

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

In Re: The Receivership of  
CADUCEUS SELF INSURANCE  
FUND, INC.

CASE NO. 2000-CA-000004

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

THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, as Receiver for Caduceus Self Insurance Fund, Inc. (hereinafter "Receiver"), moves this Honorable Court for an entry of an Order approving the Receiver's Third Interim Claims Report and Recommendation on Claims and in support of its motion states:

1. On January 3, 2000, this Court ordered Caduceus Self Insurance Fund, Inc. ("Caduceus") into Liquidation and appointed the Department of Financial Services of the State of Florida as Receiver. On January 7, 2003, the Florida Department of Insurance became the Florida Office of Insurance Regulation.

2. This Court has jurisdiction over the Caduceus 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. Previously, two separate assessments were made of members to fund the operations of the Caduceus estate. Due to a large litigation recovery by the Receiver, all paid assessments have been returned to the members of Caduceus with the approval of the Court.

4. Despite the repayment of previous assessments to members and the planned reimbursement of contributed equity, estimated to be \$273,596.83 as of November 30, 2015, to

the Florida Insurance Regulatory Trust Fund at the conclusion of this estate, surplus assets will remain in the Caduceus estate.

5. The Receiver recommends that the excess assets of the Caduceus estate, after repayment of contributed equity, be distributed to the member/owner/policyholders of the self-insurance fund in the same manner that excess assets of an assessable mutual insurer are returned to members upon liquidation (see section 628.501, Fla. Stat.) and excess assets of a corporation are returned to shareholders upon dissolution. All other claimants against the Caduceus estate have been paid in full, and equity requires that the members of Caduceus, who have previously been assessed for funds required to pay the company's claims, share the excess in the proportion of their paid premiums to all remaining assets.

### **BACKGROUND**

6. The history of the Caduceus receivership estate stretches out nearly sixteen years. But some prior history is important to understand the formation of the company and its subsequent placement into receivership. Caduceus was incorporated on November 25, 1975, as a Florida not-for-profit corporation under Chapter 617, Florida Statutes, for the purpose of forming and operating a self-insuring medical malpractice trust in accordance with section 327.357, Florida Statutes. Self-insuring medical malpractice trusts are not issued Certificates of Authority, like an insurance company or HMO. Rather they must seek the approval of the Florida Office of Insurance Regulation ("OIR"), at the time the Florida Department of Insurance ("DOI"), of Caduceus' corporate existence pursuant to section 627.357, Florida Statutes, and comply with the conditions listed in that statute.

7. Caduceus sought an acquisition partner in early 1998, and eventually partnered with the Doctors Company ("TDC"). In mid-1999, TDC, as service agent of Caduceus,

determined that an assessment of policyholders was necessary. Caduceus engaged an outside actuary, David Bickerstaff, to project the scope and amount of the assessment. Mr. Bickerstaff's conclusions were reviewed by TDC and forwarded to the DOI for approval. An assessment covering the policy years 1993-1994, 1995-1996, 1996-1997, and 1997-1998, totaling over \$7,000,000.00 in the aggregate and involving approximately 1,400 physicians, was approved by the DOI and efforts to collect the assessment commenced. These collection efforts did not match the demand upon Caduceus for the payment of claims and related expenses. Additionally, an adverse judgment rendered against a Caduceus insured in the amount of \$1.9 million exacerbated Caduceus' financial instability. Caduceus consented to receivership, and liquidation was ordered by this Court on January 3, 2000. On July 18, 2000, this Court entered an Order dissolving Caduceus's corporate existence.

8. During the administration of the Caduceus estate, the Receiver determined that a deficit remained and additional funds were necessary to cover claims and expenses. The Receiver petitioned this Court to assess the fund members, which was approved by an Order dated January 3, 2003. Members that had paid the pre-liquidation assessment received an offset for those payments against their post-liquidation assessment. Members who had not paid the pre-liquidation assessment were charged interest on the uncollected portion. The Receiver contracted with the law firm of Doran, Wolfe, Rost & Ansay to handle the collection of the assessments. The Receiver ultimately recovered \$14,998,140 of the \$15,581,798 assessment approved by this Court.

