is necessary in the continued administration of the Receivership estate for a period to exceed the ninety (90)

days from the date of this order, or from the date of Receiver's actual knowledge of such contract, whichever is later, the Receiver may make minimal modifications to the terms of the contract, including, but not limited to, the expiration date of the agreement, the scope of the services to be provided, and /or the compensation to be paid to Respondent's vendor pursuant to the contract. "Minimal Modifications" shall mean any minimum alteration made to the contract in order to adapt to the new circumstances of the Receivership estate. In no event will any minimal modification be construed as the Receiver entering into a new contract with Respondent's vendor.

Any vendor, including but not limited to, any and all employees / contractors of insurer, claiming the existence of a contractual relationship with the insurer shall provide notice to the Receiver of such relationship. This notice shall include any and all documents and information regarding the terms and conditions of the contract, including a copy of the written contract between the vendor and the insurer, if any, what services or goods were provided pursuant to the contract, any current, future and/or past due amounts owing under the contract, and any supporting documentation for third party services or goods provided. Failure to provide the required information may result in vendors' contractual rights not being recognized by the Receiver. The rights of the parties to any such contracts are fixed as of the date of the Order and any cancellation under this provision shall not be treated as an anticipatory breach of such contracts.

27. All affiliated companies and associations shall be directed to make their books and records available to the Receiver, to include all records located in any premises occupied by said affiliate, whether corporate records or not, and to provide copies of any records requested by the Receiver whether or not such records are related to

Respondent. The Receiver shall have title to all policy files and other records of, and relating to Respondent, whether such documents are kept in offices occupied by an affiliate company or any other person, corporation, or association. The Receiver shall be authorized to take possession of any such records, files, and documents, and to remove them to any location in the Receiver's discretion. Any disputed records shall not be withheld from the Receiver's review, but shall be safeguarded and presented to this Court for review prior to copying by the Receiver.

28. The Receiver shall have complete access to and control of all computer records of Respondent, including administrative rights. The Receiver shall have full power to administer the computer network and hardware used by Respondent, including administrative rights.

29. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms shall be directed to appear before this Court to show good cause, if any they may have, as to why they shall not be held in contempt of Court for violation of the provisions of this Order.

30. Pursuant to the provisions of Section 631.252, Florida Statutes, all policies of insurance or similar contracts of coverage that have not expired are canceled effective at 11:59 p.m. on the date of entry of this liquidation order. Policies or contracts of coverage with normal expiration dates prior to the dates otherwise applicable under this paragraph, or which are terminated by insureds or lawfully canceled by the Receiver or insurer before such date, shall stand canceled as of the earlier date.

31. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with IMSC having any interest in

any facility in which IMSC may operate, shall make available, at that location and at no charge to the Receiver or to IMSC, office space, and related facilities (telephone service, copiers, computer equipment and software, office supplies, parking, etc.) to the extent deemed necessary by the Receiver in its sole discretion.

32. All subsidiaries, affiliates, parent corporations, ultimate parent corporations, and any other business entity affiliated with IMSC having any interest in the computer equipment and software currently used by or for IMSC shall make such computer equipment and software available to the Receiver at no charge to the Receiver or IMSC to the extent deemed necessary by the Receiver in its sole discretion.

CONTINUATION OF INVESTIGATION

33. The Receiver shall be authorized to conduct an investigation as authorized by Section 631.391, Florida Statutes, of Respondent and its affiliates, as defined above, to uncover and make fully available to the Court the true state of Respondent's financial affairs. In furtherance of this investigation, Respondent and its affiliates shall be required to make all books, documents, accounts, records, and affairs, which either belong to or pertain to Respondent, available for full, free and unhindered inspection and examination by the Receiver during normal business hours (9:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. Respondent and the above specified entities shall be required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation shall include, but not be limited to, the taking of oral testimony under oath of Respondent's officers, directors, managers, trustees, agents, adjusters, employees, or independent contractors of Respondent, its affiliates and any other person who possesses any executive authority over, or who exercises any control

over, any segment of the affairs of Respondent in both their official, representative and individual capacities and the production of all documents that are calculated to disclose the true state of Respondent's affairs.

34. Any officer, director, manager, trustee, administrator, attorney, agent, accountant, actuary, broker, employee, adjuster, independent contractor, or affiliate of Respondent and any other person who possesses or possessed any executive authority over, or who exercises or exercised any control over, any segment of the affairs of Respondent or its affiliates shall be required to fully cooperate with the Receiver as required by Section 631.391, Florida Statutes, and as set out in the preceding paragraph. Upon receipt of a certified copy of the Order, any bank or financial institution shall be required to immediately disclose to the Receiver the existence of any accounts of Respondent and any funds contained therein and any and all documents in its possession relating to Respondent for the Receiver's inspection and copying.

NOTICE OF AUTOMATIC STAY

35. Notice is hereby given that, pursuant to Section 631.041(1), Florida Statutes, the filing of the Department's initial petition herein operates as an automatic stay applicable to all persons and entities, other than the Receiver, which shall be permanent and survive the entry of this order, and which prohibits:

A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;

B. The enforcement of judgment against the insurer or an affiliate, provided that such affiliate is owned by or constitutes an asset of Respondent, obtained either before or after the commencement of the delinquency proceeding;

C. Any act to obtain possession of property of the insurer;

D. Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(21), Florida Statutes;

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

36. All Sheriffs and all law enforcement officials of the state shall cooperate with and assist the Receiver in the implementation of this Order.

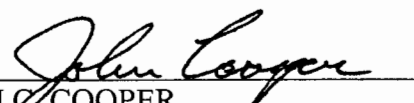
37. This Court retains jurisdiction of this cause for the purpose of granting such other and further relief as from time to time shall be deemed appropriate.

38. The Respondent is ordered into liquidation, effective immediately.

DONE and ORDERED in Chambers at the Leon County Courthouse in Tallahassee, Leon County, Florida this 18th day of December, 2009.

COPIES FURNISHED TO:

William A. Spillias, Chief Attorney
Robert V. Elias, Deputy Chief Attorney
Florida Department of Financial Services
Division of Rehabilitation and Liquidation
P.O. Box 110
Tallahassee, Florida 32302


JOHN C. COOPER
CIRCUIT JUDGE

A Certified Copy
Attest:

Bob Inzer
Clerk Circuit Court
Leon County, Florida

By 
D.C.



DEC 22 2009

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

CASE NO.: 2009-CA-1568

IN RE: The Receivership of
INTERCONTINENTAL MARINE
SERVICE CORPORATION, D/B/A
FIRST WARRANTY GROUP OF FLORIDA

**MOTION FOR APPROVAL OF FINAL CLAIMS REPORT,
CLAIMS DISTRIBUTION REPORT, DISTRIBUTION ACCOUNTING,
AND FOR ORDER AUTHORIZING DISTRIBUTION**

The Florida Department of Financial Services, as Receiver of Intercontinental Marine Service Corporation (hereinafter "Receiver" or "IMSC"), by and through undersigned counsel, hereby files this Motion for Approval of Final Claims Report, Claims Distribution Report, Distribution Accounting, and for Order Authorizing Distribution, and as grounds therefore states the following:

1. On December 18, 2009, this Court entered an *Order Appointing the Florida Department of Financial Services as Receiver of Intercontinental Marine Service Corporation, d/b/a First Warranty Group of Florida, for Purposes of Liquidation, Injunction and Notice of Automatic Stay*.

2. This Court has jurisdiction over the IMSC receivership and is authorized to enter all necessary and/or proper orders to carry out the purpose of the Florida Insurers Rehabilitation and Liquidation Act, Section 631.021(1), Florida Statutes.

3. The Court approved the Receiver's First Interim Claims Report in the Order Approving Receiver's First Interim Claims Report and Recommendation on Claims entered November 7, 2012.

4. The Court approved the Receiver's Second Interim Claims Report in the Order Approving Receiver's Second Interim Claims Report and Recommendation of Claims entered June 6, 2013.

5. The Receiver has compiled a Final Claims Report dated December 5, 2013 which reflects the classification of all filed claims in Classes 2-11 by priority in accordance with Section 631.271, Florida Statutes, and the claims filing deadline, and reflects the resolution of any objections that were filed. The Receiver will incorporate future claimant information updates that result from the distribution process into the Receiver's database.

6. IMSC was a Motor Vehicle Service Agreement Company governed by Chapter 634, Florida Statutes, Part I. There is no Guaranty Association involved with IMSC. Since there is no guaranty association involvement in the estate, the Report consists only of claims of non-guaranty association claims.

7. The Report shows the gross number of non-guaranty association claims is 4,032 for a total amount claimed of \$3,845,103.43. The total amount of payments to Claimants recommended by the Receiver is \$1,394,275.09. For the Court's convenience, a copy of the summary totals of the Final Claims Report is attached hereto as Exhibit "A."

8. With the approval of the Receiver's Final Claims Report, the Receiver is now in a position to make a distribution of receivership assets. Said assets will be distributed to claimants in Class 2 in accordance with the Claims Distribution Report dated November 18, 2013. For the Court's convenience, a paper copy of the summary totals from the Claims Distribution Report is attached as Exhibit "B."

9. Based upon the Distribution Accounting projected as of November 2013, which is attached hereto as Exhibit "C," the Receiver is prepared to make a distribution of \$615,354.92 to claimants. Only Class 2 claims were evaluated. Due to limited funds in this receivership, only

Class 2 claims will receive a distribution. The distribution percentage for Class 2 claims is 44.1344% of the recommended claim amount. The final pro-rata calculation and the amount distributed may have a slight variance due to rounding at the time of check processing.

10. The Receiver recommends that the Final Claims Report, Claims Distribution Report, and Distribution Accounting be approved.

11. Despite the Receiver's best efforts, some approved claims may have inadequate current address information, and/or may not have provided the Receiver with a W-9 form, required by the Internal Revenue Service. The Receiver asks for authority to remit the funds due to these claimants to the Bureau of Unclaimed Property, of the Florida Department of Financial Services.

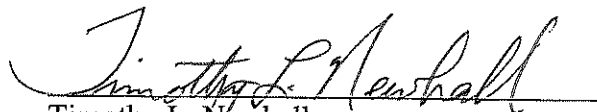
WHEREFORE, the Receiver requests an Order:

A. Approving the Final Claims Report, Claims Distribution Report and Distribution Accounting;

B. Directing the Receiver to make the above-referenced distribution to the Class 2 claimants in this receivership; and

C. Authorizing the Receiver to remit unclaimed funds to the Unclaimed Property Bureau of the Florida Department of Financial Services.

RESPECTFULLY SUBMITTED on this 9TH day of December, 2013.



Timothy L. Newhall
Deputy Chief Attorney
Florida Bar No. 391255
Florida Department of Financial Services
Division of Rehabilitation & Liquidation,
2020 S.E. Capital Circle, Suite 310
Tallahassee, Florida 32301
Telephone: (850) 413-4528
Facsimile: (850) 413-3992
Tim.Newhall@myfloridacfo.com

FLORIDA DEPARTMENT OF FINANCIAL SERVICES -DIVISION OF REHABILITATION AND LIQUIDATION
INTERCONTINENTAL MARINE SERVICE CORPORATION
FINAL CLAIMS REPORT
PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS	\$3,845,103.43
TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS	\$1,394,275.09
TOTAL NUMBER	4,032

Secured Claims

COUNT OF SECURED CLAIMS :	1
AMOUNT CLAIMED FOR SECURED CLAIMS BY NON GUARANTY ASSOCIATION	\$10,015.79
AMOUNT RECDMD FOR SECURED CLAIMS TO NON GUARANTY ASSOCIATION	

Unsecured Claims

COUNT OF CLASS 1 CLAIMS :	0	COUNT OF CLASS 7 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECDMD FOR CLASS 1 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :		AMOUNT RECDMD FOR CLASS 7 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
COUNT OF CLASS 2 CLAIMS :	2,012	COUNT OF CLASS 8 CLAIMS :	62
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION	\$1,395,318.00	AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION	\$72,123.31
AMOUNT RECDMD FOR CLASS 2 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$1,394,275.09	AMOUNT RECDMD FOR CLASS 8 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
COUNT OF CLASS 3 CLAIMS :	1,953	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION	\$2,362,294.33	AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECDMD FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:		AMOUNT RECDMD FOR CLASS 9 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
COUNT OF CLASS 4 CLAIMS :	0	CLASS 10 INTEREST CLAIMS (SEE NOTE):	
AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00		
AMOUNT RECDMD FOR CLASS 4 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:			
COUNT OF CLASS 5 CLAIMS :	0	COUNT OF CLASS 11 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	AMOUNT CLAIMED FOR CLASS 11 CLAIMS TO NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECDMD FOR CLASS 5 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:		AMOUNT RECDMD FOR CLASS 11 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS	
COUNT OF CLASS 6 CLAIMS :	4		
AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY NON GUARANTY ASSOCIATION	\$5,352.00		
AMOUNT RECDMD FOR CLASS 6 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :			

Note: Class 10 Claims are comprised of interest per F.S. 631.271 (1) (i) on allowed claims in Classes 1 - 9.
*** If status is unevaluated, then dollar amounts have been suppressed

FLORIDA DEPARTMENT OF FINANCIAL SERVICES-DIVISION OF REHABILITATION AND LIQUIDATION
INTERCONTINENTAL MARINE SERVICE CORPORATION
CLAIMS DISTRIBUTION REPORT

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED	\$1,394,275.09
TOTAL AMOUNT RECOMMENDED	\$1,394,275.09

TOTAL NUMBER	1,890
--------------	-------

Secured Claims

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

Unsecured Claims

COUNT OF CLASS 1 CLAIMS :	0	COUNT OF CLASS 7 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 1 CLAIMS :		AMOUNT CLAIMED FOR CLASS 7 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 1 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 7 CLAIMS :	

COUNT OF CLASS 2 CLAIMS :	1,890	COUNT OF CLASS 8 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 2 CLAIMS :	\$1,394,275.09	AMOUNT CLAIMED FOR CLASS 8 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 2 CLAIMS :	\$1,394,275.09	AMOUNT RECOMMENDED FOR CLASS 8 CLAIMS :	

COUNT OF CLASS 3 CLAIMS :	0	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS :		AMOUNT CLAIMED FOR CLASS 9 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 3 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 9 CLAIMS :	

COUNT OF CLASS 4 CLAIMS :	0	CLASS 10 INTEREST CLAIMS (SEE NOTE):	
AMOUNT CLAIMED FOR CLASS 4 CLAIMS :			
AMOUNT RECOMMENDED FOR CLASS 4 CLAIMS :			

COUNT OF CLASS 5 CLAIMS :	0	COUNT OF CLASS 11 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS :		AMOUNT CLAIMED FOR CLASS 11 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 5 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 11 CLAIMS :	

COUNT OF CLASS 6 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 6 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 6 CLAIMS :	

Note: Class 10 Claims are comprised of interest per F.S. 631.271 (1) (I) on allowed claims in Classes 1 - 9.

Intercontinental Marine Service Corporation
Distribution Accounting
Projected for November 2013 Distribution

ESTIMATED ASSETS AT October 31, 2013

	Value	Reference
Cash	\$ 658,448.92	
Accrued Interest Rec. (To be paid 11/01/2013)	550.00	Schedule A
Total Assets	\$ 658,898.92	

ESTIMATED FUNDS RETAINAGE

	Value	Reference
Class I - Administrative Claims Retainage for Receiver Expenses Estimate (November 2013 - May 2014)	32,144.00	Schedule B
Discharge Expenses Retainage for records storage, records destruction, tax return prep. & labor (post May 2014)	11,500.00	Schedule F
Total Proposed Retainage	43,644.00	
TOTAL AVAILABLE TO DISTRIBUTE	\$ 615,354.92	

DISTRIBUTION RECOMMENDATION

	Claims Value	Less Previous Claims Distributions	Value of Claims Outstanding	Apply Adv. Pmts. to Guaranty Assoc.	Recommended Distribution	% Value of Claims Outstanding	% Value of Gross Filed Claims	Total % of Claims Value Distributed
Class I - Administrative Claims-Guaranty Funds	\$ -	\$ -	\$ -	-	\$ -	0.0000%	0.0000%	0.0000%
Class II - Loss Claims-Guaranty Funds	-	-	-	-	-	0.0000%	0.0000%	0.0000%
Class II - Loss Claims-Other	1,394,275.09	-	1,394,275.09	X	615,354.92	44.1344%	44.1344%	44.1344%
Class III - Return Premium Claims-Guaranty Funds	-	-	-	-	-	0.0000%	0.0000%	0.0000%
Class III - Return Premium Claims-Other	2,362,294.33	-	2,362,294.33	X	-	0.0000%	0.0000%	0.0000%
Class IV - Federal Government Claims	-	-	-	X	-	0.0000%	0.0000%	0.0000%
Class V - Employee Claims	-	-	-	X	-	0.0000%	0.0000%	0.0000%
Class VI - General Creditors Claims-Guaranty Funds	-	-	-	X	-	0.0000%	0.0000%	0.0000%
Class VI - General Creditors Claims-Other	5,352.00	-	5,352.00	X	-	0.0000%	0.0000%	0.0000%
Class VII - State & Local Government Claims	-	-	-	X	-	0.0000%	0.0000%	0.0000%
Class VIII - Late Filed Claims	72,123.31	-	72,123.31	X	-	0.0000%	0.0000%	0.0000%
Class IX - Surplus/Other-GA	-	-	-	X	-	0.0000%	0.0000%	0.0000%
Class IX - Surplus/Other Claims	-	-	-	X	-	0.0000%	0.0000%	0.0000%
Totals	\$ 3,834,044.73	\$ -	\$ 3,834,044.73	\$ -	\$ 615,354.92	0.0000%	0.0000%	0.0000%

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

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

IN RE: The Receivership of
INTERCONTINENTAL MARINE
SERVICE CORPORATION, D/B/A
FIRST WARRANTY GROUP OF
FLORIDA

CASE NO.: 2009-CA-1568

**ORDER APPROVING RECEIVER'S MOTION FOR APPROVAL OF FINAL
CLAIMS REPORT, CLAIMS DISTRIBUTION REPORT, AND DISTRIBUTION
ACCOUNTING, AND AUTHORIZING DISTRIBUTION**

THIS CAUSE was considered on the Receiver's Motion for Order Approving Final Claims Report, Claims Distribution Report and Distribution Accounting, and Authorizing Distribution. The Court having reviewed the relevant pleadings of record and otherwise being fully informed in the premises, it is ORDERED AND ADJUDGED as follows:

- A. The Receiver's Final Claims Report dated December 5, 2013 is hereby approved.
- B. The Receiver's Claims Distribution Report dated November 18, 2013 is hereby approved.
- C. The Receiver's Distribution Accounting as of November 2013 is hereby approved.
- D. The Receiver's recommendation that the distribution amounts intended for claimants who do not respond to the Receivers inquiries, or where inadequate address information exists, be transferred to the Florida Department of Financial Services, Bureau of Unclaimed Property, is approved.
- E. The Receiver is authorized to incorporate any future claimant information updates resulting from the distribution process into its database.

ORDERED in Chambers at Tallahassee, Leon County, Florida, this 10 day of December, 2013.



TERRY P. LEWIS
CIRCUIT JUDGE

F Series – Financial Reporting Documents Referenced



Office of Insurance Regulation
Bureau of Specialty Insurers

FLORIDA
COMPANY CODE:
8 0 118

RECEIVED

F-1

MAR 01 2006

BUREAU OF SPECIALTY INSURERS

FEDERAL EMPLOYER
IDENTIFICATION NUMBER:
_65-0081186

ANNUAL REPORT
OF THE
Intercontinental Marine Service Corporation

(NAME OF THE SERVICE WARRANTY ASSOCIATION)

Deerfield Beach

(CITY)

FL

(STATE)

TO THE
OFFICE OF INSURANCE REGULATION
OF THE
STATE OF FLORIDA

Bureau of Specialty Insurers
200 East Gaines Street
Tallahassee, FL 32399 - 0331

FOR THE CALENDAR YEAR ENDED

DECEMBER 31, 2 005

DUE ON OR BEFORE

MARCH 1 EACH YEAR

STATEMENT

This report accurately reflects the condition and affairs for the period ended December 31, 20004 of

Intercontinental Marine Service Corporation

(NAME OF LICENSEE)

State and Date of Incorporation/Organization: Florida 10 -- 15 --1988
Date Licensed by the Office of Insurance Regulation: 02 -- 20 -- 2002
Date Commenced Business: 03 -- 01 -- 2005
Address of Main Administrative Office: 15806 Brookway Drive # 500, Huntersville, NC 28078

Area Code and Telephone Number: (704) 895 - 1206 Fax (704) 895-6122
Mailing Address: 15806 Brookway Drive # 500 Huntersville, NC 28078
Location of Records: Same as above
Address of Principal Florida Office: 1191 E. Newport Center Drive # 100, Deerfield Beach, FL 33442
Area Code and Telephone Number: (954) 360-0254 Fax (954) 421-1610
Web Site: _____

OFFICERS / DIRECTORS / MEMBERS

Show full name (initials not acceptable).

Chief Executive Officer:

President:

Vice President:

Secretary:

Treasurer / Chief Financial Officer:

Chairman of the Board:

Directors / Members:

Clyde William Tenberg, Jr.

Clyde William Tenberg, Jr.

Clyde William Tenberg, Jr.

STATE OF: NORTH CAROLINA

COUNTY OF: MECKLENBURG

Clyde William Tenberg, Jr., President, Clyde William Tenberg, Jr.
Secretary, and Clyde William Tenberg, Jr., Chief Financial Officer (or corresponding
person having charge of the financial records of the licensee), of _____

_____ being duly sworn each for himself
or herself deposes and says that they are the above-described officers of the said licensee, and that on the reporting
period stated above, all of the herein assets were the absolute property of the said licensee, free and clear from any
liens or claims thereon, except as herein stated, and that this report, together with related exhibits, schedules and
explanations therein contained, annexed or referred to is a full and true statement of all assets and liabilities and of
the condition and affairs of the said licensee as of the reporting period stated above, and of its income and expenses
for the period reported.

Subscribed and Sworn to Before me this
28th day of February, 20 06

Stefanie P. Koppelman
(NOTARY PUBLIC)

Clyde William Tenberg, Jr. President/Owner
Clyde William Tenberg, Jr. Secretary
Clyde William Tenberg, Jr. Treasurer/CFO



(Corporate Seal)

GENERAL INTERROGATORIES

1. Have all transactions of the Licensee of which notice was received at the main office on or before the close of business on the reporting date been truthfully and accurately entered in its books?
ANSWER: YES If "NO", provide details. _____
2. Is the Licensee directly or indirectly owned or controlled by a company, corporation, group of companies, partnership, or individual not listed on the Management/Owners Information form (Page 22)?
ANSWER: NO If "YES", supply the information requested on the Management/Owners Information form, showing the changes from prior submission with a number sign [#] and attach an organizational chart.
3. During the period covered by this report, was money loaned to any stockholder, officer, director or employee of the Licensee?
ANSWER: NO If "YES", give detailed explanation on each loan on Schedule C, Page 10.
4. Does the Licensee have an established procedure requiring officers, directors, and responsible employees to disclose to the Board of Directors any material interest or affiliation which is in conflict with, or is likely to conflict with, their official duties?
ANSWER: NO If "YES", give specifics: _____
5. Are there any contracts or arrangements between the Licensee and the persons / entities listed on the Management/Owners Information form or identified in questions 2, 3 or 4?
ANSWER: NO Attach additional sheets giving full details, including any possible conflicts of interest.
6. Other than those on deposit with the state, were all stocks, bonds and other securities owned as of the reporting period in the actual possession of the Licensee on the report date?
ANSWER: YES If "NO", give location(s): _____
7. Is the purchase or sale of all investments of the Licensee passed upon by either the Board of Directors or a subordinate Committee?
ANSWER: NO If "NO", state who has authority for approving: _____
8. Has any change been made since the last reporting date in the Licensee's origination documents (e.g. charter, articles of incorporation, bylaws, contracts with subscribers, etc.)?
ANSWER: NO If "YES", attach current copies of the documents. If previously submitted, provide date sent: _____ -- _____ -- _____
9. Does any present or former officer, director, individual, or any other person or firm, have any claim of any nature whatsoever against the Licensee which is not included in the statement of liabilities?
ANSWER: NO If "YES", explain completely. _____
10. Are there any contingent claims of any nature whatsoever against the Licensee which are not identified in this report?
ANSWER: NO If "YES", give details. _____
11. Have any legal actions been taken against the Licensee, during the period covered by this report?
ANSWER: NO If "YES", give full details.
12. Are the officers and employees of the Licensee covered by a Fidelity Bond or an Errors and Omissions policy?

ANSWER: NO If "YES", give name of Surety Company/Insurance Company: _____
and provide a copy of each policy and any and every endorsement,
rider, or amendment thereto.

13. Does the Licensee report on a cash basis or an accrual method of accounting?
- a. To the Office of Insurance Regulation (OIR): Cash [] Accrual [X]
- b. To the Internal Revenue Service Cash [] Accrual [X]
14. Have all forms currently being used been filed with and approved by the OIR? ANSWER: YES
15. Have all rates been filed with the OIR? (Not applicable to Service Warranty Licensees)
ANSWER: YES
16. Does the Licensee use contractual liability insurance to meet its statutory reserve requirements for Unearned Premium Reserve?
ANSWER: NO If "YES", provide a copy of the policy and any and every endorsement, rider, or amendment thereto. (Motor Vehicle Service Agreement Companies only: Indicate whether policy is for all vehicle service agreement business or only for coverage of vehicle protection expenses. Service Warranty Licensees only: If claiming exception under Section 634.406(6) or (8), F.S., provide all required documentation.)
17. Does the Licensee issue contracts which extend for more than one year from the date of issue?
ANSWER: YES If "YES", provide contract lengths offered. UP TO 7 YEARS
18. Does the Licensee maintain a deposit(s) with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management? ANSWER: YES
19. If Question 18 has a "YES" answer, please identify the amount and type of security on deposit with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management.
Type of Deposit(s): CASH
(Cash, Certificate of Deposit, US Treasury Note, etc.)
Amount: \$ 735,000.00
20. Does the Licensee currently maintain a Surety Bond on file with the OIR?
ANSWER: NO If "YES", provide the following:
Amount: \$ _____
Issued by: _____
Date of Expiration: _____
21. Are all Sales Representatives properly licensed by the OIR and appointed by the Licensee as required?
ANSWER: YES If "NO", explain completely. _____
22. Has the Licensee sold or transferred any of its Florida contracts to another entity?
ANSWER: NO If "YES", give specifics. _____
23. Does the Licensee conduct any Florida business for another entity?
ANSWER: NO If "YES", provide complete details. _____
24. Are any assets of the Licensee maintained outside the United States?
ANSWER: NO If "YES", identify the assets and the locations. _____

25. Are the Licensee's financial statements audited by an independent certified public accountant?

ANSWER: YES If "YES", when will the report be published? 05 -31-2006 Please provide a copy of the report when available.

26. Is the Licensee affiliated with or contracted with any entity that sells or issues the same kinds of contracts or Service Agreements?

ANSWER: NO If "YES", provide complete details: _____

27. Does the Licensee have any other License(s) issued by the OIR?

ANSWER: NO If "YES", state which license(s). _____

28. Is the Licensee presently authorized to operate in a State other than Florida?

ANSWER: YES If "YES", attach a list of those states, indicating the type(s) of business conducted.
Texas - Motor Vehicle Service Agreements

29. Are the Licensee's current activities and policies in compliance with Florida and Federal Authorities' current guidance regarding TERRORISM?

ANSWER: YES

CHECK LIST

Please indicate by checking the boxes that each action has been taken

- ☒ This Report has been completed in its entirety with all schedules and exhibits.
- ☒ Separate responses, cross-referenced to the question, are attached where appropriate.
- ☒ All financial statements, schedules and exhibits are mathematically correct.
- ☒ The appropriate lines on the Balance Sheet and Statement of Operations are properly carried forward from their supporting schedule/exhibit.
- ☐ Requests for clarification may be sent electronically to the e-mail address below.

The person to contact regarding any information contained in this report is:

Clyde Tenberg
(name)

President
(position)

15806 Brookway Drive # 500,
(address)

Huntersville, NC 28078
(city, state, zip)

(704) 439 -2675 EXT: _____
(area code - telephone number - extension, if applicable)

(704) 895-6122
(area code - fax number)

ctenberg@1stwarranty.com
(e-mail, if applicable)

**BALANCE SHEET
ASSETS**

	December 31	
	Current Year	Last Year
CURRENT ASSETS:		
1. Cash on Hand and on Deposit (Schedule A – Page 8)	2,098,218	1,648,137
2. Investments (Schedule B – Page 9)	4,495	9,564
3. Receivables (Schedule C – Page 10)	352,861	356,957
Allowance for Doubtful Accounts	()	()
4. Prepaid Expenses		
5. Inventories		
6. Other Current Assets (Schedule D – Page 11)	119,671	36,987
7. Total Current Assets	\$ 2,575,245	\$ 2,051,645
NON-CURRENT ASSETS:		
8. Investments (Schedule B – Page 9)	731,991	731,991
9. Receivables (Schedule C – Page 10)	258,763	258,763
Allowance for Doubtful Accounts	()	()
10. Deferred Acquisition Expenses (Attach Details)		
11. Deferred Expenses		
12. Intangible Assets		
13. Other Non-Current Assets (Schedule D – Page 11)	25,000	34,367
14. Total Non-Current Assets	\$ 1,015,754	\$ 1,025,121
FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION):		
15. Real Estate Owned		
16. Automobiles		
17. Office Equipment & Furniture	380,022	0
18. Leasehold Improvements		
19. Other Fixed Assets (Schedule D – Page 11)		
20. Total Fixed Assets (Net of Accumulated Depreciation)		
21. Total Assets	\$ 3,971,021	\$ 3,076,766
22. Less Non-Admitted Assets (Schedule E, Line 10 – Page 12)	()	(0)
23. TOTAL ADMITTED ASSETS	\$ 3,971,021	\$ 3,076,766

BALANCE SHEET
LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31	
	Current Year	Last Year
LIABILITIES:		
1. Accounts Payable	108,857	46,688
2. Commissions Payable		0
3. Taxes Payable	1,174	6,841
4. Current Portion of Notes Payable (Schedule F – Page 13)		
5. Accrued Interest Payable		
6. Claims Payable / Reserve		
a. Motor Vehicle	31,161	10,400
b.	0	0
c.	0	0
7. Other Current Liabilities (Schedule G – Page 14)		0
8. Total Current Liabilities	\$ 141,192	\$ 92,917
9. Reserve for Unearned Premium		
a. Motor Vehicle	2,645,266	1,180,252
b.	0	0
c. Service Warranty	8,843	36715
10. Long term Portion of Notes Payable (Schedule F – Page 13)		
11. Other Long term Liabilities (Schedule G – Page 14)	247,377	247,377
12. Total Long Term Liabilities	\$ 2,901,486	\$ 2,002,974
13. Total Liabilities	\$ 3,042,678	\$ 2,095,891
STOCKHOLDERS' EQUITY:		
14. Common Stock	100	100
15. Preferred Stock		0
16. Additional Paid-in Capital	99,900	99,900
17. Retained Earnings (Line 17 – Page 7)	828,343	880,875
18. Less Treasury Stock	()	()
19. Other (Attach Detail)		
20. Total Stockholders' Equity	\$ 928,343	\$ 980,875
21. TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,971,021	\$ 3,076,766
22. Total Stockholders' Equity (Line 20 above)	928,343	980,875
23. Less Non-Admitted Assets (Schedule E, Line 10 – Page 12)		
4. Statutory Net Worth	\$ 928,343	\$ 980,875

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

		For the year Ended December 31	
INCOME:		Current Year	Last Year
1.	Premiums Earned		
a.	Motor Vehicle Warranty (F.S. 634, Part I)	5,271,122	2,511,924
b.	Home Warranty (F.S. 634, Part II)		0
c.	Service Warranty (F.S. 634, Part III)		0
2.	Total Net Investment Income Earned:		
a.	Net Income Earned on all Reserves	31,993	35,640
b.	Net Income Earned on Other Investments		
3.	Net Realized Capital Gains (or Losses)		
4.	Other Income (Attach Schedule)		
5.	Total Income:	\$ 5,303,115	\$ 2,547,564
EXPENSES:			
6.	Claims:		
a.	Motor Vehicle Warranty (F.S. 634, Part I)	740,168	638,716
b.	Home Warranty (F.S. 634, Part II)		
c.	Service Warranty (F.S. 634, Part III)	0	
7.	Commissions to Agents	1,737,679	224,566
8.	General Expenses (Attach Schedule)	2,877,800	1,950,054
9.	Total Expenses:	\$ 5,355,647	\$ 2,913,336
10.	Net Gain (or Loss) from operations before Federal and State Income Taxes and Extraordinary Item(s)	(52,532)	(265,772)
11.	Extraordinary Item(s) (Attach Schedule)		
12.	Federal and State Income Taxes		
13.	Net Gain (or Loss) from Operations:	\$ (52,532)	\$ (265,772)
14.	Retained Earnings, December 31, Previous Year	880,875	1,146,647
15.	Other (Attach Detail)		
16.	Less Dividends to Stockholders	()	()
17.	RETAINED EARNINGS DECEMBER 31, CURRENT YEAR (* = Enter on Line 17, Column 1, Page 6)	\$ 828,343	\$ 880,875

SCHEDULE A
CASH ON HAND and ON DEPOSIT

Place an asterisk (*) in the column so designated if all or any part of the deposit balance is assigned as collateral for a loan or is otherwise restricted. Attach a supporting statement marked Exhibit A-1, describing the nature of the restriction.

