

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

IN RE:

The Receivership of ATLANTIC
PREFERRED INSURANCE COMPANY.

CASE NO.: 2006 CA 1083

**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 Atlantic Preferred 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 June 1, 2006, 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. Atlantic Preferred Insurance Company ("APIC") was a property and casualty insurance company located in the State of Florida.
3. This Court has jurisdiction over the APIC 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 previously approved the Department's Final Claims Report, Claims Distribution Report, and Distribution Accounting, in an Order entered on December

12, 2016. Distribution was made to Class 1 and Class 2 as authorized by that Order in the total amount of \$4,892,021.45. This distribution represented a 100% distribution of the recommended claim amount to Class 1 and an approximate 57.2054% distribution to Class 2 claimants. Previously, the federal release was obtained by the Department and entry into the Release Agreement was approved by this Court on July 26, 2016.

5. Despite the Department's best efforts, some approved claims may have inadequate current address information and/or may not have provided the Department with a form W-9, required by the Internal Revenue Service. The total unclaimed property in the estate is listed below. The Department recommends that said funds be transferred to the Division of Unclaimed Property, Department of Financial Services, as "unclaimed property" pursuant to Section 717.119, Florida Statutes and/or to the unclaimed property units of other states as appropriate.

6. The Department's Discharge Accounting Statement – Projected for June 2017 (the "Discharge Accounting") is attached hereto as Exhibit 1.

7. As shown in the Discharge Accounting, the estimated value of all assets of the APIC Receivership estate is projected to be \$679,403.17 as of June, 2017. See Schedule A to Exhibit 1. Of that \$679,403.17, approximately \$674,428.82 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.

8. The Department would retain \$1,600.00 as a reserve for "wind up" expenses of the Receivership.

9. The Department requests an order authorizing the Department to remit to the Florida Insurance Guaranty Association (“FIGA”) any surplus expense funds remaining after discharge.

10. Upon approval of the Department’s request for final discharge, the records of the APIC receivership estate will no longer be needed, and it will be necessary to dispose of the obsolete company records. This procedure is in direct compliance with Article 1, Section 24, Florida Constitution, Chapters 119 and 257, Florida Statutes, and chapter 1B-24 and 1B-26.003, Florida Administrative Code. The Department will further give notice of its intent to The United States Department of Justice as agreed in the federal Release Agreement.

11. APIC is, or was, one of three insurance companies that were part of the Poe Family of Insurance Companies, the other two being Southern Family Insurance Company and Florida Preferred Property Insurance Company. APIC and Southern Family Insurance Company both held an investment in AlphaKeys Real Estate Opportunity Fund, L.L.C. f/k/a UBS Real Estate Opportunity Fund (“AlphaKeys Fund”). The Department was unable to liquidate its interest in this investment prior to discharge, and further, that interest in the AlphaKeys fund is nontransferable. However, the Department is informed that the AlphaKeys Fund is in the process of liquidating, and until that process is concluded, the Department will continue to receive distributions. Therefore, the Department seeks authority to retain ownership rights to the AlphaKeys Fund for the sole purpose of receiving and endorsing checks over to FIGA.

12. Although such recovery is unlikely, the Department requests an order authorizing it to remit to FIGA 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.

13. 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 June 30, 2017, subject to the terms stated above.

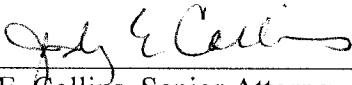
WHEREFORE, the Department respectfully requests the Court grant this Motion and enter an Order:

- 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, including the Florida Division of Unclaimed Property;
- C. Authorizing and directing the Department to retain \$1,600.00 as a reserve for wind up expenses of the Department;
- D. Authorizing the Department to remit any surplus expense funds remaining after discharge to FIGA;
- E. Authorizing the Department, after final discharge, to destroy any obsolete records in the Department's possession;
- F. Authorizing the Department to remit to FIGA 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, including any judgments or amounts recovered from judgments;

G. Directing, without further order of this Court, the final discharge of the Department of its responsibilities in this receivership estate as of 11:59 P.M. on June 30, 2017; and

H. Authorizing the Department to retain ownership rights to the AlphaKeys Fund for the sole purpose of receiving and endorsing checks over to FIGA.

RESPECTFULLY SUBMITTED this 5th day of June, 2017.