9. On December 6, 2007, the Court approved a Claims Distribution Report regarding a distribution in the Caduceus estate. Under the terms of the Order, Class 1-3 claimants received a 100% distribution of the adjudicated amounts of their claims.

10. The Receiver successfully litigated a breach of contract action against TDC, a large California insurance company. This recovery allowed for the Receiver to pay all of the obligations of Caduceus and left the estate with assets in excess of the \$14,998,140 recovered through the assessment. The Receiver immediately halted further collection efforts and made plans to return the amounts collected to the former members through assessment. Due to unresolved and unpaid claims that remained, it was decided to make a partial refund to the former members as soon as possible and return the remainder after the final claims distribution was completed. On December 24, 2007, the Receiver mailed out 1,193 checks to former members of Caduceus. The checks totaled \$11,000,000.20 and represented a 73.3424% refund of amounts previously paid by members resulting from pre-liquidation and post-liquidation assessments.

11. On October 2, 2009, this Court issued an Order approving a 100% distribution to 224 claimants in Classes 6, 7, and 9. With this distribution, all known claimants in the estate received 100% of the adjudicated amounts of their claims. On December 23, 2009, the Receiver mailed out 1,193 checks to former members of Caduceus, representing the remaining 26.6576% due back to members from the two previous assessments. At that point, the Receiver had refunded 100% of assessments previously paid by former member of Caduceus.

12. Even with the refunding of assessments to Caduceus members and the reimbursement of contributed equity to the Florida Insurance Regulatory Trust Fund at the conclusion of the estate, assets will remain in the Caduceus estate of approximately \$7 million. It is the Receiver's recommendation that these funds be distributed among the Caduceus estate's member/owner/policyholders based upon the premium paid by those members for the last five years Caduceus was in operation. The Receiver identified the universe of

member/owner/policyholders which determines the amounts of the proposed refunds by using the same methodology and information used to calculate the earlier assessments.

**METHODOLOGY FOR IDENTIFYING MEMBER/OWNER/POLICYHOLDERS  
FOR CALCULATION OF DISTRIBUTION PERCENTAGE OF THE  
REMAINING ASSETS IN THE CADUCEUS ESTATE**

13. The Receiver determined the total universe of member/owner/policyholders by using information from both the pre-liquidation and post-liquidation assessments. The eligible member/owner/policyholders are those that paid premium in 1994 through 1998, the last five (5) years in which Caduceus operated as a self-insurance fund. The majority of member/owner/policyholders were identified in the lists of policyholders previously assessed, including the sixty-one (61) policyholders excluded from the post-liquidation assessment. 1,344 policyholders are identified as having been assessed in the first, pre-liquidation, assessment; 1,283 policyholders are identified as having been assessed in the second, post-liquidation, assessment. Adding in the sixty-one (61) policyholders who were excluded from the second assessment because of offsets resulting from payment of the initial assessment confirms the total universe of 1,344 Caduceus policyholders from 1994-1998. Furthermore, during the return of the assessments, a report listing 1,301 policyholders who had made payments on either assessment and were due monies back. Eighteen (18) of those 1,301 policyholders were among the sixty-one (61) policyholders not assessed in the post-liquidation assessment. This left forty-three (43) that had failed to pay either assessment. Once again, this yields a total universe of 1,344 Caduceus policyholders from 1994 through 1998.

14. The amounts of the first assessment were calculated by Caduceus' actuary, Bickerstaff & Whatley ("Bickerstaff"), using the premium figures reported on Caduceus' financial statements. The second assessment amounts were calculated by Preferred Insurance

