

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
United Southern Assurance Co. in Liquidation
Statement of Affairs
As of June 30, 2011

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$15,226,192.13
Short Term Investments	1,993.84
Accrued Interest Receivable	30,680.87
Long Term Investments	74,894.60
Advance to Guaranty Associations	<u>4,617,387.33</u>
Total Assets	<u><u>\$19,951,148.77</u></u>

LIABILITIES	
Administrative Claims (Class 1)	
- Guaranty Associations	7,693,619.47
Loss Claims (Class 2)	
- Guaranty Associations	13,956,661.70
- Other	98,627,339.19
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	220,529.81
Employee Claims (Class 5)	44,498.46
General Creditor Claims (Class 6)	
- Other	1,854,936.69
State & Local Government Claims (Class 7)	65,163.01
Late Filed Claims (Class 8)	<u>13,173,032.19</u>
Total Liabilities	<u>\$135,635,780.52</u>

EQUITY	
Contributed Equity - State of Florida	492,563.36
Estate Equity	<u>(116,177,195.11)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$115,684,631.75)</u>
Total Liabilities and Equity	<u><u>\$19,951,148.77</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
United Southern Assurance Co. in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through June 30, 2011

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$0.00	\$232,080.58
Reinsurance Recoveries	(8,728.25)	1,033,661.09
Agents' Balances Recoveries	0.00	309,632.71
Subrogation and Salvage Recoveries	0.00	110,342.21
Litigation Recoveries	0.00	388,110.32
Tax Recoveries	0.00	35,014.73
Other Collections / Recoveries	2,662.85	4,134,653.84
Sale of Personal Property Inventory	0.00	7,700.13
Sale of Real Property Inventory	0.00	1,680,000.00
Rental Income	0.00	289,242.08
Receipts Before Investment Activities	(6,065.40)	8,220,437.69
Interest and Dividend Receipts	389,812.36	7,696,395.22
Sale of Short Term Investment	0.00	12,682.69
Sale of Long Term Investment	0.00	3,189,277.80
Receipts From Investment Activities	389,812.36	10,898,355.71
Total Cash Receipts	383,746.96	19,118,793.40
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	63,044.55	1,317,432.53
Salaries and Fringe Benefits	89,003.73	1,489,489.12
Employee Welfare	601.27	21,894.39
Travel Expenses	394.55	61,800.36
Admin Expenses	2,310.85	174,654.01
Equipment and Furniture Expenses	3,406.13	136,690.08
Rent, Building and Equipment	21,954.31	428,772.77
Taxes	1.55	27,853.41
Disbursements	180,716.94	3,658,586.67
Distributions		
Early Access-Guaranty Associations	0.00	2,417,387.33
Total Distributed	0.00	2,417,387.33
Disbursements & Distributions Before Investment Activities	180,716.94	6,075,974.00
Financial Expenses	18,738.13	190,246.32
Disbursements for Investment Activities	18,738.13	190,246.32
Total Cash Disbursements & Distributions	199,455.07	6,266,220.32
Net Increase (Decrease) in Cash	184,291.89	12,852,573.08
Beginning Cash Balance:		
Beginning Cash	15,041,900.24	2,373,619.05
Adjustments to Beginning Cash	0.00	0.00
Adjusted Beginning Cash Balance	15,041,900.24	2,373,619.05
Ending Cash Balance	15,226,192.13	15,226,192.13

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
United Southern Assurance Co. in Liquidation
Schedule of Short Term Investments
For the Twelve Months Ended June 30, 2011

Money Markets

Description	Balance 7/1/10	Adjustments	Payments	Balance 6/30/11
Well Fargo	0.00		1,993.84	1,993.84
	<u>0.00</u>		<u>1,993.84</u>	<u>1,993.84</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
United Southern Assurance Co. in Liquidation
Schedule of Accrued Interest Receivable
For the Twelve Months Ended June 30, 2011

Accrued Interest Receivable

Due from	Account	Balance 7/1/10	Accrued	Received	Balance 6/30/11
State Treasury	SPIA, 4-20-0-010000-00000	30,006.07	382,900.70	(382,225.90)	30,680.87
Totals:		<u>30,006.07</u>	<u>382,900.70</u>	<u>(382,225.90)</u>	<u>30,680.87</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
United Southern Assurance Co. in Liquidation
Schedule of Long Term Investments
For the Twelve Months Ended June 30, 2011

