

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

In Re: The Receivership of
FTBA MUTUAL, INC.

CASE NO. 1999-CA-004481

**RECEIVER'S MOTION FOR ORDER APPROVING RECEIVER'S FINAL CLAIMS
REPORT, CLAIMS DISTRIBUTION REPORT AND DISTRIBUTION/DISCHARGE
ACCOUNTING STATEMENT, DIRECTING DISTRIBUTION AND FINAL
DISCHARGE, AND AUTHORIZING DESTRUCTION OF OBSOLETE RECORDS**

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, as Receiver of FTBA Mutual Inc. (the "Receiver"), hereby files its Final Claims Report, Claims Distribution Report and Distribution/Discharge Accounting Statement and moves this court for an Order directing a distribution and final discharge of the estate and authorizing the destruction of obsolete records. In support of its Motion, the Receiver says:

1. FTBA Mutual Inc. ("FTBA") was a Florida corporation previously authorized to transact the business of a domestic property and casualty insurance company in the State of Florida. On January 3, 2000, the Second Judicial Circuit Court in and for Leon County, Florida 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 of the FTBA Receivership and is authorized to enter all necessary and/or proper orders to carry out the purpose of the Florida Insurers Rehabilitation and Liquidation Act, Section 631.021(1), Florida Statutes.

3. The Receiver has compiled a Final Claims Report dated December 19, 2012 which reflects the classification of filed claims by priority in accordance with Section 631.271,

Florida Statutes, and the claims filing deadline. This report also incorporates the resolution of all timely filed objections and claimant information updates. Future claimant information updates resulting from the distribution process will be incorporated into the Receiver's database. For the Court's convenience, a paper copy of the summary totals from the Final Claims Report (Parts A and B) is attached as Exhibit "A."

4. With the approval of the Receiver's Final Claims Report, the Receiver is now in the position to make a final distribution of receivership assets. Said assets will be distributed to claimants in class 2 in accordance with the Claims Distribution Report dated December 20, 2012. For the Court's convenience, a paper copy of the summary totals from the Claims Distribution Report is attached as Exhibit "B." The Claims Distribution Report lists all class 1 and 2 claims where an approved amount has been recommended in the Final Claims Report and is in accord with Section 631.271, Florida Statutes.

5. Pursuant to the Court's previous orders and the provisions of Chapter 631, Florida Statutes, the Receiver has made early access distributions to the Florida Workers' Compensation Insurance Guaranty Association ("FWCIGA") totaling \$48,410,644.49.

6. Based upon the Distribution/Discharge Accounting projected for a December, 2012 distribution ("Discharge Accounting"), which is attached hereto as Composite Exhibit "C," the Receiver is prepared to make a final distribution of \$2,568,007.73 to FWCIGA on their allowed claim in class 2 based on a total calculated distribution of 61.584% of the total amount approved by the Court. The calculated distribution percentage takes into account the funds previously disbursed as early access distributions.

7. FTBA was a workers' compensation insurance company. Workers' compensation claims stay open for long periods of time. They have what is known in the industry as a "long

tail.” FWCIGA, pursuant to section 631.913, Florida Statutes, is paying the policy claims in FTBA. As FWCIGA pays claims, the Receiver bills and collects reinsurance related to those open claims. In fact, after the final distribution is completed, the collection of reinsurance will be the sole remaining task in the FTBA receivership.

8. All reinsurance proceeds collected become an asset of the FTBA estate and are used to pay claims pursuant to the claims priority set out in section 631.271, Florida Statutes. In the statutory priority scheme, the expenses of the estate are paid first. The expenses of the estate include the Receiver’s expenses directly related to the management of the FTBA estate and FTBA’s share of the Receiver’s expenses that are not directly related to any single estate. Due to the size of FWCIGA’s claim in the FTBA estate, any remaining funds after the class 1 expenses are paid will go to FWCIGA.

