

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

In Re: The Receivership of MAGNOLIA
INSURANCE COMPANY, a Florida
corporation.

CASE NO.: 2010-CA-01522

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

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, as Receiver for MAGNOLIA INSURANCE COMPANY ("DEPARTMENT"), by and through its undersigned counsel, moves this Court for entry of an Order approving the Discharge Accounting Statement, for an Order directing final discharge of the Receivership, and for authorization to destroy obsolete records, and in support of its Motion states as follows:

1. Effective April 30, 2010, this Court entered an Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Liquidation, Injunction, and Notice of Automatic Stay.
2. Magnolia Insurance Company ("MIC") was a property and casualty insurance company located in the State of Florida.
3. 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.
4. The Court previously approved the Department's Final Claims Report, Claims Distribution Report, and Distribution Accounting, in an Order entered on November 6, 2017.

Distribution was made to Class 1 and Class 2, and on a pro rata basis to Class 3, as authorized by that Order in the total amount of \$1,021,331.56. That distribution represented a 100% distribution of the recommended claim amount to Class 1 and 2 claimants, and an approximate 22.296% distribution to Class 3 claimants. Previously, the Department obtained the federal release and the Court approved the Release Agreement on May 9, 2017.

5. Despite the Department's best efforts, some approved claims may have inadequate current address information and/or may not have provided the Department with a form W-9, required by the Internal Revenue Service. The total unclaimed property in the estate is listed below. The Department recommends that said funds be transferred to the Division of Unclaimed Property, Department of Financial Services, as "unclaimed property" pursuant to Section 717.119, Florida Statutes and/or to the unclaimed property units of other states as appropriate.

6. The Department's Discharge Accounting Statement – Projected for July 2018 (the "Discharge Accounting") is attached hereto as Exhibit 1. As shown in the Discharge Accounting, the estimated value of all assets of the MIC Receivership estate is projected to be \$386,798.16 as of July, 2018. See Schedule A to Exhibit 1. Of that \$386,798.16, \$338,735.00 will be forwarded by the Department to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Department's files.

7. The Department would retain \$12,000.00 as a reserve for "wind up" expenses of the Receivership.

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

9. Upon approval of the Department's request for final discharge, the records of the MIC receivership estate will no longer be needed, and it will be necessary to dispose of the obsolete company records. This procedure is in direct compliance with Article 1, Section 24, Florida Constitution, Chapters 119 and 257, Florida Statutes, and chapter 1B-24 and 1B-26.003, Florida Administrative Code. The Department will further give notice of its intent to the United States Department of Justice as agreed in the federal Release Agreement.

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


11. The Department requests an Order that it shall be fully and finally discharged of its responsibilities in this receivership as of 11:59 P.M. on July 23, 2018, subject to the terms stated above.

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

- A. Approving and adopting the Department's Discharge Accounting Statement.
- B. Authorizing and directing the Department to transfer any unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Department's files, including the Florida Division of Unclaimed Property;
- C. Authorizing and directing the Department to retain \$12,000.00 as a reserve for wind up expenses of the Department;

- D. Authorizing the Department to remit any surplus expense funds remaining after discharge to FIGA;
- E. Authorizing the Department, after final discharge, to destroy any obsolete records in the Department's possession;
- F. Authorizing the Department to remit to FIGA any assets which may be recovered following the discharge of this receivership if, in the Department's sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate, including any judgments or amounts recovered from judgments;
- G. Directing, without further order of this Court, the final discharge of the Department of its responsibilities in this receivership estate as of 11:59 P.M. on July 23, 2018.

IT IS HEREBY CERTIFIED that a true and correct copy of this Motion for Discharge was electronically filed with the Clerk of Courts by using the ECF system and electronically noticed this 3rd day of July, 2018.



Jody E. Collins, Senior Attorney
Florida Bar No. 500445
Florida Department of Financial Services
Division of Rehabilitation and Liquidation
8240 NW 52 Terrace, Suite 102
Doral, Florida 33166
(786) 336-1371 – Telephone
(305) 499-2271 – Facsimile
Jody.Collins@myfloridacfo.com
Attorney for the Department of Financial Services as
Receiver

Miriam Victorian, Chief Attorney
Florida Bar No. 355471
Miriam.Victorian@myfloridacfo.com
Florida Department of Financial Services
Division of Rehabilitation and Liquidation
2020 Capital Circle, S.E., Suite 300
Tallahassee, FL 32301
(850) 413-4408 Telephone
(850) 413-3990 Facsimile