Name of Depository (List All Accounts Even If Closed During Period)	*	Balance as of 12/31/2005
Wachovia – 3139		\$ 153,769
Wachovia -2596		503,769
BOA – 2632		1,568
BOA – 9461		16,095
BOA -7730		2,972
Wachovia - 9343		900,000
Independent Bank		496,047
BOA - 8307		23,063
Wachovia - 0672		935
	Total cash on deposit	\$ 2,098,218
	Petty Cash	
	TOTAL (Line 1, Page 5)	\$ 2,098,218

**Totals of Depository Balances (Demand and Time) as of the
Last Day of Each Month During the Current Year**

Month	Balance	Month	Balance	Month	Balance	Month	Balance
JAN	1,646,139	APR	1,589,235	JUL	1,460,820	OCT	1,678,315
FEB	1,656,652	MAY	1,475,768	AUG	1,475,750	NOV	1,825,686
MAR	1,682,780	JUN	1,415,633	SEP	1,451,811	DEC	2,098,218

SCHEDULE B INVESTMENTS

Place an asterisk (*) where indicated if this investment represents reserve funds invested. Show all stocks, bonds, debenture bonds, collateral or mortgage notes owned and list in the order of their maturity. If stocks and bonds are not traded on one of the major exchanges or over-the-counter, then sufficient information should be given so that the investments may be verified. Collateral and mortgage notes owned should also reflect sufficient data for confirmation. If investment is on deposit with the Department, indicate with a number sign (#).

Description	Maturity Date or Number of Shares	* / #	Market Value	Original Cost
Current:				
Stocks	4000		4,495	4,495
Total Current (Line 2, Page 5):			\$ 4,495	\$ 4,495
Non-Current:				
Bureau of Collateral Securities	Cash		731,991	731,991
Total Non-Current (Line 8, Page 5):			\$ 731,991	\$ 731,999
	TOTALS:		\$ 736,486	\$ 736,486

SCHEDULE C RECEIVABLES

Place an asterisk (*) in the column so designated on all receivables which are past due over 90 days.

Description / Name of Debtor	*	Security / Nature of Debt	Balance
Current:			
Credit Cards in transit			8,974
MEPCO		Premium finance	243,203
Dealers		Premium finance	16,444
Policy Holders		Premium finance	84,240
Total Current (Line 3, Page 5):			\$ 352,861
Non-Current:			
Virginia Surety		Continent commissions	258,763
Total Non- Current (Line 9, Page 5):			\$ 258,763
Total Receivables:			\$ 611,624

Under Description / Name of Debtor: Identify if the Debtor is an Affiliate, Director, Officer, Share Holder, or Employee/Salesperson.

(If additional space is needed attach a separate sheet to this Schedule.)

**SCHEDULE D
OTHER ASSETS
(Net of Accumulated Depreciation)**

Identify as current, non-current, or fixed where appropriate. Place an asterisk (*) in the column so designated if all or any part of the asset is assigned as collateral for a loan or is otherwise restricted.

Name	Nature of Asset	*	Balance
Other Current Assets:			
Cigna	Cash Value Life Insurance		14,043
US Life	Cash Value Life Insurance		105,628
TOTAL OTHER CURRENT ASSETS (Line 6, Page 5):			\$ 36,987
Other Non-Current Assets:			
Deposites			25,000
TOTAL OTHER NON-CURRENT ASSETS (Line 13, Page 5):			\$ 25,000
Other Fixed Assets:			
TOTAL OTHER FIXED ASSETS (Line 19, Page 5):			\$
		TOTAL:	\$ 144,671

**SCHEDULE E
NON-ADMITTED ASSETS**

1.	Notes, Accounts Receivable or Advances:		
a.	From Affiliates		
b.	From Controlling Stockholder / Ownership Interest		
c.	From Directors / Officers		
d.	From Employees / Salesmen		
e.	From Others		
	Total Line 1, entries a through e		
2.	Fixed Assets costing less than \$200 each or amortized longer than five years		
3.	Leasehold Improvements in excess of Statute authorization		
4.	Investments:		
a.	In Subsidiaries		
b.	In Affiliates of Parent / Ultimate Parent		
	Total Line 4, entries a and b		
5.	Prepaid Expenses in excess of Liquidation Value		
6.	Deferred Expenses		
7.	Intangible Assets:		
a.	Goodwill		
b.	Franchises		
c.	Customer Lists		
d.	Patents or Trademarks		
e.	Agreements not to Compete		
f.	Others (identify)		
	Total Line 7, entries a through f		
8.	Any Other asset pledged as collateral or otherwise restricted		
9.	Other Assets not allowed by Statute (Identify)		
	Total Line 9, all entries		00
10.	TOTAL NON-ADMITTED ASSETS (Enter on Line 22, Column 1, Page 5 and on Line 23, Page 6)		0000

**SCHEDULE F
NOTES PAYABLE**

Use an asterisk (*) to designate Notes due to Affiliates, Directors, Officers, or Controlling Shareholder / Interest.

Description		Balance
Current Portion of Notes Payable:	*	
TOTAL CURRENT PORTION OF NOTES PAYABLE (Line 4, Page 6):		\$00
Long-Term Portion of Notes Payable:	*	
TOTAL LONG-TERM PORTION OF NOTES PAYABLE (Line 10, Page 6):		\$ 0.00
TOTAL NOTES PAYABLE:		\$ 0.00

(If additional space is needed attach a separate sheet to this Schedule.)

**SCHEDULE G
OTHER LIABILITIES**

Name	Nature of Liability	Balance
Other Current Liabilities:		
TOTAL OTHER CURRENT LIABILITIES (Line 7, Page 6):		\$ 0.00
Other Long-Term Liabilities:		
Virginia Surety	Premiums	247,377
TOTAL OTHER LONG-TERM LIABILITIES (Line 11, Page 6):		\$ 247,377
TOTAL:		\$ 247,377

SCHEDULE H
FUNDED UNEARNED PREMIUM RESERVE
Chapter 634, Florida Statutes

List all assets used to meet the Unearned Premium Reserve requirement(s) for any warranty license(s) held by the Licensee. The reserve is required to be funded with unencumbered assets. The assets shall be held as prescribed under Chapter 625.301 - 625.340, Florida Statutes. (Attach additional pages, if needed.)

Please identify any assets on deposit with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management with an asterisk (*) in the designated column.

Description of Asset	*	Maturity or Number of Shares	Market Value	Cost
Motor Vehicle Service Agreement Company				
Cash -IB			496,047	
Cash Wachovia			1,557,058	
Bureau of Collateral			731,991	
MOTOR VEHICLE SERVICE AGREEMENT COMPANY RESERVES:			\$ 2,785,096	\$
Home Warranty Association				
HOME WARRANTY ASSOCIATION RESERVES:			\$	\$
Service Warranty Association				
Cash Wachovia			8,843	
SERVICE WARRANTY ASSOCIATION RESERVES:			\$ 8,843	\$
TOTAL RESERVES:			\$ 2,793,939	\$

Statement as of December 31, 200 of the Intercontinental Marine Service Corporation

(Name of Licensee)

EXHIBIT I
ANNUAL SUMMARY OF BUSINESS WRITTEN IN ALL STATES (INCLUDING FLORIDA)
(Maturity Distribution)

	Column 1 Number of Contracts Maturing In		Column 2 Gross Written Premiums Associated with Contracts Maturing In		Column 3 Statutory Reserves Associated with Contracts Maturing In	
	(A)	(B)	(A)	(B)	(A)	(B)
	2 Years or Less	More Than 2 Years	2 Years or Less	More Than 2 Years	2 Years or Less	More Than 2 Years
1. Balance at December 31, Prior Year	0	61	0	75,480		18,870
2. Issued During Current Year	0	0		0		
3. Cancellations & Refunds During Current Year	0	0		0		
4. Expirations During Current Year	0	35		42,109		10,527
5. Existing Multi -Year Contracts with 2 Years Or Less Remaining	0	()		()		()
6. Balance at December 31, Current Year (Lines 1 + 2 - 3 - 4 + 5)	0	26	\$ 0	\$ 33,371	\$ 0	\$ 8,343

NOTE: ENTRIES MUST INCLUDE ALL CONTRACTS WRITTEN, REGARDLESS OF EFFECTIVE DATE.

MATURITY MEANS THE TIME UNTIL THE EXPIRATION DATE OF THE CONTRACT.

The entries on Line 5 reflect the transition of contracts from Column (B) to Column (A) and should be the same amount. The sum of Line 6, Column 3A + 3B, must equal the entry on Page 6, Line 9c

Gross Written Premiums: The gross written premium is the total amount of premiums paid by consumers inclusive of commissions.

Funded Unearned Premium Reserve: Schedule H, Page 15, "Service Warranty Association Reserves" must at a minimum equal the sum of Line 6, Columns 3A + 3B

EXHIBIT II
ANNUAL SUMMARY OF BUSINESS WRITTEN IN FLORIDA ONLY

	Column 1 Number of Contracts Maturing In		Column 2 Gross Written Premiums Associated with Contracts Maturing In		Column 3 Statutory Reserves Associated with Contracts Maturing In	
	(A)	(B)	(A)	(B)	(A)	(B)
	2 Years or Less	More Than 2 Years	2 Years or Less	More Than 2 Years	2 Years or Less	More Than 2 Years
1. Balance at December 31, Prior Year		61	0	75480		18870
2. Issued During Current Year	0	0		0		
3. Cancellations & Refunds During Current Year	0	0		0		
4. Expirations During Current Year	1	35		42109		10,527
5. Existing Multi -Year Contracts with 2 Years Or Less Remaining	0	()		()		()
6. Balance at December 31, Current Year (Lines 1 + 2 - 3 - 4 + 5)	0	26	\$ 0	\$ 33,371	\$ 0	\$ 8343

EXHIBIT III

	Net Premiums	Commissions to Sales Representatives	Gross Premiums	Statutory Reserves
1. Total Florida Contracts	0	0	0	0
2. Total Contracts Written in States other than Florida				0
3. Total (Line 1 plus Line 2)				0

Line 3 "Gross Premiums" and "Statutory Reserves" should equal the total of the amounts reported on EXHIBIT I (Column 2 A & B and Column 3 A & B).

EXHIBIT IV
GROSS WRITTEN PREMIUM TO NET ASSET RATIO

1. Total Assets (Line 21, Column 1, Page 5)	3,971,021
2. Less: Total Non-Admitted Assets (Line 10, Page 12)	(0)
3. Less: Total Liabilities (Line 13, Page 6)	(3,042,678)
4. Total Statutory Net Assets (Must Equal Line 24, Page 6)	\$ 928,343
5. Gross Written Premiums at End of Current Period (From Exhibit I, Line 6, Column 2a + 2b, Page 16)	\$ 33,371
6. Gross Written Premiums to Net Assets Ratio (Line 5 divided by Line 4)	0 ____ .035 ____ To 1

MANAGEMENT / OWNERS INFORMATION

Provide the requested information for all Officers, Directors, or Other Individuals Responsible for the Operations of the Licensee; include percentage of ownership in the % column. **Individual Social Security Numbers must be entered on the next page and will be maintained as CONFIDENTIAL information.** Also, provide the requested information for all Owners (Members of the Licensee's Organization) with an interest of 10% or greater. If the Owner is a company, partnership, or other organization, enter the requested information on the last line.

(Show the changes from last submission with a number sign [#] in the first column.)

#	Name	Position/Title	Residence Address	FEIN	Date of Birth	%
	Clyde Tenberg	President	118 Beach Lane Mooresville, NC 28117		09/02/53	100

(If additional space is needed attach a separate sheet to this Schedule.)

During the period covered by this report, has any person named above been subject to any administrative, judicial, or disciplinary proceedings, or has any person so named been arrested, convicted, indicted or entered a plea of nolo contendere to any crime other than a minor traffic violation which has not been previously reported to the Office?

ANSWER: NO (If "YES", give full details and attach copies of the proceedings.)

CONFIDENTIAL

Pursuant to Sections 119.0721(1) and (8), Florida Statutes, social security numbers collected by an agency are confidential and exempt from Section 119.07(1), Florida Statutes, and section 24(a), Art. I of the State Constitution. The requirement must be relevant to the purpose for which collected and must be clearly documented.

Below please enter the name and social security number of each individual listed on the **Management / Owners Information** table (previous page). If additional space is required, make copies of this page and attach to the report.

Name	Social Security Number		
Clyde Tenberg	267	08	7105

The requirement for social security numbers is mandatory.

Section 119.0721(8), Florida Statutes, gives authority for an agency to collect social security numbers if imperative for the performance of that agency's duties and responsibilities as prescribed by law. Limited collection of social security numbers is imperative for the Office of Insurance Regulation. The duties of the Office of Insurance Regulation in background investigation are extensive in order to insure that the owners, management, officers, and directors of any insurer are competent and trustworthy, possess financial standing and business experience, and have not been found guilty of, or not pleaded guilty or nolo contendere to, any felony or crime punishable by imprisonment of one year. In establishing these qualifications and the Office of Insurance Regulation's responsibility to ensure that individuals meet these qualifications, the legislature recognized that owners, officers, and directors of a company are in a position to cause great harm to public should they be untrustworthy or have a criminal background. To meet the legislative intent that these people are qualified to be trusted, having the identifying social security number is essential for the Office of Insurance Regulation to adequately perform the background investigative duty. There are many individuals with the same name, without this identifying number it would be difficult if not impossible to be reasonably sure that the correct individuals are identified and verify they meet the statutorily required conditions.

OFFICE OF INSURANCE REGULATION

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- MyDFS
- A.M. Best
- Demotech
- Standard & Poors
- Securities & Exchange Commission (SEC)
- FL Administrative Code
- FL Statutes
- Federal Reserve

Company Name	INTERCONTINENTAL MARINE SERVICE CORPORATION	Filing Id	43520	Review Status	Closed
NAIC Company Code		Filing Period	A2006	Current Priority	4
NAIC Group Code		Filing Due Date	03/01/2007	Next Priority	1
FL Company Code	60115	Review Due Date	08/27/2007	Amended	No
Company FEIN	650081186	Analyst	downsl	Action List	No
Authority Category	MOTOR VEHICLE SERVICE AGREEMENT COMPANY	Supervisor	groszosa	Pend Expiration Date	
☐ Add'l Action Required		L2 Supervisor	duponts		

Follow-up Comments

Document Specific Comments

General Review Comments

No comments found.

Documents

Status	Name	Due Date	Submitted Date	Amended?	Confidential?	Source	Document Type
REVIEW COMPLETE	Audited Financial Statements	03/01/2007	03/01/2007			Attached	Audited Financial Statements
REVIEW COMPLETE	Audited Financial Statements	03/01/2007	03/01/2007			Attached	Audited Financial Statements
OPTIONAL						Company	Audited Financial Statements
REVIEW COMPLETE	Business in Other States	03/01/2007	05/29/2007			Company	Business in Other States
REVIEW COMPLETE	Company Contact 14616	03/01/2007	05/29/2007			Company	Company Contact
OPTIONAL						Company	Consent Order Required Filing

• Google

• FL OIR

• FL DFS

OPTIONAL						Company	Corrective Action Plan
REVIEW COMPLETE	Interrogatory Response 14616	03/01/2007	05/29/2007		Yes	Company	Interrogatory Response
REVIEW COMPLETE	Management/Owners SSN List (Confidential)	03/01/2007	05/29/2007		Yes	Company	Management/Owners SSN List (Confidential)
OPTIONAL						Company	Miscellaneous Documents
REVIEW COMPLETE	Motor Vehicle Service Agreement Annual Report	03/01/2007	05/29/2007			Company	Motor Vehicle Service Agreement Annual Report (LiveCycle)
REVIEW COMPLETE	Other	03/13/2007	06/13/2007			Attached	Other
REVIEW COMPLETE	Other	03/01/2007	03/01/2007			Attached	Other
REVIEW COMPLETE	Other	03/01/2007	03/01/2007			Attached	Other
REVIEW COMPLETE	Other	07/12/2007	07/12/2007			Attached	Other
REVIEW COMPLETE	Other	07/12/2007	07/12/2007			Attached	Other
REVIEW COMPLETE	Other	08/02/2007	08/02/2007			Attached	Other
REVIEW COMPLETE	Renewal Fee Documentation	03/01/2007	05/29/2007		Yes	Company	Renewal Fee Documentation
OPTIONAL						Company	Surety Bond Documentation

Sorted By DocumentType ASC

Tools

Status	Name	Received Date	Amended?	Required?	Source	Tool Type
REVIEW COMPLETE	Other	03/01/2007			Attached	Other
REVIEW COMPLETE	Compliance Spreadsheet MVSA Annual Report	03/09/2007		No	OIR	Compliance Spreadsheet MVSA Annual Report

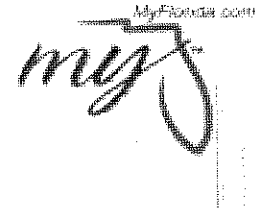
Sorted By Date ASC

Tracker



OIR Long Range Program Plan · Contact Us · Mission
Statement · Florida Department of Financial Services

200 East Gaines Street, Tallahassee, FL 32399
(850) 413-3140



Business In Other States

States:

Texas

Type of business conducted:

Service Contracts

CompanyContactInfo[1]

Company Contact Information:

Contact Name: Mr. clyde w tenberg
Position/Title: president
Professional Designation:
Organization:
Department:
Contact Email: ctenberg@1stwarranty.com
Street Address: 15806 brookway drive # 500
PO Box number:
city: huntersville
state: NC
Zip Code: 28117
Country: US
Province:
Non US Postal Code:

Phone Number: 704-8951206 Ext 675
Fax Number:
Toll Free Number:
Non US Phone Number:

INTERCONTINENTAL MARINE SERVICE CORPORATION - Interrogatories - 2006A

- 1 **Have all transactions of the Licensee of which notice was received at the main office on or before the close of business on the reporting date been truthfully and accurately entered in its books? If "NO", provide details**
Yes
- 2 **Is the Licensee directly or indirectly owned or controlled by a company, corporation, group of companies, partnership, or individual not listed on the Management/Owners Information form? If "YES", attach an organizational chart and refer to Question 3 below.**
No
- 3 **Is the Licensee directly or indirectly owned or controlled by a company, corporation, group of companies, partnership, or individual not listed on the Management/Owners Information form? If "YES", supply the information requested on the Management/Owners Information form, showing the changes from prior submission with a number sign [#]. The form should be submitted using the provided "Management Information Form".**
No
- 4 **During the period covered by this report, was money loaned to any stockholder, officer, director or employee of the Licensee? If "Yes", provide complete details on Schedule C of the annual financial report.**
No
- 5 **Does the Licensee have an established procedure requiring officers, directors, and responsible employees to disclose to the Board of Directors any material interest or affiliation which is in conflict with, or is likely to conflict with, their official duties? If "YES", give specifics**
No
- 6 **Are there any contracts or arrangements between the Licensee and the persons/entities listed on the Management/Owners Information form or identified in questions 2, 3 or 4? Attach additional sheets giving full details, including any possible conflicts of interest, we well as provide a brief summary in the memo field provided.**
No
- 7 **Other than those on deposit with the state, were all stocks, bonds and other securities owned as of the reporting period in the actual possession of the Licensee on the report date? If "NO", give location(s)**
Yes
- 8 **Is the purchase or sale of all investments of the Licensee passed upon by either the Board of Directors or a subordinate Committee? If "NO", state who has authority for approving**
No
Memo: Clyde Tenberg

- 9 **Has any change been made since the last reporting date in the Licensee's origination documents (e.g. charter, articles of incorporation, bylaws, contracts with subscribers, etc.)? If "YES", attach current copies of the documents.**
No
- 10 **Does any present or former officer, director, individual, or any other person or firm, have any claim of any nature whatsoever against the Licensee which is not included in the statement of liabilities? If "YES", explain completely.**
No
- 11 **Are there any contingent claims of any nature whatsoever against the Licensee which are not identified in this report? If "YES", give details.**
No
- 12 **Have any legal actions been taken against the Licensee, during the period covered by this report? If "YES", provide all related documentation and provide a brief summary in the memo field provided.**
No
- 13 **Are the officers and employees of the Licensee covered by a Fidelity Bond? If "YES", provide the name of the insurance company and attach a copy of each policy and any and every endorsement, rider, or amendment thereto.**
No
- 14 **Are the officers and employees of the Licensee covered by an Errors and Omissions policy? If "YES", provide the name of the insurance company and attach a copy of each policy and any and every endorsement, rider, or amendment thereto.**
No
- 15 **When reporting to the Office of Insurance Regulation (OIR), use cash method of accounting?**
No
- 16 **When reporting to the Office of Insurance Regulation (OIR), use accrual method of accounting?**
Yes
- 17 **When reporting to the Internal Review Service, use cash method of accounting?**
No
- 18 **When reporting to the Internal Review Service, use accrual method of accounting?**
Yes
- 19 **Have all forms currently being used been filed with and approved by the OIR?**

Yes

20 Have all rates been filed with the OIR?

Yes

21 Does the Licensee use contractual liability insurance to meet its statutory reserve requirements for Unearned Premium Reserve? If "YES", provide a copy of the policy and any and every endorsement, rider, or amendment thereto. (Motor Vehicle Service Agreement Companies only: Indicate as part of the attached whether the policy is for all vehicle service agreement business or only for coverage of vehicle protection expenses.)

No

22 SERVICE WARRANTY ASSOCIATIONS ONLY: (Select "N/A" if the reporting company is not a Service Warranty Association.) Is the company claiming exception under Section 634.406(6) or (8), F.S.? If "YES", provide all required documentation.

N/A

23 Does the Licensee issue contracts which extend for more than one year from the date of issue? If "YES", provide contract lengths offered.

Yes

Memo: Up to seven years

24 Is the Licensee (or its parent) a publicly traded entity? If "YES", attached the entity's annual financial statement filed with the SEC.

No

25 Does the Licensee maintain a deposit(s) with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management? If "YES", please identify the amount and type of security on deposit with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management. Type of Deposit(s): (Cash, Certificate of Deposit, US Treasury Note, etc.) Amount: \$_____

Yes

Memo: \$900,000.00

26 Does the Licensee currently maintain a Surety Bond on file with the OIR? If "YES", provide the following: Amount: \$_____ Issued by: _____ Date of Expiration: __/__/__

No

27 Are all Sales Representatives properly licensed by the OIR and appointed by the Licensee as required? If "NO", explain completely.

Yes

28 Has the Licensee sold or transferred any of its Florida contracts to another entity? If "YES", give specifics.

No

29 Does the Licensee conduct any Florida business for another entity? If "YES", provide complete details.

Yes

Memo: Texas

30 Are any assets of the Licensee maintained outside the United States? If "YES", identify the assets and the locations.

No

31 Are the Licensee's financial statements audited by an independent certified public accountant? If "YES", when will the report be issued? Please provide a copy of the report when available using the "Audited Financial Statement" component.

Yes

Memo: June 2007

32 Is the Licensee affiliated with or contracted with any entity that sells or issues the same kinds of contracts or Service Agreements? If "YES", provide complete details.

No

33 Does the Licensee have any other License(s) issued by the OIR? If "YES", state which license(s) and the respective FL Company Code(s).

No

34 Is the Licensee presently authorized to operate in a State other than Florida? If "YES", attach a list of those states, indicating the type(s) of business conducted.

Yes

35 Are the Licensee's current activities and policies in compliance with Florida and Federal Authorities? current guidance regarding TERRORISM?

Yes

Office of Insurance Regulation
Specialty Product Administration

**FLORIDA COMPANY
CODE:**

60115

**FEDERAL EMPLOYER
IDENTIFICATION NUMBER:**

65-0081186

**ANNUAL REPORT
OF THE**

INTERCONTINENTAL MARINE SERVICE CORPORATION

(Motor Vehicle Service Agreement)

**TO THE
OFFICE OF INSURANCE REGULATION
OF THE
STATE OF FLORIDA**

Specialty Product Administration
200 East Gaines Street
Tallahassee, FL 32399 - 0331

FOR CALENDAR YEAR ENDED

December 31, 2006

**DUE ON OR BEFORE
MARCH 1 EACH YEAR**

Original Submission

GENERAL INFORMATION AND INSTRUCTIONS

1. This report is very important and is a tool the Office of Insurance Regulation (the Office) uses to gauge the financial viability of your company. The financial information submitted is compiled into a financial spreadsheet which shows data accumulated from these reports. Financial viability ratios are computed from this information.
2. Financial statements must be prepared in accordance with generally accepted accounting principles and as prescribed in the Florida Statutes.
3. All terms used in this report will have their general meaning except where specific statutory language applies under the applicable provisions of the Florida Insurance Code.
4. The Balance Sheet, Statement of Operations and the Statement of Cash flows must be prepared based on year-end amounts.
5. This form is submitted electronically. Adobe Reader version 7.0.5 or higher is required. If you do not have that version, please upgrade prior to downloading any forms, visit <http://www.adobe.com>.
6. When you downloaded this report, you were assigned a session key. This session key has an expiration date that was also assigned prior to downloading this form. **Please make sure you save or submit prior to this expiration date or all work up until the last save will be lost.**

This session will expire on: 05/29/2007 11:30:00 PM Eastern Time
7. To assist you in completing this form click both "Highlight Fields" and "Highlight Required Fields" in the upper right hand corner of the report page. This will highlight the fields where you may enter data.
8. The report form will calculate all totals and pre-populate fields based upon your responses. Data cannot be entered into the total and pre-populated fields.
9. Please enter all numeric fields with numbers only (no commas, dashes, dollar signs, etc.) Unanswered questions and blank lines on schedules will not be accepted. If no answers or entries are to be made, enter "0" on all lines asking for a numeric response and "None" or "N/A" on all lines requesting a non-numeric response. Additionally, certain Schedules and Exhibits provide the option "Check if N/A" if the information requested is not applicable to your company.
10. Line descriptions may not be altered or added. When in doubt where to place an item, show the item in an appropriate "Other" line and include a supplemental schedule describing the items listed in the "Other" category. Any item which is of an extraordinary nature should also be entered on an appropriate "Other" line.
11. To save or submit the data, buttons are provided on the last page of this report. Hit the ALT+s keys to go to the last page. By clicking the Save button, all data entered on the form will be saved to our website. **It is strongly recommended that you save your data periodically as you fill in this form.** You will receive a confirmation message once the data is successfully saved.
12. When you either save or submit the form, all data is checked for completeness and you will be notified if errors have occurred. When submitting data, you will be asked to correct these validation errors. Once the data is successfully submitted, you will no longer be able to enter data because this form will become read-only. **To update this information after you have already submitted the data, you will have to make an amendment to this form which is done through REFS.**
13. If additional explanations, supporting statements or schedules are added or are necessary, the additions should be properly cross-referenced to the item being answered. This additional information should be in electronic format (i.e. Word, Excel, PDF, etc) or, if in paper format, scanned in as a PDF, and should be uploaded and attached to the filing as a Miscellaneous Document through REFS.
14. Please print, sign, notarize and upload a PDF version of the Jurat/Attestation Page (see next page) under that designated component in REFS. If you do not have a designated component such as Signed Jurat Page at the REFS Filing Component List screen, please upload a signed PDF under the Miscellaneous Documents component.

STATEMENT

Please see #14 of the Instructions Page OR you may notarize this form electronically by entering the Notary Public, Commission Number and Expiration Date on the form prior to submitting.