9. Working together with FWCIGA, the Receiver has developed a plan designed to decrease the expenses of the estate and maximize the recovery to FWCIGA. The Receiver proposes that it make the final distribution discussed above, assign all future reinsurance recoveries to FWCIGA, discharge the FTBA estate and enter into a contract with FWCIGA (attached as Exhibit “D”) to continue collecting the reinsurance recoveries in FTBA. The Division of Rehabilitation and Liquidation will be compensated for its reinsurance recovery efforts with a 3% contingency fee to be paid from the reinsurance recoveries actually recovered. This plan will eliminate the expense of keeping the estate open and will maximize the recovery of reinsurance for the benefit of FWCIGA.

10. The Receiver requests authority to retain \$19,750.00 as a reserve for “wind up” and discharge expenses of the Receivership. Based upon the de minimus amount and the prohibitive costs of making a distribution, the Receiver requests an order authorizing the

Division of Rehabilitation and Liquidation to remit to FWCIGA any surplus expense funds remaining after discharge.

11. There are no unclaimed distribution amounts and therefore, no Holders Report needs to be completed pursuant to Section 717.117, Florida Statutes.

12. All mortgages, notes, judgments, or other liens in favor of FTBA recorded with the Clerks of Circuit Courts in the State of Florida, upon property located in the State of Florida, not sold, transferred or assigned by the Receiver, are hereby assigned to FWCIGA.

13. Upon approval of the Receiver's request for final discharge, the records of the FTBA receivership estate will no longer be needed, and it will be necessary to dispose of the obsolete company records. This request is in direct compliance with Article 1, Section 24, Florida Constitution, Chapters 119 and 257, Florida Statutes and Chapters 1B-24 and 1B-26.003, Florida Administrative Code.

14. The Receiver requests an order authorizing the Division of Rehabilitation and Liquidation to remit to FWCIGA any assets which may be recovered following the discharge of this receivership estate if, in the Division's sole discretion, the value of the recovered assets does not justify the reopening of this receivership estate.

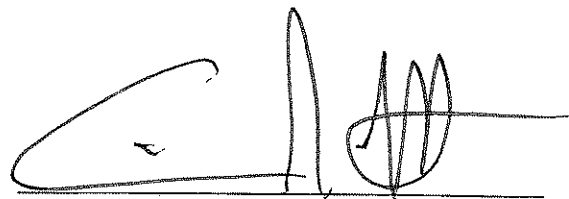
15. The Receiver requests an Order that it shall be fully and finally discharged of its responsibilities in this Receivership as of 12:01 am on December 31, 2012.

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

- A. Approving and adopting the Receiver's Final Claims Report and Claims Distribution Report;

- B. Approving and adopting the Receiver's Distribution/Discharge Accounting Statement;
- C. Authorizing and directing the Receiver to make a distribution of estate assets in the amount of \$2,568,007.73 on allowed guaranty fund Class 2 claims in this receivership estate;
- D. Authorizing and directing the Receiver to retain \$19,750.00 as a reserve for "wind up" and discharge expenses of the Receiver. Any surplus remaining from the \$19,750.00 shall be paid to the Florida Workers' Compensation Insurance Guaranty Association (FWCIGA);
- E. Authorizing the Receiver, after final discharge, to destroy any obsolete records in the Receiver's possession; and
- F. Directing, without further order of this Court, the final discharge of the Receiver of its responsibilities in this receivership estate as of 12:01 a.m. on December 31, 2012.
- G. Authorizing and directing the Receiver to assign all mortgages, notes, judgments, or other liens in favor of FTBA to FWCIGA.
- H. Assigning all future reinsurance recoveries in the FTBA estate to FWCIGA;
- I. Although such recovery is unlikely, authorizing the Division of Rehabilitation and Liquidation to remit to the FWCIGA any assets which may be recovered following the December 31, 2012 discharge of this receivership estate if, in the Division's sole discretion, the value of the recovered assets does not justify the reopening of this receivership.

DATED this 20th day of December 2012.

A handwritten signature in black ink, consisting of a large, stylized 'E' followed by a series of loops and a horizontal line extending to the right.