Capital Consultants (“PICC”) using the premium amounts compiled from company records by the Receiver post-liquidation. The premium data was reported to this Court and was the basis for the 2003 post-liquidation assessment. The premium data used to determine assessment amounts, although consistent, was reported in different manners. PICC’s report detailing the 2003 post-liquidation assessment, titled *Determination of Deficit to be Recovered through Assessment and Allocation of Assessment by Insured* (the “Report”), contained premium data for all but the sixty-one (61) policyholders not included in that assessment. When the Receiver reconciled the pre-liquidation assessment’s data with that of PICC’s report, it was discovered that instead of relying on the amounts reported by Bickerstaff, PICC had matched the premium amounts with periods in which those premiums were actually earned. For example, if a policy’s effective date was September 1<sup>st</sup> of a given year, then the portion of the premium earned from September 1<sup>st</sup> to December 31<sup>st</sup> of that year was recorded for the year in question and the remainder was reported in the following year. If the policy was renewed the following year, assuming it to be on the original effective date, then the portion of the renewal policy that was earned in that year would be added to the portion earned from the previous policy and that total would be reported for the following year. Additionally, a group of *tail policies* was considered in the PICC report. A *tail policy* permits an insured to report claims made against the insured after a claims-made policy has expired or been cancelled, if the wrongful act that gave rise to the claim took place during the expired/cancelled policy time period. Tail coverage requires that the insured pay additional premium. The PICC report contained a footnote stating that, “Earned premium for 1994-1998 calculated assuming that coverage for Tail policies is earned over 5 years.” The amounts reported in each period were calculated in the same manner as stated above over the five year window.

15. The Receiver has compared the information contained in the first assessment and the PICC report and verified it against the Receiver's Asset Recovery Processing System ("ARPS") application which was used to track the collection of the second assessment. Since ARPS was populated with the PICC data from the Report and was reported to this Court, where there was a difference in premium numbers calculated from the two assessments, the second assessment ARPS data was used. During the comparison/reconciliation between the two assessments there was some variation between the figures for some policies for individual fund years 1995, 1996, and 1997 due to 1996 being a leap year; regardless, there was no variance between the aggregate results of the premium numbers calculated and those shown in the Report for the five year period for almost all of the policies. Consequently, the Receiver believes the second assessment data contained within the Report and put into ARPS is accurate and reliable in calculating the percentages of premium made by the owner member policyholders for the five years prior to Caduceus being placed into liquidation.

#### **BASIS FOR DISTRIBUTION**

16. As mentioned before, all claims in the estate pursuant to the priority statute of section 631.272, Florida Statutes, for Classes 1-9 have been paid in the Caduceus estate. Even with the refunding of assessments to Caduceus members and the reimbursement of contributed equity to the Florida Insurance Regulatory Trust Fund at the conclusion of the estate, assets will remain in the Caduceus estate of approximately \$7 million. Specifically, the Receiver's quarterly *Statement of Affairs as of September 30, 2015* shows an ending cash balance of \$6,993,311.12. See **EXHIBIT A**. The Receiver recommends distributing these remaining assets so that the estate can be discharged.

17. The distribution of remaining assets in a mutual insurer may be accomplished if all indebtedness, policy obligations, repayment of contributed or borrowed surplus, if any, and expenses of administration have been discharged pursuant to section 628.501, Florida Statutes:

**628.501. Mutual member's share of assets on liquidation**

(1) **Upon any liquidation of a domestic mutual insurer, its assets remaining after discharge of its indebtedness, policy obligations, repayment of contributed or borrowed surplus, if any, and expenses of administration, shall be distributed to existing persons who were its members at any time within 5 years next preceding the date such liquidation was authorized or ordered, or date of last termination of the insurer's certificate of authority, whichever date is the earlier;** except, that if the office has reason to believe that those in charge of the management of the insurer have caused or encouraged the reduction of the number of members of the insurer in anticipation of liquidation and for the purpose of reducing thereby the number of persons who may be entitled to share in distribution of the insurer's assets, it may enlarge the 5 years' qualification period above provided for by such additional period as it may deem to be reasonable.

(2) **The distributive share of each such member shall be in the proportion that the aggregate premiums earned by the insurer on the policies of the member during the combined periods of his or her membership bear to the aggregate of all premiums so earned on the policies of all such members.** The insurer may, and if a life insurer shall, make a reasonable classification of its policies so held by such members, and a formula based upon such classification, for determining the equitable distributive share of each such member. Such classification and formula shall be subject to the approval of the office. (emphasis added)

This statute provides a “roadmap” for distributing the remaining assets in an estate and was used to do so in *In Re: the Receivership of Senior Citizens Mutual Insurance Company*, Leon County Circuit Court Case No.: 2005-CA001069. There is no similar statute for self-insurance funds; however, the Receiver submits that this is the most equitable plan for distribution of the remaining assets in the Caduceus estate.

