

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire and Casualty
Statement of Affairs
As of June 30, 2011

**Estimated
Realizable
Value**

ASSETS

Pooled Cash Due from the Admin Fund	\$7,634,127.23
Accrued Interest Receivable	15,417.27
Reinsurance Recoverable	2,659,260.26
Allowance Reinsurance Recoverable	(1,728,945.00)
Fixed Assets	6,000.00
Advance to Guaranty Associations	31,000,000.00
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Total Assets	<u><u>\$39,585,859.76</u></u>

LIABILITIES

Administrative Claims (Class 1)	
- Guaranty Associations	5,620,098.42
Loss Claims (Class 2)	
- Guaranty Associations	23,708,161.52
- Other	23,600.00
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	32,448,894.03
- Other	4,940,300.00
Federal Government Claims (Class 4)	14,081.34
Employee Claims (Class 5)	30,949.30
General Creditor Claims (Class 6)	
- Other	17,962,444.23
State & Local Government Claims (Class 7)	8,380.80
Late Filed Claims (Class 8)	2,393,959.51
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Total Liabilities	\$87,150,869.15

EQUITY

Contributed Equity - State of Florida	192,146.94
Estate Equity	(47,757,156.33)
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Excess (Deficiency) of Assets over Liabilities	(\$47,565,009.39)
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Total Liabilities and Equity	<u><u>\$39,585,859.76</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire and Casualty Insurance
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	\$460,463.30
Reinsurance Recoveries	885,814.26	32,190,785.42
Agents' Balances Recoveries	0.00	1,605,178.97
Subrogation and Salvage Recoveries	5,531.50	391,964.19
Litigation Recoveries	0.00	523,184.77
Other Collections / Recoveries	727.47	2,125,423.15
Receipts Before Investment Activities	892,073.23	37,296,999.80
Interest and Dividend Receipts	250,953.35	1,413,990.65
Receipts From Investment Activities	250,953.35	1,413,990.65
Total Cash Receipts	1,143,026.58	38,710,990.45
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	93,341.66	1,841,770.47
Salaries and Fringe Benefits	151,343.23	2,068,093.18
Employee Welfare	1,187.40	3,492.18
Travel Expenses	778.77	67,080.66
Admin Expenses	5,003.83	212,940.47
Equipment and Furniture Expenses	6,727.42	254,610.29
Rent, Building and Equipment	28,878.86	163,854.63
Taxes	3.09	10.30
Disbursements	287,264.26	4,611,852.18
Distributions		
Early Access-Guaranty Associations	3,000,000.00	31,000,000.00
Total Distributed	3,000,000.00	31,000,000.00
Disbursements & Distributions Before Investment Activities	3,287,264.26	35,611,852.18
Financial Expenses	11,857.83	61,476.76
Disbursements for Investment Activities	11,857.83	61,476.76
Total Cash Disbursements & Distributions	3,299,122.09	35,673,328.94
Net Increase (Decrease) in Cash	(2,156,095.51)	3,037,661.51
Beginning Cash Balance:		
Beginning Cash	9,790,222.74	2,905,891.01
Adjustments to Beginning Cash	0.00	1,690,574.71
Adjusted Beginning Cash Balance	9,790,222.74	4,596,465.72
Ending Cash Balance	7,634,127.23	7,634,127.23

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire & Casualty, Inc. in Liquidation
Schedule of Cash - Company Operating
For the Twelve Months Ended June 30, 2011

Accrued Interest Receivable

Description		Balance 7/1/10	Accrued	Received	Balance 6/30/11
State Treasury	SPIA, 4-20-0-010000-00000	21,496.88	241,715.43	(247,795.04)	15,417.27
Totals:		<u>21,496.88</u>	<u>241,715.43</u>	<u>(247,795.04)</u>	<u>15,417.27</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire & Casualty Company in Liquidation
Schedule of Reinsurance Recoverables - Net of Allowance
 For the Twelve Months Ended June 30, 2011

Reinsurance Recoverables

Recovery Agent	Balance 07/01/2010	Billed	Recovered	Adjustments	Balance 06/30/2011
Chiltington	2,672,807.14	872,267.38	(885,814.26)	0.00	2,659,260.26
Total	<u>2,672,807.14</u>	<u>872,267.38</u>	<u>(885,814.26)</u>	<u>0.00</u>	<u>2,659,260.26</u>

Allowance Reinsurance

Recovery Agent	Balance 07/01/2010	Increases	Decreases	Balance 06/30/2011
Chiltington	0.00	(1,728,945.00)	0.00	(1,728,945.00)
Total	<u>0.00</u>	<u>(1,728,945.00)</u>	<u>0.00</u>	<u>(1,728,945.00)</u>

Reinsurance Recoverables - Net of Allowance

930,315.26

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire & Casualty, Inc. in Liquidation**

Fixed Assets

For the Twelve Months Ended June 30, 2011

Fixed Assets

Description	Balance 7/1/10	Acquired	Disposed	Balance 6/30/11
Computer Equipment	6,000.00	0.00	0.00	6,000.00
Totals:	<u>6,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,000.00</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire & Casualty, Inc. in Liquidation
Schedule of Advance to Guaranty Associations
For the Twelve Months Ended June 30, 2011

Advance To Guaranty Associations

<u>Description</u>	<u>Balance 7/1/10</u>	<u>Advanced</u>	<u>Recovered</u>	<u>Balance 6/30/11</u>
Florida Insurance Guaranty Association	28,000,000.00	3,000,000.00	0.00	31,000,000.00
Totals:	<u>28,000,000.00</u>	<u>3,000,000.00</u>	<u>0.00</u>	<u>31,000,000.00</u>

**Florida Department of Financial Services, Division of Rehabilitation and
Liquidation
Vanguard Fire & Casualty, Inc. in Liquidation
Notes to Financial Statements**

Dated June 30, 2011

1. **Estate Information.** Vanguard Fire & Casualty, Inc. was a property and casualty insurance organization domiciled in Florida and placed in liquidation on March 26, 2007.
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. **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. **Fixed Assets.** Consists of computer equipment.
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. The company claim liability is based upon the company's reserves as of March 31, 2011.
 - Claims classified as Class II and Class III other are reported at the reserved amount. All other claims are reported as gross filed.
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.