



**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Southern Family Insurance Company in Liquidation**  
**Statement of Cash Receipts and Disbursements**  
**From the Date of Liquidation through March 31, 2011**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
<b>CASH RECEIPTS</b>		
Premium Collections	\$0.00	\$602,843.12
Reinsurance Recoveries	46,433.25	118,239,966.10
Agents' Balances Recoveries	0.00	1,769,201.22
Subrogation and Salvage Recoveries	0.00	626,616.96
Litigation Recoveries	312,560.29	356,959.85
Tax Recoveries	0.00	138,859.84
Loan Proceeds	0.00	20,000,000.00
Other Collections / Recoveries	232.24	11,996,746.50
Sale of Other Assets	0.00	3,100,000.00
Receipts Before Investment Activities	<u>359,225.78</u>	<u>156,831,193.59</u>
Interest and Dividend Receipts	122,947.65	3,048,460.60
Sale of Short Term Investment	20.26	70,751.02
Sale of Long Term Investment	0.00	515,630.00
Receipts From Investment Activities	<u>122,967.91</u>	<u>3,634,841.62</u>
<b>Total Cash Receipts</b>	<b><u><u>482,193.69</u></u></b>	<b><u><u>160,466,035.21</u></u></b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	1,344,328.18	7,269,634.06
Salaries and Fringe Benefits	188,833.08	2,261,665.90
Employee Welfare	8,017.87	44,993.95
Travel Expenses	7,137.07	70,554.32
Admin Expenses	9,621.51	290,320.12
Loan Payments	0.00	20,000,000.00
Equipment and Furniture Expenses	71,627.66	401,370.21
Rent, Building and Equipment	162,748.62	1,156,686.77
Taxes	27.98	1,378.91
Disbursements	<u>1,792,341.97</u>	<u>31,496,604.24</u>
Distributions		
Early Access-Guaranty Associations	<u>0.00</u>	<u>104,904,802.49</u>
Total Distributed	0.00	104,904,802.49
Disbursements & Distributions Before Investment Activities	<u>1,792,341.97</u>	<u>136,401,406.73</u>
Financial Expenses	5,755.20	402,029.94
Purchase Short Term Investment	54,032.00	79,032.00
Purchase Long Term Investment	0.00	160,000.00
Disbursements for Investment Activities	<u>59,787.20</u>	<u>641,061.94</u>
<b>Total Cash Disbursements &amp; Distributions</b>	<b><u><u>1,852,129.17</u></u></b>	<b><u><u>137,042,468.67</u></u></b>
<b>Net Increase (Decrease) in Cash</b>	<b><u><u>(1,369,935.48)</u></u></b>	<b><u><u>23,423,566.54</u></u></b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	6,691,548.71	(20,014,470.19)
Adjustments to Beginning Cash	<u>0.00</u>	<u>1,912,516.88</u>
<b>Adjusted Beginning Cash Balance</b>	<b><u><u>6,691,548.71</u></u></b>	<b><u><u>(18,101,953.31)</u></u></b>

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

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation  
Southern Family Insurance Company in Liquidation  
Statement of Cash Receipts and Disbursements  
From the Date of Liquidation through March 31, 2011**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
Ending Cash Balance	<u>\$5,321,613.23</u>	<u>\$5,321,613.23</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Southern Family Insurance Co. in Liquidation**  
**Schedule of Cash - Restricted**  
**For the Nine Months Ended March 31, 2011**

**Cash - Restricted**

<u>Description</u>	<u>Account</u>	<u>Balance 7/1/10</u>	<u>Interest</u>	<u>Adjustments</u>	<u>Balance 3/31/11</u>
Funds being held pending a resolution between PICC's partners	SPIA	0.00	0.00	54,092.27	54,092.27
	Totals	<u>0.00</u>	<u>0.00</u>	<u>54,092.27</u>	<u>54,092.27</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Southern Family Insurance Co. in Liquidation**  
**Schedule of Accrued Interest Receivable**  
**For the Nine Months Ended March 31, 2011**

**Accrued Interest Receivable**

<b>Description</b>		<b>Balance 7/1/10</b>	<b>Accrued</b>	<b>Received</b>	<b>Balance 3/31/11</b>
State Treasury	SPIA, 4-20-0-010000-00000	13,715.47	119,586.66	(122,355.92)	10,946.21
Totals:		<u>13,715.47</u>	<u>119,586.66</u>	<u>(122,355.92)</u>	<u>10,946.21</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Southern Family Insurance Company Inc. in Liquidation**  
**Schedule of Reinsurance Recoverables - Net of Allowance**  
For the Nine Months Ended March 31, 2011

