

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

IN RE: The Receivership of AEQUICAP
INSURANCE COMPANY, a Florida
corporation.

CASE NO.: 2011-CA 0494

2011 MAR 21 P 3:23

FILED

RECEIVER'S MOTION TO CANCEL BONDS

COMES NOW the Florida Department of Financial Services as Receiver for AEQUICAP INSURANCE COMPANY (hereinafter "the Receiver" or "AIC") and asks that the Court enter an Order authorizing the Receiver to cancel all bonds. In support thereof, the Receiver states:

1. On March 7, 2011, the Florida Department of Financial Services was appointed Receiver in Liquidation of AEQUICAP INSURANCE COMPANY by Order of this Court.
2. AIC is a Florida property and casualty insurer that provided primarily workers compensation and commercial vehicle coverage.
3. AIC was first ordered into Rehabilitation on February 28, 2011, and the Receiver came on site to AIC on March 1, 2011. After a brief period to review the financial situation of AIC, it became clear to the Receiver that AIC could not be rehabilitated, and the Petition for Liquidation was filed on March 4, 2011. This Court entered the Liquidation Order on March 7, 2011.
4. As the Receiver became more familiar with the business operations of AIC, the Receiver learned that AIC had issued several bonds. The Receiver requested that the AIC agent of record provide a list of all such bonds to the Receiver. It was not until March 18, 2011 that the

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Receiver was provided with that list and had an opportunity to review the types of bonds issued by AIC, which include performance bonds, supersedeas bonds, and surety bonds.

5. The Receiver seeks the Court's authority to cancel these bonds *nunc pro tunc* back to the date of the Liquidation Order, March 7, 2011. Although that Order cancels policies of insurance 30 days from the date of the Order, the Receiver seeks to have the bonds canceled as of the date of the Liquidation Order for the following reasons:

a) the AIC estate is in very poor financial condition and the receivership cannot bear the financial risks of these bonds;

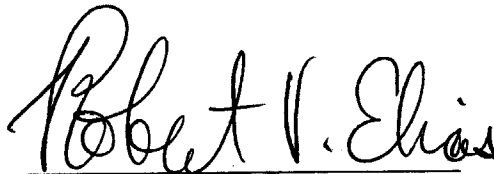
b) all rights are fixed as of the date of liquidation, pursuant to Section 631.251, Florida Statutes, so the Receiver cannot legally incur new obligations as a result of these bonds;

c) bonds are not covered by the Florida Insurance Guaranty Association, the Florida Workers' Compensation Insurance Guaranty Association or any other applicable guaranty association. Therefore, while the relevant guaranty associations will pay claims on policies in the 30 day period before the policies are canceled under the Liquidation Order, that is not the case on the bonds: AIC in receivership would be responsible for the risk, and the company is unable to perform that obligation.

6. The Receiver has filed this Motion promptly upon learning of these bond obligations, and intends to notice the bond agents, principals and obligees of the cancellation, upon receiving authorization from this Court.

WHEREFORE, the Receiver requests that this Court enter an Order authorizing the Receiver to cancel all bonds on which Aequicap Insurance Company is the surety.

DATED: March 21st, 2011.



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