

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

In Re: The Receivership of  
Florida Specialty Insurance Company,  
a Florida corporation.

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CASE NO.: 2019 CA 002328

**THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES' MOTION FOR  
ORDER APPROVING SECOND INTERIM CLAIMS REPORT AND  
RECOMMENDATION ON CLAIMS**

The Florida Department of Financial Services, Division of Rehabilitation and Liquidation ("Department"), as Receiver of Florida Specialty Insurance Company ("FSIC"), hereby files its *Motion for Order Approving Second Interim Claims Report and Recommendation on Claims* and in support thereof states the following:

1. Pursuant to section 631.021(1), Florida Statutes, this Court has jurisdiction over the FSIC receivership and is "authorized to make all necessary or proper orders to carry out the purposes of" the Florida Insurers Rehabilitation and Liquidation Act, Part I of Chapter 631, F.S..
2. On October 2, 2019, this Court entered a *Consent Order Appointing the Florida Department of Financial Services as Receiver of Florida Specialty Insurance Company for Purposes of Liquidation, Injunction, and Notice of Automatic Stay* ("Liquidation Order").
3. On October 25, 2019, this Court entered an *Amended Order Appointing the Florida Department of Financial Services as Receiver of Florida Specialty Insurance Company for Purposes of Liquidation, Injunction, and Notice of Automatic Stay* ("Amended Liquidation Order").
4. On November 1, 2019, this Court entered an *Order on Intervenor Florida Insurance Guaranty Association's Emergency Petition for Declaratory Judgement* permitting the Florida Insurance Guaranty Association ("FIGA") to pay the Class 2 and Class 3 claims of FSIC pending a finding by this Court of insolvency.

5. On November 14, 2019, this Court entered an *Order Approving Procedure of Deeming Return Premium Claims as Timely Filed* (“Return Premium Order”) that approved the Department’s proposed procedure to first waive the requirement for policyholders to file a proof of claim form for their Class 3 unearned premium claims (“Class 3 Return Premium Claims”) and then deem those Class 3 Return Premium Claims timely filed.

6. On December 16, 2019, this Court entered an *Agreed Order* (“Agreed Order”) that found FSIC was insolvent, as of October 2, 2019, and triggered FIGA pursuant to s. 631.57, F.S.

7. On November 29, 2021, this Court entered the *Order Approving the Florida Department of Financial Services’ First Interim Claims Report and Recommendation on Claims* (“First ICR”), which addressed 535 claims.

8. In accordance with the Liquidation Order, the Amended Liquidation Order, Return Premium Order, the Agreed Order finding insolvency, and s. 631.182, F.S., the Department has deemed the Class 3 Return Premium Claims timely filed and compiled a Second Interim Claims Report (the "Report") applicable to 94,593 Class 3 Return Premium Claims and 15 Class 8 non-guaranty association claims in the FSIC receivership estate.

9. The Report reflects that the 94,593 non-guaranty association Class 3 Return Premium Claims - each initially reported at one dollar (\$1.00) and in the aggregate reported at \$94,593 - have been evaluated by the Department. The Department utilized this one dollar (\$1.00) “placeholder” level principally to accommodate the technical requirements of its claims management IT system.

10. The Department’s calculation of the individual and aggregate Class 3 Return Premium Claims consists of (up to) the first hundred dollars (\$100) of each policyholder’s return premiums claim which is not included within FIGA’s obligation. For the 94,593 Class 3 Return

Premium Claims, the Department recommends the aggregate return premium amount of \$7,812,304.55.<sup>1</sup> A summary reflecting the totals from the Report is attached as "**Exhibit A**". If the Department is able to pay Class 1 and Class 2 claims in their entirety from FSIC estate funds, the Department may pay Class 3 claims in proportion and to the extent that FSIC estate funds are available and sufficient with respect to this class.

11. The Report further reflects that the Department thus far has evaluated the 15 non-guaranty association Class 8 claims, having an aggregate claim amount of \$373,994.74, solely to determine their appropriate class. See **Exhibit A**. The Department has determined that there are not estate funds available and sufficient with respect to Class 8 claims.

12. In order for the Department to assure the validity of claim assignments, assure that the processing of claim assignments does not create an undue burden on estate resources, and assure that claim assignment decisions are made using the best information available, the Department does not recognize or accept any assignment of claim by the claimant of record to another party unless the following criteria are met:

- A. A distribution petition has not been filed with this Court;
- B. The Department has been provided with a properly executed and notarized assignment of claim agreement entered between the parties; and
- C. The Department has been provided with a properly executed and notarized Department's Assignment of Claim Change Form and all required supporting documentation.

