

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

STATE OF FLORIDA, ex. rel., the
DEPARTMENT OF INSURANCE OF
THE STATE OF FLORIDA,

Relator,

vs.

CASE NO.:

CV 98-3962

FLORIDA WORKER'S COMPENSATION
FUND, a Florida self-insurance fund,

Respondent,

**CONSENT ORDER APPOINTING THE
FLORIDA DEPARTMENT OF INSURANCE
RECEIVER FOR PURPOSES OF REHABILITATION,
INJUNCTION, AND NOTICE OF AUTOMATIC STAY**

THIS CAUSE was considered on the Petition of the FLORIDA DEPARTMENT OF INSURANCE ("Department") for a Consent Order appointing the Department as Receiver of FLORIDA WORKERS COMPENSATION FUND, a Florida self-insurance fund ("Respondent") for purposes of REHABILITATION. The Court having reviewed the pleadings of record, having heard presentation of counsel, and otherwise being fully informed in the premises, finds:

1. Respondent is a domestic self-insurance fund authorized to transact business as a group self-insurance fund in the state of Florida pursuant to Sections 624.460 through 624.489, Florida Statutes. Respondent's principal place of business is 1901 Mason Avenue, Suite 103, Daytona Beach, Florida 32117-5105.

2. This Court has jurisdiction of this matter pursuant to Section 624.476(3), Florida Statutes, which provides that any rehabilitation, liquidation, conservation, or dissolution of a

self-insurance fund shall be conducted under the supervision of the Florida Department of Insurance pursuant to Chapter 631, Florida Statutes. Chapter 631, Florida Statutes, further provides that venue of a delinquency proceeding against a domestic insurer shall be in the Circuit Court of Leon County.

3. Section 631.061, Florida Statutes, authorizes the Department to apply to this Court for an order directing it to liquidate or rehabilitate 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.

4. 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 or rehabilitate 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.

5. Respondent has consented to the appointment of the Department as Receiver for purposes of liquidation and admits that Respondent is insolvent within the meaning of the provisions of Section 631.011(11), Florida Statutes, and as defined under Chapter 631, Florida Statutes and Respondent has waived its right to notice and hearing on the Department's petition.

6. Respondent is insolvent as defined by Section 631.011(11), Florida Statutes.

7. The Department should be appointed Receiver without further delay to protect the remaining assets of Respondent for the benefit of its policyholders, creditors, and the public.

8. 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 Receiver of Respondent for purposes of rehabilitation.

B. 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 which 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, including the funding of the Reinsurance agreement entered

into on July 9, 1998, between the Respondent, the Department and National Union Fire Insurance Company of Pittsburgh, PA .

- 10) 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.
- 11) Sell any salvage recovered having value of not more than Twenty Thousand Dollars (\$20,000.00) without further order of this Court.

IT IS FURTHER ORDERED and ADJUDGED that:

C. 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 is required to fully cooperate with the Receiver, pursuant to Section 631.391, Florida Statutes.

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

E. All attorneys employed by Respondent as of the date of this Order shall, within 10 days notice of the Order, 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 are hereby 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. 1st 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.

F. 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 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.

G. Reinsurance or "excess insurance" premiums due to or payable by the Respondent shall be remitted in accordance with the Receiver's instructions. Reinsurance or "excess insurance" receivables for losses recoverable or payable by the Respondent shall be handled by the Receiver, or the Receiver's designee. All correspondence concerning reinsurance or "excess insurance" shall be between the Receiver and the reinsuring company or intermediary, or as otherwise directed by the Receiver..

H. 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.

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

<u>Bank Name & Address</u>	<u>Account Number</u>	<u>Type of Account</u>
SouthTrust Bank	61989977	Claims Account
1060 W. International	61989911	Premium Account
Speedway Blvd.	61990010	General Fund
Daytona Beach, FL 32114	63834622	Commission Account
	67984339	Operating Account
	67984328	Payroll Account
	61989999	Trustee Account
	22080777	Assessment Account

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 may 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 shall 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.

J. 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 this Order, unless instructed to the contrary by the Receiver.

K. AmeriComp Insurance Services Inc. and any other 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 shall compensate any such entity for the actual use of hardware and software which the Receiver finds to be necessary to this proceeding. Compensation shall 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.

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

M. Except for contracts of insurance, all executory contracts (including leases) 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 this 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.

N. All affiliated companies and associations are hereby 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 shall be safeguarded and presented to this Court for review prior to copying by the Receiver.

O. The Receiver shall have complete access to all computer records of the Respondent and its affiliates at all times, including, but not limited to Respondent's computer records which may be in the custody and control of AmeriComp Insurance Services, Inc.

P. Any person, firm, corporation or other entity having notice of the Order that fails to abide by its terms is 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.

Q. 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 which 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 may impose a charge for copies of such claim files pursuant to the provisions of Section 119.07(1)(a), Florida Statutes.

CONTINUATION OF INVESTIGATION

R. The Receiver is authorized to 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 shall 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.

S. 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 & Address</u>	<u>Account Number</u>	<u>Type of Account</u>
SouthTrust Bank 1060 W. International Speedway Blvd. Daytona Beach, FL 32114	61989977	Claims Account
	61989911	Premium Account
	61990010	General Fund
	63834622	Commission Account
	67984339	Operating Account
	67984328	Payroll Account
	61989999	Trustee Account
	22080777	Assessment Account

NOTICE OF AUTOMATIC STAY

T. Notice is hereby 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

