

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

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

CASE NO.: 01-0153

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

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, DIVISION OF
REHABILITATION AND LIQUIDATION, as Receiver of Queensway Casualty Insurance
Company (hereinafter "Receiver"), moves this Honorable Court for an entry of an Order
approving, and files herewith, the Receiver's Second Interim Claims Report and
Recommendation on Claims and in support of its motion states:

1. Queensway Casualty Insurance Company (hereinafter "Queensway"), was
a Florida corporation previously authorized to transact insurance business in the State
of Florida. On January 18, 2001, this Court entered its *Order Appointing the Florida
Department of Insurance as Receiver for Purposes of Liquidation, Injunction, and Notice
of Automatic Stay*. On January 7, 2003, the Florida Department of Insurance became a
part of the Florida Department of Financial Services.

2. This Court has jurisdiction over the Queensway 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. In accordance Section 631.182, Florida Statutes (2007), the Receiver has
completed its evaluation and recommendations on the Class in the Queensway

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CLERK'S OFFICE
LEON COUNTY
FLORIDA

FILED

receivership estate. Attached, and by reference made a part hereof, is the Receiver's Second Interim Claims Report and Recommendation on Claims dated March 3, 2010 (hereinafter the "Report"). The Receiver's Second Interim Claims Report (in electronic form as a compact disc) marked as Composite Exhibit "A", is attached hereto and by reference made a part hereof.

4. The Receiver's Second Interim Claims Report (the report) is broken down into two sections. Part A of the Report consists of claims of non-guaranty association claimants and Part B consists of all claims of guaranty association claimants. For the Court's convenience, paper copies of the summary totals from each section of the Receiver's Second Interim Claims Report are attached as Composite Exhibit "B".

5. Part A of the Report contains 238 filed claims for non-guaranty association claimants for a total amount claimed of \$3,160,126.65. The total amount recommended by the Receiver is \$36,651.50.

6. Part B of the Report contains one filed claim by a guaranty association claimant for a total amount claimed of \$1,316,353.81. The total amount recommended by the Receiver for the payment of guaranty association claims is \$1,316,353.81. The guaranty association identified within the report is the Florida Insurance Guaranty Association ("FIGA").

7. 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. A sample copy of the "Notice to Claimants" is attached and incorporated herein as Attachment "C."

8. 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 or her objection was not filed in compliance with 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.

9. The Receiver requests that its recommendations set forth in the Report provided herein as Composite Exhibit "A" 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. Authorizing and directing the Receiver to provide notice to each claimant, as herewith reported to the Court, of the Receiver's recommendation regarding his or her claim, by United States Mail to the last known address of such person, as shown in the Receiver's files.

B. Directing all persons who have filed claims, as herewith reported to the Court, to file in writing any objection to the receiver's Report they might have with the Clerk of this Court on or before 11:59 p.m. on June 30, 2010 at:

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

and requiring that a copy of said objection be served on the Receiver at the following address:

The Florida Department of Financial Services
as Receiver for Queensway Casualty Insurance Company
P.O. Box 110
Tallahassee, Florida 32302-0110

C. Requiring any person filing an objection to clearly state the name and claim identification number of the person filing the objection and to clearly state the factual and legal reason(s) supporting the objection and claim.

D. Requiring any person filing an objection to submit documentation to support his or her claim and declaring that the Court will not consider any information or documentation submitted after the objection is filed.

E. Approving the Receiver's Second Interim Claims Report and Recommendation on Claims for which no objections are filed.

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

WHEREFORE, the Receiver respectfully requests this Court grant its Motion and enter an Order approving the Second Interim Claims Report be approved.

SUBMITTED on this 2nd day of April, 2010.

By: Robert V. Elias For
YAMILE BENITEZ-TORVISO
SENIOR ATTORNEY
Florida Bar Number: 0151726
Florida Department of Financial Services
As Receiver of Queensway Casualty Insurance
Company
Post Office Box 110
Tallahassee, Florida 32302-0110
phone: (786) 336-1382
fax: (850) 921-6115

FLORIDA DEPARTMENT OF FINANCIAL SERVICES
RECEIVER



«company»

April 2, 2010

NOTICE of DETERMINATION

«DELIVERYPOINTBARCODE»

«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

RE: «COMPANY»

THIS IS NOT A BILL

Civil Action: «CASE_NO»

2nd Judicial Circuit Court

Leon County, Florida

OBJECTION FILING DEADLINE: June 30, 2010

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 against the Receivership Estate of «COMPANY». A copy of the court order reflecting approval of these recommendations can be obtained at www.floridainsurancereceiver.org.

The Receiver has evaluated Class 1 through Class 3 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. Florida Statute 631.271, "Priority of claims", defines the classification of claims. (See F.S. 631.271 on reverse side of this form.) **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 3.** No claims in Class 4 through Class 10 were evaluated. Therefore, if your class has been identified as Class 4 through Class 10, 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. (See F.S. 631.271 on reverse side of this form.)

