

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

In Re: Receivership of

Case No.: 2011 CA 2404

HOMEWISSE PREFERRED
INSURANCE COMPANY

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

COMES NOW, The Florida Department of Financial Services, Division of Rehabilitation and Liquidation as Receiver of Homewise Preferred Insurance Company, (hereinafter "Department"), by and through the undersigned counsel, and hereby moves this Court for entry of an Order Approving the Discharge Accounting Statement, Directing Final Discharge of the Estate, and Authorizing the Destruction of Obsolete Records and as good grounds therefor states:

1. Homewise Preferred Insurance Company ("HPIC") was licensed in 2006, by the Office of Insurance Regulation ("OIR") as a stock domestic property and casualty insurance company authorized to do business in Florida.

2. On September 2, 2011, this Court entered a *Consent Order Appointing the Florida Department of Insurance as Receiver of HPIC for Purposes of Rehabilitation, Injunction, and Notice of Automatic Stay*. Subsequently, on November 4, 2011, this Court entered an *Order Appointing the Department as Receiver of HPIC for Purposes of Liquidation, Injunction, and Notice of Automatic Stay* ("Liquidation Order").

3. Pursuant to section 631.021(1), Florida Statutes, this Court has jurisdiction over the 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, sections 631.001 et seq., Florida Statutes.

4. On May 19, 2017, this Court entered an *Order Approving the First Interim Claims Report, Final Claims Report, Claims Distribution Report, and Distribution Accounting and Authorizing Distribution* (“Distribution Order”). The Order authorized a distribution of estate assets in the amount of \$7,497,232.89 to all claimants in Class 1 which constitutes 36.15% of the amount recommended in Class 1. The calculated distribution percentage takes into account the funds previously disbursed as early access funds.

5. The Department’s Discharge Accounting Statement—*Projected as of June 30, 2017*, (the “Discharge Accounting”) is attached hereto and incorporated herein by reference as **Exhibit A**.

6. As shown in the *Discharge Accounting*, the estimated value of all assets remaining in the HPIC receivership estate is projected to be \$10, 971.31. The Department requests authority to retain these funds as a reserve for “wind up” expenses of the receivership.

7. The Department requests an order authorizing it to remit to the Florida Insurance Guaranty Association (“FIGA”) any surplus expense funds remaining after discharge and after its wind up activities are completed.

8. Upon approval of the Department’s request for final discharge, the records of the HPIC 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 seek approval to destroy the records by submitting an *In-House Records Disposition Document* to the Department’s Records Management Liaison Officer (“RMLO”) for review and approval.

9. 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.

10. The Department requests that the following be assigned to FIGA: all mortgages, notes, judgments, or other liens in favor of HPIC recorded with any Clerk of Circuit Court in the State of Florida, upon property located in the State of Florida, that have not been previously assigned, sold, or transferred by the Department.

11. 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.

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

- A. Granting the Department's Motion;
- B. Approving and adopting the Department's Discharge Accounting Statement;
- C. Authorizing and directing the Department to retain \$10,971.31 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. Assigning to FIGA all mortgages, notes, judgments, or other liens in favor of HPIC recorded with any Clerk of Circuit Court in the State of Florida, upon property located in the State of Florida, that have not been previously assigned, sold, or transferred by the Department;
- G. 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; and

H. 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.

Respectfully Submitted on this the 15th day of June, 2017.

/s/ Jamila G. Gooden _____
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Homewise Preferred Insurance Company
Discharge Accounting Statement
Projected for June 30, 2017

ASSETS

| | <u>Amount</u> | |
|---------------------|----------------------------|------------|
| Cash | \$ 10,971.31 | Schedule A |
| Total Assets | <u>\$ 10,971.31</u> | |

LIABILITIES

| | <u>Recommended Disbursement</u> | |
|--------------------------|---------------------------------|--|
| | - | |
| Total Liabilities | <u>\$ -</u> | |

WINDUP SUMMARY

| | | |
|--|------------------------|------------|
| Funds Available for Windup Expenses | 10,971.31 | |
| Projected Windup Expenses | <u>(1,600.00)</u> | Schedule D |
| Balance (Any Remaining Funds to FIGA) | <u>9,371.31</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

