

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation
 Queensway Casualty Insurance Co. in Liquidation
 Statement of Affairs
 As of March 31, 2009**

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$5,011,221.39
Accrued Interest Receivable	10,552.95
Other Assets	71,085.78
Advance to Guaranty Associations	<u>3,000,000.00</u>
Total Assets	<u><u>\$8,092,860.12</u></u>

LIABILITIES	
Administrative Claims (Class 1)	
- Guaranty Associations	1,732,298.00
Loss Claims (Class 2)	
- Guaranty Associations	5,803,491.91
- Other	117,542.30
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	1,316,353.81
- Other	3,130,872.98
General Creditor Claims (Class 6)	
- Other	491,674.90
Late Filed Claims (Class 8)	1,724,873.88
Surplus Notes/Unearned Premium Claims under Assessable Policies (Class 9)	
- Other	<u>500,000.00</u>
Total Liabilities	<u>\$14,817,107.78</u>

EQUITY	
Contributed Equity - State of Florida	158,233.81
Estate Equity	<u>(6,882,481.47)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$6,724,247.66)</u>
Total Liabilities and Equity	<u><u>\$8,092,860.12</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Queensway Casualty Insurance Co. in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through March 31, 2009

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$0.00	\$12,900.99
Reinsurance Recoveries	0.00	1,360,738.92
Agents' Balances Recoveries	0.00	215,528.24
Subrogation and Salvage Recoveries	0.00	27,014.96
Litigation Recoveries	0.00	116,262.26
Other Collections / Recoveries	235.23	17,507.86
Sale of Personal Property Inventory	0.66	0.66
Mortgage Principal Recovery	18,088.07	138,304.30
Mortgage Interest Income	6,090.61	127,662.17
Receipts Before Investment Activities	24,414.57	2,015,920.36
Interest and Dividend Receipts	120,033.13	2,112,828.90
Sale of Short Term Investment	0.00	1,284,184.13
Sale of Long Term Investment	0.00	826,078.22
Receipts From Investment Activities	120,033.13	4,223,091.25
Total Cash Receipts	144,447.70	6,239,011.61
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	147.95	234,225.41
Salaries and Fringe Benefits	22,496.57	812,370.94
Employee Welfare	140.13	5,634.76
Travel Expenses	123.54	10,321.71
Admin Expenses	396.16	48,326.69
Equipment and Furniture Expenses	829.82	34,750.11
Rent, Building and Equipment	5,210.33	78,995.78
Taxes	0.00	81.62
Disbursements	29,344.50	1,224,707.02
Distributions		
Early Access-Guaranty Associations	1,000,000.00	3,000,000.00
Total Distributed	1,000,000.00	3,000,000.00
Disbursements & Distributions Before Investment Activities	1,029,344.50	4,224,707.02
Financial Expenses	5,170.64	58,323.14
Disbursements for Investment Activities	5,170.64	58,323.14
Total Cash Disbursements & Distributions	1,034,515.14	4,283,030.16
Net Increase (Decrease) in Cash	(890,067.44)	1,955,981.45
Beginning Cash Balance:		
Beginning Cash	5,901,288.83	3,055,239.94
Adjustments to Beginning Cash	0.00	0.00
Adjusted Beginning Cash Balance	5,901,288.83	3,055,239.94
Ending Cash Balance	5,011,221.39	5,011,221.39

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Queensway Casualty Insurance Co. in Liquidation
Schedule of Accrued Interest Receivable
For the Nine Months Ended March 31, 2009

Accrued Interest Receivable

Due from	Account	Balance 7/1/08	Accrued	Received	Balance 3/31/09
State Treasury	SPIA, 4-20-0-010000-00000	17,067.20	124,808.49	(131,322.74)	10,552.95
Totals:		<u>17,067.20</u>	<u>124,808.49</u>	<u>(131,322.74)</u>	<u>10,552.95</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Queensway Casualty Insurance Co. in Liquidation
Schedule of Other Assets
For the Nine Months Ended March 31, 2009

Mortgage Receivables

<u>Description</u>	<u>Monthly Payment</u>	<u>Interest Rate</u>	<u>Balance 7/1/08</u>	<u>Adjustments</u>	<u>Payments</u>	<u>Balance 3/31/09</u>
Seven Forty Central Corp. (Final Payment 9/1/2011)	2,686.52	10.00%	89,173.85	0.00	(18,088.07)	71,085.78
Totals:			<u>89,173.85</u>	<u>0.00</u>	<u>(18,088.07)</u>	<u>71,085.78</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Queensway Casualty Insurance Co. in Liquidation
Schedule of Advance to Guaranty Association
For the Nine Months Ended March 31, 2009

Advance To Guaranty Association

Description	Balance 7/1/08	Advanced	Recovered	Balance 3/31/09
Florida Insurance Guaranty Association	2,000,000.00	1,000,000.00	0.00	3,000,000.00
Totals:	<u>2,000,000.00</u>	<u>1,000,000.00</u>	<u>0.00</u>	<u>3,000,000.00</u>

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
Queensway Casualty Insurance Co. in Liquidation
Notes to Financial Statements
Dated March 31, 2009

1. **Estate Information.** Queensway Casualty Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on January 18, 2001.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting using a fiscal year of July 1, 2008 through June 30, 2009. 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. **Other Assets.** Represents a mortgage receivable between Queensway Casualty and Seven Forty Central Corporation entered into September 1996 that came under the control of the Receiver at liquidation. The mortgage is amortized over a period of 15 years.
7. **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.
8. **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 December 31, 2008.
 - The 1st Interim Claims Report was filed with the court on June 11, 2008.
 - Class I and class II claims are the only classes of claims evaluated. All other claims are being reported as gross filed.
 - The objection deadline was July 31, 2008.
 - Two objections have been filed. The amount in dispute is \$2,003,274.00.
 - The two filed objections are still pending for resolution.
9. **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.
10. **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.