

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

IN RE: The Receivership of  
MAGNOLIA INSURANCE  
COMPANY, a Florida corporation authorized  
to transact an insurance business in Florida

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CASE NO.: 2010-CA-1522

**RECEIVER'S MOTION FOR APPROVAL OF THIRD INTERIM CLAIMS  
REPORT AND RECOMMENDATION ON CLAIMS**

The Florida Department of Financial Services, in its capacity as Receiver for Magnolia Insurance Company ("MIC"), hereby files this Motion for Approval of Third Interim Claims Report and Recommendation on Claims, and states as follows:

1. This Court entered a Consent Order Appointing the Florida Department of Financial Services as Receiver of Magnolia Insurance Company for the purposes of Liquidation, Injunction and Notice of Automatic Stay on April 30, 2010.
2. This Court has jurisdiction over the MIC receivership and is "authorized to make all necessary or proper orders to carry out the purposes of" the Florida Insurers Rehabilitation and Liquidation Act, Section 631.021(1), Florida Statutes.
3. MIC, located in Miami-Dade County, wrote homeowners' policies within the state of Florida, and had approximately 36,000 policies at the time of liquidation.
4. This Court entered the Order Approving the Receiver's First Interim Claims Report and Recommendation on Claims on July 10, 2013, which addressed non-guaranty claims in Classes 2 and 3. The Court then entered the Order Approving Receiver's Second Interim Claims Report and Recommendation on Claims on November 12, 2013, which addressed non-guaranty claims in Classes 6 through 8.

5. In accordance with Section 631.182, Florida Statutes, the Receiver has now completed its evaluation and recommendations as to certain non-guaranty claims in Classes 2 and 6 in the MIC receivership estate. The Receiver is continuing to evaluate the remaining classes of non-guaranty claims and guaranty claims and will be submitting a supplemental Claims Report for those classes of claims at a later date.

6. The Receiver's Third Interim Claims Report, Part A, Non-Guaranty Association Claims, dated November 21, 2013, (hereinafter the "Report") is attached as Exhibit A.

7. The Claims Report addresses certain non-guaranty association claimants only. As stated above, there will be another filing at a later date with the court regarding guaranty association claims and potentially any remaining non-guaranty claims. Part A reflects 5 filed claims by non-guaranty association claimants<sup>1</sup> in Classes 2 and 6 totaling \$13,600,036.06 of which the total amount recommended by the Receiver to be allowed is \$145,000.00. The Receiver will file a separate Motion and Interim Claims Report as to Part B, Guaranty Association and any remaining claims at a later date.

8. In order to assure the validity of claim assignments, to assure that the processing of assignments does not create an undue burden on estate resources, and to assure that assignment decisions are made using the best information available, the Receiver does not recognize or accept any assignment of claim by the claimant of record unless the following criteria are met:

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<sup>1</sup> The claim by the Florida Insurance Guaranty Association is an assessment similar to assessments billed to all insurance companies in the State of Florida, which was billed to MIC prior to liquidation. Therefore, it is categorized as a Class 6 Claim and not a Class 2 GA claim.

- A. A distribution petition has not been filed with this Court;
- B. The Receiver has been provided with a properly executed and notarized assignment of claim agreement entered into between the parties; and
- C. The Receiver has been provided with a properly executed and notarized Receiver's Assignment of Claim Change Form and required supporting documentation.

9. The Receiver's Assignment of Claim Change Form shall contain an acknowledgement by the claimant, or someone authorized to act on behalf of the claimant, that:

- A. The claimant is aware that financial information regarding claims distributions and payments published on the Receiver's website or otherwise available can assist the claimant in making an independent and informed decision regarding the sale of the claim;
- B. The claimant understands that the purchase price being offered in exchange for the assignment may differ from the amount ultimately distributed in the receivership proceeding with respect to the claim;
- C. It is the claimant's intent to sell their claim and have the Receiver's records be permanently changed to reflect the new owner; and
- D. The claimant understands that they will no longer have any title, interest, or rights to the claim including future mailings and distributions if they occur.