ERIC S. SCOTT, Senior Attorney
Florida Bar No. 0911496

Florida Department of Financial Services
Division of Rehabilitation and Liquidation
2020 Capital Circle S.E., Suite 310
Tallahassee, Florida 32301
(850) 413-4513 - Telephone

FLORIDA DEPARTMENT OF FINANCIAL SERVICES -DIVISION OF REHABILITATION AND LIQUIDATION
 FTBA MUTUAL INC
 FINAL CLAIMS REPORT
 PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS	\$8,206,392.93
TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS	\$0.00
TOTAL NUMBER	416

Secured Claims

COUNT OF SECURED CLAIMS :	0
AMOUNT CLAIMED FOR SECURED CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECMD FOR SECURED CLAIMS TO NON GUARANTY ASSOCIATION	

Unsecured Claims

COUNT OF CLASS 1 CLAIMS :	0	COUNT OF CLASS 7 CLAIMS :	2
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION	\$30,887.09
AMOUNT RECMD FOR CLASS 1 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :		AMOUNT RECMD FOR CLASS 7 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	

COUNT OF CLASS 2 CLAIMS :	192	COUNT OF CLASS 8 CLAIMS :	12
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION	\$6,072,174.06	AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION	\$38,801.22
AMOUNT RECMD FOR CLASS 2 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:		AMOUNT RECMD FOR CLASS 8 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	

COUNT OF CLASS 3 CLAIMS :	152	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION	\$666,807.42	AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECMD FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:		AMOUNT RECMD FOR CLASS 9 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	

COUNT OF CLASS 4 CLAIMS :	4	CLASS 10 INTEREST CLAIMS (SEE NOTE):	
AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY NON GUARANTY ASSOCIATION	\$54,282.51		
AMOUNT RECMD FOR CLASS 4 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:			

COUNT OF CLASS 5 CLAIMS :	20	COUNT OF CLASS 11 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY NON GUARANTY ASSOCIATION	\$1,011,916.84	AMOUNT CLAIMED FOR CLASS 11 CLAIMS TO NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECMD FOR CLASS 5 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:		AMOUNT RECMD FOR CLASS 11 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS	

COUNT OF CLASS 6 CLAIMS :	34
AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY NON GUARANTY ASSOCIATION	\$431,523.79
AMOUNT RECMD FOR CLASS 6 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :	

Note: Class 10 Claims are comprised of interest per F.S. 631.271 (1) (f) on allowed claims in Classes 1 - 9.
 *** If status is unevaluated, then dollar amounts have been suppressed

FLORIDA DEPARTMENT OF FINANCIAL SERVICES -DIVISION OF REHABILITATION AND LIQUIDATION
 FTBA MUTUAL INC
 FINAL CLAIMS REPORT
 PART B - FOR GUARANTY ASSOCIATION

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY GUARANTY ASSOCIATION	\$79,299,353.29
TOTAL AMOUNT RECOMMENDED TO GUARANTY ASSOCIATION	\$79,299,353.29
TOTAL NUMBER	4

COUNT OF CLASS 1 CLAIMS :	3	COUNT OF CLASS 7 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY GUARANTY ASSOCIATION :	\$5,578,240.46	AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00
AMOUNT RECMD FOR CLASS 1 CLAIMS TO GUARANTY ASSOCIATION :	\$5,578,240.46	AMOUNT RECMD FOR CLASS 7 CLAIMS TO GUARANTY ASSOCIATION :	
COUNT OF CLASS 2 CLAIMS :	1	COUNT OF CLASS 8 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY GUARANTY ASSOCIATION :	\$79,721,112.83	AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00
AMOUNT RECMD FOR CLASS 2 CLAIMS TO GUARANTY ASSOCIATION :	\$79,721,112.83	AMOUNT RECMD FOR CLASS 8 CLAIMS TO GUARANTY ASSOCIATION :	
COUNT OF CLASS 3 CLAIMS :	0	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00	AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00
AMOUNT RECMD FOR CLASS 3 CLAIMS TO GUARANTY ASSOCIATION :		AMOUNT RECMD FOR CLASS 9 CLAIMS TO GUARANTY ASSOCIATION :	
COUNT OF CLASS 4 CLAIMS :	0	CLASS 10 INTEREST CLAIMS (SEE NOTE):	
AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00		
AMOUNT RECMD FOR CLASS 4 CLAIMS TO GUARANTY ASSOCIATION :	\$0.00		
COUNT OF CLASS 5 CLAIMS :	0	COUNT OF CLASS 11 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00	AMOUNT CLAIMED FOR CLASS 11 CLAIMS TO GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
AMOUNT RECMD FOR CLASS 5 CLAIMS TO GUARANTY ASSOCIATION :		AMOUNT RECMD FOR CLASS 11 CLAIMS TO GUARANTY ASSOCIATION CLAIMANTS :	
COUNT OF CLASS 6 CLAIMS :	0		
AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY GUARANTY ASSOCIATION :	\$0.00		
AMOUNT RECMD FOR CLASS 6 CLAIMS TO GUARANTY ASSOCIATION :	\$0.00		

