

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

IN RE:

The Receivership of SENIOR CITIZENS  
MUTUALINSURANCE COMPANY.

CASE NO.: 2005 CA 1069

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**DEPARTMENT'S MOTION FOR ORDER APPROVING DISCHARGE  
ACCOUNTING STATEMENT, DIRECTING FINAL DISCHARGE, AND  
AUTHORIZING DESTRUCTION OF OBSOLETE RECORDS**

The Florida Department of Financial Services, as Receiver of Senior Citizens Mutual Insurance Company, by and through its undersigned counsel, moves this Court for entry of an Order approving the Discharge Accounting Statement, for an Order directing final discharge of the Receivership, and for authorization to destroy obsolete records, and in support of its Motion states as follows:

1. On May 9, 2005, this Court entered an Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay. Subsequently, on June 1, 2005, this Court entered an Order Appointing the Florida Department of Financial Services as Receiver for Purposes of Liquidation, Injunction, and Notice of Automatic Stay.

2. Senior Citizens Mutual Insurance Company ("SCMIC") was a property and casualty insurance company located in the State of Florida.

3. This Court has jurisdiction over the SCMIC 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.

4. The Court approved the Department's First Interim Claims Report in the Order Approving Receiver's First Interim Claims Report and Recommendation on Claims entered September 27, 2010. A Second Interim Claims Report and Recommendation on Claims was approved on November 18, 2011. An *Order Approving Receiver's Final Claims Reports, Authorizing Partial Distribution, and Confirming Deadline To File Assignments of Claim* was entered on December 21, 2012. A partial distribution was made to Classes 1 through 3 as authorized by that Order. Further, the federal release was obtained, which enabled the Department to distribute past Class 4.

5. Subsequent to what the Department believed was the Final Claims Report in 2012, it was determined there was a surplus in the SCMIC estate of approximately \$2.5 million. Litigation with two claimants, Region Nine Housing Corporation and Elderly Housing Development and Operations Company ("EHDOC"), ensued over the appropriate formula to calculate the distributive share to be apportioned among the members of this mutual insurer. That litigation was resolved in May, 2016, with several Orders entered by the Receivership Court. Any and all pending claim objections and/or objections to the Department's method of calculation were withdrawn by these claimants.

6. An *Order Approving the Department's Final Claims Report Dated August 3, 2016, Claims Distribution Report, and Distribution Accounting, and Authorizing Final Distribution* was entered on August 30, 2016. In accordance with that Order, the Department distributed \$1,999,999.99 to all Class 10 claimants.

7. A certain number of the final distribution checks were not mailed due either to a bad address or a W-9 issue or were not cashed prior to the expiration date and remain unclaimed. After a diligent search to locate the claimants due these funds, the Department

will compile an unclaimed property report pursuant to section 717.117, Florida Statutes. The Department plans to transfer said unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Department's files.

8. The Department's Discharge Accounting Statement – Projected as of December 2016 (the "Discharge Accounting") is attached hereto as Exhibit 1.

9. As shown in the Discharge Accounting, the estimated value of all assets of the SCMIC Ancillary Receivership estate is projected to be \$235,010.59 as of December 31, 2016. See Schedule A to Exhibit 1. Of that \$235,010.59, approximately \$165,245.46 will be forwarded by the Department to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Department's files.

10. The Department would retain \$2,000.00 as a reserve for "wind up" expenses of the Receivership.

11. The Department funds the majority of its budget from the assets of the open receiverships it supervises. Additionally, the Department receives an annual budget appropriation from the State of Florida's Insurance Regulatory Trust Fund ("IRTF"), which funds a portion of the Department's costs and expenses of administration. Each receivership is charged a portion of these state funded costs and expenses. Over the course of the SCMIC receivership, certain services and resources funded by the IRTF have been used by SCMIC. It is the Department's policy to record these state funded expenditures as Contributed Equity on each receivership financial statement. As shown in the Discharge Accounting as of December 31, 2016, the projected Contributed Equity balance for the SCMIC receivership is \$62,148.42. It is the policy of the Department to reimburse the IRTF for Contributed Equity if the Department determines that there are sufficient assets

available at the end of the receivership. The Department requests an order authorizing the Department to remit to the IRTF any surplus expense funds remaining after discharge.