18. The Receiver has identified the universe of owner/member/policyholders and calculated the percentage amount that each will receive. These names and amounts are



contained in the Receiver's Third Interim Claims Report. Upon approval of the Third Interim Claims Report, the Receiver will notice each claimant with a recommended amount, establish a deadline for objecting to the amount of the claim, resolve objections and/or schedule objection hearing(s) with this Court, and distribute the amounts contained in the Third Interim Claims Report. If funds are to be distributed to claimants that cannot be located, the funds will be forwarded to the Florida Bureau of Unclaimed Property.

### **THIRD INTERIM CLAIMS REPORT**

19. The Receiver's First Interim Claims Report was filed April 11, 2007, and approved by this Court's Order on April 12, 2007. The Receiver's Second Interim Claims Report was filed on June 7, 2012, and approved by this Court's Order on June 14, 2012. The Receiver's Third Interim Claims Report contains all identifiable member/owner/policyholders as Class 10 claimants.

20. The Receiver's Third Interim Claims Report is extremely detailed and contains non-public personal information, including personally identifiable financial information, relating to the claimants. Pursuant to Federal Law, specifically the Gramm-Leach-Bliley Act, 15 USCS §6801 (hereinafter the "Act"), there is an obligation to protect the security and confidentiality of an individual's non-public personal information.

21. In furtherance of the Act's purpose, and in order to protect claimants of the Caduceus estate, the Receiver has not attached the full Third Interim Claims Report to this motion. Instead, the Receiver has attached the summary page of the report that reflects the total amounts recommended by the Receiver. Upon this Court's request, the Receiver would immediately provide to the Court a full copy of the Third Interim Claims Report, dated December 21, 2015. Normally, an interim claims report, is broken down into two parts, Part A

consisting of non-guaranty association claimants and Part B consisting of guaranty association claimants. As there is no guaranty association in this estate, the Third Interim Claims Report consists only of Part A. The summary page of the report is attached as **EXHIBIT B**. This report reflects the 1,344 Class 10 claims in accordance with section 631.271, Florida Statutes (2000). The total amount listed as claimed and recommended for Class 10 by the Receiver in the Report is \$6,998,352.65.

22. Pursuant to section 631.182(1), 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 of Determination" is attached as **EXHIBIT C**. Additionally, pursuant to section 631.182(1), Florida Statutes, the Court "shall enter an order approving the claims so reported, unless an objection is filed thereto within a deadline set by the court."

23. The Receiver recommends a deadline for filing objections that allows ample time for the Receiver to provide the notices of determination and for claimants to file an objection with the Court. In the case of Caduceus, such a deadline would not be less than forty-five (45) days from the date of this Court's Order granting approval of the Third Interim Claims Report.

24. The Receiver has a procedure for handling late filed objections. For any objection filed after the deadline, the Receiver will send a letter to the claimant advising them that their objection was not filed in compliance with Florida Statutes and this Court's Order and will not be handled as a filed objection. A copy of this letter will be filed with the Court.

25. In an ongoing effort to maintain accuracy and efficiency, the Receiver proactively works to update its records to reflect change of address information for interested parties (e.g. agents, claimants, creditors, policyholders, subscribers, etc.) before mailing notifications and distribution checks. The Receiver has access to databases and other publicly available

information which provide updated information, and requests authority to search for change of address information when applicable, and to use available change of address information for future mailings without further approval from this Court.

26. In order to ensure the validity of claim assignments, that the processing of assignments does not create an undue burden on estate assets, and that assignment decisions are made using the best information available, the Receiver does not recognize or accept any assignment of claim(s) by the claimant of record unless the following criteria are met: (1) a distribution petition has not been filed with this Court, (2) the Receiver has been provided a properly executed and notarized assignment claim agreement entered into between the parties, and (3) the Receiver has been provided with a properly executed and notarized *Receiver's Assignment of Claim Change Form* and required supporting documentation. The *Receiver's Assignment of Claim Change Form* shall contain an acknowledgement by the claimant or someone authorized to act on behalf of the claimant, that: (1) the claimant is aware that financial information regarding claims distributions and payments published on the Receiver's website or otherwise available can assist the claimant in making an independent and informed decision regarding the sale of the claim, (2) the claimant understands that the purchase price being offered in exchange for the assignment may differ from the amount ultimately distributed in the receivership proceeding with respect to the claim, (3) it is the claimant's intent to sell their claim and have the Receiver's records be permanently changed to reflect the new owner, and (4) the claimant understands that they will no longer have any title, interest, or rights to the claim including future mailings and distributions if they occur.