Homewise Preferred Insurance Company
Available Cash Projection
Projected for June 30, 2017

| | Cash Bal. as of April 30, 2017 | May-17 | Jun-17 |
|--|-----------------------------------|--------------|-----------------------|
| Beginning Pooled Cash Balance | \$ | 4,022,175.89 | \$ 4,012,114.20 |
| Distribution to FIGA | | | \$ 3,997,232.89 |
| Direct Receiver Expenses (Estimated) | | | |
| Rent-Storage, Bank Fees, Postage | | 300.00 | 300.00 |
| Sub-total | | 300.00 | 300.00 |
| Allocated Receiver Expenses (Estimated) | | | |
| Labor & Benefits | | 13,580.00 | 6,790.00 ¹ |
| Indirect Expenses | | 1,200.00 | 120.00 ² |
| Sub-total | | 14,780.00 | 6,910.00 |
| Cash Balance Before Interest Earnings | | 4,007,095.89 | 7,671.31 |
| Interest Earnings | | | |
| Pooled Cash: | | | |
| Actual SPIA Earnings for April to be credited on 5/1/2017. | | 5,018.31 | |
| Estimate based on assume SPIA APR on the previous month's average Pooled Cash balance (Sch. D) | | | 3,300.00 |
| Ending Pooled Cash Balance | \$ | 4,022,175.89 | \$ 10,971.31 |

Assumptions for Allocated Receiver Expenses:

¹ Labor & Benefits: This estimate is based on a four months actual average doubled for increased labor activity during May with the average used for June.

| | |
|--|--------------|
| January Actual | 6,915.36 |
| February Actual | 5,341.24 |
| March Actual | 6,274.21 |
| April Actual | 8,630.99 |
| Sub-total | 27,161.80 |
| Monthly average (rounded) | \$ 6,790.00 |
| Monthly average doubled for increased activity (rounded) | \$ 13,580.00 |

² The pro rata share calculation is based on HPIC's estimated total assets divided by the Receiver's estimated total assets for all receiverships.

| | <u>Before Distribution</u> | <u>After Distribution</u> |
|----------------------------------|----------------------------|---------------------------|
| Estimated Total Asset % | 1.00% | 0.10% |
| Estimated Total for the Receiver | \$ 120,000.00 | \$ 120,000.00 |
| Estimated Expense | \$ 1,200.00 | \$ 120.00 |

Homewise Preferred Insurance Company
Allocated State Funds Expensed
Estimated from May 2017 through the Projected Discharge Date of June 30, 2017
THIS STATEMENT INCLUDED FOR INFORMATION PURPOSES ONLY - AMOUNTS NOT PART OF DISTRIBUTION CALCULATION

| | <u>May</u> | <u>June</u> | <u>Totals</u> | |
|--|------------------|-----------------|------------------|--------------|
| Accrued Allocated State of Florida Expenses (Estimated) | | | | |
| Labor & Benefits | \$ 140.00 | \$ 70.00 | \$ 210.00 | ¹ |
| Indirect Expenses | 100.00 | 10.00 | 110.00 | ² |
| Total | \$ 240.00 | \$ 80.00 | \$ 320.00 | 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 May with the average used for June.

| | |
|--|-----------|
| January Actual | - |
| February Actual | - |
| March Actual | 119.98 |
| April Actual | 170.47 |
| Sub-total | 290.45 |
| Monthly average (rounded) | \$ 70.00 |
| Monthly average doubled for increased activity (rounded) | \$ 140.00 |

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

| | <u>Before Distribution</u> | <u>After Distribution</u> |
|-------------------------------|----------------------------|---------------------------|
| Estimated Total Asset % | 1.00% | 0.10% |
| Estimated Total for the State | \$ 10,000.00 | \$ 10,000.00 |
| Estimated Expense | \$ 100.00 | \$ 10.00 |

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

Homewise Preferred Insurance Company
Interest Earnings Projection - Pooled Cash
Projected for June 30, 2017

Interest accrued for May 2017

| | |
|---|--------------|
| Beginning cash balance | 4,022,175.89 |
| Ending cash balance | 4,012,114.20 |
| Average cash balance | 4,017,145.05 |
| Assumed SPIA interest rate (Annualized) | 1.00% |
| Subtotal (Annualized) | 40,171.45 |

Accrual for May 2017 **\$ 3,300.00**

Interest accrued for June 2017

| | |
|---|--------------|
| Beginning cash balance | 4,012,114.20 |
| Ending cash balance | 10,971.31 |
| Average cash balance | 2,011,542.76 |
| Assumed SPIA interest rate (Annualized) | 1.00% |
| Subtotal (Annualized) | 20,115.43 |

Accrual for June 2017 **\$ 1,700.00**

Homewise Preferred Insurance Company
Receiver Windup Expenses
Projected for June 30, 2017

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

| | |
|-----------------------------------|---------------------------|
| Records Storage, Labor | 1,600.00 |
| 2017 Final Tax Return Preparation | <u>1,600.00</u> |
| Total | <u>\$ 1,600.00</u> |

Homewise 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 4/30/2017 | | \$ 66,183.94 |
| | Accrual for May - June (Estimate from Schedule B) | <u>320.00</u> |
| Total | | <u>320.00</u> |
| Projected Contributed Equity Balance as of 6/30/2017 | | <u><u>\$ 66,503.94</u></u> |