12. Upon approval of the Department's request for final discharge, the records of the SCMIC receivership estate will no longer be needed, and it will be necessary to dispose of the obsolete company records. Prior to the actual destruction of these records, the Department will obtain a "Disposal Authorization Certificate" from the Division of Archives, History, and Records Management of the Florida Department of State.

13. Although such recovery is unlikely, the Department requests an order authorizing it to remit to the IRTF any assets which may be recovered following the discharge of this receivership if, in the Department's sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate.

14. The Department requests an Order that it shall be fully and finally discharged of its responsibilities in this receivership as of 11:59 P.M. on December 31, 2016.

WHEREFORE, the Department respectfully requests the Court grant this Motion and enter an Order:

- A. Approving and adopting the Department's Discharge Accounting Statement.
- B. Authorizing and directing the Department to transfer any unclaimed funds to the unclaimed property unit(s) of the state(s) reflected in the claimants' last address of record in the Department's files;
- C. Authorizing and directing the Department to retain \$2,000.00 as a reserve for wind up expenses of the Department;

- D. Directing, without further order of this Court, the final discharge of the Department of its responsibilities in this ancillary receivership estate as of 11:59 P.M. on December 31, 2016;
- E. Authorizing the Department to remit any surplus expense funds remaining after discharge to the IRTF;
- F. Authorizing the Department, after final discharge, to destroy any obsolete records in the Department's possession;
- G. Authorizing the Department to remit to the IRTF any assets which may be recovered following the discharge of this receivership if, in the Department's sole discretion, the value of the recovered assets does not justify the re-opening of this receivership estate.

**RESPECTFULLY SUBMITTED** this 13<sup>th</sup> day of December, 2016.



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Jody E. Collins, Senior Attorney  
Florida Bar No. 500445  
Florida Department of Financial Services  
Division of Rehabilitation and Liquidation  
8240 NW 52 Terrace, Suite 102  
Doral, FL 33152  
(786) 336-1371 Telephone  
(305) 499-2271 Facsimile  
[Jody.Collins@myfloridacfo.com](mailto:Jody.Collins@myfloridacfo.com) E-mail

**Senior Citizens Mutual Insurance**  
**Discharge Accounting Statement**  
**Projected for December 31, 2016 Discharge**

**ASSETS**

	<b>Amount</b>	
Cash	\$ 235,010.59	Schedule A
<b>Total Assets</b>	<b>\$ 235,010.59</b>	

**LIABILITIES**

	<b>Recommended Disbursement</b>	
Projected Contributed Equity at 12/31/16	\$ 62,148.42	
Unclaimed Property - Outstanding Checks from Distribution Account	\$ 165,245.46	
<b>Total Liabilities</b>	<b>\$ 227,393.88</b>	

**WINDUP SUMMARY**

<b>Projected Funds Available For Wind-up Expenses</b>	<b>7,616.71</b>	
<b>Projected Windup Expenses</b>	<b>(2,000.00)</b>	Schedule D
<b>Projected Remaining Balance to Regulatory Trust Fund</b>	<b>5,616.71</b>	

**Index to Attached Schedules:**

- Schedule A - Available Cash Projection
- Schedule B - Allocated State Funds Expensed
- Schedule C - Interest Earnings Projection
- Schedule D - Receiver Windup Expenses
- Schedule E - Contributed Equity from the Regulatory Trust Fund

**Senior Citizens Mutual Insurance**  
 Estimated Funds to be Retained by the Receiver for Administration of the Estate  
 Estimated from 10/1/2016 through the Projected Discharge Date of 12/31/16

	Oct-16	November	December	Retainage Calculation
<b>Beginning Cash Balance</b>		\$ 91,774.06	\$ 83,597.42	
Voided distribution cks			\$ 159,734.17	
<b>Direct Receiver Expenses</b>				
Rent - Storage, Bank Charges		500.00	500.00	
<b>Sub-total</b>		500.00	500.00	\$ 1,000.00
<b>Allocated Receiver Expenses</b>				
Labor & Benefits		7,691.00	7,691.00 <sup>1</sup>	
Indirect Expenses		130.00	130.00 <sup>2</sup>	
<b>Sub-total</b>		7,821.00	7,821.00	\$ 15,642.00
<b>Cash Balance Before Interest Earnings</b>		83,453.06	235,010.59	
<b>Interest Earnings</b>			144.36	
Estimate based on assumed SPIA APR on the previous month's average Pooled Cash balance (See Schedule C)				\$ 144.36
<b>Projected Ending Cash Balance</b>	\$ 91,774.06	\$ 83,597.42	\$ 235,010.59	\$ 16,497.64