13. The Department's Assignment of Claim Change Form shall contain an

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<sup>1</sup> Subject to limited exceptions, s. 631.57(1)(a)2., F.S. (2020), established that FIGA's obligation for a covered claim "includes only the amount of each covered claim which is in excess of \$100 and up to \$300,000." Prior to July 1, 2021, this \$100 amount was sometimes referred to as "the \$100 deductible." See s. 631.57(6), F.S. (2020). Effective July 1, 2021, s. 631.57(1)(a)2. was amended by s. 20, ch. 2021-104, Laws of Florida, which removed this \$100 exclusion from the description of a FIGA covered claim, and prospectively obligated FIGA to pay this initial \$100 as a covered claim in insurer insolvencies commenced on or after July 1, 2021.

acknowledgement by the claimant, or someone authorized to act on behalf of the claimant, that:

A. The claimant is aware that the financial information regarding claims distribution and payments published on the Department's website or otherwise available can assist the claimant in making an independent and informed decision regarding the sale of the claim;

B. 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;

C. It is the claimant's intent to sell their claim and have the Department's records be permanently changed to reflect the new owner; and

D. The claimant understands that they will no longer have any title interest, or rights to the claim including future mailings and distribution if they occur.

14. Pursuant to s. 631.182, F.S., claimants are entitled to notice of the Department's recommendation on their claims and the deadline for filing an objection. The deadline that will be established for filing objections will not be less than forty-five days from the date of the Court's Order granting approval of the Report. A sample of the "Notice of Determination" containing this information and provided to claimants is attached hereto as "**Exhibit B**".

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

16. The Department requests that its recommendations be approved unless an objection is filed thereto with the deadline set by the Court.

WHEREFORE, the Department moves this Court for entry of an Order:

- A. Approving the Department's Second Interim Claims Report and Recommendation on Claims;
- B. Approving the Department's sample Notice of Determination and authorizing and directing the Department to provide notice to each claimant of the Department's recommendations regarding its claim, by U.S. mail and/or electronic mail to the last known physical and/or electronic mail address as shown in the Department's files or to any subsequently revised address of such claimant as ascertained by the Department;
- C. Authorizing and directing the Department to update its records to incorporate change of address information for an interested individual/entity (e.g. agent, claimant, creditor, policyholder, subscriber) if the Department determines that there has been a change of address for an interested individual/entity and authorizing the Department to use the change of address information for future mailings;
- D. Authorizing and directing the Department 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 Report;
- E. Directing all persons or entities who have filed claims, or had them deemed filed, as herewith reported to the Court, to file any objection that they may have to the Department's Report with the Clerk of this Court on or before 11:59 p.m. on the objection filing deadline at:

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

And requiring a copy of said objection be served on the Department at:

Florida Department of Financial Services  
Division of Rehabilitation and Liquidation

As Receiver of Florida Specialty Insurance Company  
325 John Knox Road, The Atrium, Suite 101  
Tallahassee, FL 32303

F. Requiring any person or entity filing an objection to clearly state the name and claim identification number of the person or entity filing the objection and to provide documentation supporting the objection and claim and declaring that the Court will not consider any information or documentation submitted after the objection is filed;

G. Approving the Department's procedure for recognizing and accepting assignment of claims;

H. Approving the Department's procedure for addressing late-filed objections; and

I. Approving the recommendation contained in the Department's *Motion for Order Approving Second Interim Claims Report and Recommendation on Claims* for which no objections are filed.

Respectfully Submitted on this 31st day of October 2024.

/s/ Ronald Joseph

**Ronald Joseph, Attorney**

Florida Bar No. 1059527

Ronald.Joseph@myfloridacfo.com

(850) 413-4410 Telephone

**Timothy G. Schoenwalder, Deputy Chief Attorney**

Florida Bar No. 755930

Timothy.Schoenwalder@myfloridacfo.com

(850) 413-4479 Telephone

Florida Department of Financial Services

Division of Rehabilitation and Liquidation

325 John Knox Rd, The Atrium, Suite 101

Tallahassee, FL 32303

Attorneys for Florida Department of Financial  
Services as Receiver for Florida Specialty Insurance  
Company

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on October 31, 2024, he filed a complete and accurate copy of this document with the Clerk of Courts using the Florida e-filing portal and served all parties who have entered an appearance on the ECF system with this Motion.

/s/ Ronald Joseph  
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**Ronald Joseph, Attorney**

# **Exhibit A**



FLORIDA DEPARTMENT OF FINANCIAL SERVICES -DIVISION OF REHABILITATION AND LIQUIDATION  
 FLORIDA SPECIALTY INSURANCE COMPANY  
 SECOND INTERIM CLAIMS REPORT  
 PART A - FOR NON GUARANTY ASSOCIATION CLAIMANTS

SUMMARY TOTALS

TOTAL AMOUNT CLAIMED BY NON GUARANTY ASSOCIATION CLAIMANTS	\$373,994.74
TOTAL AMOUNT RECOMMENDED TO NON GUARANTY ASSOCIATION CLAIMANTS	\$7,812,304.55
TOTAL NUMBER	94,608