Note: Class 10 Claims are comprised of interest per F.S. 631.271 (1) (f) on allowed claims in Classes 1 - 9.
 *** If status is unevaluated, then dollar amounts have been suppressed

FLORIDA DEPARTMENT OF FINANCIAL SERVICES-DIVISION OF REHABILITATION AND LIQUIDATION
FTBA MUTUAL INC
CLAIMS DISTRIBUTION REPORT

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED	\$79,299,353.29
TOTAL AMOUNT RECOMMENDED	\$79,299,353.29

TOTAL NUMBER	4
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Secured Claims

COUNT OF SECURED CLAIMS :	0
AMOUNT CLAIMED FOR SECURED CLAIMS :	
AMOUNT RECOMMENDED FOR SECURED CLAIMS :	

Unsecured Claims

COUNT OF CLASS 1 CLAIMS :	3	COUNT OF CLASS 7 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 1 CLAIMS :	\$5,578,240.46	AMOUNT CLAIMED FOR CLASS 7 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 1 CLAIMS :	\$5,578,240.46	AMOUNT RECOMMENDED FOR CLASS 7 CLAIMS :	

COUNT OF CLASS 2 CLAIMS :	1	COUNT OF CLASS 8 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 2 CLAIMS :	\$73,721,112.83	AMOUNT CLAIMED FOR CLASS 8 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 2 CLAIMS :	\$73,721,112.83	AMOUNT RECOMMENDED FOR CLASS 8 CLAIMS :	

COUNT OF CLASS 3 CLAIMS :	0	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS :		AMOUNT CLAIMED FOR CLASS 9 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 3 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 9 CLAIMS :	

COUNT OF CLASS 4 CLAIMS :	0	CLASS 10 INTEREST CLAIMS (SEE NOTE):	
AMOUNT CLAIMED FOR CLASS 4 CLAIMS :			
AMOUNT RECOMMENDED FOR CLASS 4 CLAIMS :			

COUNT OF CLASS 5 CLAIMS :	0	COUNT OF CLASS 11 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS :		AMOUNT CLAIMED FOR CLASS 11 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 5 CLAIMS :		AMOUNT RECOMMENDED FOR CLASS 11 CLAIMS :	

COUNT OF CLASS 6 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 6 CLAIMS :	
AMOUNT RECOMMENDED FOR CLASS 6 CLAIMS :	

Note: Class 10 Claims are comprised of interest per F.S. 631.271 (1) (j) on allowed claims in Classes 1 - 9.