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Atlantic Preferred Insurance Company
Discharge Accounting Statement
Projected for June 2017

ASSETS

Cash	<u>Amount</u>	
	\$ 679,403.17	Schedule A
Total Assets	<u><u>\$ 679,403.17</u></u>	

LIABILITIES

	<u>Recommended</u> <u>Disbursement</u>	
Outstanding Amounts from Distribution to Unclaimed Property	674,428.82	
Total Liabilities	<u><u>\$ 674,428.82</u></u>	

WINDUP SUMMARY

Funds Available for Windup Expenses	4,974.35	
Projected Windup Expenses	<u>(1,600.00)</u>	Schedule D
Balance (Any Remaining Funds to FIGA)	<u><u>3,374.35</u></u>	

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 and Advances from the Regulatory Trust Fund

Atlantic Preferred Insurance Company
Available Cash Projection
Projected for June 2017

	Cash Bal. as of March 31, 2017	Apr-17	May-17	Jun-17
Beginning Pooled Cash Balance	\$ 577,725.49	\$ 694,153.17	\$ 684,228.17	
Distribution Account Closure Transfer	\$ 141,535.61			
Direct Receiver Expenses (Actual or Estimated)				
Final Legal Fees		10,266.00		
Rent-Storage, Postage, Scanning UCP records		300.00	300.00	300.00
Sub-total		10,566.00	300.00	300.00
Allocated Receiver Expenses (Estimated)				
Labor & Benefits		15,000.00	10,000.00	5,000.00 ¹
Indirect Expenses		125.00	125.00	125.00 ²
Sub-total		15,125.00	10,125.00	5,125.00
Cash Balance Before Interest Earnings		693,570.10	683,728.17	678,803.17
Interest Earnings				
Pooled Cash:				
Actual SPIA Earnings for March to be credited on 4/1/2017.		583.07		
Estimate based on assume SPIA APR on the previous month's average Pooled Cash balance (Sch. D)			500.00	600.00
Ending Pooled Cash Balance	\$ 577,725.49	\$ 694,153.17	\$ 684,228.17	\$ 679,403.17

Assumptions for Allocated Receiver Expenses:

¹ Labor & Benefits: The April labor projection is based on an average of May and June's totals which are more representative of the recent level of activity in this estate. May and June estimates are based on this average and a continuing decline in activity to discharge.

² Indirect Expenses: This estimate is Atlantic Preferred's estimated pro rata share of the Receiver's estimated total indirect expenses. The pro rata share calculation is based on Atlantic Preferred'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	\$ 125,000.00
Estimated Expense	\$ 125.00

Atlantic Preferred Insurance Company
Allocated State Funds Expensed
 Estimated from April 2017 through the Projected Discharge Date of June 2017
THIS STATEMENT INCLUDED FOR INFORMATION PURPOSES ONLY - AMOUNTS NOT PART OF DISTRIBUTION CALCULATION

	April	May	June	Totals
Accrued Allocated State of Florida Expenses (Estimated)				
Labor & Benefits	\$ 70.00	\$ 70.00	\$ 70.00	\$ 210.00 ¹
Indirect Expenses	10.00	10.00	10.00	\$ 30.00 ²
Total	\$ 80.00	\$ 80.00	\$ 80.00	\$ 240.00 ³

Assumptions for Allocated State of Florida Expenses:

¹ Labor & Benefits: This estimate is based on a four month actual average doubled for increased labor activity during the distribution period.

December Actual	-
January Actual	-
February Actual	-
March Actual	277.00
Sub-total	277.00
4 mth. actual average (rounded)	<u>\$ 70.00</u>

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

Before Distribution

Estimated Total Asset %	0.10%
Estimated Total for the State	\$ 10,000.00
Estimated Expense	<u>\$ 10.00</u>

³ Per current Receiver policies and procedures, these accumulated amounts are recorded contributed equity to the estate.

Atlantic Preferred Insurance Company
Interest Earnings Projection - Pooled Cash
Projected for June 2017

Interest accrued for April 2017

Beginning cash balance	577,725.49
Ending cash balance	694,153.17
Average cash balance	635,939.33
Assumed SPIA interest rate (Annualized)	1.00%
Subtotal (Annualized)	6,359.39

Accrual for April 2017

\$ 500.00

Interest accrued for May 2017

Beginning cash balance	694,153.17
Ending cash balance	684,228.17
Average cash balance	689,190.67
Assumed SPIA interest rate (Annualized)	1.00%
Subtotal (Annualized)	6,891.91

Accrual for May 2017

\$ 600.00

Interest accrued for June 2017

Beginning cash balance	684,228.17
Ending cash balance	679,403.17
Average cash balance	681,815.67
Assumed SPIA interest rate (Annualized)	1.00%
Subtotal (Annualized)	6,818.16

Accrual for June 2017

\$ 600.00

Atlantic Preferred Insurance Company
Receiver Windup Expenses
Projected for June 2017

Discharge Expenses (Projected for Post 6/30/2017)

Records Storage, Labor	1,600.00
2016 & 2017 Final Tax Return Preparation	
Total	\$ 1,600.00

Atlantic Preferred Insurance Company
Statement of Contributed Equity from Regulatory Trust Fund Estimated Balances
Projected for Discharge by 6/30/2017

I. Contributed Equity Balance as of 3/31/2017		\$ 663,482.41
Accrual for April - June (Estimate from Schedule B)	<u>\$ 240.00</u>	
Total		<u>\$ 240.00</u>
Projected Contributed Equity Balance as of 6/30/2017		<u><u>\$ 663,722.41</u></u>