10. Pursuant to Section 631.182, Florida Statutes, claimants are entitled to notice of the Receiver's recommendation on their claims and the deadline for filing an

objection. The deadline to be established for filing objections will not be less than forty five (45) days from the date of this Court's Order granting approval of the Report. A sample copy of the "Notice of Determination" containing this information and provided to claimants is attached hereto as Exhibit "B." The Receiver will be issuing a Notice substantially similar to Exhibit B to claimants in the Magnolia estate.

11. The Receiver has a procedure for dealing with late-filed objections. For any objection filed after the deadline, the Receiver will send a letter to the claimant advising the claimant that his/her/its objection was not filed in compliance with the Florida Statutes and this Court's Order and therefore will not be handled as a filed objection. A copy of this letter will be filed with the Court.

12. The Receiver requests that its recommendation set forth in the Report be approved unless an objection is filed thereto within the deadline approved by the Court.

WHEREFORE the Receiver respectfully requests this Court enter an Order:

- A. Approving the Receiver's Third Interim Claims Report and Recommendations on Claims for which no objections are filed.
- B. Authorizing and directing the Receiver to provide notice to each claimant, as herewith reported to the Court, of the Receiver's recommendation regarding his/her/its claim, by United States Mail to the last known address of such person or entity, as shown in the Receiver's files.
- C. Authorizing the Receiver to establish an objection filing deadline that is not less than forty-five (45) days from the date of this Court's Order granting approval of the Receiver's Report.

D. Approving the Receiver's sample Notice of Determination, and directing all persons or entities who have filed claims, or had them deemed filed, to file in writing any objection to the Receiver's Report they might have with the Clerk of this Court by the objection filing deadline, at:

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

And file a copy of said objection on the Receiver at the following address:

Florida Department of Financial Services, as  
Receiver for Magnolia Insurance Company  
2020 Capital Circle S.E., Suite 310  
Tallahassee, FL 32301

E. Requiring any person filing an objection to clearly state the name and claim identification number of the person filing the objection and to provide documentation supporting the objection and claim, and that the Court will not consider any information or documentation submitted after the objection is filed

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

**SUBMITTED** this 4<sup>th</sup> day of December, 2013.



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Division of Rehabilitation and Liquidation  
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Miami, Florida 33152  
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FLORIDA DEPARTMENT OF FINANCIAL SERVICES-DIVISION OF REHABILITATION AND LIQUIDATION  
MAGNOLIA INSURANCE COMPANY  
THIRD INTERIM CLAIMS REPORT  
PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

COMPANY:	527	POLICY NUMBER:	FRJM3378193	INSURED:	JAMES TRUSLOW	AMOUNT CLAIMED:	\$336,012.84
ID NO :	5564-5	CLAIM NUMBER:	M0924FL000213	CLAIMANT:	CITIZENS PROPERTY INS ASO COVE POINT CONDO ASSOC	AMOUNT RECOMMENDED:	\$145,000.00
PRIORITY:	CLASS 2	INS/CLMT STATE:	FL		C/O FORAN GLENNON PALANDECH PC	AMOUNT GUARANTY PAID:	\$0.00
STATUS:	Evaluated	DATE OF LOSS:	07/03/2009		222 N LASALLE ST SUITE 1400	AMOUNT RECMD CLAIMANT:	\$145,000.00
		DATE PROOF FILED:	05/02/2011		CHICAGO,IL 60601		
COMPANY:	527	POLICY NUMBER:		INSURED:		AMOUNT CLAIMED:	\$5,053,254.89
ID NO :	20409-1	CLAIM NUMBER:		CLAIMANT:	CITIZENS PROPERTY INSURANCE CORP	AMOUNT RECOMMENDED:	
PRIORITY:	CLASS 6	INS/CLMT STATE:			101 NORTH MONROE ST	AMOUNT GUARANTY PAID:	
STATUS:	Unevaluated	DATE OF LOSS:	04/30/2010		STE 1000	AMOUNT RECMD CLAIMANT:	
		DATE PROOF FILED:	04/06/2011		TALLAHASSEE,FL 32301		
COMPANY:	527	POLICY NUMBER:		INSURED:		AMOUNT CLAIMED:	\$172,898.23
ID NO :	20417-1	CLAIM NUMBER:		CLAIMANT:	FLORIDA INSURANCE GUARANTY ASSOCIATION INC	AMOUNT RECOMMENDED:	
PRIORITY:	CLASS 6	INS/CLMT STATE:			PO BOX 14249	AMOUNT GUARANTY PAID:	
STATUS:	Unevaluated	DATE OF LOSS:	04/30/2010		TALLAHASSEE,FL 32317	AMOUNT RECMD CLAIMANT:	
		DATE PROOF FILED:	02/14/2011				
COMPANY:	527	POLICY NUMBER:		INSURED:		AMOUNT CLAIMED:	\$6,000,000.00
ID NO :	31613-1	CLAIM NUMBER:		CLAIMANT:	NEPHILA CAPITAL LTD	AMOUNT RECOMMENDED:	
PRIORITY:	CLASS 6	INS/CLMT STATE:			VISTORIA PLACE 3RD FLOOR WEST	AMOUNT GUARANTY PAID:	
STATUS:	Unevaluated	DATE OF LOSS:	04/30/2010		31 VISTORIA STREET	AMOUNT RECMD CLAIMANT:	
		DATE PROOF FILED:	04/29/2011		HAMILTON BERMUDA HM10,FC		
COMPANY:	527	POLICY NUMBER:		INSURED:		AMOUNT CLAIMED:	\$2,037,870.00
ID NO :	31624-1	CLAIM NUMBER:		CLAIMANT:	ALLIANZ RISK TRANSFER AG	AMOUNT RECOMMENDED:	
PRIORITY:	CLASS 6	INS/CLMT STATE:			OVERBAY 106 PITTS BAY RD	AMOUNT GUARANTY PAID:	
STATUS:	Unevaluated	DATE OF LOSS:	04/30/2010		HAMILTON BERMUDA HM08,FC	AMOUNT RECMD CLAIMANT:	
		DATE PROOF FILED:	05/02/2011				