WHEREFORE, the Receiver respectfully requests this Court enter an Order:

A. Approving the Receiver's Third Interim Claims Report and Recommendation on Claims for which no objections are filed;

B. Authorizing and directing the Receiver to establish an objection filing deadline that is not less than forty-five (45) days from the date of this Court's Order granting approval of the Third Interim Claims Report;

C. Authorizing and directing the Receiver to provide notice to each claimant, as herewith reported to the Court, of the Receiver's recommendation regarding their claim and the deadline for filing objections, by United States Mail to the last known address of such person, as shown in the Receiver's files;

D. Approving the Receiver's sample "Notice of Determination" and directing all persons who have filed claims, as herewith reported to the Court, to file any objection they might have to the Receiver's Report with the Clerk of this Court on or before the objection filing deadline at:

Clerk of the Leon County Circuit Court  
Leon County Courthouse  
301 S. Monroe Street  
Tallahassee, Florida 32301;

**AND** file a copy of said objection with the Receiver at the following address:

The Florida Department of Financial Services,  
Division of Rehabilitation and Liquidation  
As Receiver for Caduceus Self Insurance Fund, Inc.  
2020 Capital Circle S.E., Suite 310  
Tallahassee, Florida 32301

E. Requiring any persons filing objections to submit documentation to support their claim and that the Court will not consider any information or documentation submitted after the objection is filed;

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

G. Authorizing the Receiver to proactively search for change of address information for interested parties and to use the change of address information for future mailings; and

H. Approving the Receiver's recommendation on assignment of claims.

SUBMITTED this 28<sup>th</sup> day of December, 2015.

/s/ Steven G. Brangaccio

STEVEN G. BRANGACCIO,

**CERTIFICATE OF SERVICE**

I hereby certify that a true and correct copy of the foregoing has been furnished to Joel S. Mutnick, Joel@fiskco.com, 1000 S. Pine Island Road, #440, Plantation, Florida 33324, this 28<sup>th</sup> day of December, 2015.

/s/ Steven G. Brangaccio

STEVEN G. BRANGACCIO,

SENIOR ATTORNEY

Florida Bar No. 0071773

Florida Department of Financial Services

Division of Rehabilitation and Liquidation

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**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Caduceus SIF in Liquidation**  
**Statement of Affairs**  
**As of September 30, 2015**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Pooled Cash Due from the Admin Fund	\$8,993,311.12
Accrued Interest Receivable	<u>7,507.34</u>
Total Assets	<u><u>\$7,000,818.46</u></u>
<b>LIABILITIES</b>	
Shareholder Claims	1.00
Total Liabilities	<u>\$1.00</u>
<b>EQUITY</b>	
Contributed Equity - State of Florida	273,496.25
Estate Equity	<u>6,727,321.21</u>
Excess (Deficiency) of Assets over Liabilities	<u>\$7,000,817.46</u>
Total Liabilities and Equity	<u><u>\$7,000,818.46</u></u>

The accompanying notes & schedules are an integral part of these financial statements  
**UNAUDITED**

**CADUCEUS SELF INSURANCE  
FUND, INC.**

2<sup>nd</sup> Judicial Circuit Court,  
in and for Leon County, Florida  
CASE NO. 2000-CA-000004  
**EXHIBIT A**