Company Name: INTERCONTINENTAL MARINE SERVICE CORPORATION

Company FEIN: 65-0081186

Florida Company Code: 60115

Period Ending Date: 12/31/2006

State and Date of Incorporation/Organization:

(State/Prov):

(Date):

Date Licensed by the Office of Insurance Regulation:

(Date):

Date Commenced Business:

(Date):

Address of Home Office:

Street: 15806 Brookway Drive Suite 500

City: Huntersville

State/Prov: North Carolina

Zip/Postal Code:

28078

Phone: (704) 895-1206

Ext:

Fax: (704) 895-6122

Address of Main Administrative Office:

Street: 15806 Brookway Drive Suite 500

City: Huntersville

State/Prov: North Carolina

Zip/Postal Code:

28078

Phone: (704) 895-1206

Ext:

Fax:

Mailing Address:

Street: 15806 Brookway Drive Suite 500

City: Huntersville

State/Prov: North Carolina

Zip/Postal Code:

28078

Phone: (704) 895-1206

Ext:

Fax:

Records Location (if different than Main Office):

Street:

City:

State/Prov:

Zip/Postal Code:

Address of Principle Florida Office:

Street: 1191 E Newport Center Drive

City: Deerfield Beach

State/Prov: Florida

Zip/Postal Code:

33442

Phone: (954) 360-0254

Ext:

Fax:

Website:

Type of entity (check one)

☐ Corporation - For profit☐ Sole proprietorship☐ Corporation - Not for profit☐ Limited liability company☐ Partnership☐ Other:

Contact Name: Clyde Tenberg

Contact Title: President

Phone: (704) 895-1206

Ext: 675

Fax: (704) 895-6122

Email Address: ctenberg@firstwarrantygroup.com

OFFICERS / DIRECTORS / MEMBERS

Show full name (initials not acceptable)

Chief Executive Officer

President

Clyde Tenberg

Vice President

Tara Williams

Secretary

Treasurer / Chief Financial Officer

Chairman of the Board

Directors / Members

STATE OF:

COUNTY OF:

_____, President, _____, Secretary,

and _____, Chief Financial Officer (or corresponding person having charge of the

financial records of the licensee), of the _____ being duly sworn each for himself or herself deposes and says that they are the above-described officers of the said licensee, and that on the reporting period stated above, all of the herein assets were the absolute property of the said licensee, free and clear from any liens or claims thereon, except as herein stated, and that this report, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all assets and liabilities and of the condition and affairs of the said licensee as of the reporting period stated above, and of its income and deductions for the period reported.

Subscribed and Sworn to before me this

____ day of _____, 20____

President/Owner

Notary Public:

Secretary

Commission Number:

Treasurer/CFO

Expiration Date:

[Print this page](#)

**BALANCE SHEET
ASSETS**

		December 31	
CURRENT ASSETS:		Current Year	Last Year
1.	Cash on Hand and on Deposit (Schedule A - Page 7)	\$6,142,718	\$2,098,218
2.	Investments (Schedule B - Page 8)	\$104,484	\$4,495
3.	Receivables (Schedule C - Page 9)	\$136,303	\$352,861
	Allowance for Doubtful Accounts	()	()
4.	Prepaid Expenses		
5.	Inventories		
6.	Other Current Assets (Schedule D - Page 10)	\$131,457	\$119,671
7.	Total Current Assets	\$6,514,962	\$2,575,245
NON-CURRENT ASSETS:			
8.	Investments (Schedule B - Page 8)	\$900,000	\$731,991
9.	Receivables (Schedule C - Page 9)	\$258,763	\$258,763
	Allowance for Doubtful Accounts	()	()
10.	Deferred Acquisition Expenses (Attach Details)	\$10,956,105	
11.	Deferred Expenses		
12.	Intangible Assets		
13.	Other Non-Current Assets (Schedule D - Page 10)	\$25,000	\$25,000
14.	Total Non-Current Assets	\$12,139,868	\$1,015,754
FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION)			
15.	Real Estate Owned		
16.	Automobiles		
17.	Office Equipment & Furniture	\$272,022	\$380,022
18.	Leasehold Improvements		
19.	Other Fixed Assets (Schedule D - Page 10)	0	0
20.	Total Fixed Assets (Net of Accumulated Depreciation)	\$272,022	\$380,022
21.	Total Assets	\$18,926,852	\$3,971,021
22.	Less Non-Admitted Assets (Schedule E, Line 10, Page 11)	(0)	(0)
23.	TOTAL ADMITTED ASSETS	\$18,926,852	\$3,971,021

BALANCE SHEET
LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31	
	Current Year	Last Year
LIABILITIES:		
1. Accounts Payable	\$4,908	\$108,857
2. Commissions Payable	\$4,275	\$1,174
3. Taxes Payable		
4. Current Portion of Notes Payable (Schedule F - Page 12)	0	
5. Accrued Interest Payable		
6. Claims Payable / Reserve		
a. Motor Vehicle Warranty (F.S. 634, Part I)	\$63,690	\$31,161
b. Home Warranty (F.S. 634, Part II)		
c. Service Warranty (F.S. 634, Part III)		
7. Other Current Liabilities (Schedule G - Page 14)	\$117,480	
8. Total Current Liabilities	\$190,353	\$141,192
9. Reserve for Unearned Premium		
a. Motor Vehicle Warranty (F.S. 634, Part I)	\$9,450,024	\$2,645,266
b. Home Warranty (F.S. 634, Part II)		
c. Service Warranty (F.S. 634, Part III)		\$8,843
10. Long Term Portion of Notes Payable (Schedule F - Page 12)	0	0
11. Other Long Term Liabilities (Schedule G - Page 13)	\$9,697,401	\$247,377
12. Total Long Term Liabilities	\$19,147,425	\$2,901,486
13. Total Liabilities	\$19,337,778	\$3,042,678
STOCKHOLDERS' EQUITY:		
14. Common Stock	\$100	\$100
15. Preferred Stock		
16. Additional Paid-in Capital	\$99,900	\$99,900
17. Retained Earnings (Line 17 - Page 6)	(\$510,926)	\$828,343
18. Less Treasury Stock	()	()
19. Other (Attach Detail)		
20. Total Stockholders' Equity	(\$410,926)	\$928,343
21. TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$18,926,852	\$3,971,021
22. Total Stockholders' Equity (Line 20 above)	(\$410,926)	\$928,343
23. Less Non-Admitted Assets (Schedule E, Line 10, Page 11)	(0)	(0)
24. Statutory Net Worth	(\$410,926)	\$928,343

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

		December 31	
INCOME:		Current Year	Last Year
1.	Premiums Earned		
a.	Motor Vehicle Warranty (F.S. 634, Part I)	\$10,374,699	\$5,271,122
b.	Home Warranty (F.S. 634, Part II)		
c.	Service Warranty (F.S. 634, Part III)		
2.	Total Net Investment Income Earned:		
a.	Net Income Earned on all Reserves	\$111,793	\$31,993
b.	Net Income Earned on Other Investments		
3.	Net Realized Capital Gains (or Losses)		
4.	Other Income (Attach Schedule)		
5.	Total Income	\$10,486,492	\$5,303,115
EXPENSES:			
6.	Claims		
a.	Motor Vehicle Warranty (F.S. 634, Part I)	\$2,042,672	\$740,168
b.	Home Warranty (F.S. 634, Part II)		
c.	Service Warranty (F.S. 634, Part III)		
7.	Commissions to Agents	\$2,899,187	\$1,737,679
8.	General Expenses (Attach Schedule)	\$6,893,902	\$2,877,800
9.	Total Expenses	\$11,835,761	\$5,355,647
10.	Net Gain (or Loss) from operations before Federal and State Income Taxes and Extraordinary Item(s)	(\$1,349,269)	(\$52,532)
11.	Extraordinary Item(s) (Attach Schedule)		
12.	Federal and State Income Taxes		
13.	Net Gain (or Loss) from Operations	(\$1,349,269)	(\$52,532)
14.	Retained Earnings, December 31, Previous Year	\$838,343	\$880,875
15.	Other (Attach Details)		
16.	Less Dividends to Stockholders	()	()
17.	RETAINED EARNINGS (Enter on Line 17, Page 5)	(\$510,926)	\$828,343

SCHEDULE A
CASH ON HAND AND ON DEPOSIT

☐ Check if Not Applicable

Place a check in the column marked with an asterisk (*) to designate if all or any part of the deposit balance is assigned as collateral for a loan or is otherwise restricted. Attach a supporting statement marked Exhibit A-1, describing the nature of the restriction.

[illegible]

**Totals of Depository Balances (Demand and Time) as of the
Last Day of Each Month During the Current Year**

Month	Balance	Month	Balance	Month	Balance	Month	Balance
JAN	\$2,222,503	APR	\$3,191,621	JUL	\$4,089,918	OCT	\$5,616,624
FEB	\$2,541,516	MAY	\$3,381,806	AUG	\$4,654,732	NOV	\$5,988,858
MAR	\$2,987,302	JUN	\$3,625,986	SEP	\$5,239,139	DEC	\$6,142,718

SCHEDULE B INVESTMENTS

Place a check in the column marked with an asterisk (*) if this investment represents reserve funds invested. Show all stocks, bonds, debenture bonds, collateral or mortgage notes owned and list in the order of their maturity. If stocks and bonds are not traded on one of the major exchanges or over-the-counter, then sufficient information should be given so that the investments may be verified. Collateral and mortgage notes owned should also reflect sufficient data for confirmation. If investment is on deposit with the Department, indicate with a check in the column marked with a number sign (#).

Description	Maturity Date or Number of Shares	*	#	Market Value	Original Cost
Current:	☐ Check if Not Applicable				
Certificate of Deposit	02/25/2008	☐	☐	\$100,339	\$100,339
DFIB	4000	☐	☐	\$4,145	\$4,145
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
Total Current (Line 2, Page 4):				\$104,484	\$104,484
Non-Current:	☐ Check if Not Applicable				
Bureau of Collateral	900000	☐	☐	\$900,000	\$900,000
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
Total Non-Current (Line 8, Page 4):				\$900,000	\$900,000
TOTAL INVESTMENTS:				\$1,004,484	\$1,004,484

SCHEDULE D
OTHER ASSETS
(Net of Accumulated Depreciation)

Identify as current, non-current, or fixed where appropriate. Place a check in the column marked with an asterisk (*) if all or any part of the asset is assigned as collateral for a loan or is otherwise restricted.

Name	Nature of Asset	*	Balance
Other Current Assets:		☐ Check if Not Applicable	
Cigna	Cash Value Life Insurance	☐	\$14,214
US Life	Cash Value Life Insurance	☐	\$117,243
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Current Assets (Line 6, Page 4) :			\$131,457
Non-Current Assets:		☐ Check if Not Applicable	
Deposit	Texas	☐	\$25,000
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Non-Current Assets (Line 13, Page 4):			\$25,000
Other Fixed Assets:		☒ Check if Not Applicable	
N/A	N/A	☐	0
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Fixed Assets (Line 19, Page 4):			0
TOTAL OTHER ASSETS:			\$156,457

SCHEDULE E
NON-ADMITTED ASSETS

1.	Notes, Accounts Receivables or Advances:		
a.	From Affiliates	0	
b.	From Controlling Stockholder / Ownership Interest		
c.	From Directors / Officers		
d.	From Employees / Salesmen		
e.	From Others		
Total (Line 1, entries a through e):			0
2.	Fixed Assets costing less than \$200 each or amortized longer than five years		
3.	Leasehold Improvements in excess of Statute authorization		
4.	Investments:		
a.	In Subsidiaries	0	
b.	In Affiliates of Parent / Ultimate Parent		
Total (Line 4, entries a and b):			0
5.	Prepaid Expenses in excess of Liquidation Value		
6.	Deferred Expenses		0
7.	Intangible Assets:		
a.	Goodwill	0	
b.	Franchises		
c.	Customer Lists		
d.	Patents or Trademarks		
e.	Agreements not to Compete		
f.	Others (Identify)	0	
Total (Line 7, entries a through f):			0
8.	Any Other asset pledged as collateral or otherwise restricted		0
9.	Other Assets not allowed by Statute (Identify)		
		0	
		0	
Total (Line 9, all entries):			0
10.	TOTAL NON-ADMITTED ASSETS (Line 22, Page 4 and Line 23, Page 5)		0

**SCHEDULE F
NOTES PAYABLE**

Place a check in the column marked with an asterisk (*) to designate Notes due to Affiliates, Directors, Officers, or Controlling Shareholder / Interest.

Description			Balance
Current Portion of Notes Payable:	☒ Check if Not Applicable	*	
N/A	☐		0
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
Total Current Portion of Notes Payable (Line 4, Page 5):			0
Long-Term Portion of Notes Payable:	☒ Check if Not Applicable	*	
N/A	☐		0
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
Total Long-Term Portion of Notes Payable (Line 10, Page 5):			0
TOTAL NOTES PAYABLE:			0

**SCHEDULE G
OTHER LIABILITIES**

Name	Nature of Liability	Balance
Other Current Liabilities :	☐ Check if Not Applicable	
Misc	Sales in Transit	\$117,480
Total Other Current Liabilities (Line 7, Page 5):		\$117,480
Other Long-Term Liabilities:	☐ Check if Not Applicable	
Virginia Surety	N/A	\$247,377
Deferred Aquisitions	N/A	\$9,450,024
Total Other Long-Term Liabilities (Line 11, Page 5):		\$9,697,401
TOTAL OTHER LIABILITIES:		\$9,814,881

SCHEDULE H
FUNDED UNEARNED PREMIUM RESERVE
Chapter 634, Florida Statutes

List all assets used to meet the Unearned Premium Reserve requirement(s) for any warranty license(s) held by the Licensee. The reserve is required to be funded with unencumbered assets. The assets shall be held as prescribed under Chapter 625.301 - 625.340, Florida Statutes. (Attach additional pages, if needed.) Please identify any assets on deposit with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management with check in the column marked with an asterisk (*).

Description of Asset	Maturity or Number of Shares	*	Market Value	Original Cost
Motor Vehicle Service Agreement Company			☐ Check if Not Applicable	
Wachovia - 9343	1800000	☐	\$1,800,000	\$1,800,000
Wachovia - 0672	62198	☐	\$62,198	\$62,198
Wachovia - 3139	246743	☐	\$246,743	\$246,743
Wachovia - 2596	1805893	☐	\$1,805,893	\$1,805,893
Bank of America - 2632	898501	☐	\$898,501	\$898,501
DOI	900000	☐	\$900,000	\$900,000
Mellon Bank	336452	☐	\$336,452	\$336,452
Bank of America - 9461	388483	☐	\$388,483	\$388,483
Independent Bank	623436	☐	\$623,436	\$623,436
		☐		
MOTOR VEHICLE SERVICE AGREEMENT COMPANY RESERVES:			\$7,061,706	\$7,061,706
Home Warranty Association			☒ Check if Not Applicable	
N/A	N/A	☐	0	0
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
HOME WARRANTY ASSOCIATION RESERVES:			0	0
Service Warranty Association			☒ Check if Not Applicable	
N/A	N/A	☐	0	0
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
SERVICE WARRANTY ASSOCIATION RESERVES:			0	0
TOTAL RESERVES:			\$7,061,706	\$7,061,706

EXHIBIT I
Recap of Premiums Written for 12 Months Ending
NATIONWIDE (Including FLORIDA)

	(A) 1-Year or Less Contracts	(B) 2-Year Contracts	(C) 3-Year Contracts	(D) 4-Year Contracts	(E) Others (5 Year or Longer)	(F) Totals
1. Gross Written Premium Current Year	\$182,596	\$405,838	\$4,489,206	\$1,442,556	\$15,479,622	\$21,999,818
2. Less Cancellations and Refunds	(\$43,791)	(\$116,735)	(\$1,214,277)	(\$354,678)	(\$3,090,880)	(\$4,820,361)
3. Adjusted Premiums	\$138,805	\$289,103	\$3,274,929	\$1,087,878	\$12,388,742	\$17,179,457

EXHIBIT II
Recap of In-Force Premiums
NATIONWIDE (Including FLORIDA)

	(A) Number of Warranties	(B) Premium Received and Outstanding	(C) Unearned Premium Reserve (UPR)	(D) Amount of Premium Covered by CLP **
1. In-Force end of prior year	6,411	\$10,605,364	\$2,645,266	0
2. Audit adjustments to prior year	0	0	0	0
3. Issued during the year	10,990	\$21,999,818	\$10,999,909	0
4. Cancelled during the year	(3,109)	(\$4,820,361)	(\$2,410,180)	(0)
5. Expired during the year	(642)	(\$1,937,782)	(\$968,891)	()
6. Earned during the year			(\$816,080)	
7. In-Force end of current year	13,650	\$25,847,039	\$9,450,024 *	0

* Amount must agree with Line 9a, Page 5 and the Total of Exhibit IV, Column E, Page 16.

** For companies with more than one CLP policy, attach a separate schedule listing the name and address of the insurer, the time period covered, the number of contracts and the total dollar amount covered by each policy.

PLEASE NOTE: Multiple policies of the same type of coverage are not permitted for the same time period.

EXHIBIT III
Recap of Earned Premiums
NATIONWIDE (Including FLORIDA)

	(A) Adjusted Premiums Written (from Exhibit I)	(B) Add Required UPR Prior Year	(C) Deduct Required UPR Current Year	(D) Premiums Earned (Enter on Line 1a, Current Year, Page 6)
1. Premiums Written	\$17,179,457	\$2,645,266	\$9,450,024	\$10,374,699

EXHIBIT IV
Detail of Unearned Premium Reserve
NATIONWIDE (Including FLORIDA)

(A)	(B)	(C)	(D)	(E)	(F)
Calendar Year	Term Year	Premium Received and Outstanding on Warranties Not Covered by CLP	Gross Unearned Premium	Unearned Premium Reserve	Column E Divided By Column D
Current	1 or Less	\$113,846	\$4,091	\$2,046	50.01
	2	\$291,067	\$208,486	\$104,243	50
	3	\$3,475,710	\$2,630,781	\$1,315,390	50
	4	\$1,175,454	\$1,016,059	\$508,029	50
	5	\$5,718,632	\$5,021,103	\$2,510,551	50
	Other	\$6,997,434	\$5,712,388	\$2,856,194	50
	2	\$140,260	\$29,865	\$14,932	50
	3	\$1,311,371	\$651,199	\$325,599	50
	4	\$375,540	\$233,476	\$116,738	50
	5	\$1,154,416	\$828,803	\$414,401	50
	Other	\$1,431,976	\$955,705	\$477,852	50
	3	\$638,817	\$96,981	\$48,490	50
	4	\$803,121	\$287,021	\$143,510	50
	5	\$717,621	\$366,420	\$183,215	50
	Other	\$204,584	\$116,516	\$58,258	50
	4	\$476,802	\$537,713	\$268,856	50
	5	\$482,379	\$135,733	\$67,866	50
	Other	\$180,056	\$50,146	\$25,073	50
	5	\$40,553	\$4,487	\$2,244	50.01
	Other	\$117,400	\$13,075	\$6,537	50
	Other				
	Totals	\$25,847,039	\$18,900,048	\$9,450,024 *	50 %

* Amount must equal Unearned Premium Reserve column on Exhibit II, Page 15.

EXHIBIT V
Recap of FLORIDA Premium Written for the 12 Months Ending

	(A) 1-Year or Less Contracts	(B) 2-Year Contracts	(C) 3-Year Contracts	(D) 4-Year Contracts	(E) Others (5 Year or Longer)	(F) Totals
1. Gross Written Premium Current Year	\$182,596	\$405,838	\$4,489,206	\$1,442,556	\$15,479,622	\$21,999,818
2. Less Cancellations and Refunds	(\$43,791)	(\$116,735)	(\$1,214,277)	(\$354,678)	(\$3,090,880)	(\$4,820,361)
3. Adjusted Premiums	\$138,805	\$289,103	\$3,274,929	\$1,087,878	\$12,388,742	\$17,179,457

EXHIBIT VI
Recap of FLORIDA In-Force Premiums

	(A) Number of Warranties	(B) Premium Received and Outstanding	(C) Unearned Premium Reserve (UPR)	(D) Amount of Premium Covered by CLP
1. In-Force end of prior year	6,411	\$10,605,364	\$2,645,266	0
2. Audit adjustments to prior year	0	0	0	0
3. Issued during the year	10,990	\$21,999,818	\$10,999,909	0
4. Cancelled during the year	(3,109)	(\$4,820,361)	(\$2,410,180)	(0)
5. Expired during the year	(642)	(\$1,937,782)	(\$968,891)	(0)
6. Earned during the year			(\$816,080)	
7. In-Force end of current year	13,650	\$25,847,039	\$9,450,024	0

EXHIBIT VII
Recap of FLORIDA Earned Premiums

	(A) Adjusted Premiums Written (from Exhibit V)	(B) Add Required UPR Prior Year	(C) Deduct Required UPR Current Year	(D) Premiums Earned
1. Premiums Written	\$17,179,457	\$2,645,266	\$9,450,024	\$10,374,699

EXHIBIT VII-A
Recap of 15% Reserve

1. Gross Unearned Premium, From Exhibit VIII, Column D, Page 18, x 50%	\$9,450,033
2. Line 1 x 15%	\$1,417,505
3. Less Statutory Deposit Held Under Section 643.052, F.S.	
4. Required Reserve to be Held by the Department of Financial Services, Division of Treasury, Bureau of Collateral Management Under Section 634.041, F.S.	\$1,417,505

EXHIBIT VIII
Detail of FLORIDA Unearned Premium Reserve

(A)	(B)	(C)	(D)	(E)	(F)
Calendar Year	Term Year	Premium Received and Outstanding on Warranties Not Covered by CLP	Gross Unearned Premium	Unearned Premium Reserve	Column E Divided By Column D
Current	1 or Less	\$113,846	\$4,091	\$2,046	50.01
	2	\$291,067	\$208,486	\$104,243	50
	3	\$3,475,710	\$2,630,781	\$1,315,390	50
	4	\$1,175,454	\$1,016,059	\$508,029	50
	5	\$5,718,632	\$5,021,103	\$2,510,551	50
	Other	\$6,997,434	\$5,712,388	\$2,856,194	50
	2	\$140,260	\$29,865	\$14,932	50
	3	\$1,311,371	\$651,199	\$325,599	50
	4	\$375,540	\$233,476	\$116,738	50
	5	\$1,154,416	\$828,803	\$414,401	50
	Other	\$1,431,976	\$955,705	\$477,852	50
	3	\$638,817	\$96,981	\$48,490	50
	4	\$803,121	\$287,021	\$143,510	50
	5	\$717,621	\$366,420	\$183,215	50
	Other	\$204,584	\$116,516	\$58,258	50
	4	\$476,802	\$537,713	\$268,856	50
	5	\$482,379	\$135,733	\$67,866	50
	Other	\$180,056	\$50,164	\$25,073	49.98
	5	\$40,553	\$4,487	\$2,244	50.01
	Other	\$117,400	\$13,075	\$6,537	50
	Other				
	Totals	\$25,847,039	\$18,900,066	\$9,450,024 *	50 %

* Amount must equal Unearned Premium Reserve column on Exhibit VI, Page 17.

EXHIBIT IX
Reported Claims Incurred

Exclude All IBNR Claims	(A) Reported claims paid current year to date	(B) Total reported claims unpaid	(C) Reported claims unpaid at end of previous year	(D) Reported claims incurred current year (A+B-C=D)
1. Number	3,491	108	52	3,547
2. Amount	\$2,042,672	\$63,690	\$31,161	\$2,075,201

EXHIBIT X
Claims Adequacy

(A) Claims reserve previous year	(B) Claims paid during current year on claims incurred in previous years	(C) Excess or (deficiency) (A-B=C)
\$31,161	\$31,161	0

EXHIBIT XI
Compilation of Claims Payable / Reserve
(Page 6, Line 6a)

	(A) Claims incurred but not reported	(B) Claims reported but not paid	(C) Claims reserve (A+B=C)
1. Number	0	108	108
2. Amount	0	\$63,690	\$63,690

EXHIBIT XII
Ratios

1	\$2,042,672 Reported claims paid current year to date	\$10,374,699 Premium earned year to date	19.69 %
2	\$2,075,201 Reported claims incurred	\$10,486,492 Premium earned (Plus reserve investment income from Statement of Operations, Line 2a, Current Year, Page 6).	19.79 %

EXHIBIT XIII
Claims Exposure

	(A) Total Claims Paid	(B) Total Claims Covered by CLP	(C) % Claims Covered by CLP
1. Nationwide	\$2,042,672	0	0 %
2. Florida Only	\$2,042,672	0	0 %

EXHIBIT XIV
Itemized Agreement Acquisition Costs

	(A) Current	(B) Deferred	(C) Total
1. Commissions	\$2,899,187	\$10,956,105	\$13,855,292
2. Administrative Fees	0	0	0
3. Underwriting Costs	0	0	0
4. Other *	0	0	0
5. Totals	\$2,899,187	\$10,956,105	\$13,855,292

* Provide detailed breakdown on additional page(s).

EXHIBIT XV
Premiums Written and Claims Paid by State

State	Is Company Licensed?	Gross Premiums Written	Claims Paid		Number of Claims Resisted
			Number	Amount	
Florida	☐	\$21,999,818	3,491	\$2,042,672	246
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
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	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
All Additional States *					
TOTALS:		\$21,999,818	3,491	\$2,042,672	246

Complete the following for all officers, directors, partners, members, and facility executive director/administrators. Include shareholders and affiliates holding at least 10% interest in the operations of the provider. State the percentage owned. If such person and/or shareholder has been appointed, elected, nominated, designated or has been added to this list during this report period, place a check in the "New" column provided. If required biographical information has not been previously submitted on those checked, please refer to the instructions provided at <http://www.flor.com/pdf/OfficeDirector.pdf>.

[illegible]

Company Name: INTERCONTINENTAL MARINE SERVICE CORPORATION

Year Ending: December 31, 2006

LIST OF COMPANIES

Complete the following for all companies and affiliates holding at least 10% interest in the operations of the provider. State the percentage owned. If such company has been added to this list during this report period, place a check in the "New" column provided.

Name	Business Address	City	State/ Prov.	Zip/Postal Code	FEIN	%	New
							☐
							☐
							☐
							☐
							☐
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The session key will expire on: 05/29/2007 11:30:00 PM Eastern Time

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- A.M. Best
- Demotech
- Standard & Poors
- Securities & Exchange Commission (SEC)
- FL Administrative Code
- FL Statutes
- Federal Reserve

Company Name	INTERCONTINENTAL MARINE SERVICE CORPORATION	Filing Id	47168	Review Status	Closed
NAIC Company Code		Filing Period	Q12007	Current Priority	4
NAIC Group Code		Filing Due Date	05/15/2007	Next Priority	2
FL Company Code	60115	Review Due Date	08/20/2007	Amended	No
Company FEIN	650081186	Analyst	downsl	Action List	No
Authority Category	MOTOR VEHICLE SERVICE AGREEMENT COMPANY	Supervisor	groszosa	Pend Expiration Date	
☐ Add'l Action Required		L2 Supervisor	duponts		

Follow-up Comments

Document Specific Comments

General Review Comments

No comments found.

Documents

Status	Name	Due Date	Submitted Date	Amended?	Confidential?	Source	Document Type
REVIEW COMPLETE	Company Contact 14254	05/15/2007	05/22/2007			Company	Company Contact
OPTIONAL						Company	Consent Order Required Filing
OPTIONAL						Company	Corrective Action Plan
REVIEW COMPLETE	Interrogatory Response 14254	05/15/2007	05/22/2007			Company	Interrogatory Response
REVIEW COMPLETE	Management/Owners SSN List (Confidential)	05/15/2007	05/22/2007			Company	Management/Owners SSN List (Confidential)
OPTIONAL						Company	Miscellaneous Documents
REVIEW	Motor Vehicle	05/15/2007	05/22/2007			Company	Motor Vehicle Service

- Google
- FL OIR
- FL DFS

COMPLETE	Service Agreement Quarterly Report						Agreement Quarterly Report
REVIEW COMPLETE	Signed Jurat Page	05/15/2007	05/22/2007			Company	Signed Jurat Page
OPTIONAL						Company	Surety Bond Documentation

Sorted By DocumentType ASC

Tools							
Status	Name	Received Date	Amended?	Required?	Source	Tool Type	
REVIEW NOT REQUIRED	Compliance Spreadsheet MVSA Qtrly Report	04/02/2007		No	OIR	Compliance Spreadsheet MVSA Qtrly Report	
REVIEW COMPLETE	Compliance Spreadsheet MVSA Qtrly Report	05/22/2007			Attached	Compliance Spreadsheet MVSA Qtrly Report	

Sorted By Date ASC

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- MyDFS
- A.M. Best
- Demotech
- Standard & Poors
- Securities & Exchange Commission (SEC)
- FL Administrative Code
- FL Statutes
- Federal Reserve

Company Name	INTERCONTINENTAL MARINE SERVICE CORPORATION	Filing Id	55048	Review Status	Empty
NAIC Company Code		Filing Period	Q32007	Current Priority	2
NAIC Group Code		Filing Due Date	11/15/2007	Next Priority	0
FL Company Code	60115	Review Due Date		Amended	No
Company FEIN	650081186	Analyst	downsl	Action List	No
Authority Category	MOTOR VEHICLE SERVICE AGREEMENT COMPANY	Supervisor	groszosa	Pend Expiration Date	
☐ Add'l Action Required		L2 Supervisor	duponts		

Follow-up Comments

Document Specific Comments

General Review Comments

No comments found.

Documents

Status	Name	Due Date	Submitted Date	Amended?	Confidential?	Source	Document Type
MISSING		11/15/2007				Company	Company Contact
OPTIONAL						Company	Consent Order Required Filing
OPTIONAL						Company	Corrective Action Plan
MISSING		11/15/2007				Company	Management/Owners SSN List (Confidential)
OPTIONAL						Company	Miscellaneous Documents
MISSING		11/15/2007				Company	Motor Vehicle Service Agreement Quarterly Report
MISSING		11/15/2007				Company	Signed Jurat Page
OPTIONAL						Company	Surety Bond Documentation

Sorted By DocumentType ASC

- Google
- FL OIR
- FL DFS

Tools							
Status	Name	Received Date	Amended?	Required?	Source	Tool Type	
REVIEW COMPLETE	Other	01/16/2008			Attached	Other	
REVIEW COMPLETE	Other	01/16/2008			Attached	Other	

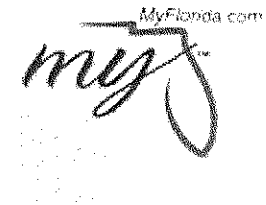
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Office of Insurance Regulation
Specialty Product Administration

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BUREAU OF SPECIALTY INSURERS

FLORIDA COMPANY
CODE:

60115

FEDERAL EMPLOYER
IDENTIFICATION NUMBER:

65-0081186

QUARTERLY REPORT
OF THE

Intercontinental Marine Service Corp.

(Motor Vehicle Service Agreement)

TO THE
OFFICE OF INSURANCE REGULATION
OF THE
STATE OF FLORIDA

Specialty Product Administration
200 East Gaines Street
Tallahassee, FL 32399 - 0331

FOR PERIOD ENDED

September 30, 2007

STATEMENT

Please see #14 of the Instructions Page OR you may notarize this form electronically by entering the Notary Public, Commission Number and Expiration Date on the form prior to submitting.

