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

In Re: The Receivership of
FORTUNE INSURANCE COMPANY,
a Florida Corporation.

CASE NO.: 01-1254

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

THIS CAUSE was considered on the emergency petition of the Florida Department of Insurance for entry of an order of liquidation for Fortune Insurance Company (hereafter "Respondent"). The Court having reviewed the pleadings of record, having heard presentation of counsel, and otherwise being fully informed in the premises, finds:

1. Fortune Insurance Company is a Florida corporation with its principal place of business at 10475 Fortune Parkway, Suite 103, Jacksonville, Florida 32256-3523 and is a domestic insurer authorized to transact an insurance business in this state.
2. Section 631.051, Florida Statutes (2000), 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 therein. Section 631.061, Florida Statutes (2000), and Section 631.051(11), Florida Statutes (2000), authorize the Department to apply to this Court for an order directing it to rehabilitate or 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.
3. Respondent consented to the appointment of the Department as Receiver for purposes of rehabilitation and was ordered into rehabilitation on May 21, 2001.

4. Pursuant to the directives to the Receiver in the Order of Rehabilitation, the Receiver has been examining the books and records of Respondent. In the course of that examination, the Receiver has determined that the degree of the insolvency of Respondent is such that it cannot be rehabilitated. The Receiver has found that not only is Respondent insolvent in the amount of \$21,054,965.00, but also is rapidly running out of cash and liquid assets. See Exhibits "A" and "B" attached to the Receiver's Petition.
5. Respondent is in such condition that to render any further attempts at rehabilitation would be futile and Respondent has failed to contest the entry of this order of liquidation as set out in the Order of this Court dated July 2, 2001.
6. The Department is hereby appointed Receiver of respondent for the purposes of liquidation without further delay to protect the remaining assets of respondent for the benefit of its policyholders, creditors and the public.
7. The automatic stay provided for in section 631.041(1), Florida Statutes (2000), provides that the filing of a petition for order to show cause or a petition for a consent shall remain in full force and effect and notice of the automatic stay is republished in this order of liquidation.
8. Sections 631.041(3) and (4), Florida Statutes (2000), authorize this Court to enter such injunctions, as it deems appropriate to protect the remaining assets of the Respondent and prevent interference with the conduct of these proceedings.

THEREFORE, IT IS ORDERED AND ADJUDGED:

9. The Florida Department of Insurance is hereby appointed Receiver of respondent for the purposes of liquidation, and is authorized and directed to proceed with the

liquidation of the Respondent, and to carry out its duties as enumerated under the controlling provisions of Chapter 631, Florida Statutes.

10. Respondent's policies of insurance which are in force as of the date of this Order are cancelled 30 days from the date of this Order, 11:59 p.m., August 5, 2001, in accordance with the provisions of Section 631.252, Florida Statutes (2000); provided however that any policies of flood insurance issued by Respondent pursuant to the National Flood Insurance Act of 1968, as amended shall not be cancelled. Policies with a normal expiration date, or those policies that are cancelled for non-payment of premium prior to 11:59 p.m., August 5, 2001, shall stand cancelled as of the earlier time and date.
11. The deadline for the filing with Receiver of any claims, which the creditors of the Respondent may have, in accordance with Section 631.181(3), Florida Statutes (2000) shall be one year from the date of this Order, 11:59 p.m.. July 6, 2002.
12. All officers, directors, employees, managers, consultants, trustees, adjusters, attorneys, agents, or affiliates of the Respondent, including but not limited to Mobile America Insurance Group, Pegasus Insurance Company, Fortune Life Insurance Company, Fortune Services, Inc., Fortune Premium Finance, 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 shall fully cooperate with the Receiver pursuant to Section 631.391, Florida Statutes (2000).
13. The Receiver shall 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.