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Caduceus SIF in Liquidation**  
**Statement of Cash Receipts and Disbursements**  
**From the Date of Liquidation through September 30, 2015**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
<b>CASH RECEIPTS</b>		
Premium Collections	\$0.00	\$262,300.56
Assessment Recoveries	0.00	(2,638,993.50)
Reinsurance Recoveries	0.00	6,511,785.94
Agents' Balances Recoveries	0.00	609,794.25
Litigation Recoveries	0.00	21,962,247.81
Tax Recoveries	0.00	3,007,450.02
Other Collections / Recoveries	<u>42.37</u>	<u>124,543.51</u>
Receipts Before Investment Activities	42.37	29,839,128.59
Interest and Dividend Receipts	<u>23,301.90</u>	<u>5,142,198.67</u>
Receipts From Investment Activities	<u>23,301.90</u>	<u>5,142,198.67</u>
<b>Total Cash Receipts</b>	<u><b>23,344.27</b></u>	<u><b>34,981,327.26</b></u>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	776.61	11,462,030.29
Salaries and Fringe Benefits	17,508.48	2,260,566.85
Employee Welfare	51.14	9,521.47
Travel Expenses	30.65	19,063.00
Admin Expenses	76.78	37,799.94
Equipment and Furniture Expenses	577.97	54,390.31
Rent, Building and Equipment	2,063.66	172,556.97
Taxes	<u>0.01</u>	<u>4,977,125.41</u>
Disbursements	21,085.30	18,993,054.24
Distributions		
Loss Claims (Class 2)	0.00	9,169,975.87
General Creditors Claims (Class 6)	0.00	1,106,700.88
Government Claims (Class 7)	0.00	2,804.49
Surplus Notes/Unearned Premium-Assessable Policies Clai	<u>0.00</u>	<u>109,236.82</u>
Total Distributed	0.00	10,388,718.16
Disbursements & Distributions Before Investment Activities	21,085.30	29,381,772.40
Financial Expenses	<u>2,230.56</u>	<u>174,979.39</u>
Disbursements for Investment Activities	<u>2,230.56</u>	<u>174,979.39</u>
<b>Total Cash Disbursements &amp; Distributions</b>	<u><b>23,315.86</b></u>	<u><b>29,556,751.79</b></u>
<b>Net Increase (Decrease) in Cash</b>	<u><b>28.41</b></u>	<u><b>5,424,575.47</b></u>
<b>Beginning Cash Balance:</b>		
Beginning Cash	6,993,282.71	1,568,735.65
Adjustments to Beginning Cash	<u>0.00</u>	<u>0.00</u>
<b>Adjusted Beginning Cash Balance</b>	<u><b>6,993,282.71</b></u>	<u><b>1,568,735.65</b></u>
<b>Ending Cash Balance</b>	<u><b>6,993,311.12</b></u>	<u><b>6,993,311.12</b></u>

The accompanying notes & schedules are an integral part of these financial statements  
**UNAUDITED**

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Caduceus SIF in Liquidation**  
**Schedule of Accrued Interest Receivable**  
**For the Three Months Ended September 30, 2015**

**Accrued Interest Receivable**

<u>Due from</u>	<u>Account</u>	<u>Balance 7/1/15</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance 9/30/15</u>
State Treasury	SPIA, 4-20-0-010000-00000	5,826.73	22,820.86	(21,140.05)	7,507.34
Totals:		5,826.73	22,820.86	(21,140.05)	7,507.34



**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation  
Caduceus SIF in Liquidation  
Notes to Financial Statements**