FTBA Mutual, Inc.
Distribution and Discharge Accounting
Projected for December 2012 Distribution

ESTIMATED ASSETS - DECEMBER 2012

	<u>Value</u>	<u>Reference</u>
Cash	\$ 2,583,753.73	Schedule A
Accrued Interest to be paid 12/01/2012	4,000.00	
Advance to Guaranty Association	48,410,644.49	
Total Assets	\$ 50,998,398.22	

ESTIMATED FUNDS RETAINAGE

	<u>Value</u>	<u>Reference</u>
Class I - Administrative Claims		
Retainage for Receiver Expenses		
Estimate (December 2012)	9,750.00	Schedule B
Discharge Expenses		
Retainage for records storage, records		
destruction, tax return prep. & labor (post December 2012)	10,000.00	Schedule F
Total Proposed Retainage for Discharge	19,750.00	

TOTAL AVAILABLE TO DISTRIBUTE **\$ 50,978,648.22**

DISTRIBUTION RECOMMENDATION

	<u>Claims Value</u>	<u>Less Previous Claims</u>	<u>Value of Claims</u>	<u>Apply Adv. Pmts.</u>	<u>Recommended</u>	<u>% Value of</u>	<u>% Value of</u>	<u>Total % of</u>
		<u>Distributions</u>	<u>Outstanding</u>	<u>to Guaranty</u>	<u>Distribution</u>	<u>Claims</u>	<u>Gross Filed</u>	<u>Claims Value</u>
				<u>Assoc.</u>		<u>Outstanding</u>	<u>Claims</u>	<u>Distributed</u>
Class I - Administrative Claims-Guaranty Funds	\$ 5,578,240.46	\$ -	\$ 5,578,240.46	\$ 5,578,240.46	\$ -	100.0000%	100.0000%	100.0000%
Class II - Loss Claims-Guaranty Funds	73,721,112.83	-	73,721,112.83	42,832,404.03	2,568,003.73	61.5840%	61.5840%	61.5840%
Class II - Loss Claims-Other	-	-	-	 	-	0.0000%	0.0000%	0.0000%
Class III - Return Premium Claims-Guaranty Funds	-	-	-	 	-	0.0000%	0.0000%	0.0000%
Class III - Return Premium Claims-Other	568,807.42	-	568,807.42	 	-	0.0000%	0.0000%	0.0000%
Class IV - Federal Government Claims	54,282.51	-	54,282.51	 	-	0.0000%	0.0000%	0.0000%
Class V - Employee Claims	1,011,916.84	-	1,011,916.84	 	-	0.0000%	0.0000%	0.0000%
Class VI - General Creditors Claims	431,523.79	-	431,523.79	 	-	0.0000%	0.0000%	0.0000%
Class VII - State & Local Government Claims	30,887.09	-	30,887.09	 	-	0.0000%	0.0000%	0.0000%
Class VIII - Late Filed Claims	38,801.22	-	38,801.22	 	-	0.0000%	0.0000%	0.0000%
Class IX - Surplus/Other-GA	-	-	-	 	-	0.0000%	0.0000%	0.0000%
Class iX - Surplus/Other Claims	-	-	-	 	-	0.0000%	0.0000%	0.0000%
Totals	\$ 81,433,572.16	\$ -	\$ 81,433,572.16	\$ 48,410,644.49	\$ 2,568,003.73			

Index to Attached Schedules:

Schedule A - Available Cash Projection
Schedule B - Estimated Funds to be Retained by the Receiver for Discharge of the Estate
Schedule C - Allocated State Funds Expensed
Schedule D - Interest Earnings Projection - Pooled Cash
Schedule E - Receiver Discharge Expenses

FTBA Mutual, Inc.
Available Cash Projection
Projected for December 2012 Distribution

	Cash Bal. as of October 31, 2012	Nov-12
Beginning Pooled Cash Balance		\$ 2,588,083.84
Direct Receiver Expenses (Actual or Estimated)		
Rent-Storage & Utilities		250.00
Sub-total		250.00
Allocated Receiver Expenses (Estimated)		
Labor & Benefits		2,900.00 ¹
Indirect Expenses		6,600.00 ²
Sub-total		9,500.00
Cash Balance Before Interest Earnings		2,578,333.84
Interest Earnings		
Pooled Cash:		
Actual SPIA Earnings for October to be credited on 11/01/2012.		5,419.89
Estimate based on assumed SPIA APR on the previous month's average Pooled Cash balance (See Schedule D).		
Less: Payment for Reinsurance Services		
Ending Pooled Cash Balance	\$ 2,588,083.84	\$ 2,583,753.73

Assumptions for Allocated Receiver Expenses:

¹ Labor & Benefits: This estimate is based on a four month actual average. Doubled for increased activity leading up to distribution.