Company Name: INTERCONTINENTAL MARINE SERVICE CORPORATION
 Company FEIN: 65-0081185 Florida Company Code: 60115 Period Ending Date: 06/30/2007
 State and Date of Incorporation/Organization: (State/Prov): _____ (Date): _____
 Date Licensed by the Office of Insurance Regulation: _____ (Date): _____
 Date Commenced Business: _____ (Date): _____

Address of Home Office:
 Street: 15806 Brookway Drive Suite 500
 City: Huntersville State/Prov: North Carolina Zip/Postal Code: 28078
 Phone: (704) 895-1206 Ext: _____ Fax: (704) 895-6122

Address of Main Administrative Office:
 Street: 15806 Brookway Drive Suite 500
 City: Huntersville State/Prov: North Carolina Zip/Postal Code: 28269
 Phone: (704) 895-1206 Ext: _____ Fax: (704) 895-6122

Mailing Address:
 Street: 15806 Brookway Drive Suite 500
 City: Huntersville State/Prov: North Carolina Zip/Postal Code: 28078
 Phone: (704) 895-1206 Ext: _____ Fax: (704) 895-6122

Records Location (if different than Main Office):
 Street: _____
 City: _____ State/Prov: _____ Zip/Postal Code: _____

Address of Principle Florida Office:
 Street: 1166 W. Newport Center Drive Suite 210
 City: Deerfield Beach State/Prov: Florida Zip/Postal Code: 33442
 Phone: (800) 505-5354 Ext: _____ Fax: (954) 419-1610
 Website: www.firstwarrantygroup.com

Type of entity (check one)
☒ Corporation - For profit
☐ Corporation - Not for profit
☐ Partnership
☐ Sole proprietorship
☐ Limited liability company
☐ Other: _____

Contact Name: Clyde Tenberg
 Contact Title: President
 Phone: (704) 439-2675 Ext: _____ Fax: (704) 895-6122
 Email Address: clenberg@firstwarrantygroup.com

OFFICERS / DIRECTORS / MEMBERS
 Show full name (initials not acceptable)

Chief Executive Officer

President

Vice President

Secretary

Treasurer / Chief Financial Officer

Chairman of the Board

Directors / Members

Clyde TenbergTara WilliamsClyde TenbergClyde Tenberg

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JAN 16 2008

BUREAU OF SPECIALTY INSURE

STATE OF: NCCOUNTY OF: Mecklenburg

Clyde Tenberg, President, Clyde Tenberg, Secretary,
 and Clyde Tenberg, Chief Financial Officer (or corresponding person having charge of the

financial records of the licensee), of the _____ being duly sworn
 each for himself or herself deposes and says that they are the above-described officers of the said licensee, and that on the reporting
 period stated above, all of the herein assets were the absolute property of the said licensee, free and clear from any liens or claims
 thereon, except as herein stated, and that this report, together with related exhibits, schedules and explanations therein contained,
 annexed or referred to is a full and true statement of all assets and liabilities and of the condition and affairs of the said licensee as of
 the reporting period stated above, and of its income and deductions for the period reported.

Subscribed and Sworn to before me this
11th day of January, 2008

Notary Public:

Commission Number:

Expiration Date:

Opel Ken
12007159000102
June 7, 2012

President/Owner

Secretary

Treasurer/CFO

Print this page

GENERAL INTERROGATORIES

1. Have all transactions of the Licensee of which notice was received at the main office on or before the close of business on the reporting date been truthfully and accurately entered in its books?
ANSWER: ☐ YES ☐ NO If "NO", provide details. _____
2. Is the Licensee directly or indirectly owned or controlled by a company, corporation, group of companies, partnership, or individual not listed on the Management/Owners Information form (Page 22)?
ANSWER: ☐ NO ☐ YES If "YES", supply the information requested on the Management/Owners Information form, showing the changes from prior submission with a number sign [#] and attach an organizational chart.
3. During the period covered by this report, was money loaned to any stockholder, officer, director or employee of the Licensee?
ANSWER: ☐ NO ☐ YES If "YES", give detailed explanation on each loan on Schedule C, page 9.
4. Other than those on deposit with the state, were all stocks, bonds and other securities owned as of the reporting period in the actual possession of the Licensee on the said date?
ANSWER: ☐ YES ☐ NO If "NO", give location(s): _____
5. Has any change been made since the last reporting date in the Licensee's origination documents (e.g. charter, articles of incorporation, bylaws, contracts with subscribers, etc.)?
ANSWER: ☐ NO ☐ YES If "YES", attach current copies of the documents. If previously submitted, provide date sent: _____ -- _____ -- _____
6. Does any present or former officer, director, individual, or any other person or firm, have any claim of any nature whatsoever against the Licensee which is not included in the statement of liabilities?
ANSWER: ☐ NO ☐ YES If "YES", explain completely. _____
7. Are there any contingent claims of any nature whatsoever against the Licensee which are not identified in this report?
ANSWER: ☐ NO ☐ YES If "YES", give details. _____
8. Have any legal actions been taken against the Licensee, during the period covered by this report?
ANSWER: ☐ NO ☐ YES If "YES", give full details.
9. Have all forms currently used been filed with and approved by the OIR? ANSWER: ☐ YES ☐ NO
10. Have all rates been filed with the OIR? (Not applicable to Service Warranty Licensees)
ANSWER: ☐ YES ☐ NO
11. Does the Licensee use contractual liability insurance to meet its statutory reserve requirements for Unearned Premium Reserve?
ANSWER: ☐ NO ☐ YES If "YES", provide a copy of the policy and any and every endorsement, rider, or amendment thereto. **(Motor Vehicle Service Agreement Companies only:** Indicate whether policy is for all vehicle service agreement business or only for coverage of vehicle protection expenses. **Service Warranty Licensees only:** If claiming exception under Section 634.406(6), F.S., provide all required documentation.)

Statement as of September 30, 2007 of the Intercontinental Marine Service Corp.
(Name of Licensee)

12. Does the Licensee maintain a deposit(s) with the **Department of Financial Services, Division of Treasury, Bureau of Collateral Management**? ANSWER: YES
13. If Question 12 has a "YES" answer, please identify the amount and type of security on deposit with the **Department of Financial Services, Division of Treasury, Bureau of Collateral Management**.
Type of Deposit(s): CASH
(Cash, Certificate of Deposit, US Treasury Note, etc.)
Amount: \$ 900,000.00
14. Does the Licensee currently maintain a Surety Bond on file with the OIR?
ANSWER: NO If "YES", provide the following:
Amount: \$ NA
Issued by: NA
Date of Expiration: NA
15. Are all Sales Representatives properly licensed by the OIR and appointed by the Licensee as required?
ANSWER: YES If "NO", explain completely. _____
16. Has the Licensee sold or transferred any of its Florida contracts to another entity?
ANSWER: NO If "YES", give specifics. _____
17. Does the Licensee conduct any Florida business for another entity?
ANSWER: NO If "YES", provide complete details. _____
18. Are any assets of the Licensee maintained outside the United States?
ANSWER: NO If "YES", identify the assets and the locations. _____
19. Is the Licensee affiliated with or contracted with any entity that sells or issues the same kinds of contracts or Service Agreements?
ANSWER: YES If "YES", give provide details: Affiliate – Intercontinental Acceptance Corp
20. Does the Licensee have any other License(s) issued by the OIR?
ANSWER: NO If "YES", state which license(s). _____
21. Is the Licensee presently authorized to operate in a State other than Florida?
ANSWER: YES If "YES", attach a list of those states, indicating the type(s) of business conducted.
TEXAS
22. Are the Licensee's current activities and policies in compliance with Florida and Federal Authorities' current guidance regarding TERRORISM?
ANSWER: YES

Company Name:

Period Ending:

BALANCE SHEET ASSETS

	As of
CURRENT ASSETS:	
1. Cash on Hand and on Deposit (Schedule A - Page 7)	5,685,729.
2. Investments (Schedule B - Page 8)	105,257.
3. Receivables (Schedule C - Page 9)	50,478.
Allowance for Doubtful Accounts	()
4. Prepaid Expenses	
5. Inventories	
6. Other Current Assets (Schedule D - Page 10)	25,000.
7. Total Current Assets	5,866,464.
NON-CURRENT ASSETS:	
8. Investments (Schedule B - Page 8)	920,000.
9. Receivables (Schedule C - Page 9)	
Allowance for Doubtful Accounts	()
10. Deferred Acquisition Expenses (Attach Details)	11,128,361.
11. Deferred Expenses	
12. Intangible Assets	
13. Other Non-Current Assets (Schedule D - Page 10)	25,000.
14. Total Non-Current Assets	12,073,361.
FIXED ASSETS (NET OF ACCUMULATED DEPRECIATION)	
15. Real Estate Owned	
16. Automobiles	
17. Office Equipment & Furniture	200,022.
18. Leasehold Improvements	
19. Other Fixed Assets (Schedule D - Page 10)	
20. Total Fixed Assets (Net of Accumulated Depreciation)	
21. Total Assets	18,139,847.
22. Less Non-Admitted Assets (Schedule E, Line 10, Page 11)	()
23. TOTAL ADMITTED ASSETS	18,139,847.

Company Name:

Period Ending:

**BALANCE SHEET
LIABILITIES AND STOCKHOLDERS' EQUITY**

	As of
LIABILITIES:	
1. Accounts Payable	37,467.
2. Commissions Payable	
3. Taxes Payable	
4. Current Portion of Notes Payable (Schedule F - Page 12)	
5. Accrued Interest Payable	
6. Claims Payable / Reserve	
a. Motor Vehicle Warranty (F.S. 634, Part I)	73,880.
b. Home Warranty (F.S. 634, Part II)	
c. Service Warranty (F.S. 634, Part III)	
7. Other Current Liabilities (Schedule G - Page 14)	
8. Total Current Liabilities	111,347.
9. Reserve for Unearned Premium	
a. Motor Vehicle Warranty (F.S. 634, Part I)	9,429,198.
b. Home Warranty (F.S. 634, Part II)	
c. Service Warranty (F.S. 634, Part III)	
10. Long Term Portion of Notes Payable (Schedule F - Page 12)	
11. Other Long Term Liabilities (Schedule G - Page 13)	9,429,198.
12. Total Long Term Liabilities	18,858,396.
13. Total Liabilities	18,969,743.
STOCKHOLDERS' EQUITY:	
14. Common Stock	100.
15. Preferred Stock	
16. Additional Paid-in Capital	99,900.
17. Retained Earnings (Line 17 - Page 6)	(829,896.)
18. Less Treasury Stock	()
19. Other (Attach Detail)	
20. Total Stockholders' Equity	(729,896.)
21. TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	18,139,847.
22. Total Stockholders' Equity (Line 20 above)	(729,896.)
23. Less Non-Admitted Assets (Schedule E, Line 10, Page 11)	()
24. Statutory Net Worth	(729,896.)

Company Name:

Period Ending:

STATEMENT OF OPERATIONS AND RETAINED EARNINGS

INCOME:		Current Quarter	Year To Date
1.	Premiums Earned		
a.	Motor Vehicle Warranty (F.S. 634, Part I)	1,034,721.	6,243,057.
b.	Home Warranty (F.S. 634, Part II)		
c.	Service Warranty (F.S. 634, Part III)		
2.	Total Net Investment Income Earned:		
a.	Net Income Earned on all Reserves	75,215.	229,398.
b.	Net Income Earned on Other Investments		
3.	Net Realized Capital Gains (or Losses)		
4.	Other Income (Attach Schedule)		
5.	Total Income	1,109,986.	6,472,455.
EXPENSES:			
6.	Claims		
a.	Motor Vehicle Warranty (F.S. 634, Part I)	697,975.	2,236,556.
b.	Home Warranty (F.S. 634, Part II)		
c.	Service Warranty (F.S. 634, Part III)		
7.	Commissions to Agents	695,330.	4,141,899.
8.	General Expenses (Attach Schedule)	45,303.	512,970.
9.	Total Expenses	1,438,608.	6,891,425.
10.	Net Gain (or Loss) from operations before Federal and State Income Taxes and Extraordinary Item(s)	(328,622.)	(418,970.)
11.	Extraordinary Item(s) (Attach Schedule)		
12.	Federal and State Income Taxes		
13.	Net Gain (or Loss) from Operations	(328,622.)	(418,970.)
14.	Retained Earnings, December 31, Previous Year		(410,926)
15.	Other (Attach Details)		
16.	Less Dividends to Stockholders		()
17.	RETAINED EARNINGS (Enter on Line 17, Page 5)		(829,896)

Period Ending:

☐ Check if Not Applicable[illegible]

Month	Balance	Month	Balance	Month	Balance	Month	Balance
JAN	6,323,000.	APR	6,261,400.	JUL	5,943,784.	OCT	
FEB	6,232,000.	MAY	6,215,700.	AUG	5,782,315.	NOV	
MAR	6,330,691.	JUN	6,085,118.	SEP	5,685,729.	DEC	

Company Name:

Period Ending:

SCHEDULE B INVESTMENTS

Place a check in the column marked with an asterisk (*) if this investment represents reserve funds invested. Show all stocks, bonds, debenture bonds, collateral or mortgage notes owned and list in the order of their maturity. If stocks and bonds are not traded on one of the major exchanges or over-the-counter, then sufficient information should be given so that the investments may be verified. Collateral and mortgage notes owned should also reflect sufficient data for confirmation. If investment is on deposit with the Department, indicate with a check in the column marked with a number sign (#).

Description	Maturity Date or Number of Shares	*	#	Market Value	Original Cost
Current:				☐ Check if Not Applicable	
COD	01/25/08	☐	☐	100,339.	100,339.
DEIP	4,000	☐	☐	498.	4543.
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
Total Current (Line 2, Page 4):				105,257.	104,882.
Non-Current:				☐ Check if Not Applicable	
Bureau of	920,000.	☐	☐	920,000.	920,000.
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
		☐	☐		
Total Non-Current (Line 8, Page 4):				920,000.	920,000.
TOTAL INVESTMENTS:				1,025,257.	1,024,882.

RECEIVED

JAN 16 2008

BUREAU OF SPECIALTY INSURERS

Company Name:

Period Ending:

**SCHEDULE C
RECEIVABLES**

Place a check in the column marked with an asterisk (*) on all receivables which are past due over 90 days.

Under **Description / Name of Debtor**, identify if the Debtor is an Affiliate, Director, Officer, Shareholder, or Employee / Salesperson.

Description / Name of Debtor	*	Security / Nature of Debt	Balance
Current:		☐ Check if Not Applicable	
credit cards	☐	premium	696.
interest	☐	interest	16,000.
vendors	☐	misc.	33,782.
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
Total Current (Line 3, Page 4):			50,478.
Non-Current:		☐ Check if Not Applicable	
NA	☐		Ø
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
	☐		
Total Non-Current (Line 9, Page 4):			Ø
TOTAL RECEIVABLES:			

Company Name:

Period Ending:

**SCHEDULE D
OTHER ASSETS
(Net of Accumulated Depreciation)**

Identify as current, non-current, or fixed where appropriate. Place a check in the column marked with an asterisk (*) if all or any part of the asset is assigned as collateral for a loan or is otherwise restricted.

Name	Nature of Asset	*	Balance
Other Current Assets:		☐ Check if Not Applicable	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Current Assets (Line 6, Page 4) :			
Non-Current Assets:		☐ Check if Not Applicable	
Deposit	Texas	☐	25,000.
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Non-Current Assets (Line 13, Page 4):			25,000.
Other Fixed Assets:		☐ Check if Not Applicable	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Other Fixed Assets (Line 19, Page 4):			
TOTAL OTHER ASSETS:			25,000.

Company Name:

Period Ending:

**SCHEDULE E
NON-ADMITTED ASSETS**

1.	Notes, Accounts Receivables or Advances:		
a.	From Affiliates		
b.	From Controlling Stockholder / Ownership Interest		
c.	From Directors / Officers		
d.	From Employees / Salesmen		
e.	From Others		
Total (Line 1, entries a through e):			
2.	Fixed Assets costing less than \$200 each or amortized longer than five years		
3.	Leasehold Improvements in excess of Statute authorization		
4.	Investments:		
a.	In Subsidiaries		
b.	In Affiliates of Parent / Ultimate Parent		
Total (Line 4, entries a and b):			
5.	Prepaid Expenses in excess of Liquidation Value		
6.	Deferred Expenses		
7.	Intangible Assets:		
a.	Goodwill		
b.	Franchises		
c.	Customer Lists		
d.	Patents or Trademarks		
e.	Agreements not to Compete		
f.	Others (Identify)		
Total (Line 7, entries a through f):			
8.	Any Other asset pledged as collateral or otherwise restricted		
9.	Other Assets not allowed by Statute (Identify)		
Total (Line 9, all entries):			
10.	TOTAL NON-ADMITTED ASSETS (Line 22, Page 4 and Line 23, Page 5)		

Company Name:

Period Ending:

**SCHEDULE F
NOTES PAYABLE**

Place a check in the column marked with an asterisk (*) to designate Notes due to Affiliates, Directors, Officers, or Controlling Shareholder / Interest.

Description			Balance
Current Portion of Notes Payable:	☒ Check if Not Applicable	*	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Current Portion of Notes Payable (Line 4, Page 5):			0
Long-Term Portion of Notes Payable:	☒ Check if Not Applicable	*	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
		☐	
Total Long-Term Portion of Notes Payable (Line 10, Page 5):			0
TOTAL NOTES PAYABLE:			0

Company Name:

Period Ending:

**SCHEDULE G
OTHER LIABILITIES**

Name	Nature of Liability	Balance
Other Current Liabilities:	☐ Check if Not Applicable	
Total Other Current Liabilities (Line 7, Page 5):		
Other Long-Term Liabilities:	☐ Check if Not Applicable	
D.A.C.	Long term Liabilities	9,429,198.
Total Other Long-Term Liabilities (Line 11, Page 5):		
TOTAL OTHER LIABILITIES:		9,429,198.

Company Name:

Period Ending:

**SCHEDULE H
FUNDED UNEARNED PREMIUM RESERVE
Chapter 634, Florida Statutes**

List all assets used to meet the Unearned Premium Reserve requirement(s) for any warranty license(s) held by the Licensee. The reserve is required to be funded with unencumbered assets. The assets shall be held as prescribed under Chapter 625.301 - 625.340, Florida Statutes. (Attach additional pages, if needed.) Please identify any assets on deposit with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management with check in the column marked with an asterisk (*).

Description of Asset	Maturity or Number of Shares	*	Market Value	Original Cost
Motor Vehicle Service Agreement Company		☐	Check if Not Applicable	
DOI	920,000.	☐	920,000.	920,000.
CASH		☐	5,685,729.	5,685,729.
C.D.	8/25/08	☐	103,339.	103,339.
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
MOTOR VEHICLE SERVICE AGREEMENT COMPANY RESERVES:			6,709,118	6,709,118
Home Warranty Association		☐	Check if Not Applicable	
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
HOME WARRANTY ASSOCIATION RESERVES:				0
Service Warranty Association		☐	Check if Not Applicable	
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
SERVICE WARRANTY ASSOCIATION RESERVES:				0
TOTAL RESERVES:			6,709,118.	6,709,118.

Company Name:

Period Ending:

EXHIBIT I
Recap of Premiums Written for Current Period Ending
NATIONWIDE (Including FLORIDA)

	(A) 1-Year or Less Contracts	(B) 2-Year Contracts	(C) 3-Year Contracts	(D) 4-Year Contracts	(E) Others (5 Year or Longer)	(F) Totals
1. Gross Written Premium Current Year	79,180.	216,279.	2,072,717.	1,214,415.	6,862,292.	10,444,883.
2. Less Cancellations and Refunds	(24,631.)	(69,773.)	(1,012,650.)	(463,947.)	(2,651,651.)	(4,222,652.)
3. Adjusted Premiums	54,549.	146,506.	1,060,067.	750,468.	4,210,641.	6,222,231.

EXHIBIT II
Recap of In-Force Premiums
NATIONWIDE (Including FLORIDA)

	(A) Number of Warranties	(B) Premium Received and Outstanding	(C) Unearned Premium Reserve (UPR)	(D) Amount of Premium Covered by CLP **
1. In-Force end of prior year	13,650.	25,847,039.	9,450,024.	Ø
2. Audit adjustments to prior year				
3. Issued during the year	4992.	10,444,883.	5,222,441.	
4. Cancelled during the year	(2,182.)	(4,222,652.)	(2,111,326.)	()
5. Expired during the year	(2,129.)	(4,078,900.)	(2,039,450.)	()
6. Earned during the year			(1,092,491.)	
7. In-Force end of current year	13,831.	27,990,370.	9,429,198. *	Ø

* Amount must agree with Line 9a, Page 5 and the Total of Exhibit IV, Column E, Page 16.

** For companies with more than one CLP policy, attach a separate schedule listing the name and address of the insurer, the time period covered, the number of contracts and the total dollar amount covered by each policy.

PLEASE NOTE: Multiple policies of the same type of coverage are not permitted for the same time period.

EXHIBIT III
Recap of Earned Premiums
NATIONWIDE (Including FLORIDA)

	(A) Adjusted Premiums Written (from Exhibit I)	(B) Add Required UPR Prior Year	(C) Deduct Required UPR Current Year	(D) Premiums Earned (Enter on Line 1a, Year to Date, Page 6)
1. Premiums Written	6,222,231.	9,450,024.	9,429,198.	6,243,057.

EXHIBIT IV
Detail of Unearned Premium Reserve
Nationwide

A	B	C	D	E	F
CALENDAR YEAR	TERM	PREMIUM RECEIVED OUTSTANDING	GROSS {UNEARNED PREMIUM	UNEARNED PREMIUM RESERVE	COLUMN E/ COLUMN D
2003					
	36	0	0	0	#DIV/0!
	48	84,180	6,840	3,420	0.5
	60	327,433	57,898	28,949	0.5
	72	0	0	0	#DIV/0!
	84	0	0	0	#DIV/0!
Totals		411,613	64,738	32,369	0.5
2004					
	0		0	0	0
	12	0	0	0	
	24	0	0	0	#DIV/0!
	36	117,730	5,714	2,857	0.5
	48	737,651	131,454	65,727	0.5
	60	653,036	238,496	119,248	0.5
	72	51,589	22,800	11,400	0.5
	84	43,281	22,756	11,378	0.5
Totals		1,603,287	421,220	210,610	0.5
2005					
	0	0	0	0	0
	12	0	0	0	#DIV/0!
	24	11,414	906	453	0.5
	36	1,256,454	326,754	163,377	0.5
	48	307,807	136,676	68,338	0.5
	60	948,231	548,352	274,176	0.5
	72	1,017,050	556,236	278,118	0.5
	84	217,639	140,924	70,462	0.5
	96	9,424	5,458	2,729	0.5
Totals		3768019	1715306	857653	0.5
2006					
	12	0	0	0	#DIV/0!
	24	212,740	67,576	33,788	0.5
	36	2,555,954	1,423,072	711,536	0.5
	48	837,690	561,580	280,790	0.5
	60	4,556,503	3,334,816	1,667,408	0.5
	72	4,664,902	3,482,710	1,741,355	0.5
	84	1,044,934	697,874	348,937	0.5
	96	100,439	58,988	29,494	0.5
		13973162	9626616	4813308	
2007					
	12	0	0	0	#DIV/0!
	24	163,368	111,654	55,827	0.5
	36	1,535,777	1,217,216	608,608	0.5
	48	933,684	807,770	403,885	0.5
	60	2,696,406	2,400,388	1,200,194	0.5
	72	2,013,449	1,783,538	891,769	0.5
	84	891,605	709,950	354,975	0.5
	96	0	0	0	#DIV/0!
		8234289	7030516	3515258	
		27,990,370	13949378	9,429,198	#VALUE!

EXHIBIT VIII
Detail of Unearned Premium Reserve
Florida

A	B	C	D	E	F
CALENDAR YEAR	TERM	PREMIUM RECEIVED OUTSTANDING	GROSS {UNEARNED PREMIUM	UNEARNED PREMIUM RESERVE	COLUMN E/ COLUMN D
2003					
	36	0	0	0	#DIV/0!
	48	84,180	6,840	3,420	0.5
	60	327,433	57,898	28,949	0.5
	72	0	0	0	#DIV/0!
	84	0	0	0	#DIV/0!
Totals		411,613	64,738	32,369	0.5
2004					
	0		0	0	0
	12	0	0	0	
	24	0	0	0	#DIV/0!
	36	117,730	5,714	2,857	0.5
	48	737,651	131,454	65,727	0.5
	60	653,036	238,496	119,248	0.5
	72	51,589	22,800	11,400	0.5
	84	43,281	22,756	11,378	0.5
Totals		1,603,287	421,220	210,610	0.5
2005					
	0	0	0	0	0
	12	0	0	0	#DIV/0!
	24	11,414	906	453	0.5
	36	1,256,454	326,754	163,377	0.5
	48	307,807	136,676	68,338	0.5
	60	948,231	548,352	274,176	0.5
	72	1,017,050	556,236	278,118	0.5
	84	217,639	140,924	70,462	0.5
	96	9,424	5,458	2,729	0.5
Totals		3768019	1715306	857653	0.5
2006					
	12	0	0	0	#DIV/0!
	24	212,740	67,576	33,788	0.5
	36	2,555,954	1,423,072	711,536	0.5
	48	837,690	561,580	280,790	0.5
	60	4,556,503	3,334,816	1,667,408	0.5
	72	4,664,902	3,482,710	1,741,355	0.5
	84	1,044,934	697,874	348,937	0.5
	96	100,439	58,988	29,494	0.5
		13973162	9626616	4813308	
2007					
	12	0	0	0	#DIV/0!
	24	163,368	111,654	55,827	0.5
	36	1,535,777	1,217,216	608,608	0.5
	48	933,684	807,770	403,885	0.5
	60	2,696,406	2,400,388	1,200,194	0.5
	72	2,013,449	1,783,538	891,769	0.5
	84	891,605	709,950	354,975	0.5
	96	0	0	0	#DIV/0!
		8234289	7030516	3515258	
		27,990,370	13949378	9,429,198	#VALUE!

Company Name:

Period Ending:

EXHIBIT V
Recap of FLORIDA Premium Written for the Current Period Ending

	(A) 1-Year or Less Contracts	(B) 2-Year Contracts	(C) 3-Year Contracts	(D) 4-Year Contracts	(E) Others (5 Year or Longer)	(F) Totals
1. Gross Written Premium Current Year	79,180.	216,279.	2,072,717.	1,214,415.	6,862,252.	10,444,883.
2. Less Cancellations and Refunds	(24,631.)	(109,773.)	(1,012,650.)	(463,947.)	(2,651,631.)	(4,222,652.)
3. Adjusted Premiums	54,549.	146,506.	1,060,067.	750,468.	4,210,641.	6,222,231.

EXHIBIT VI
Recap of FLORIDA In-Force Premiums

	(A) Number of Warranties	(B) Premium Received and Outstanding	(C) Unearned Premium Reserve (UPR)	(D) Amount of Premium Covered by CLP
1. In-Force end of prior year	13,650.	25,847,039.	9,450,024.	Ø
2. Audit adjustments to prior year	Ø			
3. Issued during the year	4,992.	10,444,883.	5,222,441.	
4. Cancelled during the year	(2,682.)	(4,222,652.)	(2,111,326.)	()
5. Expired during the year	(2,129.)	(4,078,900.)	(2,039,450.)	()
6. Earned during the year			(1,092,491.)	
7. In-Force end of current year	13,831.	27,990,370.	9,429,198.	Ø

EXHIBIT VII
Recap of FLORIDA Earned Premiums

	(A) Adjusted Premiums Written (from Exhibit V)	(B) Add Required UPR Prior Year	(C) Deduct Required UPR Current Year	(D) Premiums Earned
1. Premiums Written	6,222,231.	9,450,024.	9,429,198.	6,243,057.

EXHIBIT VII-A
Recap of 15% Reserve

1. Gross Unearned Premium, From Exhibit VIII, Column D, Page 18, x 50%	9,429,198. 0
2. Line 1 x 15%	1,414,379. 0
3. Less Statutory Deposit Held Under Section 643.052, F.S.	920,000.
4. Required Reserve to be Held by the Department of Financial Services, Division of Treasury, Bureau of Collateral Management Under Section 634.041, F.S.	494,379. 0

Company Name:

Period Ending:

EXHIBIT VIII
Detail of FLORIDA Unearned Premium Reserve

(A)	(B)	(C)	(D)	(E)	(F)
Calendar Year	Term Year	Premium Received and Outstanding on Warranties Not Covered by CLP	Gross Unearned Premium	Unearned Premium Reserve	Column E Divided By Column D
Current	1 or Less				
	2				
	3				
	4				
	5				
	Other				
	2				
	3				
	4				
	5				
	Other				
	3				
	4				
	5				
	Other				
	4				
	5				
	Other				
	5				
	Other				
	Other				
	Totals			*	%

Same Amount

* Amount must equal Unearned Premium Reserve column on Exhibit VI, Page 17.

Company Name:

Period Ending:

EXHIBIT IX
Reported Claims Incurred

Exclude All IBNR Claims	(A) Reported claims paid current year to date	(B) Total reported claims unpaid	(C) Reported claims unpaid at end of previous year	(D) Reported claims incurred current year (A+B-C=D)
1. Number	4148	133	108	4173
2. Amount	2,236,556.	73,880.	63,690.	2,246,746.

EXHIBIT X
Claims Adequacy

(A) Claims reserve previous year	(B) Claims paid during current year on claims incurred in previous years	(C) Excess or (deficiency) (A-B=C)
63,690.	87,460.	(23,770)

EXHIBIT XI
Compilation of Claims Payable / Reserve
(Page 6, Line 6a)

	(A) Claims incurred but not reported	(B) Claims reported but not paid	(C) Claims reserve (A+B=C)
1. Number	0	133	133.
2. Amount	0	73,880.	73,880.

EXHIBIT XII
Ratios

1	<u>2,236,556.</u> Reported claims paid current year to date	<u>6,243,057</u> Premium earned year to date	<u>36</u> %
2	<u>2,246,746</u> Reported claims incurred	<u>6,472,455</u> Premium earned (Plus reserve investment income from Statement of Operations, Line 2a, Year to Date, Page 6).	<u>35</u> %

EXHIBIT XIII
Claims Exposure

	(A) Total Claims Paid	(B) Total Claims Covered by CLP	(C) % Claims Covered by CLP
1. Nationwide	2,236,556	0	0 %
2. Florida Only			%

Company Name:

Period Ending:

EXHIBIT XIV
Itemized Agreement Acquisition Costs

	(A) Current	(B) Deferred	(C) Total
1. Commissions	4,141,899.	11,128,361.	15,270,260.
2. Administrative Fees			
3. Underwriting Costs			
4. Other *			
5. Totals	4,141,899.	11,128,361.	15,270,260.

* Provide detailed breakdown on additional page(s).

EXHIBIT XV
Premiums Written and Claims Paid by State

State	Is Company Licensed?	Gross Premiums Written	Claims Paid		Number of Claims Resisted
			Number	Amount	
FL	☐	6,222,231.	4148	2,236,536.	
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
	☐				
All Additional States *					
TOTALS:		6,222,231.	4148	2,236,556.	

Period Ending:

LIST OF OFFICERS/DIRECTORS AND KEY PERSONNEL

Complete the following for all officers, directors, partners, members, and facility executive director/administrators. Include shareholders and affiliates holding at least 10% interest in the operations of the provider. State the percentage owned. If such person and/or shareholder has been appointed, elected, nominated, designated or has been added to this list during this report period, place a check in the "New" column provided. If required biographical information has not been previously submitted on those checked, please refer to the instructions provided at <http://www.flbit.com/pdf/OfficeDirector.pdf>.

[illegible]

Company Name:

Period Ending:

LIST OF COMPANIES

Complete the following for all companies and affiliates holding at least 10% interest in the operations of the provider. State the percentage owned. If such company has been added to this list during this report period, place a check in the "New" column provided.