Below is a brief description of the class of claims being reported to the Court:

- Class 1 Costs & expenses of the Receiver and state guaranty funds
- Class 2 Loss claims covered by the policy
- Class 3 Refund of unearned premium on non-assessable policies
- Class 4 Claims of the Federal Government
- Class 5 Claims of employees
- Class 6 Claims of general creditors
- Class 7 Claims of any state or local government
- Class 8 Claims filed late
- Class 9 Surplus or contribution notes & premium refunds on assessable policies
- Class 10 Claims of shareholders or other owners

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 AND THE CLERK OF COURT, SECOND JUDICIAL CIRCUIT, LEON COUNTY COURT HOUSE, 301 S. MONROE STREET, TALLAHASSEE, FLORIDA 32301.

YOUR OBJECTION MUST BE POSTMARKED BY JUNE 30, 2010. IT IS SUGGESTED THAT YOU SEND YOUR OBJECTION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED.

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. Mail original to the Clerk of Court, a copy to 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», P.O. BOX 110

TALLAHASSEE, FLORIDA 32302-0110

Website: www.MyFloridaCFO.com/Receiver

Telephone: 850-413-3081, Toll Free: 800-882-3054, Facsimile: 850-921-6115

ATTACHMENT "C"

**FLORIDA DEPARTMENT OF FINANCIAL SERVICES
RECEIVER
«company»**

NOTE: Any distribution will be made on a pro-rata basis. If a distribution is made, you may not receive the full amount recommended for your claim. 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% equals 25 cents on the dollar.)

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 is incorrect, or becomes incorrect in the future, it is your responsibility to notify the Receiver and document any changes. Further instructions can be found on our website listed below.

FLORIDA STATUTE 631.271 Priority of Claims

631.271 Priority of claims.—

(1) The priority of distribution of claims from the insurer's estate shall be in accordance with the order in which each class of claims is set forth in this subsection. Every claim in each class shall be paid in full or adequate funds shall be retained for such payment before the members of the next class may receive any payment. No subclasses may be established within any class. The order of distribution of claims shall be:

(a) Class 1.—

1. All of the receiver's costs and expenses of administration.

2. All of the expenses of a guaranty association or foreign guaranty association in handling claims.

(b) Class 2.— All claims under policies for losses incurred, including third-party claims, all claims against the insurer for liability for bodily injury or for injury to or destruction of tangible property which claims are not under policies, and all claims of a guaranty association or foreign guaranty association. All claims under life insurance and annuity policies, whether for death proceeds, annuity proceeds, or investment values, shall be treated as loss claims. That portion of any loss, indemnification for which is provided by other benefits or advantages recovered by the claimant, may not be included in this class, other than benefits or advantages recovered or recoverable in discharge of familial obligations of support or by way of succession at death or as proceeds of life insurance, or as gratuities. No payment by an employer to her or his employee may be treated as a gratuity.

(c) Class 3.—Claims under nonassessable policies for unearned premiums or premium refunds.

(d) Class 4.—Claims of the Federal Government.

(e) Class 5.—Debts due to employees for services performed, to the extent that the debts do not exceed \$2,000 for each employee and represent payment for services performed within 6 months before the filing of the petition for liquidation. Officers and directors are not entitled to the benefit of this priority. This priority is in lieu of any other similar priority that is authorized by law as to wages or compensation of employees.

(f) Class 6.—Claims of general creditors.

(g) Class 7.—Claims of any state or local government. Claims, including those of any state or local government for a penalty or forfeiture, shall be allowed in this class, but only to the extent of the pecuniary loss sustained from the act, transaction, or proceeding out of which the penalty or forfeiture arose, with reasonable and actual costs occasioned thereby. The remainder of such claims shall be postponed to the class of claims under paragraph (j).

(h) Class 8.—Claims filed after the time specified in F.S. 631.181(3), except when ordered otherwise by the court to prevent manifest injustice, or any claims other than claims under paragraph (i) or under paragraph (j).

(i) Class 9.—Surplus or contribution notes, or similar obligations, and premium refunds on assessable policies. Payments to members of domestic mutual insurance companies shall be limited in accordance with law.

(j) Class 10.—The claims of shareholders or other owners.

(2) In a liquidation proceeding involving one or more reciprocal states, the order of distribution of the domiciliary state shall control as to all claims of residents of this and reciprocal states. All claims of residents of reciprocal states shall be given equal priority of payment from the insurer's assets regardless of where such assets are located.

<p>FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER «company», P.O. BOX 110 TALLAHASSEE, FLORIDA 32302-0110 Website: www.MyFloridaCFO.com/Receiver Telephone: 850-413-3081, Toll Free: 800-882-3054, Facsimile: 850-921-6115</p>
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