Bonds - U.S. Treasury Bonds

Description	Maturity Date	Interest Rate	Balance 7/1/10	Market Value Adjustments	Recoveries	Balance 6/30/11
Wells Fargo	8/15/22	7.25%	76,509.95	(1,615.35)	0.00	74,894.60

	76,509.95	(1,615.35)	0.00		74,894.60
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Total Other Assets	74,894.60
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Florida Department of Financial Services, Division of Rehabilitation and Liquidation
United Southern Assurance Co. in Liquidation
Schedule of Advance to Guaranty Associations
For the Twelve Months Ended June 30, 2011

Advance To Guaranty Associations

Description	Balance 7/1/10	Advanced	Recovered	Balance 6/30/11
Arizona Insurance Guaranty Association (1)	1,400,000.00	0.00	0.00	1,400,000.00
Nevada Insurance Guaranty Association (2)	500,000.00	0.00	0.00	500,000.00
Oklahoma Insurance Guaranty Association (3)	300,000.00	0.00	0.00	300,000.00
Utah Property and Casualty	197.75	0.00	0.00	197.75
Kentucky Insurance Guaranty	319.23	0.00	0.00	319.23
Texas P & C Insurance Guaranty	1,018,497.02	0.00	0.00	1,018,497.02
Missouri Property and Casualty	10,695.75	0.00	0.00	10,695.75
Mississippi Insurance Guaranty	36,425.40	0.00	0.00	36,425.40
Ohio/West Virginia Guaranty	103,743.92	0.00	0.00	103,743.92
Pennsylvania Property & Casualty	16,240.50	0.00	0.00	16,240.50
Alabama Insurance Guaranty	17,842.60	0.00	0.00	17,842.60
Iowa Insurance Guaranty	3,084.99	0.00	0.00	3,084.99
Western Guaranty Fund-Colorado	37,356.25	0.00	0.00	37,356.25
Western Guaranty Fund-Idaho	15,440.25	0.00	0.00	15,440.25
Western Guaranty Fund-Montana	417.50	0.00	0.00	417.50
Western Guaranty Fund-Washington	64,890.59	0.00	0.00	64,890.59
Florida Insurance Guaranty	514,593.89	0.00	0.00	514,593.89
California Insurance Guaranty	506,002.47	0.00	0.00	506,002.47
Indiana Insurance Guaranty	70,873.72	0.00	0.00	70,873.72
New Jersey Property-Liability Insurance Guaranty Association	765.50	0.00	0.00	765.50
Totals:	<u>4,617,387.33</u>	<u>0.00</u>	<u>0.00</u>	<u>4,617,387.33</u>

(1) This deposit was held by Arizona and released to them by early access order dated 4/8/98. No cash was disbursed from the estate.

(2) This deposit was held by Nevada and released to them by early access order dated 2/29/00. No cash was disbursed from the estate.

(3) This deposit was held by Oklahoma and released to them by early access order dated 6/10/98. No cash was disbursed from the estate.

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
United Southern Assurance Co. in Liquidation
Notes to Financial Statements

Dated June 30, 2011

1. **Estate Information.** United Southern Assurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on September 18, 1997.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting using a fiscal year of July 1, 2010 through June 30, 2011. The assets are stated at their estimated realizable values, while the liabilities are stated at their ultimate (gross filed) amounts and are periodically adjusted as evaluated, adjudicated and/or paid. In addition, the statements do not provide accruals for future administrative costs 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. **Short Term Investments.** This is money market account associated with the long term investments.
7. **Long Term Investments.** The investments are stated at fair value, which approximates market value. Market values are those provided by the depository trust institution in possession of the securities at the balance sheet date or through brokerage institutions. Where market values are not readily determinable, market value represents management's best estimate of the investments' fair value.
8. **Advance to Guaranty Association(s).** Represents funds advanced to guaranty associations for the payment of covered claims and expenses. The guaranty association is obligated to promptly return any or all of these funds if the Receiver determines that repayment of claims of equal or superior priority is necessary.
9. **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, unadjudicated, and have not been reduced by any early access payments from the Florida Receiver. Claims liability numbers are based upon information and documentation provided to the Receiver as of March 31, 2011.
 - There is only one "covered claim" still open in this estate. The Louisiana Guaranty Fund has loss reserves posted in the amount of \$35,000.00.
10. **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.
11. **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.