

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

In Re: The Receivership of ASSOCIATED  
BUSINESS & COMMERCE INSURANCE  
CORPORATION, a Florida corporation  
authorized to transact an insurance business  
in Florida

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CASE NO.: 98-1239

**CONSENT ORDER OF LIQUIDATION,  
INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

THIS CAUSE was considered on the petition of the Florida Department of Insurance, as Receiver of Associated Business & Commerce Insurance Corporation (referred to as "Respondent" herein) for a consent order of liquidation of Respondent. The Court having reviewed the pleadings of records, having heard presentation of counsel, and otherwise being fully informed in the premises, finds:

1. ASSOCIATED BUSINESS & COMMERCE INSURANCE CORPORATION ("ABC") is a Florida corporation and is a domestic insurer authorized to transact an insurance business specializing in workmen's compensation in the State of Florida pursuant to the provisions of Chapters 440 and 627, Florida Statutes.
2. Associated Business & Commerce Holdings, Inc., is a Florida corporation that owns and controls the Respondent and as such is considered an affiliate company.
3. This Court has jurisdiction of this matter pursuant to the Consent Rehabilitation Order and to Section 631.021(3), Florida Statutes, which provides that a delinquency proceeding constitutes the sole and exclusive method of rehabilitation, liquidation or conservation of an insurance company. In accordance with Chapter 631, Florida Statutes a delinquency proceeding will be conducted under the supervision of the Florida Department of Insurance. Section 631.021, Florida Statutes, provides that the venue of a delinquency proceeding against a domestic insurer shall be in the Circuit Court of Leon County.

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 of the grounds specified in Sections 631.061 or 631.051, Florida Statutes, or if such insurer is or is about to become insolvent.

5. Section 631.061, Florida Statutes, and Section 631.051(11), Florida Statutes, authorize the Department to apply to this Court for an order directing it to liquidate 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.

6. Respondent has consented to the appointment of the Department as Receiver for purposes of liquidation and admits that Respondent is insolvent as defined under Chapter 631, Florida Statutes.

7. Pursuant to the provisions of Section 631.101(2), Florida Statutes, and paragraph Y of the Consent Liquidation Order, the Receiver has determined that further efforts to rehabilitate Respondent would be useless and has applied to the Court for the entry of an Order of Liquidation.

8. Further efforts to rehabilitate the Respondent would be useless.

9. Section 631.397(1), Florida Statutes, requires that the Receiver, within 120 days of the entry of an order of liquidation, apply to this Court for approval of a proposal to "disburse assets out of such insurer's marshaled assets, as such assets become available" to each guaranty association entitled thereto. Such distributions to the guaranty associations are commonly referred to as advance or "early access" distributions.

10. Assuming this Court orders the liquidation of Respondent, the Receiver at this time anticipates that it will be necessary for it to retain all of Respondent's assets which currently exist or which become available in order to insure payment of the Receiver's expenses in fulfilling its obligations. The Receiver does not anticipate that sufficient assets of Respondent will be available to make any advance or "early access" distribution to the Florida Workers'

Compensation Insurance Guaranty Association ("FWCIGA) within the next several months, if ever. Pursuant to Section 631.397, Florida Statutes, the Receiver therefore proposes as its initial plan of liquidation to use the existing assets of the Respondent, and additional assets as such become available, to marshal and liquidate the assets of the Respondent in accordance with this Court's order of liquidation and the provisions of Chapter 631, Florida Statutes. In the event the financial circumstances of the insolvent estate later indicate the feasibility of an advance distribution, the Receiver would apply to this Court for approval of a proposal to disburse assets to the Florida Workers' Compensation Insurance Guaranty Association in accordance with the provisions of Section 631.397, Florida Statutes.

11. It is in the best interests of Respondent's estate, creditors and insureds that the relief requested in this petition be granted.

**IT IS THEREFORE ORDERED AND ADJUDGED** as follows:

A. The Department of Insurance of the State of Florida is hereby appointed as Receiver of Respondent for purposes of liquidation.

B. The Receiver's plan of liquidation, as set forth above, is hereby approved.

C. The Receiver is hereby authorized and directed to:

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

- 2) 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.
- 3) 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.
- 4) 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.
- 5) Not defend or accept service of process on legal actions wherein the 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.
- 6) Commence and maintain all legal actions necessary, wherever necessary, for the proper administration of this receivership proceeding.

- 7) Collect all debts that are economically feasible to collect which are due and owing to the Respondent.
- 8) Deposit funds and maintain bank accounts in accordance with Section 631.221, Florida Statutes.
- 9) Take possession of all Respondent's securities and certificates of deposit on deposit with the Treasurer of Florida, if any, and convert to cash as much as may be necessary, in its judgment, to pay the expenses of administration of this receivership.
- 10) 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.
- 11) 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.
- 12) Sell any salvage recovered having value of not more than Twenty Thousand Dollars (\$20,000.00) without further order of this Court.
- 13) Coordinate the operation of the receivership with the FWCIGA pursuant to Part V of Chapter 631, Florida Statutes. The Receiver may, in its discretion, contract with the FWCIGA to provide services as are necessary to carry out the purposes of Chapter 631, Florida Statutes.
- 14) Give notice of this proceeding to Respondent's agents pursuant to Section 631.341, Florida Statutes, and to its insureds, if any.
- 15) Apply to this Court for approval of a proposal to disburse assets to the FWCIGA in accordance with the provisions of Section 631.397, Florida Statutes, at such time as the Receiver determines that the financial

circumstances of the insolvent estate indicate the feasibility of such an advance distribution.

**IT IS FURTHER ORDERED and ADJUDGED that**

D. 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.

E. 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 fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes, notwithstanding the provisions of the above paragraph.

