

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

In Re: The Receivership of
COMMERCIAL INSURANCE
ALLIANCE, a Florida Reciprocal
Insurance Company.

CASE NO. 2011-CA-191

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

The Florida Department of Financial Services, as Receiver of Commercial Insurance Alliance (hereinafter "Receiver"), by and through the undersigned counsel, hereby moves this Court for entry of an Order Approving the Discharge Accounting Statement, Directing Final Discharge of the Estate, and Authorizing the Destruction of Obsolete Records and as good grounds therefore states:

1. Commercial Insurance Alliance ("CIA") was licensed on May 4, 2006, by the Florida Office of Insurance Regulation as a reciprocal insurer pursuant to the Florida Insurance Code. CIA provided commercial multi-peril liability, commercial auto liability, and surety policies.

2. On January 26, 2011, CIA consented to and this Court entered an Order appointing the Florida Department of Financial Services as Receiver of CIA for purposes of liquidation, injunction, and notice of automatic stay ("Liquidation Order").

3. Pursuant to section 631.021(1), Florida Statutes, this Court has jurisdiction over the 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, sections 631.001 et seq., Florida Statutes.

4. On March 17, 2015, this Court entered an *Order Approving Receiver's Final Claims Report, Claims Distribution Report, and Distribution Accounting and Authorizing Distribution* ("Distribution Order"). The Order authorized a distribution of estate assets in the amount of \$205,934.00 to all claimants in Classes 1-2 which constitutes 100% of the amount recommended in Class 1 and 18.8353% of the amount recommended in Class 2.

5. A certain number of final distribution checks were not mailed due to issues with the submission of the Form W-9 which is required by the Internal Revenue Service. Additionally, a certain number of final distribution checks and checks refunding assessment overpayments were not mailed due to bad addresses or were mailed and not cashed prior to the expiration date of the checks and remain unclaimed. After a diligent search to locate the claimants and subscribers due these funds, the Receiver will compile an unclaimed property report pursuant to section 717.117, Florida Statutes. The Receiver plans to transfer said unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants' and subscribers' last address of record in the Receiver's files.

6. The Receiver's Discharge Accounting Statement—*Projected as of June 2015*, (the "Discharge Accounting") is attached hereto and incorporated herein by reference as **"Exhibit A."**

7. As shown in the *Discharge Accounting*, the estimated value of all assets of the CIA receivership estate is projected to be \$4,195.67. Of that \$4,195.67, approximately \$2,689.63 will be forwarded by the Receiver to the unclaimed property unit(s) of the state(s) reflected in the claimants' and subscribers' last address of record in the Receiver's files.

8. As shown in the *Discharge Accounting*, the estimated value of the assets available for “wind up” expenses is \$1,560.04. The Receiver requests authority to retain \$910 as a reserve for “wind up” expenses of the receivership.

9. The Receiver funds the majority of its budget from the assets of the open receiverships it supervises. Additionally, the Receiver receives an annual budget appropriation from the State of Florida’s Insurance Regulatory Trust Fund (“IRTF”), which funds a portion of the Receiver’s costs and expenses of administration. Each receivership is charged a portion of these state funded costs and expenses. Over the course of the CIA receivership, certain services and resources funded by IRTF have been used by CIA. It is the Receiver’s policy to record these state funded expenditures as Contributed Equity on each receivership financial statement. As shown in the *Discharge Accounting*, as of June 30, 2015, the projected Contributed Equity balance for the CIA receivership is \$14,186.44. It is the policy of the Receiver to reimburse the IRTF for Contributed Equity if the receiver determines that there are sufficient assets available at the end of the receivership. The Receiver requests an order authorizing the Division of Rehabilitation and Liquidation to remit to IRTF any surplus expense funds remaining after discharge.

10. The Receiver may request additional funds (“Advanced Funds”) from IRTF when a receivership has a low or negative cash position but has a strong probability of substantive recoveries or when a receivership is being discharged and requires a small cash infusion to wrap up the discharge activities. As shown in the *Discharge Accounting*, as of June 30, 2015, the Receiver is projected to have received \$35,000 in Advanced Funds from IRTF. Consistent with the Receiver’s policies and procedures, it is customary for the Receiver to remit to IRTF any Advanced Funds which remain after all discharge activities have been completed. The Receiver

requests an order authorizing the Division of Rehabilitation and Liquidation to remit to IRTF any Advanced Funds remaining after discharge.

11. Upon approval of the Receiver's request for final discharge, the records of the CIA receivership estate will no longer be needed, and it will be necessary to dispose of the obsolete company records. Prior to the actual destruction of these records, the Division of Rehabilitation and Liquidation will obtain a "Disposal Authorization Certificate" from the Division of Archives, History, and Records Management of the Florida Department of State.

12. Although such recovery is unlikely, the Receiver requests an order authorizing the Division of Rehabilitation and Liquidation to remit to IRTF any assets which may be recovered following the discharge of this receivership if, in the Division's sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate.

13. The Receiver requests an Order that it shall be fully and finally discharged of its responsibilities in this receivership as of 11:59 P.M. on June 30, 2015.