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

EXHIBIT "A"

FLORIDA DEPARTMENT OF FINANCIAL SERVICES - DIVISION OF REHABILITATION AND LIQUIDATION  
MAGNOLIA INSURANCE COMPANY  
THIRD INTERIM CLAIMS REPORT  
PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS \$13,600,036.06  
TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS \$145,000.00  
TOTAL NUMBER 5

Secured Claims

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

UnSecured Claims

COUNT OF CLASS 1 CLAIMS : 0 COUNT OF CLASS 7 CLAIMS : 0  
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS: \$0.00 AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS: \$0.00  
AMOUNT RECMD FOR CLASS 1 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS : AMOUNT RECMD FOR CLASS 7 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:

COUNT OF CLASS 2 CLAIMS : 1 COUNT OF CLASS 8 CLAIMS : 0  
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS \$336,012.94 AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS: \$0.00  
AMOUNT RECMD FOR CLASS 2 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: \$145,000.00 AMOUNT RECMD FOR CLASS 8 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:

COUNT OF CLASS 3 CLAIMS : 0 COUNT OF CLASS 9 CLAIMS : 0  
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS: AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION CLAIMANTS: \$0.00  
AMOUNT RECMD FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: AMOUNT RECMD 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 CLAIMANTS: \$0.00  
AMOUNT RECMD 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 CLAIMANTS: AMOUNT CLAIMED FOR CLASS 11 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: \$0.00  
AMOUNT RECMD FOR CLASS 5 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS: AMOUNT RECMD 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 CLAIMANTS: \$13,264,023.12  
AMOUNT RECMD FOR CLASS 6 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :





**FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER**  
**«company»**  
**December 4, 2013**  
**NOTICE of DETERMINATION**

RCN: «CD\_COMPANY» «ID\_NO»-«SUFFIX»  
 «FULLNAME»  
 «ADDRESSLINE2»  
 «ADDRESSLINE1»  
 «city» «state» «ZIPCODE»

IDENTIFICATION NUMBER: «cd\_company» «id\_no»-  
 «suffix»  
 INSURED: «policyhold»  
 POLICY NUMBER: «policy\_no»  
 CLAIM NUMBER: «claim\_no»  
 AMOUNT CLAIMED: «amt\_claimd»  
 AMOUNT RECOMMENDED CLAIMANT: «AMT\_DUE\_CL»  
 CLASS: «class»

**THIS IS NOT A BILL**

**THIS IS NOT A BILL**

RE: «COMPANY»

Civil Action: «CASE\_NO»

**OBJECTION FILING DEADLINE: ?filing deadline?**

**THIS IS NOT A BILL.** The purpose of this Notice of Determination is to inform you of the Receiver's report of its final recommendations to the Circuit Court concerning the classification and amount on a claim filed by you or on your behalf against the Receivership Estate of «COMPANY». A copy of the court order reflecting approval of these recommendations can be obtained at <http://www.myfloridacfo.com/division/receiver>.