July Actual	\$ 687.83
August Actual	1,623.53
September Actual	1,757.12
October Actual	1,730.01
Sub-total	5,798.49
4 mth. actual average (rounded)	1,450.00
Doubled for increased activity level	<u>\$ 2,900.00</u>

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

Estimated Total Asset %	4.00%
Estimated Total for the Receiver	\$ 165,000.00
Estimated Expense (rounded)	<u>\$ 6,600.00</u>

FTBA Mutual, Inc.
Interest Earnings Projection - Pooled Cash
Projected for December 2012 Distribution

Interest accrued for November 2012

Beginning cash balance at 11/01/2012	\$	2,588,083.84
Ending cash balance at 11/30/2012		2,583,753.73
Average cash balance for November		2,585,918.79
Assumed SPIA interest rate (Annualized)		2.00%
Subtotal (Annualized)		51,718.38
Accrual for November (Rounded)	\$	<u>4,000.00</u>

Interest accrued for December 2012

Beginning cash balance at 12/01/2012	\$	2,583,753.73
Ending cash balance at 12/31/2012		5,996.00
Average cash balance for December		1,294,874.87
Assumed SPIA interest rate (Annualized)		2.00%
Subtotal (Annualized)		25,897.50
Accrual for December (Rounded)	\$	<u>2,000.00</u>

FTBA Mutual, Inc.
Receiver Discharge Expenses
Projected for December 2012 Distribution

Discharge Expenses (Projected for Post 12/31/2014)

Records Storage, Records Destruction,
2012 Final Tax Return Preparation

Total

\$	10,000.00
\$	<u>10,000.00</u>

AGREEMENT

THIS AGREEMENT is entered into by and between the Florida Department of Financial Services, Division of Rehabilitation and Liquidation, 2020 Capital Circle, SE, Alexander Building, Suite 320, Tallahassee, Florida, 32302, hereinafter referred to as "DEPARTMENT", and the Florida Workers' Compensation Insurance Guaranty Association, whose address is P.O. Box 15159, Tallahassee, Florida 32317, hereinafter referred to as "FWCIGA".

WITNESSETH THAT:

1. WHEREAS, FTBA Mutual Inc. ("FTBA") was a Florida corporation previously authorized to transact the business of a domestic property and casualty insurance company in the State of Florida.
2. WHEREAS, FTBA is presently subject to an Order of Liquidation issued by the Circuit Court of the Second Judicial Circuit, in and for Leon County, Florida, pursuant to Part I of *Chapter 631, Florida Statutes*, appointing the DEPARTMENT as Receiver for purposes of liquidation;
3. WHEREAS, FWCIGA was triggered by the liquidation proceeding and is currently administering the remaining claims in the FTBA estate;
4. WHEREAS, the DEPARTMENT's only remaining task in the administration of the FTBA estate is the collection of reinsurance;
5. WHEREAS, the DEPARTMENT and FWCIGA agree to a plan whereby the Department will discharge the FTBA estate from receivership and FWCIGA will contract with the DEPARTMENT to collect all remaining reinsurance payments on FWCIGA's behalf;
6. NOW THEREFORE, in consideration of the services to be performed and payments to be made, together with the mutual covenants and conditions hereinafter set forth, the parties agree as follows:
7. DATE OF CONTRACT
This Contract shall be effective as indicated adjacent to DEPARTMENT's signature hereto at the end of this Contract.
8. SCOPE OF WORK. The work contemplated hereunder is as follows:
 - 8.1. DEPARTMENT shall provide reinsurance collection services related to FTBA open claims. Such services shall include, but not be limited to the following:
 - 8.1.1. Bill reinsurers in accordance with provisions of appropriate reinsurance contracts.
 - 8.1.2. Initiate the negotiation of commutation agreements with reinsurers at such time as ultimate reinsurance receivables have been identified.

8.1.3. Provide litigation support in the event legal proceedings become necessary in the recovery of reinsurance receivables.