**Dated September 30, 2015**

1. **Estate Information.** Caduceus SIF was a medical malpractice self-insured fund domiciled in Florida and placed in liquidation on January 3, 2000.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on a modified cash basis of accounting using a fiscal year of July 1, 2015 through June 30, 2016. The assets are stated at their estimated realizable values, while the liabilities are stated at their gross filed amounts and are periodically adjusted as evaluated, adjudicated and/or paid. Interest is accrued and reinsurance receivables are only posted when billed to reinsurers. In addition, the statements do not provide accruals for all future administrative expenses to liquidate the estate or costs to pursue or litigate claims against others.
3. **Unaudited.** The accompanying financial statements have not been audited by an independent certified public accountant and no opinion is expressed on their compliance with generally accepted accounting principles.
4. **Statement Format Changes.** On July 1, 2001, the Receiver converted accounting systems, which resulted in the historical accounting data being presented differently in this set of financial statements than the previously prepared statements for this estate. Because the new system uses a more detailed chart-of-accounts and summarizes data into categories different than previously used, the 'Since Date of Liquidation' column of historical data on the 'Statement of Cash Receipts and Disbursements' may not correspond directly to previous statement presentations. Users of this "Liquidation to-date" information should solicit additional information from the Receiver before making assumptions about the data.
5. **Pooled Investments.** The majority of the invested assets of the estates are combined into two main pooled accounts: the Receiver's operating account held at the Bank of America and the Special Purpose Investment Account held at the State of Florida Treasury. Each estate's share of the pooled investments is presented on the accompanying financial statements as "Pooled Cash Due from the Admin Fund".
6. **Claims.** Unless otherwise noted, the Statement of Affairs contains claim liabilities by priority class pursuant to 631.271, Florida Statutes. Unless otherwise stated, the claim liabilities reported are gross filed, un-adjudicated, and have not been reduced by any early access payments from the Florida Receiver. Claim liability numbers are based upon the most current available information and documentation provided to the Receiver from both internal and external sources.
  - All claims have been adjudicated and are reported net of authorized distributions.
  - A 100% claims distribution for Class 2 claims was authorized on December 6, 2007, and March 15, 2010.
  - A 100% claims distribution for Class 6, Class 7, and Class 9 claims was authorized on October 2, 2009.
  - There is one late pending Class 10 shareholder claim with an estimated claimed value of \$6,674,425.97.
7. **Federal Priority.** Pursuant to 31 U.S.C.A. § 3713, a federal government claim must be paid first, when a debtor to the United States is insolvent. The federal government has taken the position that it is not subject to state insurance liquidation proceeding's claims filing deadlines. To establish finality, shield itself from potential liability, and ultimately discharge the estate, the Receiver requested a federal release from the U.S. Department of Justice (DOJ). The federal release was subject to the approval of the receivership court. The U.S. DOJ release for this estate was approved by court order on September 2, 2009.
8. **Contributed Equity – State of Florida.** The Receiver will, from time to time, expend public funds to carry out certain duties during the course of liquidating an insurance company. The Division accounts for these expenditures as a contribution of equity by the State.

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation**

**Caduceus SIF in Liquidation**

**Notes to Financial Statements**

**Dated September 30, 2015**

9. **Excess (Deficiency) of Assets over Liabilities.** The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. This excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.

FLORIDA DEPARTMENT OF FINANCIAL SERVICES -DIVISION OF REHABILITATION AND LIQUIDATION  
 CADUCEUS SELF INSURANCE FUND, INC  
 THIRD INTERIM CLAIMS REPORT  
 PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

**SUMMARY TOTALS**

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS	\$6,998,353.65
TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS	\$6,998,352.65
 TOTAL NUMBER	 1,344

**Secured Claims**

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

**UnSecured Claims**

COUNT OF CLASS 1 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 1 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :	\$0.00
 COUNT OF CLASS 2 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 2 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
 COUNT OF CLASS 3 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
 COUNT OF CLASS 4 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 4 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
 COUNT OF CLASS 5 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 5 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
 COUNT OF CLASS 6 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 6 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS :	\$0.00
 COUNT OF CLASS 7 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 7 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
 COUNT OF CLASS 8 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 8 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
 COUNT OF CLASS 9 CLAIMS :	 0
AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECD FOR CLASS 9 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$0.00
 COUNT OF CLASS 10 CLAIMS :	 1,344
AMOUNT CLAIMED FOR CLASS 10 CLAIMS BY NON GUARANTY ASSOCIATION	\$6,998,353.65
AMOUNT RECD FOR CLASS 10 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$6,998,352.65

Note: If status is unevaluated, then dollar amounts have been suppressed

**CADUCEUS SELF INSURANCE  
 FUND, INC.**  
 2<sup>nd</sup> Judicial Circuit Court,  
 in and for Leon County, Florida  
 CASE NO. 2000-CA-000004  
**EXHIBIT B**



# FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER

«company»

December 21, 2015

## NOTICE of DETERMINATION

RCN: «CD\_COMPANY» «ID\_NO»-«SUFFIX»  
«LONGNAME»  
«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**

**THIS IS NOT A BILL**

RE: «COMPANY»

Civil Action: «CASE\_NO»  
2<sup>nd</sup> Judicial Circuit Court  
Leon County, Florida

**OBJECTION FILING DEADLINE: ?filing deadline?**

The purpose of this Notice of Determination is to inform you of the Receiver's recommendations concerning the amount recommended and classification of your claim filed against the Receivership Estate of «COMPANY».