**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 :	0
AMOUNT CLAIMED FOR CLASS 1 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	AMOUNT CLAIMED FOR CLASS 7 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
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 :	0	COUNT OF CLASS 8 CLAIMS :	15
AMOUNT CLAIMED FOR CLASS 2 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	AMOUNT CLAIMED FOR CLASS 8 CLAIMS BY NON GUARANTY ASSOCIATION	\$279,401.74
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 :	94,593	COUNT OF CLASS 9 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 3 CLAIMS BY NON GUARANTY ASSOCIATION	\$94,593.00	AMOUNT CLAIMED FOR CLASS 9 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00
AMOUNT RECMD FOR CLASS 3 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	\$7,812,304.55	AMOUNT RECMD FOR CLASS 9 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:	
COUNT OF CLASS 4 CLAIMS :	0	CLASS 10 INTEREST CLAIMS (SEE NOTE):	
AMOUNT CLAIMED FOR CLASS 4 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00		
AMOUNT RECMD FOR CLASS 4 CLAIMS TO NON GUARANTY ASSOCIATION CLAIMANTS:			
COUNT OF CLASS 5 CLAIMS :	0	COUNT OF CLASS 11 CLAIMS :	0
AMOUNT CLAIMED FOR CLASS 5 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00	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 :	0		
AMOUNT CLAIMED FOR CLASS 6 CLAIMS BY NON GUARANTY ASSOCIATION	\$0.00		
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) (j) on allowed claims in Classes 1 - 9.

# **Exhibit B**



FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER

«company»

October 31, 2024

NOTICE of DETERMINATION

«IMBARCODE»

RCN: «RCN»
«FULLNAME»
«ADDRESSLINE1»
«ADDRESSLINE2»
«city» «state» «ZIPCODE»

INSURED NAME: «POLICYHOLD»
POLICY NUMBER: «POLICY\_NO»
CLAIM NUMBER: «CLAIM\_NO»
CLASS: «CLASS»
AMOUNT CLAIMED: «AMT\_CLAIMD»
AMOUNT RECOMMENDED CLAIMANT: «AMT\_DUE\_CL»
EVALUATION CODE: «EVALCODE1»
EMAIL: «EMAIL»

OBJECTION FILING DEADLINE: Month/Date/Year

The purpose of this Notice of Determination (NOD) is to inform you of the Department’s recommendations concerning the amount recommended and classification of a claim that was filed by you or someone on your behalf.

A listing of the evaluation codes and their descriptions is available here:
www.myfloridacfo.com/division/receiver/claims/claim-evaluation-codes

Information outlining the statutory classification of claims (“Priority of Claims”) is available here:
www.myfloridacfo.com/division/receiver/claims/priorityofclaims

If the “Amount Recommended Claimant” is blank, your claim was not evaluated for an amount recommended as there are insufficient funds to pay your claim. Additional explanation regarding payment of claims and outside third party offers to purchase claims (assignments) is on the back of this form.

If you have received any payments related to this claim (liability settlements, etc.) or have any unpaid obligations to the Federal Government (IRS liens, etc.), you are required to notify us.

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 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 the objection filing deadline noted above. 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: (a) Civil Action Number«CASE\_NO», Second Judicial Circuit Court, Leon County, Florida; (b) the RCN noted above your name; and (c) your address, email address and telephone number.
2. State in detail all legal and factual reasons for your objection.
3. Attach a copy of this notice and any supporting documentation to your objection. By Order of the Court, all documentation must be filed with your objection.
4. File the original with the Clerk of Court, send a copy to the Department, and keep a copy for yourself.
5. 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»
Division of Rehabilitation and Liquidation • Claims Section
325 John Knox Road • Atrium Building Suite 101 • Tallahassee FL 32303
Website: www.myfloridacfo.com/division/receiver
Tel. 850-413-3081 and 800-882-3054 • Fax 850-413-3997

**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 Section 631.271, Florida Statutes. This statute specifies the order in which claims are paid and may differ depending on the year the company was placed into receivership. Beginning with Class 1, 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 a 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 class 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 Department's website listed below.

As part of its duties, the Department must investigate, collect and convert all company assets into cash, evaluate claims and resolve all objections regarding the Department's evaluation. 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 Department and document any changes to a claimant's name or address. Information on how to submit a name and/or address change is available at the Department's website listed below.

Some non-confidential information (i.e., certain claimant names, addresses and recommended claim information) is compiled by the Department 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 Department's website.

***IMPORTANT INFORMATION:*** You may be contacted by outside third parties who may offer to purchase your claim for a discounted amount in exchange for the transfer of your rights to a distribution, if any, in the future. Please be advised that the Department 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 whether to sell their claim to an outside third party for less than the full amount recommended or wait for a distribution. All available information on the financial condition of «COMPANY» may be found at the Department's website listed below.

<p><b>FLORIDA DEPARTMENT OF FINANCIAL SERVICES, RECEIVER</b> <b>«company»</b> Division of Rehabilitation and Liquidation • Claims Section 325 John Knox Road • Atrium Building Suite 101 • Tallahassee FL 32303 Website: <a href="http://www.myfloridacfo.com/division/receiver">www.myfloridacfo.com/division/receiver</a> Tel. 850-413-3081 and 800-882-3054 • Fax 850-413-3997</p>
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