Name	Business Address	City	State/ Prov.	Zip/Postal Code	FEIN	%	New
<i>n/a</i>							☐
							☐
							☐
							☐
							☐
							☐
							☐
							☐
							☐
							☐
							☐
							☐
							☐

**INTERCONTINENTAL MARINE
SERVICE CORPORATION**

Statutory Financial Statements for the
Years Ended December 31, 2005 and 2004
and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

Intercontinental Marine Service Corporation:

We have audited the accompanying statements of admitted assets, liabilities, and surplus - statutory basis of Intercontinental Marine Service Corporation as of December 31, 2005 and 2004, and the related statements of income - statutory basis and changes in surplus - statutory basis and of cash flows - statutory basis for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1 to the financial statements, these financial statements were prepared in conformity with accounting practices prescribed or permitted by the Insurance Department of the State of Florida, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the admitted assets, liabilities, and surplus of Intercontinental Marine Service Corporation as of December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 1.

This report is intended solely for the information and use of the board of directors and the management of Intercontinental Marine Service Corporation and Insurance Department of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

Greer & Walker, LLP

August 20, 2006

TRUSTED BUSINESS ADVISORS

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INTERCONTINENTAL MARINE SERVICE CORPORATION

STATEMENTS OF ADMITTED ASSETS, LIABILITIES AND SURPLUS - STATUTORY BASIS, DECEMBER 31, 2005 AND 2004

<u>ASSETS</u>	<u>2005</u>	<u>2004</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2,100,019	\$ 1,648,136
Accounts receivable	584,843	615,721
Marketable securities	4,495	9,565
Other assets	104,405	71,354
Restricted cash on deposit	731,992	731,992
Total	<u>3,525,754</u>	<u>3,076,768</u>
PROPERTY, NET	<u>361,021</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 3,886,775</u>	<u>\$ 3,076,768</u>
<u>LIABILITIES AND SURPLUS</u>		
LIABILITIES:		
Accounts payable	\$ 345,408	\$ 300,906
Reserve for claims payable	31,161	39,388
Reserve for unearned premiums	2,653,609	1,755,597
Total	<u>3,030,178</u>	<u>2,095,891</u>
SURPLUS:		
Common stock	100	100
Paid-in capital	188,559	188,559
Surplus	667,938	792,218
Total	<u>856,597</u>	<u>980,877</u>
TOTAL LIABILITIES AND SURPLUS	<u>\$ 3,886,775</u>	<u>\$ 3,076,768</u>

INTERCONTINENTAL MARINE SERVICE CORPORATION

STATEMENTS OF INCOME AND CHANGE IN SURPLUS - STATUTORY BASIS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
REVENUE:		
Earned premium	\$ 7,374,245	\$ 4,113,185
Investment income	31,993	35,640
Other	-	6,260
Total	<u>7,406,238</u>	<u>4,155,085</u>
OPERATING EXPENSES:		
Commissions to agents	2,107,337	224,566
Claims paid	745,189	269,530
Selling, general, and administrative	4,677,992	3,849,006
Total	<u>7,530,518</u>	<u>4,343,102</u>
NET LOSS - STATUTORY BASIS	(124,280)	(188,017)
CONTRIBUTIONS	-	88,659
SURPLUS - STATUTORY BASIS, BEGINNING OF YEAR	980,877	1,080,235
SURPLUS - STATUTORY BASIS, END OF YEAR	<u>\$ 856,597</u>	<u>\$ 980,877</u>

INTERCONTINENTAL MARINE SERVICE CORPORATION

STATEMENTS OF CASH FLOWS - STATUTORY BASIS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

	<u>2005</u>	<u>2004</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss - statutory basis	\$ (124,280)	\$ (188,017)
Adjustments to reconcile net loss - statutory basis to cash flows from operating activities:		
Changes in operating assets and liabilities:		
Accounts receivable	30,878	572,716
Other assets	(33,051)	(36,987)
Accounts payable	44,502	(31,627)
Reserve for unearned premium	898,012	538,538
Reserve for claims paid	(8,227)	28,991
Net cash provided by operating activities	<u>807,834</u>	<u>883,614</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from investment in marketable securities	5,070	3,766
Purchase of property	<u>(361,021)</u>	
Net cash provided by (applied to) investing activities	<u>(355,951)</u>	<u>3,764</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Contributions	<u>-</u>	<u>88,659</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	451,883	976,037
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,648,136</u>	<u>672,099</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,100,019</u>	<u>\$ 1,648,136</u>

INTERCONTINENTAL MARINE SERVICE CORPORATION

NOTES TO STATUTORY FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2005 AND 2004

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - Intercontinental Marine Service Corporation (the "Company") is a nonpublic insurance organization providing warranty contracts for marine and certain recreation vehicles, motor cycles, automobiles and marine watercraft.

Basis of Presentation - The accompanying financial statements have been prepared in conformity with accounting practices prescribed or permitted by the Insurance Department of the State of Florida. Such principles differ from generally accepted accounting principles.

Use of Accounting Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the year in which such adjustments are determined.

Cash and Cash Equivalents - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted cash on deposit represents funds required to be placed in an interest bearing account with the Florida Department of Insurance.

Accounts Receivable - The Company extends credit to its customers. By their nature, accounts receivable involve risk, including the credit risk of nonpayment by the customer. As of December 31, 2005 and 2004, all remaining accounts receivable were considered collectible and, therefore, no allowance has been provided.

Property - Property is stated at cost. Depreciation and amortization are provided over the estimated useful lives of the related assets using the straight-line method.

Revenue Recognition - Premiums are recognized as earned over the period for which the related policy was written. Reserve for unearned premium represents amounts due or received in advance of the entire policy period for which the premium is received. The amount of unearned premium is determined using statutorily required percentages of premium in force.

Reserve for Claims Payable - The reserve for claims payable represents an amount determined from loss reports received as well as an amount for losses incurred but not reported.

Income Taxes - The Company's taxable income is included in the consolidated tax return of the parent company, Intercontinental Acceptance Corporation. Management of Intercontinental Acceptance Corporation has determined not to allocate income tax to the Company. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

2. RELATED PARTY TRANSACTIONS

The Company shares its office and certain other costs with Intercontinental Acceptance Corporation (DE) ("IAC"), a company affiliated through common ownership. IAC also acts as a dealer of products offered by the Company. In June 2000, IAC began paying all operating expenses of the combined companies and charging a management fee to the Company. Management fees paid by the Company to IAC totaled \$2,567,595 and \$2,136,050 for the years ended December 31, 2005 and 2004, respectively.

3. REINSURANCE

The Company formerly operated under an agreement with Virginia Surety Company, Inc. ("VS"), an unaffiliated insurance company, under which policies written by the Company were ceded to VS. This agreement was cancelled during 1998. As of December 31, 2005 and 2004, the Company maintained no premium in force which had been ceded under this previous agreement for which the risk of loss remained with VS. In connection with this agreement, VS has retained \$247,377 and \$258,763, of commission due to the Company for the years ended December 31, 2005 and 2004, respectively. This amount will be remitted to the Company as the related policies expire or are cancelled. This amount is included in accounts receivable in the accompanying statutory financial statements.

4. CONTINGENCY

The Company is subject to various claims in the ordinary course of business. In the opinion of management, the Company has meritorious defenses for such claims and does not expect the outcome of such claims to have a material adverse impact on the operations or financial position of the Company.

**Intercontinental Marine Service
Corporation d/b/a First Warranty
Group of Florida**

Financial Statements

Year Ended December 31, 2006



DIXON HUGHES PLLC

Certified Public Accountants and Advisors

**Intercontinental Marine Service Corporation d/b/a
First Warranty Group of Florida**

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DIXON HUGHES PLLC

Certified Public Accountants and Advisors

INDEPENDENT AUDITORS' REPORT

To the Stockholder and Board of Directors
Intercontinental Marine Service Corporation d/b/a
First Warranty Group of Florida
Huntersville, North Carolina

We have audited the accompanying balance sheet of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida as of December 31, 2006. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this balance sheet based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall balance sheet presentation. We believe that our audit provides a reasonable basis for our opinion.

Because we were not engaged to audit the accompanying statements of operations, changes in stockholder's deficit and cash flows for the year ended December 31, 2006, we did not extend our auditing procedures to enable us to express an opinion on the results of operations and cash flows for the year ended December 31, 2006. Accordingly, we express no opinion on them.

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida as of December 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

Dixon Hughes PLLC

August 10, 2007

**INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
BALANCE SHEET
December 31, 2006 (Audited)**

ASSETS

Cash and cash equivalents	\$ 6,138,316
Marketable equity securities ✓	4,145
Accounts receivable	
Premiums	31,550
Related parties	184,640
Accrued interest receivable	12,000
Restricted short-term investment ✓	100,339
Deposits	925,000
Property and equipment, net	137,618
Cash surrender value of life insurance ✓	146,736
Deferred contract acquisition costs	764,631
	<u>764,631</u>
TOTAL ASSETS	<u>\$ 8,444,975</u>

LIABILITIES AND STOCKHOLDER'S DEFICIT

LIABILITIES

Accounts payable	
Trade	\$ 304,080
Related parties	1,472,418
Accrued expenses	7,560
Capital lease obligation	30,972
Deferred revenue	10,171,283
	<u>10,171,283</u>
TOTAL LIABILITIES	<u>11,986,313</u>

STOCKHOLDER'S DEFICIT

Common stock, \$0.01 par value, 7,500 shares authorized; 100 shares issued and outstanding	1
Additional paid-in capital	188,658
Accumulated deficit	(3,689,997)
Note receivable - related party	(40,000)
	<u>(40,000)</u>
TOTAL STOCKHOLDER'S DEFICIT	<u>(3,541,338)</u>

**TOTAL LIABILITIES AND
STOCKHOLDER'S DEFICIT**

\$ 8,444,975

**INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
STATEMENT OF OPERATIONS
Year Ended December 31, 2006 (Unaudited)**

REVENUES

Gross contracts written less cancellations	\$ 11,325,815
Change in deferred revenue	(4,959,085)
Other income	99
Interest income	111,793
TOTAL REVENUES	<u>6,478,622</u>

EXPENSES

Contract acquisition costs	754,804
Change in deferred contract acquisition costs	(514,353)
Contract claims incurred	3,995,685
General and administrative	203,044
Management fees	3,889,854
Interest expense	8,603
TOTAL EXPENSES	<u>8,337,637</u>

NET LOSS **\$ (1,859,015)**

**INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
STATEMENT OF CHANGES IN STOCKHOLDER'S DEFICIT
Year Ended December 31, 2006 (Unaudited)**

	<u>Shares of Common Stock</u>	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Accumulated Deficit</u>	<u>Note Receivable - Related Party</u>	<u>Total Stockholder's Deficit</u>
BALANCE (DEFICIT), December 31, 2005	100	\$ 1	\$ 188,658	\$ (1,830,982)	\$ -	\$ (1,642,323)
Issuance of note receivable - related party	-	-	-	-	(40,000)	(40,000)
Net loss	-	-	-	(1,859,015)	-	(1,859,015)
BALANCE (DEFICIT), December 31, 2006	<u>100</u>	<u>\$ 1</u>	<u>\$ 188,658</u>	<u>\$ (3,689,997)</u>	<u>\$ (40,000)</u>	<u>\$ (3,541,338)</u>

**INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
STATEMENT OF CASH FLOWS
Year Ended December 31, 2006 (Unaudited)**

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	\$ (1,859,015)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Bad debt expense	24,873
Depreciation	31,481
Loss on marketable equity securities	350
Increase in cash surrender value of life insurance	(27,065)
Changes in operating assets and liabilities:	
Decrease in accounts receivable - premiums	555,201
Increase in accounts receivable - related parties	(184,640)
Increase in accrued interest receivable	(12,000)
Increase in deferred contract acquisition costs	(514,353)
Decrease in accounts payable - trade	(84,489)
Increase in accounts payable - related parties	1,472,418
Increase in accrued expenses	7,560
Increase in deferred revenue	4,959,085

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

4,369,406

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in restricted short-term investment	(100,339)
Increase in deposits	(168,008)
Issuance of note receivable	(40,000)
Purchases of property and equipment	(13,138)

**NET CASH USED BY
INVESTING ACTIVITIES**

(321,485)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on capital lease obligation	(7,347)
--------------------------------------	---------

**NET CASH USED BY
FINANCING ACTIVITIES**

(7,347)

**NET INCREASE IN CASH
AND CASH EQUIVALENTS**

4,040,574

CASH AND CASH EQUIVALENTS, BEGINNING

2,097,742

CASH AND CASH EQUIVALENTS, ENDING

\$ 6,138,316

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid during the year for:	
Interest	\$ 8,603

**SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND
FINANCING ACTIVITIES**

Acquisition of equipment through issuance of capital lease obligation	<u>\$ 38,319</u>
--	------------------

**INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Intercontinental Marine Service Corporation d/b/a First Warranty Group of Florida (the "Company") was incorporated in the state of Florida and began operations in 1988. The Company is a wholly-owned subsidiary of Intercontinental Acceptance Corporation (FL) d/b/a National Warranty Notification Center ("NWNC"). The Company provides extended warranty contracts ("contracts") for marine and certain recreational vehicles, motorcycles, automobiles and marine watercraft for customers located in the states of Florida and Texas. The contracts are sold through call centers.

Cash and Cash Equivalents

Cash and cash equivalents includes cash on deposit and amounts invested in money market accounts that are carried at cost, which approximates fair value. In addition, cash and cash equivalents includes short-term investments, such as certificates of deposits, with initial maturities of 90 days or less.

Restricted Short-Term Investment

Restricted short-term investment consists of a certificate of deposit held in trust with the Oklahoma Department of Insurance.

Accounts Receivable

Premiums receivable are for contracts written as of year end for which premiums had not been remitted to the Company. The receivables are uncollateralized customer obligations due under normal trade terms requiring payment within 30 days of the contract date.

Premiums receivable are stated at the contract amount due from the customer. Management reviews each receivable balance and, based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected.

Property and Equipment

Property and equipment is carried at cost. Depreciation is provided using the straight-line method over the following economic useful lives:

Furniture and fixtures	5 to 15 years
Equipment and software	3 to 15 years
Leasehold improvements	15 years

Deposits

Deposits are funds on deposit with the Florida and Texas Departments of Insurance.

INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Deferred Contract Acquisition Costs

Costs that vary with and are directly related to the acquisition of contracts are deferred at initiation of the contract and consist of commissions, other selling expenses and contract issue costs. The Company recognizes deferred contract acquisition costs in accordance with FASB Technical Bulletin 90-1 ("FTB 90-1"), "Accounting for Separately Priced Extended Warranty and Product Maintenance Contracts," which requires acquisition costs to be ratably expensed over the life of the contract in proportion to the revenue recognized on the sale of the related contracts.

Revenue Recognition and Deferred Revenue

Net premiums realized from contracts are deferred and recognized in income in accordance with FTB 90-1, which requires premiums to be recognized as income on a straight-line basis over the duration of the contracts unless sufficient historical evidence indicates that the cost of performing services under the extended service contracts are incurred on other than a straight-line basis. The portion of premiums not earned at the end of the accounting period is recorded as "Deferred revenue" in the accompanying balance sheet.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes. Deferred taxes are recognized for differences between the bases of assets and liabilities for financial statement and income tax purposes. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered and settled. Deferred taxes also are recognized for operating losses that are available to reduce future taxable income and tax credits that are available to offset future federal or state income taxes. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Advertising Costs

Advertising costs are expensed as incurred. For the year ended December 31, 2006, advertising costs were \$43,684 (unaudited).

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2006 (audited):

Furniture and fixtures	\$ 78,538
Equipment and software	219,161
Leasehold improvements	<u>741</u>
	298,440
Accumulated depreciation	<u>(160,822)</u>
	<u>\$ 137,618</u>

Depreciation expense for the year ended December 31, 2006 was \$31,481 (unaudited).

NOTE C - NOTE RECEIVABLE - RELATED PARTY

On December 6, 2006, the Company loaned \$40,000 (audited) to Auto Resource Center, a company related through common ownership. The note receivable accrues interest at 8.5% per annum and is due December 6, 2007. The note is collateralized by Auto Resource Center's stock.

\$ 06105

NOTE D - INCOME TAXES

The Company files a consolidated federal income tax return with its parent company and a sister company. The tax liability of the consolidated group is apportioned among the members of the group based on each entity's calculation of its own tax provision and resulting liability. Therefore, each entity is responsible for its own tax expense.

The provision for income tax benefit consists of the following for the year ended December 31, 2006 (unaudited):

Tax benefit:	
Current	\$ -
Deferred	<u>(685,000)</u>
	(685,000)
Increase in valuation allowance	<u>685,000</u>
Total	<u>\$ -</u>

INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE D - INCOME TAXES (Continued)

Income tax benefit differed from the amounts computed by applying the federal statutory income tax rate of 34% to pretax loss as a result of the following for the year ended December 31, 2006 (unaudited):

Income tax benefit at federal statutory rate	\$ (632,000)
Increase (decrease) in income taxes resulting from:	
State income tax benefit, net of federal benefit	(67,000)
Nondeductible expenses	14,000
Increase in valuation allowance	<u>685,000</u>
PROVISION FOR INCOME TAX BENEFIT	<u>\$ -</u>

The components of the net deferred tax asset at December 31, 2006 are as follows (audited):

Deferred tax assets	
Net operating loss carryforwards	<u>\$ 3,690,000</u>
Deferred tax liabilities	
Deferred revenue	(1,862,000)
Discounted unpaid losses	(216,000)
Property and equipment basis differences	(28,000)
Deferred contract acquisition costs	<u>(288,000)</u>
	<u>(2,394,000)</u>
Total deferred income taxes	1,296,000
Valuation allowance	<u>(1,296,000)</u>
Net deferred income taxes	<u>\$ -</u>

At December 31, 2006, the Company had approximately \$9,286,000 of state net operating loss carryforwards which expire, if unused, beginning in 2022 and approximately \$9,859,000 of federal net operating loss carryforwards which expire, if unused, beginning in 2022.

INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

5

**NOTE E - RECONCILIATION OF DEFERRED REVENUE AND DEFERRED CONTRACT
ACQUISITION COSTS**

The change in deferred revenue and deferred contract acquisition costs for the year ended December 31, 2006 is as follows:

	<u>Deferred Revenue</u>	<u>Deferred Contract Acquisition Costs</u>
Beginning balance at January 1, 2006 (unaudited)	\$ 5,212,198	\$ (250,278)
Written (incurred) (unaudited)	11,325,815	(754,804)
Recognized as (income) expense (unaudited)	<u>(6,366,730)</u>	<u>240,451</u>
Ending balance at December 31, 2006 (audited)	<u>\$ 10,171,283</u>	<u>\$ (764,631)</u>

NOTE F - TRANSACTIONS WITH RELATED PARTIES

The Company shares office space and certain other costs with Intercontinental Acceptance Corporation (DE) d/b/a First Warranty Group ("IAD"), a company related through common ownership. During the year ended December 31, 2006, the Company paid \$3,889,854 (unaudited) in management fees to IAD for lease and other expenses. As of December 31, 2006, the Company had a payable of \$1,472,418 (audited) to IAD for management fees.

As of December 31, 2006, the Company had receivables outstanding from NWNC, the parent company, of \$184,640 (audited). The receivables resulted from business written by the Company on behalf of NWNC and premiums receivable from NWNC.

Account #'s ?

* Could the amount be based on all
the contracts that were cancelled?
\$5.0 million

**INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

NOTE G - CAPITAL LEASE OBLIGATION

The Company leases equipment under a capital lease requiring monthly payments of \$1,266 through June 2009. The leased equipment had the following book value at December 31, 2006 (audited):

Equipment and software	\$ 38,319
Less: accumulated depreciation	<u>(7,451)</u>
	<u>\$ 30,868</u>

The future minimum payments required under the capital lease are as follows at December 31, 2006:

Year Ending December 31,	
2007	\$ 15,197
2008	15,197
2009	<u>7,598</u>
Total	37,992
Less: Imputed interest	<u>(7,020)</u>
Present value of capital lease obligation	<u>\$ 30,972</u>

NOTE H - OPERATING LEASE COMMITMENTS

The Company leases office space in North Carolina and Florida. The North Carolina lease expires in February 2008 and requires annual lease payments of \$125,900 which increase 3% annually. The Company is also responsible for a common area expense pass-through based on a pro rata share of actual annual building common area expenses. The Florida lease expires in July 2007 and requires annual lease payments of \$65,680. The Florida lease is held jointly with NWNC, which occupies the leased space.

The future minimum commitments for operating leases are as follows at December 31, 2006:

Year Ending December 31,	
2007	\$ 164,213
2008	<u>21,086</u>
Total	<u>\$ 185,299</u>

For the year ended December 31, 2006, the operating lease payments were made by IAD and charged to the Company as part of the management fees disclosed in Note F.

**INTERCONTINENTAL MARINE SERVICE CORPORATION d/b/a
FIRST WARRANTY GROUP OF FLORIDA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006**

NOTE I - CONCENTRATIONS OF CREDIT RISK AND MAJOR CUSTOMERS

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits in excess of federally insured limits and accounts receivable. As of December 31, 2006, the Company's bank balances exceeded federally insured limits by approximately \$5,474,000 (audited). The Company continuously monitors the creditworthiness and the amounts deposited in each financial institution to mitigate potential losses from insolvent financial institutions.

At December 31, 2006, approximately 42% (audited) of the Company's premiums receivable were due from one contract premium financing company. For the year ended December 31, 2006, approximately 64% (unaudited) of the Company's gross contracts written were from two call centers. One of the call centers, NWNC (the parent company), comprises approximately 12% (unaudited) of gross contracts written.

NWNC closed its call center located in Florida on June 15, 2007 with the intention of relocating it to North Carolina. Management expects the new call center to open in August 2007.

NOTE J - COMPLIANCE WITH FLORIDA REQUIREMENTS

10.1 (The Company is regulated by the Florida Department of Financial Services, Office of Insurance Regulation. Chapter 634 of the Florida Statutes, "Warranty Associations", sets forth certain requirements that the Company must adhere to in order to remain in compliance with Florida law. These requirements, among others, include that the Company must "maintain minimum net assets of \$500,000" and exceed a certain ratio of gross written premium in force to net assets. At December 31, 2006, the Company was not in compliance with these requirements. On June 15, 2007, the Company voluntarily ceased writing contracts in the state of Florida until the Company becomes compliant with these statutes.

C Series – Correspondence and OIR Findings Referenced



DEPARTMENT OF FINANCIAL SERVICES
OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

FINANCIAL SERVICES
COMMISSION

JEB BUSH
GOVERNOR

TOM GALLAGHER
CHIEF FINANCIAL OFFICER

CHARLIE CRIST
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF
AGRICULTURE

December 23, 2004

CERTIFIED RETURN
RECEIPT REQUESTED

Clyde Tenberg
INTERCONTINENTAL MARINE SERVICE CORP
15806 BROOKWAY DR, STE 500
HUNTERSVILLE, NC 28078

Dear Mr Tenberg:

Attached is the Report of Examination for your company for the period ending June 30, 2004.

Pursuant to the provisions of the Florida Insurance Code your company is entitled to a meeting prior to the filing of the report in this Department, provided such meeting is requested in writing within thirty (30) days after receipt of this notice. **Please note that if a request for a meeting is not received in this office within thirty days after receipt of this notice, the report of examination as written will be considered "final" and the report will be filed in this office and available to the general public.**

If exception is taken to any of the findings of the report, please write us to that effect, furnishing a memorandum outlining your specific objections and definite reasons therefore. If a meeting is requested, only such matters to which objections have been made will be considered, it being understood that all other portions of the report are accepted as being in accordance with the facts appearing on the books and records of your company.

Any criticisms or recommendations contained in the report should be promptly acted upon. **A corrective action plan, outlining steps already taken or planned to remedy any deficiencies noted should be submitted to the Bureau of Specialty Insurers within 30 days after receipt of this notice. Please ensure the corrective action plan is signed by an officer or director of the company under examination and includes his or her title.**

Sincerely,

Scott Milnes
Field Examination Section

SM/sch
Attachment

Department of Financial Services
Financial Services Commission
Office of Insurance Regulation
Tallahassee, Florida
December 23, 2004

Report of Examination

Service Warranty Association

Motor Vehicle Service Agreement Company

Pursuant to the provisions of section 634.141, Florida Statutes, an examination was conducted of the books, records and affairs of:

Intercontinental Marine Service Corporation
15806 Brookway Drive, Suite #500
Huntersville, NC 28078

Scope and Objective

The examination covered the period from January 1, 2002 through June 30, 2004. The objective of the examination was to determine the extent of compliance with the provisions of Chapter 634, Florida Statutes, and Chapters 69O-198 and 69O-200, Florida Administrative Code.

General Comments

Intercontinental Marine Service Corporation ("IMSC") was granted a license on May 10, 1989 to offer service warranty agreements in this state. On February 20, 2003, the company was granted a license to offer motor vehicle service agreements in this state. This is the sixth examination of the company since license #80188 was issued.

Findings and Recommendations

The results of the examination indicate the records are in good order and the company is in compliance with the provisions of Chapter 634, Florida Statutes, and Chapters 69O-198 and 69O-200, Florida Administrative Code, with the following exceptions:

Audited Financial Statements

Pursuant to a Consent Order executed with the Office in 2003, management agreed to provide the Office of Insurance Regulation with annual audited financial statements for a period of four years or until the Office instructs otherwise. As of the date of this Report of Examination, the audited financial statements for the period ending December 31, 2003 have not been filed with the Office. Accordingly, management should ensure these are immediately filed. In addition, management should take appropriate action to ensure future submissions are filed in a timely manner.

Reporting

The examination disclosed the need for improvement in the reporting of financial information to the Office. The following deficiencies, resulting in a decrease in net assets of approximately \$645,000, were noted by the examiner:

- Accounts Receivable – the examiner noted that on the June 30, 2004 Quarterly Report filed with the Office, management reported premiums receivable at the gross amount, without providing an allowance for uncollectible accounts. Testing completed by the examiner indicated approximately \$200,000 in receivables are uncollectible. Inasmuch as generally accepted accounting principles require that accounts receivable be reflected at their net realizable value, management should establish an adequate allowance account to ensure receivables are properly reported to the Office.
- Commissions Receivable - the Quarterly Report reflected a receivable in the amount of \$355,552 that was reportedly due from American Fidelity. Per an independent confirmation, this amount was not owed to IMSC, but instead due to an affiliate of IMSC. As a result, this amount was disallowed by the examiner. Management should ensure this amount is removed from IMSC's books.
- Cash Surrender Values - while management reported \$65,273 in cash surrender values of certain life insurance policies, documentation provided to the examiner only supported a combined value of \$29,802. Consequently, the difference (\$35,471) was disallowed by the examiner.
- Claims Payable - the examination disclosed that no provision was made for unpaid losses and claims. While this amount was fairly insignificant as of June 30, 2004 (approximately \$13,000 by the examiner's estimate), section 634.044(3), Florida Statutes, requires the company to record "the amount, in conformity with generally accepted accounting principles, necessary to pay all of its unpaid losses and claims incurred for or on behalf of an agreement holder, on or prior to the end of the reporting period, whether reported or unreported".
- Unearned Premium Reserve – due to an apparent programming error, the company's reported unearned premium reserve was understated by approximately \$41,000.

To enable the Office of Insurance Regulation to properly assess the company's degree of compliance with the financial requirements of Chapter 634, Florida Statutes, management should take appropriate action to address these deficiencies.

Net Worth Requirement

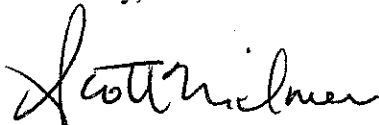
As a company holding two licenses under Chapter 634, Florida Statutes, the company's minimum net asset requirement is calculated by "stacking" the financial requirements of sections 634.404 and 634.041, Florida Statutes. Pursuant to section 634.404, Florida Statutes, the company was required to maintain minimum net assets of \$25,000 under its service warranty license. Based on \$5,374,060 of in-force motor vehicle service agreements, the company was required to maintain minimum net assets of \$537,406 under its motor vehicle service agreement license. Combined, the company was required to maintain \$562,406 in minimum net assets. Our examination disclosed the company was not in compliance with this requirement as of June 30, 2004.

While management reported net admissible assets of \$956,430 on the Quarterly Reports filed with the Office, due primarily to the aforementioned adjustments made by the examiner, net admissible assets per examination were calculated to be \$292,584. As a result, a net asset deficiency of \$269,822 existed at June 30, 2004. Accordingly, management should take immediate action to increase the company's net assets to meet the statutory net worth requirements. Appropriate documentation should be submitted to this office to substantiate the increase.

Unearned Premium Reserve

Pursuant to the provisions of sections 634.406 and 634.041(8), Florida Statutes, the company was required to maintain a funded, unearned premium reserve consisting of unencumbered assets in the amount of \$1,595,007. The examination disclosed the company was not in compliance with this requirement as two of the company's bank accounts, with a combined balance of \$1,222,920, are encumbered under the terms of a financing agreement. Excluding these accounts, the company only had \$832,870 in unencumbered assets resulting in a deficiency of \$762,137. As such, management must take immediate action to fully fund the reserve. Appropriate documentation should be provided to this Office to substantiate this increase.

Sincerely,

A handwritten signature in dark ink, appearing to read "Scott Milnes", is written over a horizontal line.

Scott Milnes
Field Examination Section

Examination conducted by: Scott Slaughter



January 20, 2005

RECEIVED

JAN 24 2005

BUREAU OF SPECIALTY INSURERS

Mr. Scott Milnes
Field Examination Section
Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399-0331

RE: Report of Examination

Dear Mr. Milnes:

Thank you for the Report of Examination and this opportunity to respond. Following are our comments and Corrective Action Plan for those items.

Audited Financial Statements

This has been completed and forwarded to the Department. We have instructed our accounting firm that for the period ending 2004 we would want the audit completed prior to the end of this May.

Reporting

Accounts Receivable – While the examiner is correct in his findings, we want to note that the nature of the company's operation and a 60 day 100% refund procedure allows the consumer much time and leeway prior to accepting the contract and to begin making payments. During this period, the company does maintain the contract on it's in force register and reports the UEP. In the future, an allowance for this uncollectible portion will be reported and as well as a corresponding reduction of the UEP for these contracts.

Commissions Receivable - The company removed this receivable as an admitted asset from its September 30, 2004 and will continue to do so.

Claims Payable – The Company has changed internal accounting procedures to record an amount of claims incurred but not yet paid.

Unearned Premium Reserve – The programming error was isolated and fixed during the examination such that the examiner could determine and accurately report the difference in the UPR calculations.

First Warranty Group

15806 Brookway Drive, Suite 500, Huntersville, NC 28078

Phone 704-895-1206 • Fax 704-439-2691 • 888-326-1091 • www.FirstWarrantyGroup.com

Scott Milnes
January 20, 2005
Page 2

Net Worth Requirement

For the period ending June 30, 2004 the company maintained an inter-company liability in the amount 300,000.00. This liability will be inter-company exchanged for the non-admitted asset receivable as noted above in commission receivable and reported as such on the year end filing.