14. The Receiver is authorized to negotiate and settle subrogation claims and Final Judgments up to and including the sum of \$20,000.00 without further order of this Court.
15. The Receiver is authorized to sell salvage recovered, having value of not more than \$20,000.00 without further order of this Court.
16. The Receiver is authorized to coordinate the operation of the receivership with the Florida Insurance Guaranty Association pursuant to Part II of Chapter 631, Florida Statutes (2000), and, in the Receiver's discretion, to enter into such contracts with the guaranty association to provide services as are necessary to carry out the purpose of Chapter 631, Florida Statutes.
17. All attorneys employed by Respondent as of the date of the Order, within 10 days notice of the Order, shall update any report they have previously submitted to the Receiver pursuant to the Order placing Respondent into Rehabilitation. Said report should also include an updated accounting of any funds received from or on behalf of the Respondent. All attorneys employed by Respondent are hereby discharged as of the date of the Order unless the Receiver retains their services. All attorneys employed by Respondent are 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 2000), 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 should be required to 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, should not be extinguished by the delivery of these documents. Respondent's attorneys may retain a copy of the files delivered to the Receiver, such copy is to be procured at their own expense and at no expense to the Receiver. Unless the Receiver directs otherwise all files are to be delivered to the Receiver within 10 days of receipt of this order. Any fees and costs unpaid as of the date of the Order of Liquidation constitute claims against the estate of respondent and are to be filed as set out in the claims provisions of Chapter 631.

18. All agents, brokers or other persons having sold policies of insurance and/or collected premiums on behalf of Respondent shall account for and pay all premiums and commissions unearned due to cancellation of policies owed to Respondent directly to the Receiver within 30 days of demand by the Receiver or appear before this Court to show good 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 or other person shall use premium moneys owed to Respondent for refund of unearned premium or for any purpose other than payment to the Receiver.
19. All premium finance companies which have entered into a contract to finance a premium for a policy issued by Respondent shall pay the premium owed to Respondent directly to the Receiver.
20. 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 changes necessary to the conduct of the receivership.

21. Any bank, savings and loan association or other financial institution which has on deposit or in its possession, custody or control any funds, accounts, or other assets of Respondent shall immediately transfer title, custody and control of all such funds, accounts, or assets to the Receiver.
22. Any entity furnishing water, electric, sewage, garbage or trash removal services to 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.
23. 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 Respondent shall transfer custody and control of such records to the Receiver.
24. The United States Postal Service will continue to provide any information requested regarding the Respondent to the Receiver and to handle future deliveries of Respondent's mail as directed by the Receiver.
25. Except for contracts of insurance, all executory contracts to be performed in Florida to which Respondent was a party are canceled unless specifically adopted by the Receiver within 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 should not be treated as an anticipatory breach of such contracts.
26. The Florida Department of Insurance is authorized 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.

27. Pursuant to Section 631.111(3), Florida Statutes, the corporate existence of Respondent is dissolved. The Secretary of State is directed to reflect such dissolution in its records upon the receipt of a certified copy of this Order.
28. Pursuant to Sections 631.041(3) and (4), Florida Statutes (2000), all persons, firms, corporations and associations within the jurisdiction of the Court, including but not limited to Respondent and its officers, directors, stockholders, members, agents and employees are enjoined and restrained from the further transaction of insurance business of Respondent; and further 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 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, 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 its property or assets.
29. The Receiver shall 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 this 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.

30. Process servers shall not serve any paper on the Respondent or the receiver, except as set out in paragraph 29, absent permission of this Court.
31. The Receiver shall continue the investigation of respondent authorized by the Order of Rehabilitation.

CONTINUATION OF INVESTIGATION

32. 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 any parent corporations, subsidiaries, and affiliates are 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 are required to cooperate with the Receiver to the fullest extent required by Section 631.391, Florida Statutes. Such cooperation should 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.

33. 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 is required to 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:

NOTICE OF AUTOMATIC STAY

34. Notice is 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:

- A. The commencement or continuation of judicial, administrative or other action or proceeding against the insurer or against its assets or any part thereof;
- B. The enforcement of a judgment against the insurer or an affiliate, provided that such affiliate is owned by or constitutes an asset of Respondent, obtained either before or after the commencement of the delinquency proceeding;
- C. Any act to obtain possession of property of the insurer;
- D. 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;

E. Any action to collect, assess or recover a claim against the insurer, except claims as provided for under Chapter 631;

F. The set-off or offset of any debt owing to the insurer except offsets as provided in Section 631.281, Florida Statutes.

35. All Sheriffs and all law enforcement officials of this state are required to cooperate with and assist the Receiver in the implementation of the Order.

36. This Court shall retain 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 in Tallahassee, Leon County, Florida this 6th day of

July, 2001.

William R. Bony

~~NIKKI ANN CLARK~~
Circuit Judge

A Certified Copy
Attest:

Bob [unclear]

Clerk of Circuit Court
Leon County, Florida

By *Emmella [unclear]*
C.C.