**Assumptions for Allocated Receiver Expenses:**

<sup>1</sup> Labor & Benefits: This estimate is based on a four month actual average.

July Actual	10,884.32
August Actual	8,956.91
September Actual	7,575.45
October Actual	3,346.85
<b>Sub-total</b>	30,763.53
4 mth. actual average (rounded)	\$ 7,691.00

<sup>2</sup> Indirect Expenses: This estimate is Sr. Citizen's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on Sr. Citizen's estimated total assets divided by the Receiver's estimated total assets for all receiverships.

Estimated Total Asset %	0.10%
Estimated Total for the Receiver	\$ 130,000.00
Estimated Expense (rounded)	\$ 130.00

**Senior Citizens Mutual Insurance**  
**Allocated State Funds Expensed**  
**Estimated from 11/1/2016 through the Projected Discharge Date of 12/31/2016**

	Nov-16	Dec-16	Totals
<b>Accrued Allocated State of Florida Expenses (Estimated)</b>			
Labor & Benefits	\$ -	\$ -	\$ -
Indirect Expenses	40.00	40.00	80.00
<b>Total</b>	<b>\$ 40.00</b>	<b>\$ 40.00</b>	<b>\$ 80.00</b>

**Assumptions for Allocated State of Florida Expenses:**

<sup>1</sup> Labor & Benefits: This estimate is based on a four month actual average doubled for increased labor activity during the distribution

July Actual	-
August Actual	-
September Actual	-
October Actual	-
Sub-total	-
4 mth. actual average (rounded)	\$ -

<sup>2</sup> Indirect Expenses: This estimate is Sr. Citizen's estimated pro rata share of the State's estimated total indirect expenses. The pro calculation is based on Sr. Citizen's estimated total assets divided by the Receiver's estimated total assets for all receiverships.

Estimated Total Asset %	0.10%
Estimated Total for the State	\$ 40,000.00
Estimated Expense (rounded)	\$ 40.00

<sup>3</sup> Per current Receiver policies and procedures, these accumulated amounts are recorded directly against estate equity as



**Senior Citizens Mutual Insurance**  
**Interest Earnings Projection - Pooled Cash**  
**Projected for December 31, 2016 Discharge**

**Interest accrued for November 2016**

Beginning cash balance	\$	91,774.06
Ending cash balance		83,597.42
 Average cash balance for November		 87,685.74
Assumed SPIA interest rate (Annualized)		1.50%
 Subtotal (Annualized)		 1,315.29

**Accrual for November 2016 (Rounded)**

**\$ -**

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**Interest accrued for December 2016**

Beginning cash balance		83,597.42
Ending cash balance		235,010.59
 Average cash balance for December		 159,304.01
Assumed SPIA interest rate (Annualized)		1.50%
 Subtotal (Annualized)		 2,389.56

**Accrual for December 2016 (Rounded)**

**\$ -**

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**Senior Citizens Mutual Insurance**  
**Receiver Discharge Expenses**  
**Projected for December 2016 Discharge**

**Discharge Expenses (Projected for Post 12/31/2016)**

Records Storage, Records Destruction,	
2016 Final Tax Return Preparation	\$ 2,000.00
<b>Total</b>	<b><u>\$ 2,000.00</u></b>

**Senior Citizens Mutual Insurance**  
**Projected Contributed Equity**  
**Projected for December 31, 2016 Discharge**

I. <b>Contributed Equity Balance as of 10/31/2016</b>	\$ 62,068.42
November - December 2016 Accrual (Estimate from Schedule B)	\$ 80.00
<b>Projected Contributed Equity Balance as of 12/31/2016</b>	<b><u>\$ 62,148.42</u></b>