Magnolia Insurance Company
Discharge Accounting Statement
Projected for July 23, 2018

ASSETS

Cash	<u>Amount</u>	
	\$ 386,798.16	Schedule A
Total Assets	<u><u>\$ 386,798.16</u></u>	

LIABILITIES

	<u>Recommended</u>	
	<u>Disbursement</u>	
Outstanding Amounts from Distribution to Unclaimed Property	338,735.00	
Total Liabilities	<u><u>\$ 338,735.00</u></u>	

WINDUP SUMMARY

Funds Available for Windup Expenses	48,063.16	
Projected Windup Expenses	<u>(12,000.00)</u>	Schedule D
Balance (Any Remaining Funds to GA)	<u><u>36,063.16</u></u>	

Index to Attached Schedules:

- Schedule A - Available Cash Projection
- Schedule B - Allocated State Funds Expensed
- Schedule C - Interest Earnings Projection
- Schedule D - Receiver Windup Expenses
- Schedule E - Contributed Equity

Magnolia Insurance Company
Available Cash Projection
Projected for July 23, 2018

	Cash Bal. as of May 31, 2018	Jun-18	July 23, 2018
Beginning Pooled Cash Balance	\$ 398,946.94	\$ 392,848.16	
Direct Receiver Expenses (Actual or Estimated)			
Rent-Storage, Postage, Scanning UCP records		300.00	300.00
Sub-total		300.00	300.00
Allocated Receiver Expenses (Estimated)			
Labor & Benefits		6,130.00	6,130.00
Indirect Expenses		220.00	220.00
Sub-total		6,350.00	6,350.00
Cash Balance Before Interest Earnings		392,296.94	386,198.16
Interest Earnings			
Pooled Cash:			
Actual SPIA Earnings for May to be credited on 6/1/2018.		551.22	
Estimate based on assume SPIA APR on the previous month's average Pooled Cash balance (Sch. D)			600.00
Ending Pooled Cash Balance	\$ 398,946.94	\$ 392,848.16	\$ 386,798.16

Assumptions for Allocated Receiver Expenses:

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

February Actual	\$ 10,707.59
March Actual	6,966.97
April Actual	3,297.13
May Actual	3,559.34
Sub-total	<u>24,531.03</u>
4 mth. actual average (rounded)	<u>\$ 6,130.00</u>

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

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

Magnolia Insurance Company

Allocated State Funds Expensed

Estimated from June through the Projected Discharge Date of July 23, 2018

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

	June	July	Totals
Accrued Allocated State of Florida Expenses (Estimated)			
Labor & Benefits	\$ 170.00	\$ 170.00	\$ 340.00 ¹
Indirect Expenses	50.00	50.00	\$ 100.00 ²
Total	\$ 220.00	\$ 220.00	\$ 440.00 ³

Assumptions for Allocated State of Florida Expenses:

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

February Actual	295.19
March Actual	197.23
April Actual	92.74
May Actual	95.19
Sub-total	680.35
4 mth. actual average (rounded)	<u>\$ 170.00</u>

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

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

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

Magnolia Insurance Company
Interest Earnings Projection - Pooled Cash
Projected for July 23, 2018

Interest accrued for June

Beginning cash balance	398,946.94
Ending cash balance	392,848.16
Average cash balance	395,897.55
Assumed SPIA interest rate (Annualized)	1.75%
Subtotal (Annualized)	6,928.21

Accrual for June

\$ 600.00

Interest accrued for July

Beginning cash balance	392,848.16
Ending cash balance	386,798.16
Average cash balance	389,823.16
Assumed SPIA interest rate (Annualized)	1.75%
Subtotal (Annualized)	6,821.91

Accrual for July

\$ 600.00

Magnolia Insurance Company
Receiver Windup Expenses
Projected for July 23, 2018

Discharge Expenses (Projected for Post 7/23/2018)

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

Magnolia Insurance Company
Statement of Contributed Equity from Regulatory Trust Fund Estimated Balances
Projected for Discharge by 7/23/2018

I. Contributed Equity Balance as of 5/31/2018	\$	150,815.63
Accrual for June - July (Estimate from Schedule B)	<u>\$</u>	<u>440.00</u>
Total	<u>\$</u>	<u>440.00</u>
Projected Contributed Equity Balance as of 7/23/2018	<u>\$</u>	<u><u>151,255.63</u></u>