Unearned Premium Reserve

The Company has notified the financing company that the current agreement (control Agreement) by which these funds are "encumbered" is not acceptable to the Department. They have agreed in principle to release a portion necessary to satisfy our UEP requirement. At this time, a formal change has not yet taken place. However, we have conveyed the real sense of urgency in this matter and we expect an acceptable resolution prior to the end of January 2005.

Sincerely,


Clyde Tenberg
President



February 24, 2005

RECEIVED
MAR 01 2005
BUREAU OF SPECIALTY INSURERS

Mr. Scott Milnes
Field Examination Section
Department of Financial Services
200 East Gaines Street
Tallahassee, FL 32399-0331

RE: Report of Examination

Dear Mr. Milnes:

This correspondence follows up on the outstanding item from the report of examination pertaining to the UPR.

It was the examiners position that funds deposited at Independent Bank for the UPR wherein a "Control Agreement" was in place for the benefit of MEPCO created an encumbrance. To assist us in the resolution of this issue, MEPCO has released the major account as evidenced by the enclosed correspondence.

During the last 120 days First Warranty Group of Florida has substantially reduced the writing of new business. This, along with cancellations, natural earnings and now the release of the control agreement will insure that the company will not have this issue for its 1st quarter report of 2005.

We hope that these actions satisfy the departments concerns. Should any other item(s) still require attention please advise accordingly.

Sincerely,

A handwritten signature in cursive script, reading "Clyde Tenberg".

Clyde Tenberg
President

First Warranty Group

15806 Brookway Drive, Suite 500, Huntersville, NC 28078

Phone 704-895-1206 • Fax 704-439-2691 • 888-326-1091 • www.FirstWarrantyGroup.com



MEPCO
174 North Michigan Avenue
Chicago, IL 60601

January 31, 2005

Independent Bank Corporation
230 West Main Street
Ionia, MI 48846

Re: 1035032

CC: Clyde Tenberg
Intercontinental Marine Service Corporation

To Whom It May Concern:

This letter is to serve as release of the Control Agreement by and between Independent Bank, Intercontinental Marine Service Corporation and Mepco as it relates to account 1035032 held at Independent Bank. Mepco is no longer the agent for this account and has released the Control Account for this account at Independent Bank.

If you have any questions, I can be reached at 312-601-2232.

Best regards,

Rebecca Howard
Senior Vice President, Warranty Financing
Mepco

RECEIVED
MAR 1 2005
BUREAU OF SPECIALTIES

Jeanne Allen

From: Amy Groszos
Sent: Tuesday, April 11, 2006 4:31 PM
To: Sandra DuPont
Subject: FW: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

fyi

Amy Armstrong Groszos
Financial Examiner/Analyst Supervisor
Specialty Product Administration
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0331
850-413-2434

-----Original Message-----

From: Lamar Downs
Sent: Tuesday, April 11, 2006 2:33 PM
To: Jared Deason
Cc: Amy Groszos
Subject: FW: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

Jared,

When you have a chance, would you mind sending in an updated DRN for the above licensee? We have asked Mr. Tenberg to move any excess funds from the suspended SWA license to the MVSA license, where they are needed.

I don't think Collateral Securities will let Mr. Tenberg move the funds when their records currently show most of the funds are still needed for the SWA license.

I am copying Amy, as she and Sandra are involved in the current MVSA deposit deficiency.

Thanks.
Lamar

-----Original Message-----

From: Lamar Downs
Sent: Tuesday, April 11, 2006 10:57 AM
To: Sandra DuPont
Cc: Amy Groszos
Subject: RE: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

Sandra,

The Annual 2005 SWA spreadsheet shows a requirement of \$0 for 634.405, a requirement of \$3,337 for 634.406, and an excess of \$528,510, which could be transferred to 634.041.

Thanks.
Lamar

-----Original Message-----

From: Sandra DuPont
Sent: Monday, April 10, 2006 11:35 AM
To: Amy Groszos; Lamar Downs
Subject: RE: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

thanks

Sandra DuPont
Financial Administrator
Specialty Product Administration
Office of Insurance Regulation
(850) 413-2404

-----Original Message-----

From: Amy Groszos
Sent: Monday, April 10, 2006 11:34 AM
To: Lamar Downs
Cc: Sandra DuPont
Subject: RE: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

thanks, Lamar --

Amy Armstrong Groszos
Financial Examiner/Analyst Supervisor
Specialty Product Administration
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0331
850-413-2434

-----Original Message-----

From: Lamar Downs
Sent: Monday, April 10, 2006 10:55 AM
To: Amy Groszos
Cc: Sandra DuPont
Subject: RE: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

Amy,

Intercontinental Marine also has deposits in 634.405 and 634.406. Per the records from Collateral Securities, approximately 50K can be moved from 634.406. However, I need to get an updated number from Jared, which will probably indicate that much more than 50K can be moved. My understanding is that the SWA license is suspended for solvency reasons and is in run-off (per CO), but that Mr. Tenberg obtained the MVSA license to write the same time of business previously written under the SWA license (which was really MVSA rather than SWA anyway). With the MVSA licensee he has a more favorable writing ratio requirement than he had under the SWA license.

Thanks.
Lamar

-----Original Message-----

From: Amy Groszos
Sent: Monday, April 10, 2006 9:36 AM
To: Lamar Downs
Cc: Sandra DuPont
Subject: RE: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

Oops -- to clarify....I went back and confirmed the company currently has ONLY an .052 deposit, and needs to establish an .041....to which you have provided me a DRN.

thanks,
A

Amy Armstrong Groszos
Financial Examiner/Analyst Supervisor
Specialty Product Administration
Florida Office of Insurance Regulation

200 East Gaines Street
Tallahassee, Florida 32399-0331
850-413-2434

-----Original Message-----

From: Amy Groszos
Sent: Monday, April 10, 2006 9:04 AM
To: Lamar Downs
Cc: Sandra DuPont
Subject: RE: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

Thanks, Lamar -- I have copied Sandra in for fyi --
In addition to the \$\$ mentioned in your item #4, I noted that you mentioned the 634.041 deposit....do they have excess funds in 634.052 that could be moved to satisfy deposit requirements in 634.041? Is it sufficient, or will they also need to make additional deposit?
Please keep us posted on the response from the company --
thanks,
Amy

Amy Armstrong Groszos
Financial Examiner/Analyst Supervisor
Specialty Product Administration
Florida Office of Insurance Regulation
200 East Gaines Street
Tallahassee, Florida 32399-0331
850-413-2434

-----Original Message-----

From: Lamar Downs
Sent: Friday, April 07, 2006 8:10 PM
To: Amy Groszos
Subject: FW: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

Amy,

Writing ratio solvency problem - potential additional solvency problems.

Thanks.
Lamar

-----Original Message-----

From: Lamar Downs
Sent: Friday, April 07, 2006 8:08 PM
To: 'ctenberg@1stwarranty.com'
Subject: Intercontinental Marine Service Corp. - Annual 2005 Motor Vehicle Service Agreement Company Report

Mr. Tenberg,

1. Please provide additional details about the reported contingent commissions, including the manner in which they were calculated and when they are due.
2. Please provide documentation showing the cash value of the life insurance, as well as the policy owner and beneficiary.
3. Please provide details of the office furniture and equipment, and certify that the requirements of Section 634.044(1)(c), Florida Statutes, are met.
4. Please make an additional capital contribution in the amount of \$132,194 to reduce the licensee's writing ratio to 10 to 1. Please also provide a copy of the applicable journal entry and bank deposit documentation.

5. Please contact Collateral Securities to move any funds that are not needed in other accounts to the 634.041 account in order to avoid an additional deposit into 634.041.

Thank you in advance for your cooperation for providing a response by **April 14, 2006**.

Sincerely,

Lamar F. Downs
Financial Examiner/Analyst II
Specialty Product Administration
Office of Insurance Regulation (www.floir.com)
200 East Gaines Street
Tallahassee, FL 32399-0331
Phone: 850-413-2440
Facsimile: 850-488-0313
email address: Lamar.Downs@fldfs.com



OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

FINANCIAL SERVICES
COMMISSION

JEB BUSH
GOVERNOR

TOM GALLAGHER
CHIEF FINANCIAL OFFICER

CHARLIE CRIST
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF
AGRICULTURE

December 15, 2006

Mr. Clyde Tenberg, President
Intercontinental Marine Service Corporation
15806 Brookway Drive
Huntersville, NC 28078

Dear Mr. Tenberg:

Our review of the 3rd Quarter 2006 Motor Vehicle Service Agreement Company Report of Intercontinental Marine Service Corporation revealed the following issues:

1. A statutory net worth deficiency of \$(73,477) exists due to the writing ratio exceeding 10 to 1.
2. Please also attach to the REFS file documentation of the two insurance policies reported at a total cash value of \$112,457. Please ensure that the documentation identifies the owners and beneficiary of the policies, as well as the cash value.
3. Please also attach to the REFS file, evidence of the Texas and Oklahoma deposits, which are reported at a value of \$45,000. Include an explanation of the purpose of the Oklahoma deposit, as item 23 of the interrogatories indicates that the licensee operates only in Florida and Texas.
4. Please accurately complete the market value column on Schedule H to receive credit for the reported Funded Unearned Premium Reserve. The market value is now \$0.
5. Please arrange for a capital contribution sufficient to cure the writing ratio violation, and attach to the REFS file copies of the licensee's journal entries and bank documentation. Note that your responses to items 2, 3, and 4 above could potentially increase the necessary capital contribution noted in item 1 above.

Please submit all requested documentation through the REFS system by **December 22, 2006**.

Thank you in advance for your cooperation.

Sincerely,

Lamar F. Downs

Lamar F. Downs



RECEIVED

DEC 26 2006

BUREAU OF SPECIALTY INSURERS

December 20, 2006

Lamar Downs
Specialty Insurers
200 East Gaines Street
Tallahassee, FL 32399

RE: Email of December 15, 2006 – 3rd quarter statement.

Dear Lamar:

Pursuant to your request please find enclosed information as requested.

1. To alleviate the net worth deficiency the parent company has credited back 75,000.00 in management fees and reimbursed the company. Documentation attached.
2. Attached is the most current information on the three insurance policies that make up the cash value entry. We only receive statements annually unless requested. The values used are as of the last statement earlier this year so the current values are actually higher. I have also included a copy of the forms requesting updated information and will forward to you upon receipt.
3. Texas confirmation attached. The Oklahoma deposit was sent just prior to the end of the quarter as part of an application process, copy of check attached. It was recently returned, see attached. At the end of the next quarter, the deposit will be a \$100,000.00 CD. The company was not yet licensed in Oklahoma as of September 30, 2006 thus item 23 is correct.
4. Attached is page 14 of our printed copy of the submitted report, I believe.
5. As item 1 above.

Your email asked that this documentation be submitted through the REFS system by December 22, 2006. I apologize that we are sending this the old fashioned way. Vanessa, our only "REFS" guru left us when her husband got transferred and Melissa our new REFS guru to be; is not available this week. We would never meet the deadline otherwise.

Have a great holiday season!

Sincerely,

Clyde Tenberg

First Warranty Group

PO Box 1709, Huntersville, NC 28078

Phone 704-895-1206 • Fax 704-895-6122 • 888-661-7880 • www.FirstWarrantyGroup.com

U.S. FINANCIAL

LIFE INSURANCE COMPANY
A Member of The MONY Group

POLICYOWNER SERVICE REQUEST

POLICY NUMBER <u>208830</u>	FOR OFFICE USE ONLY:
INSURED <u>DIANNE TENENB</u>	REQUEST APPROVED:
POLICYOWNER <u>INTERCONTINENTAL</u>	ON: _____
AGENT <u>M. A. C. M.</u>	BY: _____
	U.S. FINANCIAL LIFE INSURANCE CO.

CHECK AND COMPLETE THE APPROPRIATE ITEM(S). SIGN AND DATE ON REVERSED SIDE.

☐ 1. BENEFICIARY CHANGE

All previous beneficiary designations and settlement options are hereby revoked and the following beneficiary designation is made:

FULL NAME

RELATIONSHIP TO INSURED

Primary: _____

Contingent: _____

The address of the primary beneficiary is: _____

☐ 2. OWNERSHIP CHANGE

I hereby transfer all right, title and interest of the above policy to:

Full Name _____ Address _____

Social Security Number _____

☐ 3. NAME CHANGE OR CORRECTION

☐ Insured ☐ Owner ☐ Beneficiary ☐ Payor

Name of the above should be changed in the company records from _____ to _____

Reason: _____

(If reason for change is other than marriage, provide copy of legal documentation).

☐ 4. ADDRESS CHANGE OR CORRECTION

☐ Insured ☐ Owner ☐ Beneficiary ☐ Payor

New Address: _____

☐ 5. CHANGE MODE OF PREMIUM PAYMENT TO

☐ Annual ☐ Semiannual ☐ Quarterly ☐ PAC Monthly ☐ Other

☐ 6. CHANGE PLANNED PREMIUM

Change planned modal premium from _____ to _____

10290 Alliance Road · Cincinnati, OH 45242 · (513) 686-2000

☐ 7. POLICY LOAN (select one)

☐ Net amount of \$ _____

☐ Gross amount of \$ _____

☐ Maximum amount available

☐ 8. PARTIAL WITHDRAWAL

A partial withdrawal is hereby requested in the amount of \$ _____

NOTE: Subject to the limits stated in your policy. A withdrawal fee may apply.

☐ 9. POLICY SURRENDER (submit policy)

The cash surrender value is hereby requested and will be accepted in full payment and release of all claims under the policy. I/we hereby declare that no bankruptcy, divorce, or separation proceedings, attachment, tax or other lien is pending against me/us. If policy is lost, please check lost policy statement below.

☐ 10. TAX WITHHOLDING

This distribution may be subject to federal or state taxation. Please complete the following withholding election: Social Security Number: _____

☐ Yes, withhold taxes from my distribution. (10% unless otherwise indicated).

☐ No, do not withhold taxes from my distribution.

☐ 11. LOST POLICY STATEMENT/DUPLICATE POLICY

I declare the above policy has been lost or mislaid and request the company to issue a document describing the terms of the policy. I agree to return this document if the original policy is found.

☒ 12. OTHER REQUEST DOCUMENTATION OF
BENEFICIARY AND CASH VALUE
FOR AUDITOR

WE AGREE THAT MY/OUR SIGNATURE(S) BELOW SHALL APPLY TO EACH REQUEST WHICH HAS BEEN CHECKED ON BOTH SIDES OF THIS FORM. NOTICE ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

DATED AT Huntersville NC
CITY STATE

X Parfume Tinsley
SIGNATURE OF INSURED

DATE 12/1/06

X Chad Tinsley
SIGNATURE OF OWNER

X Tara A. Wh
SIGNATURE OF WITNESS

X _____
SIGNATURE OR ASSIGNEE

X _____
SIGNATURE OF IRREVOCABLE BENEFICIARY

Clyde Tenberg

From: Leeann Dann [leeann@license.state.tx.us]
Sent: Wednesday, December 20, 2006 4:26 PM
To: Clyde Tenberg
Subject: Re: Record of deposit

Mr. Tenberg,

Please accept this email as confirmation of a \$25,000 service contract provider deposit for Intercontinental Marine Service Corp., SCP ID 70024694. Reference receipt number 01837445 for the \$25,000.

Feel free to contact me for additional information, if needed.

FYI- I will be out of the office on vacation from Dec. 21, 2006 - Jan. 1, 2007. I will return on Jan. 2, 2007.

Happy Holidays,
LeeAnn

LeeAnn Dann
Texas Dept. of Licensing & Regulation
Lead Licensing Analyst
512-463-6599 ext. 6-2495
Fax 512-475-2871

>>> Clyde Tenberg <CTenberg@1stwarranty.com> 12/18/2006 2:20 PM >>>
Leeann:

Our records indicate a \$25,000.00 deposit on file with your department and our auditor is requesting confirmation. If you could forward something at your convenience it would be appreciated. Email attachment or fax will be fine (425-930-2192- fax).

Thank you.

Clyde Tenberg
President
First Warranty Group
704-439-2675

Please be advised that this communication, along with any documents, files, or attachments, is intended for the sole use of the addressee and may contain legally privileged and confidential information. If you are not the intended recipient, you are hereby notified that any dissemination, distribution or copying of any information contained in or attached to this communication is strictly prohibited.



TEXAS DEPARTMENT OF LICENSING AND REGULATION

Licensing and e-Commerce

P.O. Box 12157 • Austin, Texas 78711 • (512) 463-6599 • (800) 803-9202 • fax (512) 475-2871

Web site: www.license.state.tx.us

November 3, 2004

JV 09 2004

Clyde Tenberg
Intercontinental Marine Service Corp. dba First Warranty Group
15806 Brookway Drive #500
Huntersville, NC 28078

RE: Intercontinental Marine Service Corp. dba First Warranty Group – SERVCP00000390

Dear Mr. Tenberg:

Please accept this letter as confirmation that Intercontinental Marine Service Corp. dba First Warranty Group has \$25,000 on file with our department to meet the financial security requirement for their Service Contract Provider Registration. The \$25,000 was received on February 18, 2003.

If you have any questions, please feel free to contact me by email at leeann@license.state.tx.us or by phone at (512) 463-6599 ext. 6-2495.

Sincerely,

A handwritten signature in cursive script that reads "LeeAnn Dann".

LeeAnn Dann
Lead Licensing Analyst

INTERCONTINENTAL MARINE SERVICE CORPORATION

019385

CHECK NO.

19385

Invoice #	Type	Date	Description
OK-DOI	Inv	09/20/2006	Deposit

Total Amount	Discount
\$20,000.00	\$0.00

Remittance for:
Oklahoma Insurance Department
Date: 09/20/2006

Totals:

\$20,000.00

\$0.00

Check Amount:

\$20,000.00

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

INTERCONTINENTAL MARINE SERVICE CORPORATION

16419-E NORTH CROSS DRIVE
HUNTERSVILLE, NC 28078

Bank of America

66-19530 NC
0378

019385

CHECK NO.

19385

** Twenty Thousand and 00/100 Dollars **

DATE

AMOUNT

09/20/2006

*****\$20,000.00

IE
R

Oklahoma Insurance Department
2401 N. 23rd Street
Oklahoma City, OK 73107

[Signature]
AUTHORIZED SIGNATURE

⑈019385⑈ ⑆053000196⑆ 000683079461⑈

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

RE: Check # 19385

Please be advised that your check is being returned for the following reason.

- ☐ No signature on check
- ☐ Paperwork must accompany check
- ☐ Check is not made out to the Oklahoma Insurance Department

☒ Other Cannot accept cash in lieu of
security deposit.

If you have any questions please contact our Agents Licensing Division at 405-521-3916.

Oklahoma Insurance Department
P.O. Box 53408
Oklahoma City, OK 73152-3408

**SCHEDULE H
FUNDED UNEARNED PREMIUM RESERVE
Chapter 634, Florida Statutes**

List all assets used to meet the Unearned Premium Reserve requirement(s) for any warranty license(s) held by the Licensee. The reserve is required to be funded with unencumbered assets. The assets shall be held as prescribed under Chapter 625.301 - 625.340, Florida Statutes. (Attach additional pages, if needed.) Please identify any assets on deposit with the Department of Financial Services, Division of Treasury, Bureau of Collateral Management with check in the column marked with an asterisk (*).

Description of Asset	Maturity or Number of Shares	*	Market Value	Original Cost
Motor Vehicle Service Agreement Company			0	\$900,000
DOI Collateral Deposit	Cash	☐	0	\$900,000
Wachovia	Cash	☐	0	\$3,829,639
IB	Cash	☐	0	\$556,156
BOA	Cash	☐	0	\$292,211
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
MOTOR VEHICLE SERVICE AGREEMENT COMPANY RESERVES:			0	\$5,578,006
Home Warranty Association			0	0
N/A	N/A	☐	0	0
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
HOME WARRANTY ASSOCIATION RESERVES:			0	0
Service Warranty Association			0	0
N/A	N/A	☐	0	0
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
		☐		
SERVICE WARRANTY ASSOCIATION RESERVES:			0	0
TOTAL RESERVES:			0	\$5,578,006

Clyde Tenberg

From: Lamar Downs [Lamar.Downs@fldfs.com]
Sent: Friday, December 15, 2006 2:41 PM
To: Clyde Tenberg
Cc: Tara Williams; Amy Groszos
Subject: Intercontinental Marine Service Corporation - 3rd Quarter 2006 Motor Vehicle Service Agreement Company Report

Please see letter.

December 15, 2006

RECEIVED

DEC 26 2006

BUREAU OF SPECIALTY INSURERS

Mr. Clyde Tenberg, President
Intercontinental Marine Service Corporation
15806 Brookway Drive
Huntersville, NC 28078

Dear Mr. Tenberg:

Our review of the 3rd Quarter 2006 Motor Vehicle Service Agreement Company Report of Intercontinental Marine Service Corporation revealed the following issues:

1. A statutory net worth deficiency of \$(73,477) exists due to the writing ratio exceeding 10 to 1.
2. Please also attach to the REFS file documentation of the two insurance policies reported at a total cash value of \$112,457. Please ensure that the documentation identifies the owners and beneficiary of the policies, as well as the cash value.
3. Please also attach to the REFS file, evidence of the Texas and Oklahoma deposits, which are reported at a value of \$45,000. Include an explanation of the purpose of the Oklahoma deposit, as item 23 of the interrogatories indicates that the licensee operates only in Florida and Texas.
4. Please accurately complete the market value column on Schedule H to receive credit for the reported Funded Unearned Premium Reserve. The market value is now \$0.
5. Please arrange for a capital contribution sufficient to cure the writing ratio violation, and attach to the REFS file copies of the licensee's journal entries and bank documentation. Note that your responses to items 2, 3, and 4 above could potentially increase the necessary capital contribution noted in item 1 above.

Please submit all requested documentation through the REFS system by **December 22, 2006**.

Thank you in advance for your cooperation.

Sincerely,

Lamar F. Downs

Lamar F. Downs

12/18/2006



Online Ba

Search • Locations • Help

Accounts Transfer Funds Customer Service

Accounts Overview Account Details Account Summary Find Transaction

Check Image – Front and Back

Posting Date: 12/20/2006

Check #: 3449

Amount: \$75,000.00

Reference: 86100022432

Account: DDA-9720

Nickname: IAD Main Operating 9720

THE FACE OF THIS INSTRUMENT HAS A COLORED BACKGROUND ON WHITE PAPER.

FIRST WARRANTY GROUP
16808 Brookway Drive, Suite 600
Huntersville, NC 28078

Bank of America 88-19/530 NC **003449**

CHECK NO. **3449**

PAY **** Seventy Five Thousand and 00/100 Dollars ****

DATE AMOUNT
12/19/2006 *****\$75,000.00

TO THE ORDER OF **First warranty Group of Florid**

Tara A. Wh
AUTHORIZED SIGNATURE

003449 ⑆053000196⑆ 000688799720⑆ *0007500000⑆

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

1. Watermark: The word "AMERICA" is printed vertically in the center of the back of the check.

2. Security Features: The back of the check contains a security feature that is a watermark of the word "AMERICA" printed vertically in the center of the back of the check.

3. Security Features: The back of the check contains a security feature that is a watermark of the word "AMERICA" printed vertically in the center of the back of the check.

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7. Security Features: The back of the check contains a security feature that is a watermark of the word "AMERICA" printed vertically in the center of the back of the check.

8. Security Features: The back of the check contains a security feature that is a watermark of the word "AMERICA" printed vertically in the center of the back of the check.

9. Security Features: The back of the check contains a security feature that is a watermark of the word "AMERICA" printed vertically in the center of the back of the check.

10. Security Features: The back of the check contains a security feature that is a watermark of the word "AMERICA" printed vertically in the center of the back of the check.

FTN 70 05
BANK OF AMERICA CAN
12/20/06
6100022432

FOR DEPOSIT ONLY
INTERCONTINENTAL MARINE SERVICE CORP
BKA: FIRST WARRANTY GROUP OF FL
000007461

To print this page for reference purposes please use the print button on your browser or click "File" and "Print". [More information about images and image availability.](#)

[Return to Account Activity](#)



Financial Group*

The Lincoln National Life Insurance Co.

Also administrative agent for:

CIGNA Life Insurance Company

Connecticut General Life Insurance Co.

000857



INTERCONTINENTAL MARINE

SERVICE CORP

15806 BROOKWAY DR

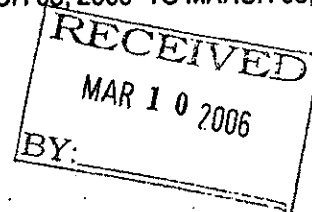
HUNTERSVILLE NC 28078-3237

CONNECTICUT GENERAL LIFE INSURANCE COMPANY

2006 Annual Statement

A WHOLE LIFE PRODUCT

MARCH 03, 2005 TO MARCH 03, 2006



GENERAL INFORMATION ON YOUR PREFERENCE POLICY

INSURED NAME: Clyde W Tenberg

POLICY NUMBER: 1987281

ISSUE DATE: March 03, 1988

ANNIVERSARY DATE: March 03, 2006

OWNER NAME: Intercontinental Marine Service Corp

PREMIUM: \$4,820.00 Annually

FINANCIAL REPRESENTATIVE:

Gregory W Edwards

REGIONAL SERVICE OFFICE:

South Florida Agency

800 Fairway Drive

Suite 370

Deerfield Beach FL 33441

954.429.0090

This Annual Statement was prepared on March 03, 2006. Figures given assume scheduled premium payments have been made. For an explanation of terms used in this Statement, please see Glossary of Key Terms.

If you have any questions, please contact your Financial Representative or call our Client Service Center at 1.800.444.2363 between 8:00 a.m. and 6:00 p.m., Eastern Time.

POLICY VALUES AND BENEFIT SUMMARY

	AS OF 03/03/2005	AS OF 03/03/2006
DEATH BENEFIT		
Base Plan:	\$ 500,000.00	\$ 500,000.00
+ Paid-Up Insurance	+ 14,761.00	+ 22,989.00
=SUMMARY	= 514,761.00	= 522,989.00
-Total Loan	- 84,323.00	- 90,142.00
=NET DEATH BENEFIT	= 430,438.00	= 432,847.00
CASH VALUE		
Base Plan:	\$ 89,000.00	\$ 97,000.00
+ Paid-Up Insurance	+ 4,546.00	+ 7,356.00
=SUMMARY	= 93,546.00	= 104,356.00
-Total Loan	- 84,323.00	- 90,142.00
=NET CASH VALUE	= 9,223.00	= 14,214.00

Effective annual rates for interest credited to the gross cash value:

Unborrowed Funds	5.500%	5.500%
Borrowed Funds	6.400%	6.400%

During the previous year, \$2,629.27 in excess credits was earned based on mortality costs, expenses, and the declared interest rates shown above.

**Beneficiary, Owner,
and Assignee Information**



Financial Group

The Lincoln National Life Insurance Co.

Also administrative agent for:
CIGNA Life Insurance Company
Connecticut General Life Insurance Co.

Insured Name(s)

CLYDE W. TENBERG

Policy/Certificate Number

1987281

OWNER

INTERCONTINENTAL MARINE SERVICE CORPORATION, ITS SUCCESSORS OR ASSIGNS.

BENEFICIARY

INTERCONTINENTAL MARINE SERVICE CORP., ITS SUCCESSORS OR ASSIGNS.

MS#06534220 000013 02 000000 IAP056ZZ



5/18/06

U.S. FINANCIAL LIFE INSURANCE CO.
10290 ALLIANCE ROAD
CINCINNATI, OH 45242
(513) 686-2177

PAGE 1

ANNUAL STATEMENT FOR THE PERIOD OF 05/18/2005 TO 05/18/2006

POLICY NO. 0000208732

ISSUE DATE: 05/18/2002

MATURITY DATE: 05/18/2054

WRITING AGENT #: 701002408

BASE FACE AMOUNT: 3,000,000

BASE DEATH BENEFIT: 3,000,000

DEATH BENEFIT OPTION: LEVEL

INTERCONTINENTAL MARINE SERVICE CORP

15806 BROOKWAY DR #500

HUNTERSVILLE NC 28078

TOTAL FUND VALUE: 149,725.15

SURRENDER CHARGE: 58,920.00

OUTSTANDING LOAN: .00

CASH VALUE: 90,805.15

----- BENEFIT SUMMARY -----

INSURED NAME	PLAN	FACE AMOUNT	EFFECTIVE DATE	EXPIRATION DATE
CLYDE W TENBERG	NOVAN2	3,000,000	05/18/2002	05/18/2054

----- POLICY LOANS -----

EFFECTIVE DATE	ORIGINAL BALANCE	CURRENT BALANCE	INTEREST CAPITALIZED	LOAN PAYMENTS	INTEREST RATE
08/05/2004	25,000.00	.00	.00	27,546.60	5.66 %

THE DEATH BENEFIT PAID WILL BE REDUCED BY ANY OUTSTANDING POLICY LOAN.

----- MONTHLY FUND SUMMARY -----

FUND: NOVA NOVA GENERAL FUND					BEG. BALANCE:	93014.61	
POLICY MONTH	PREMIUM DEPOSITED	INTEREST CREDITED	COST OF INSURANCE	EXPENSE CHARGES	FUND TRANSFER	PARTIAL WITHDRAWAL	ENDING FUND VALUE
BEGINS							
MAY 18	.00	1156.84	593.24	8.33	1569.50	.00	92000.38
JUN 18	.00	321.03	593.29	8.33	.00	.00	91719.79
JUL 18	.00	322.67	593.32	8.33	.00	.00	91440.81
AUG 18	.00	321.69	593.36	8.33	.00	.00	91160.81
SEP 18	.00	310.33	593.40	8.33	.00	.00	90869.41
OCT 18	16692.98	337.25	593.44	926.44	1525.60	.00	107905.36
NOV 18	.00	367.72	590.21	8.33	.00	.00	107674.54
DEC 18	.00	379.19	590.25	8.33	.00	.00	107455.15
JAN 18	.00	378.40	590.27	8.33	.00	.00	107234.95
FEB 18	.00	341.03	590.30	8.33	.00	.00	106977.35
MAR 18	138.15	1367.41	590.33	15.93	26204.09	.00	134080.74
APR 18	16692.98	468.21	590.34	926.44	.00	.00	149725.15
TOTAL YEAR	33524.11	6071.77	7101.75	1943.78	26160.19	.00	149725.15

IMPORTANT POLICY OWNER NOTICE: You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes to your coverage without requesting a current illustration. You may annually request, without charge, such an illustration by calling (513) 686-2177, or writing to U.S. Financial Life Insurance Company at P.O. Box 429560, Cincinnati, Ohio 45242, or contacting your agent. If you do not receive a current illustration of your policy within 30 days from

U.S. FINANCIAL
LIFE INSURANCE COMPANY
A Member of The MONY Group

POLICYOWNER SERVICE REQUEST

POLICY NUMBER <u>208732</u>	FOR OFFICE USE ONLY:
INSURED <u>Clyde T. R. R. G.</u>	REQUEST APPROVED:
POLICYOWNER <u>ENTRUSTED TO M.</u>	ON:
AGENT <u>M. B. R. R. G.</u>	BY:
	U.S. FINANCIAL LIFE INSURANCE CO.