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

- A. Approving and adopting the Receiver's Discharge Accounting Statement;
- B. Authorizing and directing the Receiver to transfer any unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants' and subscribers' last address of record in the Receiver's files.
- C. Authorizing and directing the Receiver to retain \$910 as a reserve for "wind up" expenses of the Receiver;
- D. Authorizing the Receiver to remit any surplus expense funds or Advanced Funds remaining after discharge to IRTF;
- E. Authorizing the Receiver, after final discharge, to destroy any obsolete records in

the Receiver's possession;

F. Directing, without further order of this Court, the final discharge of the Receiver of its responsibilities in this receivership estate as of 11:59 p.m. on June 30, 2015; and

G. Authorizing the Division of Rehabilitation and Liquidation to remit to IRTF any assets which may be recovered following the discharge of this receivership if, in the Division's sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate.

Respectfully Submitted on this the 17th day of June 2015.

/s/ Jamila G. Gooden

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EXHIBIT A

**Commercial Insurance Alliance
Discharge Accounting Statement
Projected for Discharge in June 30, 2015**

ASSETS

	<u>Amount</u>	
Total Assets	\$ 4,195.67	Schedule A
	<u>\$ 4,195.67</u>	

LIABILITIES

	<u>Recommended Disbursement</u>	
Unclaimed Property	\$ 2,689.63	
Total Liabilities	<u>\$ 2,689.63</u>	

WINDUP SUMMARY

Funds Available for Windup Expenses	1,506.04	
Projected Windup Expenses	<u>(910.00)</u>	Schedule D
Remaining Balance	<u>596.04</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 from the Regulatory Trust Fund

Commercial Insurance Alliance
Available Cash Projection
Projected for Discharge in June 30, 2015

	Cash Balance as of March 31, 2015	Apr-15	May-15	Jun-15
Beginning Cash Balance		\$ 65,299.66	\$ (11,364.33)	\$ (24,344.33)
Assessment Refunds		69,485.69		
Funds from RTF				\$ 35,000.00
Storage, Utilities, Postage, Bank fees		156.30	160.00	50.00
Sub-total		<u>156.30</u>	<u>160.00</u>	<u>50.00</u>
Allocated Receiver Expenses				
Labor & Benefits		7,216.92	12,790.00	6,395.00
Indirect Expenses		30.00	30.00	15.00
Sub-total		<u>7,246.92</u>	<u>12,820.00</u>	<u>6,410.00</u>
Cash Balance Before Interest Earnings		<u>(11,589.25)</u>	<u>(24,344.33)</u>	<u>4,195.67</u>
Interest Earnings				
Actual March interest earned on SPIA APR on the previous month's average Pooled Cash		224.92	-	-
Ending Cash Balance	<u>\$ 65,299.66</u>	<u>\$ (11,364.33)</u>	<u>\$ (24,344.33)</u>	<u>\$ 4,195.67</u>

Assumptions for Allocated Receiver Expenses:

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

December Actual	2,044.08
January Actual	9,850.66
February Actual	5,609.99
March Actual	8,075.87
Sub-total	<u>25,580.60</u>
4 month actual average	6,395.00
4 month actual average doubled for increased activity	<u>12,790.00</u>

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

Estimated Total Asset %	0.01%
Estimated Total for the Receiver	\$ 150,000.00
Estimated Expense	\$ 15.00
Estimated Expense (doubled for increased activity)	<u>\$ 30.00</u>

Commercial Insurance Alliance
Allocated State Funds Expensed (Contributed Equity)
Projected for Discharge in June 30, 2015

	<u>April-15</u>	<u>May-15</u>	<u>June-15</u>	<u>Totals</u>
Estimated Accrual of Allocated State of Florida Expenses				
Labor & Benefits	\$ -	\$ -	\$ - ¹	\$ -
Indirect Expenses (interest)	10.00	10.00	10.00 ²	\$ 30.00
Total	<u>\$ 10.00</u>	<u>\$ 10.00</u>	<u>\$ 10.00</u>	\$ 30.00

Assumptions for Allocated State of Florida Expenses:

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

December Actual	-
January Actual	-
February Actual	-
March Actual	-
Sub-total	<u>-</u>
4 month actual average (rounded)	<u>-</u>

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

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

Commercial Insurance Alliance
Interest Earnings Projection
Projected for Discharge in June 30, 2015

Interest accrued for April 2015

Beginning cash balance at 4/1/2015	\$ 65,299.66
Ending cash balance at 4/30/2015	(11,364.33)
Average cash balance for April	26,967.67
Assumed SPIA interest rate (Annualized)	1.00%
Subtotal (Annualized)	269.68

Accrual for April (Rounded)

\$ -

Interest accrued for May 2015

Beginning cash balance at 5/1/2015	\$ (11,364.33)
Ending cash balance at 5/31/2015	(24,344.33)
Average cash balance for May	(17,854.33)
Assumed SPIA interest rate (Annualized)	1.00%
Subtotal (Annualized)	(178.54)

Accrual for May (Rounded)

\$ -

Commercial Insurance Alliance
Receiver Windup Expenses
Projected for Discharge in June 30, 2015

Windup Expenses (Projected)

Records storage, records destruction, bank fees	\$ 910.00
Tax returns for 2015	
Total	<u>\$ 910.00</u>

Commercial Insurance Alliance
Statement of Contributed Equity - Estimated Balances
Projected for Discharge in June 30, 2015

I. Contributed Equity Balance as of 3/31/2015	\$ 14,156.44
April - June Accrual (Estimate from Schedule B)	\$ 30.00
 Projected Contributed Equity Balance as of 6/30/2015	 <u>\$ 14,186.44</u>