The Receiver is evaluating Class XX through Class XX claims submitted in the estate of «COMPANY» and is recommending the amount on the line reading "Amount Recommended Claimant." The Receiver's "Class" or "Priority" of your claim will affect the amount you may receive. **Please be advised that the assets in the Receivership estate of «COMPANY» are not sufficient to fund a distribution payment to all claimants. In fact, the Receiver does not anticipate a distribution to any claimants beyond Class XX.** No claims in Class XX through Class 11 were evaluated. Therefore, if your class has been identified as Class XX through Class 11, you will not see any amount on the line reading "Amount Recommended Claimant". Florida Statute 631.271, "Priority of Claims", defines the classification of claims being reported to Court. Florida Statute 631.271, "Priority of Claims" can be obtained at <http://www.myfloridacfo.com/division/receiver>.

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

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

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

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

The objection procedure is:

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

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER**  
**«company»**  
 2020 CAPITAL CIRCLE, S. E., SUITE 310  
 TALLAHASSEE, FLORIDA 32301  
 Website: <http://www.myfloridacfo.com/division/receiver>  
**Telephone: 850-413-3081, Toll Free: 800-882-3054, Facsimile: 850-413-3997**

# FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER «company»

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## DISTRIBUTION INFORMATION

Distribution of estate funds to claimants will be made in accordance with the priority schedule set forth in Section 631.271, Florida Statutes. All approved claims are organized and paid by priority with a Class 1 claim designated as the highest priority to a Class 11 claim considered the lowest priority. All approved claims in a class must be paid in full before any payment is made to the next class. If the next lower priority class does not have sufficient funds to be paid in full, all approved claims in that class are paid in equal pro rata shares. Therefore, depending on the assets available for distribution, you and other claimants in your classification may only receive a percentage of the amount recommended on your claim (i.e. 25% pro rata share distribution of funds in your class equals 25 cents on the dollar). Further information on the current and projected financial condition of «COMPANY» can be found at <http://www.myfloridacfo.com/division/receiver> or the Global Receivership Information Database (GRID) website at [www.naic.org](http://www.naic.org).

As part of its duties, the Receiver must investigate, collect and convert all company assets into cash, prioritize and value claims, and resolve all objections to the results of the Receiver's evaluations. This process usually takes several years to complete. Distributions to claimants are made only if/when sufficient funds become available and the Court has approved the distribution. We cannot currently estimate if/when a payment may be made. Your patience in this process is appreciated.

## CLAIMANT INFORMATION

If a distribution is made, the payee(s) name(s) on the claim check will be the same as the name(s) appearing on the front of this form. If the information on this form, including address, is incorrect, or becomes incorrect in the future, it is your responsibility to notify the Receiver and document any changes to a claimant's name or address. Information on how to submit a change is available at <http://www.myfloridacfo.com/division/receiver>.

Some non-confidential information (i.e., certain claimant names, addresses and recommended claim information) is compiled by the Receiver and filed with the Court in order to make recommendations regarding the value and class of claims. This information is available to consumers as a public record in accordance with Article I, Section 24 of the Florida State Constitution and Chapter 119, Florida Statutes, and may be accessed through the court files of this receivership or via the Receiver's website.

***IMPORTANT INFORMATION:*** You may be contacted by outside third parties who may offer to purchase your claim in exchange for the transfer of your rights to a distribution, if any, in the future. Please be advised that the Receiver is not in any way affiliated with third party purchasers of claims and cannot advise or counsel individual claimants with respect to any potential distribution amounts or assist a claimant in the personal decision to sell their claim to an outside third party. All available information on the current and projected financial condition of «COMPANY» may be found at <http://www.myfloridacfo.com/division/receiver> or the Global Receivership Information Database (GRID) website at [www.naic.org](http://www.naic.org).

FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER  
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