8.2. DEPARTMENT has no authority to commit FWCIGA to any settlement or commutation. All settlements or commutations must be approved by FWCIGA in writing.

8.3. DEPARTMENT will not bring any legal actions without FWCIGA's written consent.

9. DELIVERABLES.

9.1. DEPARTMENT agrees to render the following services or deliverables. DEPARTMENT will provide:

9.1.1. An account statement (bordereau) with all billed recoverable for that quarter-end for each reinsurer under each reinsurance treaty, including billed reserves.

9.1.2. An aging report on billed recoverable for each reinsurer's aging schedule: 1-5 months; 6-9 months; 10-12 months; 12-24 months; and 25 months or greater.

9.1.3. Copies of billings to intermediaries or reinsurers to support the account statement in 9.1.1.

9.1.4. A progress report to FWCIGA on the actions of DEPARTMENT pursuant to this Agreement.

10. DELIVERY SCHEDULE

10.1. The services or other deliverables specified in paragraph 9 above shall be delivered to FWCIGA on the following schedule:

10.1.1. The account statement (bordereau) listed in paragraph 9.1.1. shall be provided to FWCIGA by the 20th of the month following each quarter-end month.

10.1.2. The aging report on billed recoverable as listed in paragraph 9.1.2. shall be provided to FWCIGA by the 20th of the month following each quarter-end month.

10.1.3. The copies of billings to intermediaries or reinsurers to support the account statement in 9.1.3. shall be provided to FWCIGA within 10 business days of billing.

10.1.4. A progress report to FWCIGA on the actions of DEPARTMENT pursuant to this Agreement, by the 20th of the month following the month following each quarter-end month. The progress report will include an accounting of the DEPARTMENT's expenses, hourly fees and costs for that quarter.

11. FWCIGA RESPONSIBILITIES.

FWCIGA will share all payment detail records, files and knowledge arising under policies of insurance issued by FTBA within its possession or control with DEPARTMENT, FWCIGA is not responsible for developing the data necessary to support settlement or commutation efforts.

12. CONTRACT PRICE.

The Contract Price for the work outlined in the *Scope of Work* provision of this Contract shall be as follows:

The DEPARTMENT agrees that its compensation for services provided under paragraph 8 a 3.0% contingent fee which shall be calculated based upon the amount collected from each reinsurer. Under the fee arrangement for services provided under paragraph 8, no hourly fee, costs or expenses are paid by the FWCIGA, and DEPARTMENT compensation, if any, will be the commission, and will depend on the degree of success of the DEPARTMENT enjoys in said collection activity. All DEPARTMENT costs, time and expenses are paid out of the commission, if any, and if DEPARTMENT is unsuccessful in producing a recovery, the DEPARTMENT permanently bears the same. DEPARTMENT has no authority to commit FWCIGA to any settlement or commutation, all same must in each instance be expressly approved in writing by FWCIGA. FWCIGA agrees not to unreasonably withhold approval of a settlement or commutation.

13. PAYMENT SCHEDULE.

The DEPARTMENT will deduct its fees from any reinsurance receivables it recovers before it remits the funds to FWCIGA. Documentation supporting the gross recovery and deducted fees will be provided.

14. NO ORAL AMENDMENTS

THIS Agreement may be amended only by a written agreement between both parties. FURTHER, THE TERMS OF THIS AGREEMENT SHALL NOT BE ALTERED, MODIFIED, OR IN ANY MANNER CHANGED OTHER THAN BY THE WRITTEN, SPECIFIC AND EXPLICIT APPROVAL OF THE PARTIES IN A WRITTEN ADDENDUM TO THIS AGREEMENT OR IN OTHER CORRESPONDENCE.

15. CONFIDENTIALITY.

15.1. All materials or information or opinions received or developed, by DEPARTMENT in any engagement under this Agreement are confidential, and are to be revealed only to FWCIGA, or pursuant to FWCIGA's express instructions in each individual instance, or pursuant to Court Order. Contacts by any news reporting organization will be referred to FWCIGA for response. Requests for access to records under public records laws will be referred to FWCIGA, and will be resolved by FWCIGA.