CHECK AND COMPLETE THE APPROPRIATE ITEM(S). SIGN AND DATE ON REVERSED SIDE.

☐ 1. BENEFICIARY CHANGE

All previous beneficiary designations and settlement options are hereby revoked and the following beneficiary designation is made:

FULL NAME _____ RELATIONSHIP TO INSURED _____

Primary: _____

Contingent: _____

The address of the primary beneficiary is: _____

RECEIVED

DEC 26 2006

BUREAU OF SPECIALTY INSURERS

☐ 2. OWNERSHIP CHANGE

I hereby transfer all right, title and interest of the above policy to:

Full Name _____ Address _____

Social Security Number _____

☐ 3. NAME CHANGE OR CORRECTION

☐ Insured ☐ Owner ☐ Beneficiary ☐ Payor

Name of the above should be changed in the company records from _____ to _____

Reason: _____

(If reason for change is other than marriage, provide copy of legal documentation).

☐ 4. ADDRESS CHANGE OR CORRECTION

☐ Insured ☐ Owner ☐ Beneficiary ☐ Payor

New Address: _____

☐ 5. CHANGE MODE OF PREMIUM PAYMENT TO

☐ Annual ☐ Semiannual ☐ Quarterly ☐ PAC Monthly ☐ Other

☐ 6. CHANGE PLANNED PREMIUM

Change planned modal premium from _____ to _____

10290 Alliance Road Cincinnati, OH 45242 (513) 686-2000

POS-14 (10-93)

☐ 7. POLICY LOAN (select one)

☐ Net amount of \$ _____

☐ Gross amount of \$ _____

☐ Maximum amount available

☐ 8. PARTIAL WITHDRAWAL

A partial withdrawal is hereby requested in the amount of \$ _____

NOTE: Subject to the limits stated in your policy. A withdrawal fee may apply.

☐ 9. POLICY SURRENDER (submit policy)

The cash surrender value is hereby requested and will be accepted in full payment and release of all claims under the policy. I/we hereby declare that no bankruptcy, divorce, or separation proceedings, attachment, tax or other lien is pending against me/us. If policy is lost, please check lost policy statement below.

☐ 10. TAX WITHHOLDING

This distribution may be subject to federal or state taxation. Please complete the following withholding election: Social Security Number: _____

☐ Yes, withhold taxes from my distribution. (10% unless otherwise indicated).

☐ No, do not withhold taxes from my distribution.

☐ 11. LOST POLICY STATEMENT/DUPLICATE POLICY

I declare the above policy has been lost or mislaid and request the company to issue a document describing the terms of the policy. I agree to return this document if the original policy is found.

☒ 12. OTHER REQUEST DOCUMENTATION OF
BENEFICIARY AND CASH VALUE FOR
AUCTION

WE AGREE THAT MY/OUR SIGNATURE(S) BELOW SHALL APPLY TO EACH REQUEST WHICH HAS BEEN CHECKED ON BOTH SIDES OF THIS FORM. NOTICE ANY PERSON WHO, WITH INTENT TO DEFRAUD OR KNOWING THAT HE IS FACILITATING A FRAUD AGAINST AN INSURER, SUBMITS AN APPLICATION OR FILES A CLAIM CONTAINING A FALSE OR DECEPTIVE STATEMENT IS GUILTY OF INSURANCE FRAUD.

DATED AT HUNTERSVILLE NC
CITY STATE

X [Signature]
SIGNATURE OF INSURED

DATE 12/18/06

X [Signature]
SIGNATURE OF OWNER

X [Signature]
SIGNATURE OF WITNESS

X _____
SIGNATURE OR ASSIGNEE

X _____
SIGNATURE OF IRREVOCABLE BENEFICIARY

05/18/06

U.S. FINANCIAL LIFE INSURANCE CO.
10290 ALLIANCE ROAD
CINCINNATI, OH 45242
(513) 686-2177

PAGE 1

ANNUAL STATEMENT FOR THE PERIOD OF 05/18/2005 TO 05/18/2006

POLICY NO. 0000208830

ISSUE DATE: 05/18/2002

MATURITY DATE: 05/18/2069

WRITING AGENT #: 701002408

BASE FACE AMOUNT: 1,000,000

BASE DEATH BENEFIT: 1,000,000

DEATH BENEFIT OPTION: LEVEL

INTERCONTINENTAL MARINE SERVICE CORP
15806 BROOKWAY DR #500
HUNTERSVILLE NC 28078

TOTAL FUND VALUE: 15,758.60

SURRENDER CHARGE: 8,320.00

OUTSTANDING LOAN: .00

CASH VALUE: 7,438.60

----- BENEFIT SUMMARY -----

INSURED NAME	PLAN	FACE AMOUNT	EFFECTIVE DATE	EXPIRATION DATE
DEANNE K TENBERG	NOVAN2	1,000,000	05/18/2002	05/18/2069

----- MONTHLY FUND SUMMARY -----

FUND: NOVA NOVA GENERAL FUND

BEG. BALANCE: 12613.55

POLICY MONTH BEGINS	PREMIUM DEPOSITED	INTEREST CREDITED	COST OF INSURANCE	EXPENSE CHARGES	FUND TRANSFER	PARTIAL WITHDRAWAL	ENDING FUND VALUE
MAY 18	.00	46.99	60.87	8.33	.00	.00	12591.34
JUN 18	.00	43.98	60.88	8.33	.00	.00	12566.11
JUL 18	.00	44.26	60.88	8.33	.00	.00	12541.16
AUG 18	.00	44.16	60.89	8.33	.00	.00	12516.10
SEP 18	.00	42.66	60.88	8.33	.00	.00	12489.55
OCT 18	.00	43.98	60.89	8.33	.00	.00	12464.31
NOV 18	.00	42.48	60.89	8.33	.00	.00	12437.57
DEC 18	.00	43.79	60.88	8.33	.00	.00	12412.15
JAN 18	.00	43.71	60.90	8.33	.00	.00	12386.63
FEB 18	.00	39.40	60.89	8.33	.00	.00	12356.81
MAR 18	.00	43.51	60.89	8.33	.00	.00	12331.10
APR 18	3653.28	44.38	60.90	209.26	.00	.00	15758.60

TOTAL

YEAR 3653.28 523.30 730.64 300.89 .00 .00 15758.60

IMPORTANT POLICY OWNER NOTICE: You should consider requesting more detailed information about your policy to understand how it may perform in the future. You should not consider replacement of your policy or make changes to your coverage without requesting a current illustration. You may annually request, without charge, such an illustration by calling (513) 686-2177, or writing to U.S. Financial Life Insurance Company at P.O. Box 429560, Cincinnati, Ohio 45242, or contacting your agent. If you do not receive a current illustration of your policy within 30 days from our request, you should contact your state insurance department.

No Yes

1. Was the licensee licensed under or subsequently issued a consent order by OIR?		
a. If there is a Consent Order, is the Licensee in compliance?		
2. Are there any reported new officers or directors?		
a. Has an investigation been opened in AppCORE on each new officer and director?		
b. Does the reported officer and director list match the list filed with the Secretary of State?		
3. Do the following reported figures match the previous report?		
a. Common Stock:		
b. Preferred Stock:		
c. Paid-In Capital:		
d. Treasury Stock:		
If there are changes, was an explanation provided?		
4. Does the information contained in the INTERROGATORIES indicate:		
a. Change in Organizational Structure:		
b. Change in Articles, Bylaws, Agreements, etc:		
c. Loans to Employees, Owners, Officers, etc:		
d. Any new claims or contingencies		
e. Are the Sales Reps properly licensed & appointed:		
f. Are any existing legal actions against:		
(1) The Licensee:		
(2) Officers		
(3) Directors		
(4) Owners		
(5) Were any necessary explanations provided?		
5. Are any assets held outside the US?		
6. Does the licensee hold any other Florida licenses?		
7. Does the licensee have non-Florida business?		
8. Is the licensee in compliance with the terrorism directive?		

Notes and Explanations

i.

Name of MVSA Licensee Below		Reporting Period Below		Filing Date Below	
Five Digit Florida Company Code		0		FEIN	
Date of Licensure in FL					
Key Statutory Requirements Applicable to Motor Vehicle Service Agreement Company Licensees Quarterly Report Review					
Licensees Covering all MVSAs with Reserves and not a Compliant CLP					
Minimum Statutory Net Worth Requirement:	≥ \$500,000				
Unearned Premium Reserve Liability	≥ 50% of Unearned				
Funded Unearned Premium Reserve Assets	≥ 50% of Unearned				
634.041 Deposit Requirement:	15% of 50% of Florida Unearned				
634.052 Deposit Requirement:	\$200,000.00				
Deferred Acquisition Expenses	Non-admitted unless UPR =100% of UP				
Maximum Writing Ratio:					
If statutory Net Worth ≤ \$3,000,000	10 to 1				
If Statutory Net Worth > \$3,000,000 that complies with Ch. 625, Part II and Lic. > 10 years	15 to 1				
If Statutory Net Worth > \$3,000,000 but not meeting criteria above	10 to 1				
Licensees Covering all MVSAs with a compliant CLP:					
Minimum Statutory Net Worth Requirement:	≥ \$500,000				
Unearned Premium Reserve Liability Requirement	None				
Funded Unearned Premium Reserve Assets Requirement	None				
634.041 Deposit Requirement:	None				
634.052 Deposit Requirement:	\$200,000.00				
Deferred Acquisition Expenses	Non-admitted unless UPR =100% of UP				
Maximum Writing Ratio					
If Statutory Net Worth ≤ \$750,000	10 to 1				
If Statutory Net Worth > \$750,000	Unlimited				
For Licensees with Both Reserve and CLP Covered Business, use ONLY Reserve Business in Writing Ratio					

Evaluation of Key Compliance Criteria						
Type of MVSA Licensee	Licensee Has No Outstanding MVSA Business					
	Reported		Required		Difference	Compliant
Minimum Statutory Net Worth per 634.041(6)	-		\$500,000.00		(\$500,000.00)	Problem
Minimum Statutory Net Worth for Level of GWP	-				\$0	Compliant
Unearned Premium Reserves	-				\$0.00	Compliant
Funded Unearned Premium Reserve	#N/A				#N/A	#N/A
Section 634.041 Deposit					-	Compliant
Section 634.052 Deposit			\$200,000.00		-	Compliant
Deferred Acquisition Expenses	-		#N/A		Not Applicable	Compliant
Writing Ratio		to1		to1	- to1	Compliant

Note: The "Required" values above are determined by first having Excel choose the type of company (see R8:X20), and then having Excel retrieve the appropriate value to place in the cell by using the formulas in B85:K125.

Total Gross Written Premium on Active Motor Vehicle Service Agreements					
	Nationwide		Percentage of Total	Florida	Percentage of Total
Gross Written Premium Covered by Reserves	0		#DIV/0!	0	#VALUE!
Gross Written Premium Covered by CLP	0		#DIV/0!	0	#VALUE!
Total Gross Written Premium	0		0	0	0

Total Gross Written Premium on Active Motor Vehicle Service Agreements						
	<u>Nationwide</u>		<u>Florida</u>			Percentage of <u>Nationwide</u>
Gross Written Premium Covered by Reserves	0		0			#DIV/0!
Gross Written Premium Covered by CLP	0		0			#DIV/0!
Total Gross Written Premium	0		0			#DIV/0!
Change in Premiums Written, Claims, and Expenses						
	Nationwide					
	Year to Date		Same Period Last Year		Percentage Change	

Quarterly Report Review
Motor Vehicle Service Agreement Licensees

Premiums Written	0	Exh I, 1F	#VALUE!
Premiums Earned	#N/A	P6,1A	#N/A
Claims Incurred (Paid for Florida)	0	Exh IX,2d	#VALUE!
Total Expenses Incurred	#N/A	P6,L9	#N/A
Net Income	#N/A	P6,L13	#N/A
Change in Premiums Written, Claims, and Expenses			
		Florida	
	Current Quarter	Same Period Last Year	Percentage Change
Premiums Written	0	Exh IV, 1F	#VALUE!
Premiums Earned	0	Exh VII, 1D	#VALUE!
Claims Incurred (Paid for Florida)	0	Exh XIII, 2A	#VALUE!
Changes From Prior Periods			
	Prior Quarterly Period	Prior Annual	
Percentage change in Gross Premiums Written			
Percentage change in GWP on Active MVSAs			
Percentage change in Net Income			
Percentage change in Retained Earnings			
Amount of change in Common Stock			
Amount of Change in Preferred Stock			
Amount of change in Paid in Capital			
Percentage change in Equity			
Percentage change in Statutory Net Worth			

		A	B	C	D
	Evaluation of Licensee's Compliance Based on Reported Information				
37					
38	Types of MVSA Licensees	Licensee That Maintains Reserves on All Business	Licensee That Maintains CLP Meeting Statutory Requirements and Covering ONLY PART of Outstanding MVSA Business	Licensee That Maintains CLP Meeting Statutory Requirements and Covering ONLY PART of Outstanding MVSA Business	Licensee That Has No Outstanding MVSA Business
39					
40	Reported Gross Written Premium	\$ -	\$ -	Page 15, Exhibit II, Amount of Premium Covered By CLP#, In-force end of current year minus Page 15, Exhibit II, Amount of Premium	\$ -
41	Divided by Reported Statutory Net Worth	\$0	\$0	\$0	\$0
42	Calculated Writing Ratio Based on Reported Information	#DIV/0! to 1	#DIV/0! to 1	#VALUE! to 1	#DIV/0! to 1
43	Maximum Allowable Writing Ratio Based on Statutory Net Worth, Length of Licensure, and Nature of Assets	10 to 1	IF(Page 5, Line 24 >= \$750,000, "Unlimited", 10) to 1	IF(OR(Page 5, line 24 <= \$3,000,000, company licensed < 10 years), 10, 15)	Not Applicable
44	Result	IF(R42<=R43, "Compliant", "Problem")	IF(T43="Unlimited", "Compliant", (IF(T42<=T43, "Compliant", "Problem"))) to 1	IF(V42<=V43, "Compliant", "Problem")	Not Applicable
45	Evaluation of Minimum Required Statutory Net Worth				
46	Reported Statutory Net Worth	Page 5, line 24	Page 5, line 24	Page 5, line 24	Page 5, line 24
47	Required Minimum Statutory Net Worth	>=\$500,000	>=\$500,000	>=\$500,000	\$500,000
48	Difference	R46-R47	T46-T47	V46-V47	X46-X47
49	Result	IF(R46>=R47, "Compliant", "Problem")	IF(T46>=T47, "Compliant", "Problem")	IF(E15>=E15, "Compliant", "Problem")	IF(E15>=E15, "Compliant", "Problem")
50	Evaluation of Minimum Required Statutory Net Worth Required for the Amount of GWP				
51	Reported Statutory Net Worth	\$0	\$0	\$0	\$0
52	Required Minimum Statutory Net Worth For GWP so that a writing ratio problem does not exist.	\$ 500,000	\$ 500,000	\$ 500,000	\$ 500,000
53	Difference	R51-R52	T21-T52	V51-V52	X51-X52
54	Result	IF(R51>=R52, "Compliant", "Problem")	IF(T51>=T52, "Compliant", "Problem")	IF(V51>=V52, "Compliant", "Problem")	IF(X51>=X52, "Compliant", "Problem")
55	Evaluation of Correct Reporting of Unearned Premium Reserve Liability				
56	Reported Unearned Premium Reserve Liability	Page 5, line 9A	Page 5, line 9A	Page 5, line 9A	Page 5, line 9A
57	Required Minimum Unearned Premium Reserve Liability Applicable to This Licensee Based on Data Reported in Exhibit IV	Page 15, Column D Total*50%	\$0	Page 15, Column D Total*50%	\$0.00
58	Difference	R56-R57	T56-T57	V56-V57	X56-X57
59	Result	IF(R56>=R57, "Compliant", "Problem")	IF(T56>=T57, "Compliant", "Problem")	IF(V56>=V57, "Compliant", "Problem")	IF(X56>=X57, "Compliant", "Problem")

Quarterly Report Review
Motor Vehicle Service Agreement Licensees

60	Evaluation of Reporting of Required Amount of Unearned Premium Reserve Assets				
61	Reported Unearned Premium Reserve Assets	Page 14, MVSA Total	Page 14, MVSA Total	Page 14, MVSA Total	Page 14, MVSA Total
62	Reported Unearned Premium Reserve Liability	Page 5, line 9A	Page 5, line 9A	Page 5, line 9A	Page 5, line 9A
63	Difference	R61-R62	T61-T62	V61-V62	X61-X62
64	Result	IF(R61>=R62, "Compliant", "Problem")	Not Applicable	IF(V61>=V62, "Compliant", "Problem")	Not Applicable
65	Evaluation of Correct Funding of Unearned Premium Reserve Assets				
66	Reported Cash and Investments	SUM(Page 4, lines 1,2,8)	SUM(Page 4, lines 1,2,8)	SUM(Page 4, lines 1,2,8)	SUM(Page 4, lines 1,2,8)
67	Reported Unearned Premium Reserve Assets	Page 14, MVSA Total	Page 14, MVSA Total	Page 14, MVSA Total	Page 14, MVSA Total
68	Difference	R66-R67	T66-T67	V66-V67	X66-X67
69	Result	IF(R66>=R67, "Compliant", "Problem")	Not Applicable	IF(V66>=V67, "Compliant", "Problem")	Not Applicable
70	Verification of the Correct Amount of Reserve Deposits with the Bureau of Collateral Securities				
71	Reported 534.041 Deposit	Import from Collateral Sec.	Import from Collateral Sec.	Import from Collateral Sec.	Import from Collateral Sec.
72	Reported 534.052 Deposit	Import from Collateral Sec.	Import from Collateral Sec.	Import from Collateral Sec.	Import from Collateral Sec.
73	Required 534.041 Deposit	Page 15, Column D Total*.5*.15-e42	\$0	Page 15, Column D Total*.5*.15-e42	\$0
74	Difference	R71-R73	T71-T73	V71-V73	X71-X73
75	Result	IF(R71>=R73, "Compliant", "Problem")	Not Applicable	IF(X71>=X743, "Compliant", "Problem")	Not Applicable

Quarterly Report Review

Motor Vehicle Service Agreement Licensees

1	Licensee That Maintains Reserves on All Outstanding MVSA Business	Licensee That Maintains Reserves on All Outstanding MVSA Business
2	Licensee That Maintains CLP Meeting Statutory Requirements and Covering All Outstanding MVSA Business	
3	Licensee That Maintains CLP Meeting Statutory Requirements and Covering ONLY PART of Outstanding MVSA Business	
4	Licensee That Has No Outstanding MVSA Business	

A	B	C	D
	Determination of MVSA Type By Coverage by Reserves, Contractual Liability Policy, or Both		
30	Total GWP on Active MVSAs	P15, B7	Page 15, Exhibit II, Premium Received and Outstanding, In-force end of current year
31	Total GWP covered by Compliant CLP	P15,D7	Page 15, Exhibit II, Amount of Premium Covered By CLP, In-force end of current year
32	Total Unearned Premium Reserve	P15,C7	Page 15, Exhibit II, Unearned Premium Reserve, In-force end of current year
33	Type of MVSA Licensee (note formula in c33)	Licensee That Maintains CLP Meeting Statutory Requirements and Covering All Outstanding MVSA Business	
Formula C33 is shown below and has functioned properly.			
IF(AND(T10>0,T12=0,T11=0),"ERROR - NO RESERVE OR CLP - LICENSEE MUST CORRECT EXHIBIT II",IF(AND(T10>0,T12>0,T11=0),"Licensee That Maintain Reserves on All Outstanding MVSA Business",IF(AND(T10>0,T10>T11,T12>0),"Licensee That Maintains CLP Meeting Statutory Requirements and Covering ONLY PART of Outstanding MVSA Business",IF(AND(T10>0,T10<=T11),"Licensee That Maintains CLP Meeting Statutory Requirements and Covering All Outstanding MVSA Business",IF(AND(T10>0,T10>T11,T12=0),"ERROR - NO RESERVE AND CLP DOES NOT COVER ALL MVSA BUSINESS","Licensee That Has No Outstanding MVSA Business")))))			

Name of MVSA Licensee Below	Reporting Period Below	Filing Date Below
INTERCONTINENTAL MARINE SERVICE CORPORATION	6/30/2006	
Five Digit Florida Company Code	60115	FEIN 650081186
OIR License Date From CORE	2/20/2002	
If OIR License Date From CORE not found, please enter OIR License Date here:		

1 → Determine if licensee is impaired, meaning that reported statutory net worth (also called net assets) is greater than or equal to required less than statutory net worth.

	Reported	Compliance Evaluation
Statutory Assets	\$6,095,688.00	
Statutory Liabilities	\$4,592,444.00	
Statutory Net Worth (Net Assets)	\$1,503,244.00	Impaired

2 → Determine that Required Statutory Net Worth For Multiple Licensees is added together to evaluate compliance.

	Florida Company Code From CORE	Reported Statutory Net Worth From CORE	Required Statutory Net Worth From Other Examiners
Computer search of CORE by FEIN to list Florida Company Code and Reported Statutory Net Worth of any other licenses held by this licensee. Required Statutory Net Worth is retrieved from other assigned examiners review spreadsheet.			
This Licensee's Data			
Total			

3 → Evaluation of Key Compliance Criteria

Type of MVSA Licensee	Licensee That Maintains Reserves on All Outstanding MVSA Business				
	Reported		Required	Difference	Compliant
Minimum Statutory Net Worth per 634.041(6)	\$1,503,244		\$500,000	\$1,003,244	Compliant
Minimum Statutory Net Worth for Level of GWP	\$1,503,244		\$1,514,876	(\$11,632)	Problem
Unearned Premium Reserves	\$4,200,389		\$4,200,389	\$0	Compliant
Funded Unearned Premium Reserve	\$4,435,078		\$4,200,389	\$234,689	Compliant
Section 634.041 Deposit	\$595,018		\$428,913	\$166,105	Compliant
Section 634.052 Deposit	\$200,145		\$200,000	\$145	Compliant
Deferred Acquisition Expenses	\$0		Non Admitted	Not Applicable	0 Reported
Writing Ratio	10.08 to 1		10 to 1	0.077381317 to 1	Problem

4 → Prior Year Ending Values That Should Be Carried Forward as Beginning Values in the Current Year

	Reported Current Period Beginning Balance	Reported Prior Year Ending Balance	Difference	Evaluation
Retained Earnings	\$828,343			Not Applicable
Number of Active MVSA's	6,411			Not Applicable
GWP on Active MVSA's	\$10,605,364			Not Applicable
Unearned Premium Reserve	\$2,645,266			Not Applicable
Amount of Premium Covered by CLP	\$0			Not Applicable

5 → Trend Analysis

	6/30/2006	6/30/2005	12/31/2005	12/31/2004
Total Assets	\$6,095,688.00			
Non-Admitted Assets	\$0.00			
Total Liabilities	\$4,592,444.00			
Common Stock	\$100.00			
Preferred Stock	\$0.00			
Paid in Capital	\$99,900.00			
Treasury Stock	\$0.00			
Total Equity	\$1,503,244.00			
Statutory Net Worth	\$1,503,244.00			
Nationwide GWP	\$15,148,763.00			
FL Only GWP	\$15,148,763.00			
MVSA Premiums Earned	\$4,992,063.00			
Net Income from Operations	\$574,901.00			
Current Ratio	31.7578 to 1			

	4 5 6	
	If background material is not in AppCore, request by email	
4	Any change in Capitalization? → If yes, was explanation provided? →	
5	Any loans to Employees, Owners, Officers, etc.? → If yes, were they non-admitted? →	
6	Any Reported Legal Actions? → If yes, were details provided? →	
7	Does the Licensee have any Business Relationship with a like entity? → If yes, were details provided? → Name of Entity or Entities 1 2 3 4 5 6	
8	Are any Reported Assets outside of the US? → If Yes, where? →	
9	Any Operations outside of FL? → If Yes, are they authorized/licensed? →	
10	Does Licensee certify compliance with TERRORISM Directives? →	
11	If reported writing ratio is >10 to 1 but ≤ 15 to 1, and allowable writing ratio is 15 to 1, and all GWP is covered by reserves, verify that the requirements of S. 634.081(5), F.S. are met. →	

Jeanne Allen

From: Jovita Ashton
Sent: Wednesday, June 13, 2007 12:59 PM
To: Al Willis; Sandra DuPont; Gary Mills
Subject: FYI: Specialty Solvency Agenda Items

Importance: High

Al, I need to get some of those "hot" applications done so I am sending Sandra & Gary to handle the Solvency issues this afternoon.

From: Jovita Ashton
Sent: Wednesday, June 13, 2007 12:57 PM
To: Karen Embry
Subject: Specialty Solvency Agenda Items

Solvency Monitoring:

1. American Managed Care, LLC - TPA
2. Online Insurance Services, Inc. - TPA
3. Intercontinental Marine Service Corporation - MVSA

Action List:

1. Orlando Lutheran Towers, Inc.

From: Karen Embry
Sent: Monday, June 11, 2007 1:42 PM
To: Al Willis; Bob Norris; Claude Mueller; Joanna Mueller; Jovita Ashton; Mary Mostoller; Richard Koon; Robin Westcott; Sam Binnun; Steve Szypula
Subject: Solvency Agenda Items

CONFIDENTIAL

This document is confidential and exempt from disclosure pursuant to Section 119.07(2)(l), Florida Statutes. It contains the privileged Work Product of an attorney and/or information prepared at the direction of an attorney in anticipation of imminent litigation. This document contains work papers or other information that is part of an investigation or examination and is confidential subject to Section 624.319(3)(b), Florida Statutes. It is protected from disclosure pursuant to Section 624.319(3)(c), Florida Statutes, because it lists insurers whose solvency is being monitored by the Office. This document is not intended to perpetuate, formalize or communicate final evidence of knowledge obtained in connection with the transaction of official business of the Office of Insurance Regulation.

If you have any companies that need to be placed on the agenda, would you please forward the information to me by 11:00 a.m. Wednesday morning? Would you please include if the company should be placed on the Action List Report or Solvency Monitoring Agenda.

Thanks!



OFFICE OF INSURANCE REGULATION

**FINANCIAL SERVICES
COMMISSION**

CHARLIE CRIST
GOVERNOR

ALEX SINK
CHIEF FINANCIAL OFFICER

BILL MCCOLLUM
ATTORNEY GENERAL

CHARLES BRONSON
COMMISSIONER OF
AGRICULTURE

KEVIN M. MCCARTY
COMMISSIONER

June 11, 2007

Mr. Clyde Tenberg
Intercontinental Marine Service Corporation
15806 Brookway Drive, Suite 500
Huntersville, NC 28117

Dear Mr. Tenberg,

Intercontinental Marine Service Corporation's 1st Quarter 2007 Motor Vehicle Service Agreement Company report shows a Statutory Net Worth of \$(554,269) and Gross Written Premium on active service agreements of \$26,862,846, as of March 31, 2007.

Section 634.041(6), Florida Statutes states, "In order to obtain or maintain a license, a service agreement company must have and maintain minimum net assets of \$500,000..." Further, Section 634.041(8)(a)(2), Florida Statutes, states, "In addition to the net asset requirements set forth in subsection (6), a company utilizing the 50-percent reserve must not allow its ratio of gross written premium in force to net assets to exceed 10 to 1."

The maximum allowable 10 to 1 writing ratio dictates a required a Statutory Net Worth of \$2,686,285. Please immediately arrange for a capital contribution sufficient to cure the deficiency.

Please contact me if you require additional information.

Sincerely,

Lamar F. Downs

...

LAMAR F. DOWNS • FINANCIAL EXAMINER/ANALYST II
200 EAST GAINES STREET • TALLAHASSEE, FLORIDA 32399-0331 • (850) 413-2440 • FAX (850) 488-0313
website: www.floir.com • Lamar.Downs@fldfs.com

Affirmative Action / Equal Opportunity Employer

Jeanne Allen

From: Amy Groszos
Sent: Tuesday, June 12, 2007 9:30 AM
To: Sandra DuPont
Cc: Lamar Downs
Subject: FW: Intercontinental Marine Service Corporation - Annual 2006 Solvency Letter

Sandra –

As you can see, Lamar has drafted a letter to Mr. Tenberg (attached). We have not yet sent that letter because Mr. Tenberg told Lamar late yesterday that he would write to us today and let us know about the investors that he has arranged to purchase the company. We should know more details upon receipt of that letter. Should it not arrive by 4 PM today, we are prepared to send the attached letter out.

You may wish to add this to the Solvency Report.

Lamar – for clarification, please – were there solvency concerns also at the yearend report?

Thanks,
Amy

From: Lamar Downs
Sent: Monday, June 11, 2007 4:44 PM
To: Amy Groszos
Subject: Intercontinental Marine Service Corporation - Annual 2006 Solvency Letter

Draft



Intercontinental
Marine Servic...

Amy Groszos

C-6

From: Clyde Tenberg [CTenberg@firstwarrantygroup.com]
Sent: Wednesday, June 13, 2007 1:00 PM
To: Amy Groszos
Cc: Tara Williams
Subject: First Warranty Group
Attachments: FL-plan-061307.doc; FL Producer Memo 0620071.doc; First Warranty Group EOI.pdf; First Warranty Capital Raise Engagement Letter.DOC

Ms. Groszos:

Please find attached correspondence (fl-plan-061307.doc) as requested and discussed. Also attached are other documents as referenced in my correspondence.

I presume that I will hear back from you today and anticipate your call or email. Thank you again for your assistance and consideration.

Clyde Tenberg

704-439-2675
ctenberg@firstwarrantygroup.com

6/13/2007



enjoy the journey

June 13, 2007

Ms. Amy Armstrong Groszos
Financial Examiner/Analyst Supervisor
Florida Office of Insurance Regulation
Tallahassee, FL 32399-0331

Dear Ms. Groszos:

Thank you for your time to talk this morning and your insight.

Pursuant to our conversation and our current "non-compliant" status we are forwarding this correspondence to bring the department up to date on our current progress to resolve the deficiency. I would like to begin with a little history just so that it is known that we have not been anything less than forthright about this matter.

In the last four (4) months of 2006 we grew very rapidly. We realized at that time that we would need additional capital to meet statutory requirements for year end and continued growth. In October 2006 we retained the investment banking firm of Growth Finance to assist us in this process (attachment). At this same time we also stopped acquiring any new producers. We wanted to mitigate making the non-compliant issue even worse.

Over the last several months we have made over 100 presentations and contacts with venture capital and private equity groups. While there is much continued interest from many firms who are performing due diligence around our company; we also have received two firm offers of investment and a strong letter of interest from a potential strategic acquirer, a copy of which is attached. Please note that this correspondence is extremely confidential.

This equity transaction has been a real education for all of here at First Warranty Group and has moved much slower than I would have ever anticipated. The process will continue at its own pace and there is no doubt in our organization that the company will be successful in acquiring the necessary capital and more. We just do not know if it is going to happen next week or next month. Additionally I will be pursuing the CLP route as I am more educated about it now. Understanding that there is not a lot of flexibility in the statute we would like to offer the following plan while we continue in our equity capital pursuit.