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

G. All attorneys employed by Respondent as of the date of the Order, within 10 days notice of the Order, shall 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 should be discharged as of the date of the Order unless the Receiver retains their services. All attorneys employed by Respondent shall be advised that pursuant to Section 631.011(17), 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. 1<sup>st</sup> 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 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.

H. 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 the 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 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.

I. 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 pay any premium owed to the Respondent directly to the Receiver.

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

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

L. Any bank, savings and loan association, financial institution or other person, including but not limited to the following:

<u>Bank Name and Address</u>	<u>Account Number</u>	<u>Type of Account</u>
Suntrust Bank, P.O. Box 405100 Ft. Lauderdale, Fl 33340-5100	0417-006224717	Operating
	0417-066228831	Depository
	0417-06224706	Claims
	0494-002021738	SIF
Compass Bank P.O. Box 10566 Birmingham, Alabama 35296	97265399	Depository
	16049611	Investment
First Union National Bank of Fl. P.O. Box 2080-FLO35 Jacksonville, Fl. 32231-0010	4056214215	Investment

and any other 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 the Respondent, shall immediately transfer title, custody and control of all such funds, accounts and other assets to the Receiver. The Receiver is 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 should 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.

M. Any entity furnishing telephone, water, electric, sewage, garbage or trash removal services to the Respondent shall 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.

N. 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 the Respondent shall transfer custody and control of such records to the Receiver. The Receiver is authorized to compensate any such entity for the actual use of hardware and software that the Receiver finds to be necessary to this proceeding. Compensation should be

based upon the monthly rate provided for in contracts or leases with Respondent which were 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.

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

P. All claims shall be filed with the Receiver on or before 11:59 p.m. on April 24, 1999, or be forever barred, and all such claims should be filed on proof of claim forms prepared by the Receiver.

Q. All insurance policies, bonds or similar contracts of coverage of the Respondent issued in Florida shall be cancelled as of 12:01 A.M. on May 25, 1998 unless terminated earlier upon request of insured or upon the normal expiration date, whichever occurs first pursuant to Section 631.252, Florida Statutes.

R. Except for contracts of insurance and provider contracts as referenced below, all executory contracts to which the Respondent was a party are hereby canceled and will stand canceled unless specifically adopted by the Receiver within thirty (30) days of the date of the Order. 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.

S. All affiliated companies and associations, including but not limited to Associated Business & Commerce Holdings, Inc., are 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 has 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

is 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 should be safeguarded and presented to this Court for review prior to copying by the Receiver.

T. The Receiver shall have complete access to all computer records of the Respondent and its affiliates at all times

U. 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 should not be held in contempt of Court for violation of the provisions of this Order.

V. The Florida Department of Insurance is to cancel and render null and void any certificate of authority issued by the Department of Insurance and required by the Florida Insurance Code in order for Respondent to do business in the State of Florida.

W. 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 enjoined and restrained from the further transaction of the insurance business of the Respondent; from doing, doing through omission, or permitting to be done any action which might waste or dispose of the books, records and assets of the 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 the 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 may accept and be subpoenaed for non-party production of claims files in its possession, including medical records that 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), Florida Statutes.

#### **CONTINUATION OF INVESTIGATION**

Y. The Receiver may 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 parent corporations, its subsidiaries, and affiliates, including but not limited to Associated Business & Commerce Holding, Inc., 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 (9:00 a.m. to 5:00 p.m.) Monday through Friday, from the date of the Order. The Respondent and the above-specified entities shall 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.

Z. 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. 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, including but not limited to all records, statements, and information regarding the following accounts:

<u>Bank Name &amp; Address</u>	<u>Account Number</u>	<u>Owner on Account</u>
Suntrust Bank, P.O. Box 405100 Ft. Lauderdale, FL 33340-5100	0417-006224717	Operating Depository Claims SIF
	0417-066228831	
	0417-06224706	
	0494-002021738	
Compass Bank P.O. Box 10566 Birmingham, Alabama 35296	97265399	Investment
	16049611	
First Union National Bank of FL. P.O. Box 2080-FLO35 Jacksonville, FL. 32231-0010	4056214215	Investment

**NOTICE OF AUTOMATIC STAY**

AA. Notice should be 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:

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

- 2) The enforcement of a judgment against the insurer or an affiliate obtained either before or after the commencement of the delinquency proceeding;
- 3) Any act to obtain possession of property of the insurer;
- 4) Any act to create, perfect or enforce a lien against property of the insurer, except a secured claim as defined in Section 631.011(17), Florida Statutes;
- 5) Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;
- 6) The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

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

CC. Pursuant to Section 631.111(3), Florida Statutes, the corporate existence of Respondent is hereby dissolved. The Secretary of State shall, upon the filing of a certified copy of this Order, reflect such dissolution in its records.

DD. 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 24<sup>th</sup> day of April, 1998.

STATE OF FLORIDA, COUNTY OF LEON

I HEREBY CERTIFY that the above and foregoing is a true and correct copy of an instrument recorded in the official records of Leon County, Florida. WITNESS my hand and seal of office this 24<sup>th</sup> day of April, 1998.



DAVE LANG  
Clerk of Circuit Court

by Jean W. Mack c.c.

Terry P. Lewis  
TERRY P. LEWIS  
CIRCUIT COURT JUDGE

STATE OF FLORIDA, COUNTY OF LEON  
I HEREBY CERTIFY that the above and foregoing is a true and correct copy of an instrument recorded in the official records of Leon County, Florida. WITNESS my hand and seal of office this 24 day of April, 1998.



TERRY P. LEWIS  
Circuit Court

Terry P. Lewis