15.2. NONDISCLOSURE.

DEPARTMENT requires access to certain confidential information pertaining to the FTBA receivership. This exchange includes all communication of information between the

parties in any form whatsoever, including oral, written and machine-readable form. Therefore, FWCIGA and DEPARTMENT agree, as follows:

1. That the disclosure of information by FWCIGA is in strictest confidence and DEPARTMENT will:
 - a. Not disclose to any other person the information;
 - b. Use a reasonable degree of care in maintaining such information secret and confidential;
 - c. Use the information only for the purposes of this Agreement;
 - d. Restrict disclosure of the information solely to those employees of DEPARTMENT having a need to know such information in order to accomplish the purposes of this Agreement;
 - e. Advise each such employee, before he or she receives access to the information, of the obligations of DEPARTMENT under this Agreement, and require each such employee to maintain those obligations;
 - f. Within five (5) business days following request of FWCIGA, will return to FWCIGA all documentation, copies, notes diagrams, computer memory media and other materials containing an portion of the confidential information, or confirm to FWCIGA, in writing, the destruction of such materials; and
2. The confidential information shall remain the sole property of FWCIGA. The above confidentiality and nondisclosure provisions shall survive the termination or natural expiration of this Agreement.

16. TERMINATION OF AGREEMENT

16.1. DEPARTMENT or FWCIGA may cancel this Contract at any time for any reason upon the submission of a sixty (60) day prior written notice and balance of reinsurance recovery is remitted to FWCIGA.

16.2. This Contract shall terminate upon DEPARTMENT's satisfactory completion of the services and other units of Deliverables described or referenced in Paragraphs 8 and 9.

16.3. This Section in no way limits either party's right to terminate this Contract for breach thereof and to pursue damages for breach.

16.4. LENGTH OF SERVICE.

This Contract shall conclude when services are completed, and final payment rendered to DEPARTMENT.

16.5 No party may assign this contract or delegate its duties hereunder.

17. GIFTS.

Employees and/or agents of the Florida Department of Financial Services comply fully with the state and department laws and regulations regarding gifts and are prohibited from accepting gifts from any organization and/or person regulated by or doing business with the DEPARTMENT.

18. DISPUTES.

Any unresolved disputes rising in connection to this Contract or work hereunder, will be resolved under Florida Law, and jurisdiction and venue shall be in the Circuit Court, Second Judicial Circuit, Leon County, Florida.

19. RECORDS

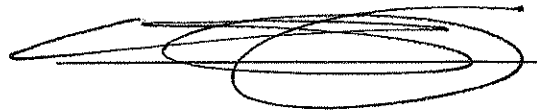
All letters, records, worksheets, explanation of benefits, memoranda, and other papers created or utilized by DEPARTMENT in performance of this contract shall be preserved by DEPARTMENT, and shall become the property of the FWCIGA upon termination of the contract, and shall be transferred to the FWCIGA at the conclusion of the contract or at FWCIGA's request, whichever is earlier.

20. NO SUBCONTRACTING.

FWCIGA expects DEPARTMENT to perform all work hereunder personally or through DEPARTMENT's employee staff under DEPARTMENT's direct control and employment, unless expressly provided otherwise herein. No sub-contract may be made and no independent expert or consultants may be retained by DEPARTMENT, without the specific and explicit written consent of FWCIGA in each instance.

SIGNATURE OF **FLORIDA DEPARTMENT OF FINANCIAL SERVICES**

Signature of or for DEPARTMENT:



Type or Print Name of Person Signing:

C. Sharon James

Title of Person Signing:

Division Director

PROVIDER's Federal Tax I.D. Number:

**SIGNATURE OF FLORIDA WORKER'S COMPENSATION INSURANCE GUARANTY
ASSOCIATION**

Signature for FWCIGA:

Sandra J. Robinson

Effective Date: _____

Type or Print Name of Person Signing:

Sandra J. Robinson

Title of Person Signing:

Executive Director

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