Today we will notify all of our producers that with the close of business on Friday June 29th 2007 we will no longer accept any new business. By that we mean that any contract with an issue date beyond that will not be accepted by the company and will be returned. This will give these producers an acceptable time period to wrap up any outstanding contracts and also allow them the opportunity to replace us as a market for their customers. Additionally, we would of course not resume business until such time as our capital needs are met, the department notified and approved. Attached is a draft of our notice and I will be calling each of them personally also.

Sincerely,

Clyde Tenberg
President

Sent via email to: amy.groszos@fldfs.com



enjoy the journey

Memo

To: All Active Producers
From: Clyde Tenberg
CC: Tara Williams
Date: 6/13/2007
Re: Florida

As you may know, we have been trying to work through a statutory compliance issue with the state of Florida in regards to our capital surplus. It is with regret that I must inform you that we have not been able to do so as of this date. Therefore, we are requiring that all producers stop writing Florida contracts as of close of business on Friday, June 29, 2007. We feel this is a temporary issue; however, we want to ensure that each producer has time to stop the mailing if necessary or find an alternative source to place the business.

While we work through these issues, we will do our best to keep you informed of what is happening. We will also notify each account personally, when we are able to accept Florida business again. Thank you for your continued support and the commitment you have made to our company. Your business is not only appreciated, but valued.

Sincerely,

Clyde Tenberg
President



enjoy the journey

June 13, 2007

Ms. Amy Armstrong Groszos
Financial Examiner/Analyst Supervisor
Florida Office of Insurance Regulation
Tallahassee, FL 32399-0331

Dear Ms. Groszos:

Thank you for your time to talk this morning and your insight.

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Sincerely,

Clyde Tenberg
President

Sent via email to: amy.groszos@fldfs.com

.....
GOLDEN GATE CAPITAL

May 4, 2007

First Warranty Group
c/o Aaron Petrosky
Principal
GrowthFinance, LLC
10607 Country Squire Court
Matthews, NC 28105
VIA E-MAIL: petrosky@growthfinance.com

Re: Acquisition of First Warranty Group

Dear Aaron:

We very much appreciate the opportunity to present the following indication of our interest in participating in the proposed sale of First Warranty Group ("FWG" or the "Company"), pursuant to which a holding company ("GGC Warranty Holdings" or "NewCo") to be formed by investment funds managed by Golden Gate Private Equity, Inc. ("Golden Gate Capital" or "GGC") would purchase a majority equity interest in the Company (the "Transaction") from the current shareholder (the "Seller").

We believe that Golden Gate Capital would be an excellent financial and strategic partner for First Warranty Group:

- Strong Track Record and Extensive Access to Capital: Golden Gate Capital, headquartered in San Francisco, is a private equity investment firm with over \$3.4 billion of capital under management. Our investors include leading educational endowments (e.g. Harvard, Yale, and Princeton), non-profit foundations (e.g. MacArthur Foundation and Hughes Medical Institute), investment banks (e.g. Credit Suisse, Citigroup, and Morgan Stanley) and selected entrepreneurs and managers. The firm's charter is to partner with world-class management teams in making change-intensive and growth-oriented investments. In aggregate, GGC's professionals have participated in more than 100 investments aggregating to over \$10.0 billion in enterprise value.
- Significant Financial Services and Extended Warranty Experience: GGC has completed several successful transactions in the financial services and extended warranty industries over the last several years, including investments in Endurance Specialty Insurance and Employers Direct Insurance Company. Most relevantly for First Warranty Group, in March 2006 GGC completed an investment in Interstate National Dealer Services, Inc. ("INDS"), an

independent provider of vehicle service contracts and extended warranty products for motor vehicles. Furthermore, GGC has several investment professionals staffed predominantly or full-time to financial services and insurance, led by Operating Partner Gene Becker, who formerly ran the US operations of American Bankers Insurance (now Assurant) and is a board member of INDS. Gene and the GGC team are eager to partner with First Warranty Group to help drive its continued profitable growth and provide strategic input to Clyde Tenberg and his management team.

- Demonstrated Ability to Form Lasting and Successful Partnerships with Management: Our charter is to partner with world-class management teams to build great businesses. As our references will show, we pride ourselves on forming strong relationships with management. Part of this commitment is working to ensure that the interests of investors and management are always aligned, through management equity and performance bonus programs.

Key Terms of the Proposed Transaction:

Relying on the Confidential Information Memorandum you have provided to us (the "CIM") as well as our management meeting in Charlotte on April 17th, we are excited by the potential opportunity to move forward in this process with you.

1. **Transaction Value.** Based on our assessment of the Company's historical performance, growth opportunities, competitive position, and management's go-forward strategy and financial plan, we would be pleased to propose an Enterprise Valuation for First Warranty Group of up to \$20 million. This valuation would be comprised of i) an upfront cash payment to the Seller of \$15.0 million upon the closing of the Transaction; and ii) an earn-out of up to \$5.0 million contingent upon FWG achieving certain to-be-negotiated financial performance milestones (it being understood that these milestones will be based on the projections outlined in the CIM). In addition, as an important component of the transaction, we are pleased to offer Clyde Tenberg and the key members of his executive team significant opportunities to participate in GGC Warranty Holdings' option plan for management employees. Our Offer assumes that (i) the Company will be delivered free of any indebtedness for borrowed money or other non-ordinary course liabilities (including any employee bonus or retention payments or other compensation payable as a result of the Transaction) at closing; (ii) we are able to verify the Company's historical performance and key forecast assumptions through our diligence efforts; and (iii) the Company will be transferred with historical, seasonally-adjusted levels of working capital. We will be prepared to make a more definitive offer on valuation upon the completion of our initial diligence efforts.

2. **Financing.** We expect to finance the purchase price with a combination of cash equity invested by GGC along with senior and subordinated debt financing. More specifically, Golden Gate Capital has over \$3.4 billion under management and will be able either to fund or ensure the funding of the entire sources of capital required for the Transaction.
3. **Certain Key Arrangements.** Upon consummation of the Transaction, GGC and our co-investors will be partners with the current FWG management team as owners of GGC Warranty Holdings. As part of the Transaction, we anticipate maintaining the existing compensation levels for the key executives; in addition and as mentioned above, we are eager to provide the management team with significant opportunities to participate with Golden Gate Capital in the growth and success of the acquired business. As you know, our investment philosophy is to partner with highly motivated and equity-incented management teams to build world-class companies. Golden Gate Capital, through its participation in a portfolio company's board of directors, focuses on supporting management by providing input on key strategic and operational drivers affecting the portfolio company. In addition, Golden Gate Capital is able to provide the breadth of its experienced professional team to source, negotiate and consummate subsequent acquisitions, additional financings or other strategic initiatives.
4. **Due Diligence.** As you are aware, Golden Gate Capital has significant experience in the industry and with transactions of this nature. Given this expertise, we are highly confident that we could complete our required due diligence in an expeditious manner. Our key due diligence items would include the following: (i) completing our financial review of the business, (ii) engaging Bain & Company, the consultancy, to conduct summary market research and customer interviews; (iii) requesting our accounting advisors, PwC, to perform a confirmatory quality-of-earnings and audit review report, as well as to review the Company's independent actuarial studies; and (iv) allowing our legal counsel, Kirkland & Ellis, to complete its confirmatory diligence.
5. **Necessary Approvals.** As a privately held investment partnership, Golden Gate Capital does not require any corporate or shareholder approvals or other extraordinary conditions to consummate the Transaction. Members of our Investment Committee are either actively involved in the diligence process or are updated continuously regarding its findings, and as such, are able to make informed decisions in a condensed time frame.
6. **Timing.** Once selected to participate in the next round of the process, we will be prepared to immediately engage in our due diligence review of First Warranty Group. Golden Gate Capital has the ability to consummate

a transaction on an accelerated basis. We have completed hard documentation and diligence in as little as two weeks, and we are highly confident that we could complete our diligence and negotiate definitive agreements within an expedited time frame.

7. **Key Contacts.** John Knoll (415/627-1060) and Keoni Schwartz (425/627-4527) of Golden Gate Capital are available to respond to any questions you might have regarding our proposal. In addition, upon invitation to the next round of diligence, we will have substantial resources including consulting, accounting and legal teams at Bain & Company, PricewaterhouseCoopers and Kirkland & Ellis, respectively, ready to assist us with closing a transaction. At the appropriate time, we would be eager to introduce our contacts at these firms.

* * *

We thank you for the opportunity to present this non-binding Expression of Interest. We are enthusiastic about the opportunity to partner with Clyde Tenberg and his team and are prepared to dedicate the necessary resources to quickly complete the proposed Transaction. Should you have any questions regarding our proposal, please do not hesitate to give us a call as we would very much appreciate the opportunity to discuss our proposal in more detail.

Very truly yours,

John Knoll
Principal
jknoll@goldengatecap.com

Keoni Schwartz
Senior Associate
kschwartz@goldengatecap.com

Jeanne Allen

From: Clyde Tenberg [CTenberg@firstwarrantygroup.com]
Sent: Thursday, July 12, 2007 4:01 PM
To: Sandra DuPont
Subject: FW: DOI clarification on INDS - FWG loan

Sandra:

Below is follow up from Keoni @ INDS/GG. We are having phone issues here in NC so if you need to call me please use my mobile 980-722-6877. Email is still functioning too.

Thank you. We are anxious to move.

Clyde Tenberg
President
704-439-2675
ctenberg@firstwarrantygroup.com

-----Original Message-----

From: Keoni Schwartz [<mailto:kschwartz@goldengatecap.com>]
Sent: Thursday, July 12, 2007 1:27 PM
To: Clyde Tenberg; Gene Becker; Dave Gilroy; petrosky@growthfinance.com
Cc: Tara Williams; Hart, Jeffrey C.
Subject: RE: DOI clarification on INDS - FWG loan

Clyde -
Any news on this? Just trying to be sensitive to everyone's timing here.
Thanks,
Keoni

From: Clyde Tenberg [<mailto:CTenberg@firstwarrantygroup.com>]
Sent: Wednesday, July 11, 2007 10:17 AM
To: Keoni Schwartz; Gene Becker; Dave Gilroy; petrosky@growthfinance.com
Cc: Tara Williams; Hart, Jeffrey C.
Subject: DOI clarification on INDS - FWG loan

To All:

I took the liberty to call DOI direct to further discuss the structure of the loan in light of all the great questions. Take away from the conversation was positive. Below is the email from which a definitive response should be forthcoming shortly. Again, expectations are positive. I will keep everyone posted.

.....
Ms. Dupont:

Thank you again for your insight. We are attempting to avoid a very lengthy loan agreement for what we like to hope is a simple transaction. Following is the question which has been asked of us"

The basic question is how you would be able to get the money out once you put it in in the very unlikely event that the broader transaction did not close... Thanks, Keoni

Following is a description of the contemplated transaction.

INDS will loan \$3,000,000.00 to Intercontinental Acceptance Corporation (IAC). The loan will be payable on demand by INDS at any time and for any reason. The loan will be secured by a pledge of the stock of the companies that I own, both

directly or indirectly through IAC as a subsidiary, which includes IMSC (FWG of Florida). I also will personally guarantee the loan. INDS does not intend to call the loan for at least 60 days, but as mentioned above, it would have the right to call the loan at any time. IAC will contribute the loan proceeds to IMSC (FWG of Florida) as equity capital.

The intent of INDS loan is to resolve the companies current statutory deficiency while INDS/GG complete the additional due diligence required for an acquisition. It is the mutual interest of all parties to complete the broader transaction. However in the unlikely event that were not to happen and the loan were to be called, the funds would be taken from IMSC to pay off the loan. That would of course put the company back into a statutory deficiency and the company would immediately surrender its license.

Your review and comments are appreciated. There is a general consensus that this simple transaction could be completed and closed early next week.

Thanks again.

Clyde Tenberg
President
704-439-2675
ctenberg@firstwarrantygroup.com

Clyde Tenberg
President
704-439-2675
ctenberg@firstwarrantygroup.com

Jeanne Allen

From: Amy Groszos
Sent: Monday, June 18, 2007 2:41 PM
To: Jovita Ashton
Cc: Sandra DuPont; Scott Milnes; Lamar Downs
Subject: RE: Intercontinental Marine Service Corporation dba First Warranty Group

Jovita,

Here's a bit of an update to the information that Lamar provided on Friday:

- Friday, at 5:31 PM, Mr. Tenberg confirmed via email to me and to Lamar that he had notified and had received confirmation from all of his producers that writing has ceased.
- Since Friday, we (Lamar and I) have shared 4 emails with Mr. Tenberg about CLP issues.

We will update you again upon receipt of Tenberg's response, due tomorrow.

Thanks,

Amy

From: Jovita Ashton
Sent: Friday, June 15, 2007 4:00 PM
To: Al Willis
Cc: Sandra DuPont; Amy Groszos; Scott Milnes; Lamar Downs
Subject: FW: Intercontinental Marine Service Corporation dba First Warranty Group

I have just spoken with Lamar and he believes that these issues should be resolved shortly. Tenberg is now leaning towards a CLP which will resolve the majority of his issues. Sandra's letter gave him until 6/19 to cure the solvency problem.

From: Lamar Downs
Sent: Friday, June 15, 2007 3:45 PM
To: Jovita Ashton
Cc: Sandra DuPont; Amy Groszos; Scott Milnes; 'aagroszos@earthlink.net'
Subject: FW: Intercontinental Marine Service Corporation dba First Warranty Group

Jovita,

Current Status

1. Licensee is working with investor groups Golden Gate Capital and Dragonfly Capital to acquire funding to cure writing ratio problem.
2. Licensee is also reviewing insolvency CLPs, which would provide reserve relief and would allow an unlimited writing ratio as long as statutory net worth is \$750,000.
3. Sandra sent a letter directing Clyde Tenberg to cure the solvency problem by June 19, 2007. The letter also confirmed a conversation indicating that writing new business has ceased.

We were initially grouping Intercontinental Marine with the other non-filers and were going to take administrative action against all non-filers at one time. At the same time, we spent many hours continuing to help licensees file the reports.

We were **not notified** of a solvency problem until Clyde Tenberg called Scott sometime in May. At that time we also learned about an investment group entering the picture to cure the solvency problem.

I am forwarding several documents that may be helpful.

Thanks.

Lamar

From: Jovita Ashton
Sent: Friday, June 15, 2007 11:47 AM
To: Al Willis
Cc: Sandra DuPont; Amy Groszos; Lamar Downs
Subject: RE: First Warranty Group

Al, I am not ignoring you. Sandra and Amy are out on leave today and I just found out that Lamar is also out ill and that is why he hasn't responded to my emails inquiring as to the status. Amy's email below indicates that the company was going to notify their producers that no more contracts are to be entered into but I do not have any evidence or documentation that he did what he said he was going to nor do I have a copy of the letter we sent him, if it went out. Lamar apparently has been out due to illness the past couple of days.

We will have an update on Monday for sure.

From: Al Willis
Sent: Thursday, June 14, 2007 5:23 PM
To: Sandra DuPont; Jovita Ashton
Cc: Amy Groszos
Subject: RE: First Warranty Group

Where are we on this and have they stopped writing?

Al Willis, Director
L&H Financial Oversight
Florida Office of Insurance Regulation
Edwin Larson Building, Suite 319B
200 E. Gaines Street
Tallahassee, FL 32399-0327
Phone 850-413-5050
Fax 850-488-7061
al.willis@fldfs.com

From: Amy Groszos
Sent: Wednesday, June 13, 2007 3:10 PM
To: Sandra DuPont; Scott Milnes; Lamar Downs
Subject: FW: First Warranty Group

I just talked with Clyde and told him that we would formally respond to his correspondence tomorrow, but in the meantime, he needed to stop writing.

He said that as soon as we completed our conversation, he was going to notify all of his warranty producers that, effective IMMEDIATELY, no more contracts are to be entered into.

Amy

From: Clyde Tenberg [<mailto:CTenberg@firstwarrantygroup.com>]
Sent: Wednesday, June 13, 2007 1:00 PM
To: Amy Groszos
Cc: Tara Williams
Subject: First Warranty Group

Ms. Groszos:

Please find attached correspondence (fl-plan-061307.doc) as requested and discussed. Also attached are other documents as referenced in my correspondence.

I presume that I will hear back from you today and anticipate your call or email. Thank you again for your assistance and consideration.

Clyde Tenberg

704-439-2675

ctenberg@firstwarrantygroup.com



August 20, 2007

Sandra DuPont
Financial Administrator
Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, FL 32399-0331

RE: Intercontinental Marine Service Corporation (IMSC) FL License # 60115

Dear Ms. DuPont:

Please be advised that the company (IMSC) is requesting of the Department that it be allowed to voluntarily surrender its license # 60115.

Again, we thank you for all the assistance offered by you and your staff as we worked toward that other resolution.

We await your further instructions.

Sincerely,

Clyde Tenberg

MEMORANDUM

To: File

From: Lamar Downs

Date: January 16, 2009

Subject: Intercontinental Marine Service Corporation doing business as First Warranty Group of Florida (IMSC)

-
- Licensed as an SWA on 5/10/1986, Florida Company Code 80188
 - OIR suspended SWA license on 2/20/2003, Florida Company Code 80188, CO 65811-03-CO
 - Licensed as an MVSA on 2/20/2003, Florida Company Code 60115, CO 65811-03-CO
 - Surrendered SWA license on 9/19/2007, Florida Company Code 80188
 - Surrendered MVSA license on 10/10/2007, Florida Company Code 60115
 - Notified OIR of Inability to Pay Claims on 12/4/2008

On or about December 4, 2008, Lamar Downs of Specialty Product Administration was contacted by DFS' Division of Consumer Services regarding a consumer's inquiry about IMSC's failure to pay claims. IMSC surrendered its license on October 10, 2007, but in an effort to assist Consumer Services with a response, Lamar Downs contacted its president, Clyde Tenberg. Mr. Tenberg responded that claims payments and refunds on cancelled contracts had exhausted all available cash. He also alluded to some level of fraud in IMSC's payment of claims by credit cards, a process which was discontinued upon discovery of the fraud. He indicated that current and future claims and requests for unearned premium refunds on cancelled contracts would be processed as usual but could not be paid.

Mr. Tenberg estimated future claims and refunds to be between \$2.2 million and \$2.5 million, assuming the following:

- No fee would be charged by an independent administer to run-off business (which is unlikely).
- Paid claims would be subtracted from unearned premium refunds on cancelled contracts, which is prohibited by Section 634.121, Florida Statutes unless the contract is cancelled by the customer within 60 days of purchase.

Based on the reported information, if all Florida contracts had been cancelled as of December 23, 2008, and were older than 60 days, \$9,532,512 would be due to consumers. Although IMSC is ultimately responsible for the entire \$9,532,512, agents are required to contribute the unearned commissions, which are generally at least 50% of the retail cost.

Collateral Management Deposits as of December 31, 2008 (Hold restriction in place):	\$982,304.85
Deposits Held By Other States Per IMSC's 3 rd Quarter Report:	\$126,023.00

Attachments: Surrender Affidavit
Mr. Tenberg's letter to Specialty Product Administration
Record of Complaints from 10/10/2007 to 1/4/2009 from DFS' Division of Consumer Services
Consent Order 65811-03-CO

December 4, 2008

To: Lamar Downs

From: Clyde Tenberg

RE: Quarterly Report as of 09/2008

Per our conversation I have completed the referenced report to the extent that it provides the pertinent information related to our current issue which is cash available to pay claims and cancels.

Approximately 8 months ago we noted two material alternations in our business. First was an abnormal increase in claims and second an increasing wave of cancellations. It was becoming apparent that the changing economic conditions in the market were negatively affecting us as well. In the last 90 days, it has gotten worse.

On the claims experience, we found two issues; merchandising and fraud. Merchandising might be best described as a customer that comes in for a window motor and ends up with a new transmission, air conditioner compressor, etc. Service facilities are extremely slow right now and a customer with a warranty can be a home run. We have confirmed with others in our industry this similar experience. Fraud is just that. Here is a simple example. Pull out past warranty company repairs from the file, call the warranty company for a claim that doesn't exist. If they don't send an inspector or call the customer (except when he is in on the deal too), they'll never know. It's another home run for the repair shop. To help counteract these, we will no longer pay a shop direct with a credit card at the time of repair. We are adjusting the claim with the shop according to the coverage and ask that the customer pay and seek reimbursement.

On the cancel experience the impact of tough economic conditions is even more apparent. Customers are simply looking for cash anywhere they can find it and cancelling the contract is an easy source. The real issue here is the previous claim. Never in our mind was it contemplated what impact this would have on our pricing structure when the statute changed. As we know, the statute was changed about 4 years ago I believe and prohibited the deduction of claims after 60 days. Now due to economic conditions, we suddenly have numerous cancellations, and a surprising number with previous claims. For the 9 month period of this year we had \$575,000.00 in claims on cancelled contracts. The refunds on these contracts (based on claim reserve) were a little over \$625,000.00. That means we refunded most of the claim reserve collected and paid claims with fundamentally no reserve. Here are our statistics. So far, 49% of all contracts sold have cancelled and the average refund is 74%. For simplicity, use a \$1,000.00 per contract reserve with a targeted loss ratio of 85%, somewhat of an industry standard. That would yield an expected underwriting profit of 150.00 per contract. However, 49% have cancelled with a 74% refund. That equals \$36,260 in reserve refunds on 100 contracts or 362.00 per contract. On a fully earned block of business that will be a 121% loss ratio.

You had asked that as part of this summary we might provide a "future" picture of what's at the end as it relates to claims. Based on the loss experience thus far, we expect future losses on the in force to be between 2.2 and 2.5 million. That is without "cranking down" on the claim process to the extent that it creates major customer complaint issues, but at the same time not rolling over. Based on current net assets and with some investment income, it would be close. Close enough that we would like to give it a try. Please note also, that there would be no "claim adjustment charge/fee" to do this. However, this contemplates some type of administrative action that would allow for the deduction of claims on cancels. Otherwise, future cancels will continue to devour the claim reserves as they have done thus far.

In the last two months we have exhausted all "free cash" to pay claims and cancels. Please refer to Schedule A on the report and note the "*" placed next to several items. This denotes that these accounts are depleted. That leaves about 1.5 million. Additionally, many more contracts have cancelled reducing the in_force.

Upon review please give me a call to further discuss.

Florida Department of Financial Services

Selected Consumer Requests for Assistance

Report Dates:10/10/2007 to 1/4/2009

FL CODE:

Total: 1

File Name:	DODIN,PATRICIA	Company Name:	
File No:	1-516118917	Agency Name:	
Policy No:		Agent Name:	
Date Added:	8/12/2008 12:26:37 PM	Adjuster Name:	
Date Closed:		Trend:	
General Coverage:	Warranties	Office Name:	
Detail Coverage:	Auto Warranty	DFS Employee:	
Reason:	Premium Refund	Comments:	CONSUMER TRYING TO CANCEL AUTO WARRANTY AND GET REFUND; TRUCK WAS SOLD.
Disposition:	Information Provided		

REASONS:

A request for assistance has been filed with the Florida Department of Financial Services. The consumer advised she tried to cancel her 1st Warranty Group Platinum Exclusionary Plan, Contract # AF2005564, on March 31, 2008 with Choice One Warranty (Agency). She said she purchased the auto warranty on 12/28/2006 for \$2084.00. She says she has since sold her vehicle, Ford 2003 XLT; the vehicle had 35,127 miles. She now requests a prorated refund since she no longer has the Ford 2003 XLT truck. Unfortunately since Choice One Warranty closed their agency, she has requested assistance with the Florida Department of Financial Services in helping her secure back a prorated refund on the unearned premiums of her auto warranty. Please review the consumer's support documentation and refund a prorated portion of the auto warranty unearned premiums due her. If you cannot, please furnish us with a complete report of your position on the matter, including support documentation why you cannot refund the consumer the unearned portion of her premiums since she no longer owns the Ford 2003 XLT truck.

FL CODE:

INTERCONTINENTAL MARINE SERVICE CORPORATION

Total: 3

File Name:	BOEHNER,BUD	Company Name:	INTERCONTINENTAL MARINE SERVICE CORPORATION
File No:	1-497808156	Agency Name:	DEALER WARRANTY SERVICES
Policy No:		Agent Name:	
Date Added:	7/1/2008 5:24:21 PM	Adjuster Name:	
Date Closed:		Trend:	
General Coverage:	Warranties	Office Name:	
Detail Coverage:	Auto Warranty	DFS Employee:	
Reason:	Advertising/Marketing	Comments:	AUTO WARRANTY SOLICITATION
Disposition:	Notice Issued - No Relie		

REASONS:

Consumer concerns were forward by the Office of the Attorney General Office. Mrs. Bohner advised via telephone that she and her husband did not purchase anything from either of the entities in question. However, they are very concerned after receiving these postcards in the mail that other senior citizens may provide their information to these companies not knowing whether they are legitimate. Mrs. Bohner explained the advertising methods are deceptive. There are two separate ads according to the consumer. Attorney General Office mentioned that the correspondence sent to us is actual a front and back document. One reference Dealer Warranty Services (agency) and the other side reference First Warranty Group of Florida, which is a fictitious name for Intercontinental Marine Service Corp. (a motor vehicle service agreement company), which is being administered by Royal Administration Services. Both are these ads are being referred for review to confirm whether they are in compliance with the applicable Florida laws. The ad from First Warranty Group of Florida is being solicited to a Floridian; however, this company has a surrendered licensed as of October 10, 2007. Please note that Dealer Warranty Services had an active appointment with Intercontinental Marine Service Corporation, which expired on May 31, 2008 in Agent and Agency ALIS System.

File Name: LEBRUN,FERNAND
File No: 1-446028198
Policy No:
Date Added: 3/11/2008 9:08:07 PM
Date Closed:
General Coverage: Warranties
Detail Coverage: Auto Warranty
Reason: Claim Denial
Disposition: Contractual Provision

Company Name: INTERCONTINENTAL MARINE SERVICE CORPORATION
Agency Name:
Agent Name:
Adjuster Name:
Trend:
Office Name:
DFS Employee:
Comments: NO ONE WOULD COME OUT TO INSPECT THE VEHICLE FROM YOUR COMPANY.

REASONS:

Mr. Ledrun has requested the assistance of our Department with what he believes to be the improper handling of his claim when he brought his 2001Chrysler Town & Country to Palm Chrysler in Gainesville on January 31, 2008, when his engine light came on. Palm Chrysler diagnosed the problem as a transmission problem. The recommendation was to have it rebuilt from the factory for \$3,600. Palm Chrysler contacted 1st Warranty Group and was advised that the claim would not be covered as the vehicle had not received its 48,000 transmission service. The contract stipulates two schedules A and B. The policy language that 1st Warranty referred to was for schedule B, which is for commercial vehicles not private passenger. The schedule A does not have the stipulation of having the vehicle serviced at 48,000 miles for the transmission. Mr. Ledrun contacted 1st Warranty Group several times and Palm Chrysler contacted them at least twice, and no one would come out to inspect the vehicle. Mr. Ledrun is disabled and requires his vehicle in order to transport his scooter. He went ahead with the repairs to his vehicle and is now requesting that his claim be considered for payment. He feels that his claim has been improperly handled and all of his follow up has not been responded to. Please review and respond in detail on your position regarding this complaint and provide all documentation that supports it.

File Name: MILLER,MICHAEL
File No: 1-569420023
Policy No:
Date Added: 12/9/2008 2:43:22 PM
Date Closed:
General Coverage: Warranties
Detail Coverage: Auto Warranty
Reason: Claim Handling Delay
Disposition:

Company Name: INTERCONTINENTAL MARINE SERVICE CORPORATION
Agency Name:
Agent Name:
Adjuster Name:
Trend:
Office Name:
DFS Employee:
Comments: CLAIM HANDLING NOT IN ACCORDANCE WITH CONTRACT BY THE COMPANY.

REASONS:

INTERCONTINENTAL MARINE SERVICE CORPORATION dba First Warranty Group

Our consumer states that he has contacted you recently to file a claim. Apparently, his transmission is in need of being rebuilt. He states that you have instructed him to proceed with the necessary work and to forward any bills to you. Our consumer has advised that he is reluctant to do this because these instructions are not in accordance with his contract with you. According to the consumer, it seems that you must approve work to be completed before repairs have begun. So, he is quite confused by your instructions.

Please review the claim in question and advise this office of your position. With your response, we ask that you provide us with your protocol for claims handling and a copy of the consumer's contract. Thank you for your assistance.

Jeanne Allen

From: Jim Patino
Sent: Wednesday, February 04, 2009 10:06 AM
To: Lamar Downs
Subject: FW: Request for Feb. 3

Lamar,

Not sure if this will help.... See Clyde's email below.

Also, according to the 2006 Audited Financial Statements:

Intercontinental Marine Service Corporation is d/b/a First Warranty Group of Florida (Company). The Company is a wholly-owned subsidiary of Intercontinental Acceptance Corporation FL d/b/a National Warranty Notification Center (NWNC).

From: clyde tenberg [<mailto:ctenberg@firstwarrantygroup.com>]
Sent: Wednesday, February 04, 2009 10:00 AM
To: Jim Patino
Subject: RE: Request for Feb. 3

Imsc = intercontinental marine service corp

Fwg = first warranty group

Nwnc = national warranty notification centr

From: Jim Patino [<mailto:Jim.Patino@floir.com>]
Sent: Wednesday, February 04, 2009 8:50 AM
To: Clyde Tenberg
Subject: RE: Request for Feb. 3

Would you mind expanding on the abbreviations under "Relationship" and "Nickname/aka/d/b/a"? For example, I'm not sure what you mean by IMSC, FWG, etc.

From: clyde tenberg [<mailto:ctenberg@firstwarrantygroup.com>]
Sent: Tuesday, February 03, 2009 5:01 PM
To: Jim Patino
Subject: RE: Request for Feb. 3

Jim:

A real quick description here... let me know if you need further clarification.

CT

Corporate name	relationship	Nickname/aka/dba
Intercontinental Acceptance Corporation – Florida	Owns IAD and IMSC	IAC/NWNC
Intercontinental Acceptance Corporation – Delaware	Owned by IAC	IAD/ FWG
Intercontinental Marine Service Corp – FL	Owned by IAC	MSC/FWG of FL

From: Jim Patino [<mailto:Jim.Patino@floir.com>]
Sent: Tuesday, February 03, 2009 11:33 AM
To: Clyde Tenberg
Subject: Request for Feb. 3

Clyde,

In going through much of the documents you provided for the examination, as well as the audited financial statements, I noticed a number of company names used. Some of these are affiliates, while others are "d/b/a's".

In order to better ascertain the financial relationship of the licensee and its affiliates, as well as the related transactions, it is essential that you provide me with a comprehensive organizational chart illustrating all of the companies affiliated to the licensee. Please include all "d/b/a" used by every company in the organizational chart. Kindly include companies affiliated to the parent company, and subsidiaries of the parent company (affiliations by common ownership).

I appreciate your cooperation in this matter. Please advise me if you have any questions or concerns with this request.