A copy of the court order approving these recommendations and information outlining the statutory classification of claims ("Priority of Claims") can be obtained at the website listed below.

If the "Amount Recommended Claimant" is blank, your claim was not evaluated for an amount recommended as there are no funds to pay your claim. Additional explanation regarding payment of claims can be found on the back of this form.

If you agree with the amount recommended and the assigned class, no further action on your part is necessary.

If you object to the amount recommended or to the assigned class of your claim, you must file your WRITTEN objection with BOTH the Receiver (address below) and The Clerk of Court at:

CLERK OF THE LEON COUNTY CIRCUIT COURT  
LEON COUNTY COURTHOUSE  
301 S. MONROE STREET  
TALLAHASSEE, FLORIDA 32301

Your objection **must be filed** (received) by ?filing deadline?. We recommend that you send your objection by certified mail, return receipt requested. **OBJECTIONS FILED (RECEIVED) AFTER THE DEADLINE WILL NOT BE CONSIDERED.**

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, email 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. File the original with the Clerk of Court, file a copy with 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»  
2020 CAPITAL CIRCLE SE, SUITE 310  
TALLAHASSEE, FLORIDA 32301  
Website: <http://www.myfloridacfo.com/division/receiver>  
Telephone: 850-413-3081, Toll Free: 800-882-3054, Facsimile: 850-413-3997

CADUCEUS SELF INSURANCE  
FUND, INC.  
2<sup>nd</sup> Judicial Circuit Court  
in and for Leon County, Florida  
CASE NO. 2000-CA-000004  
EXHIBIT C

# FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER «company»

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## PAYMENT OF CLAIMS INFORMATION

Please be advised that the assets in the receivership estate of «COMPANY» may not be sufficient to fund a distribution payment to all claimants. Distribution of funds to claimants is made in accordance with the priority schedule set forth in Section 631.271, Florida Statutes. Class 1 is designated as the highest priority and Class 11 is considered the lowest priority. All approved claims in a class must be paid in full before any payment is made to the next class. If there are insufficient funds to pay the next lower priority class in full, all approved claims in that class are paid in equal pro rata shares. Therefore, 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% pro rata share distribution of funds in your class equals 25 cents on the dollar). Further information on the financial condition of «COMPANY» can be found at the website listed below or the Global Receivership Information Database (GRID) website at [www.naic.org](http://www.naic.org).

As part of its duties, the Receiver must investigate, collect and convert all company assets into cash, prioritize and value claims, and resolve all objections to the results of the Receiver's evaluations. This process usually takes several years to complete. Distributions to claimants are made only if/when sufficient funds become available and the Court has approved the distribution. We cannot currently estimate if/when a payment may be made. Your patience in this process is appreciated.

## CLAIMANT INFORMATION

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, including address, is incorrect, or becomes incorrect in the future, it is your responsibility to notify the Receiver and document any changes to a claimant's name or address. Information on how to submit a change is available at the website listed below.

Some non-confidential information (i.e., certain claimant names, addresses and recommended claim information) is compiled by the Receiver and filed with the Court in order to make recommendations regarding the value and class of claims. This information is available to consumers as a public record in accordance with Article I, Section 24 of the Florida State Constitution and Chapter 119, Florida Statutes, and may be accessed through the court files of this receivership or via the Receiver's website.

**IMPORTANT INFORMATION:** You may be contacted by outside third parties who may offer to purchase your claim in exchange for the transfer of your rights to a distribution, if any, in the future. Please be advised that the Receiver is not in any way affiliated with third party purchasers of claims and cannot advise or counsel individual claimants with respect to any potential distribution amounts or assist a claimant in the personal decision to sell their claim to an outside third party. All available information on the financial condition of «COMPANY» may be found at the website listed below or the Global Receivership Information Database (GRID) website at [www.naic.org](http://www.naic.org).

FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER  
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