**Reinsurance Recoverables**

<b>Recovery Agent</b>	<b>Balance 07/01/2010</b>	<b>Billed</b>	<b>Recovered</b>	<b>Adjustments</b>	<b>Balance 03/31/2011</b>
Financial Services	1,121,816.03	46,433.25	(46,433.25)	0.00	1,121,816.03
Total	1,121,816.03	46,433.25	(46,433.25)	0.00	1,121,816.03

**Allowance Reinsurance**

<b>Recovery Agent</b>	<b>Balance 07/01/2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 03/31/2011</b>
Financial Services	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

**Reinsurance Recoverables - Net of Allowance**

**1,121,816.03**

*\* Adjustments were made by the contract provider, Paragon, to bring the reinsurance recoverable current; and includes all collected balances pre & post liquidation.*

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Southern Family Insurance Co. in Liquidation**  
**Schedule of Accounts Receivable**  
**For the Nine Months Ended March 31, 2011**

**Accounts Receivable**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Adjustments</b>	<b>Payments</b>	<b>Balance 3/31/11</b>
Poe and Associates U/E Commissions	703,782.00	0.00	0.00	703,782.00
Poe Insurance Managers U/E MGA fee	5,969,197.00	0.00	0.00	5,969,197.00
	<u>6,672,979.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,672,979.00</u>

Total Accounts Receivable: 6,672,979.00

**Allowance Accounts Receivable**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Adjustments</b>	<b>Payments</b>	<b>Balance 3/31/11</b>
Poe and Associates U/E Commissions	(703,782.00)	0.00	0.00	(703,782.00)
Poe Insurance Managers U/E MGA fee	(5,969,197.00)	0.00	0.00	(5,969,197.00)
	<u>(6,672,979.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(6,672,979.00)</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Southern Family Insurance Co. in Liquidation**  
**Schedule of Long Term Investments**  
**For the Nine Months Ended March 31, 2011**

**Long Term Investments**

<u>Description</u>	<u>Balance 7/1/10</u>	<u>Capital Calls</u>	<u>Market Value Adjustments</u>	<u>Reclassifications</u>	<u>Distributions Received</u>	<u>Balance 3/31/11</u>
UBS Real Estate Opportunity Fund LLC	1,112,612.12	0.00	0.00	0.00	0.00	1,112,612.12
Totals:	<u>1,112,612.12</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,112,612.12</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Southern Family Insurance Co. in Liquidation**  
**Schedule of Advance to Guaranty Association**  
**For the Nine Months Ended March 31, 2011**

**Advance To Guaranty Association**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Advanced</b>	<b>Recovered</b>	<b>Balance 3/31/11</b>
Florida Insurance Guaranty Association	104,904,802.49	0.00	0.00	104,904,802.49
Totals:	<u>104,904,802.49</u>	<u>0.00</u>	<u>0.00</u>	<u>104,904,802.49</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Southern Family Insurance Co. in Liquidation**  
**Schedule of FHCF Advance to Guaranty Association**  
**For the Nine Months Ended March 31, 2011**

**Florida Hurricane Catastrophe Fund**  
**Advance To Guaranty Association**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Advanced</b>	<b>Refunded</b>	<b>Balance 3/31/11</b>
Florida Insurance Guaranty Association	244,605,883.94	4,487,950.81	(5,353,657.18)	243,740,177.57
Totals:	<u>244,605,883.94</u>	<u>4,487,950.81</u>	<u>(5,353,657.18)</u>	<u>243,740,177.57</u>

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

**Dated March 31, 2011**

1. **Estate Information.** Southern Family Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on June 1, 2006.
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. **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 to/from the Admin Fund".
5. **Cash – Restricted.** Represents funds that are owed PICC being held in a SPIA account pending resolution of a dispute between PICC's partners.
6. **Reinsurance.** Reinsurance receivables have resulted from losses that have been paid and billed to the reinsurer(s). The financial statements reflect the gross amount of the billed losses less an allowance for any receivable(s) currently considered to be uncollectible. The receivable amount may include paid losses that are ceded to one or more reinsurance contracts being collected on behalf of the Receiver by an intermediary.
7. **Accounts Receivable.** Represents the unearned commissions due from Poe and Associates and the unearned MGA fee due from Poe Insurance Managers at the date of liquidation. These receivables are offset by a 100% allowance as the timing and the certainty of their collectibility are currently indeterminate.
8. **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.
9. **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.
10. **Florida Hurricane Catastrophe Fund (FHCF) Advance to Guaranty Association (FIGA).** Represents funds advanced directly from FHCF to FIGA for the payment of covered claims and expenses pursuant to Chapter 215, Florida Statutes. 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.
11. **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, 2010.
  - The claims evaluation process has been completed. Class I and Class II claims were the only claims evaluated. Class III and Class VIII are reported at the reserved amount. All other claims are being reported as gross filed.
  - The claims evaluation audit has been completed and approved by Estate Management. The filing of the claim report with the court is pending.
12. **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.
13. **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.