

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire and Casualty
Statement of Affairs
As of June 30, 2009

**Estimated
Realizable
Value**

ASSETS

Pooled Cash Due from the Admin Fund	\$7,058,449.10
Accrued Interest Receivable	19,063.93
Reinsurance Recoverable	6,338,684.19
Allowance Reinsurance Recoverable	(1,728,945.00)
Accounts Receivable	9,222.89
Allowance - Accounts Receivables	(9,222.89)
Fixed Assets	6,000.00
Advance to Guaranty Associations	19,000,000.00
Total Assets	<u><u>\$30,693,252.22</u></u>

LIABILITIES

Administrative Claims (Class 1)	
- Guaranty Associations	3,791,724.08
Loss Claims (Class 2)	
- Guaranty Associations	24,564,913.51
- Other	23,400.00
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	32,375,051.03
- Other	4,940,300.00
Federal Government Claims (Class 4)	7,040.67
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)	1,949,890.74
Total Liabilities	<u><u>\$85,654,094.36</u></u>

EQUITY

Contributed Equity - State of Florida	108,117.35
Estate Equity	(55,068,959.49)
Excess (Deficiency) of Assets over Liabilities	(\$54,960,842.14)
Total Liabilities and Equity	<u><u>\$30,693,252.22</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, 2009

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	(\$633.00)	\$460,463.30
Reinsurance Recoveries	6,703,685.49	19,415,873.93
Agents' Balances Recoveries	302,561.85	1,578,202.57
Subrogation and Salvage Recoveries	169,941.44	300,895.41
Litigation Recoveries	523,184.77	523,184.77
Other Collections / Recoveries	<u>2,236.03</u>	<u>2,124,015.44</u>
Receipts Before Investment Activities	7,700,976.58	24,402,635.42
Interest and Dividend Receipts	<u>430,939.19</u>	<u>795,539.85</u>
Receipts From Investment Activities	<u>430,939.19</u>	<u>795,539.85</u>
Total Cash Receipts	<u>8,131,915.77</u>	<u>25,198,175.27</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	353,778.59	1,304,240.21
Salaries and Fringe Benefits	290,138.17	1,793,495.88
Employee Welfare	690.25	1,163.30
Travel Expenses	1,011.58	65,245.97
Admin Expenses	57,994.52	191,729.87
Equipment and Furniture Expenses	4,856.25	242,895.43
Rent, Building and Equipment	24,446.59	106,033.61
Taxes	<u>0.00</u>	<u>(0.56)</u>
Disbursements	732,915.95	3,704,803.71
Distributions		
Early Access-Guaranty Associations	<u>17,000,000.00</u>	<u>19,000,000.00</u>
Total Distributed	17,000,000.00	19,000,000.00
Disbursements & Distributions Before Investment Activities	17,732,915.95	22,704,803.71
Financial Expenses	<u>18,832.23</u>	<u>31,388.18</u>
Disbursements for Investment Activities	<u>18,832.23</u>	<u>31,388.18</u>
Total Cash Disbursements & Distributions	<u>17,751,748.18</u>	<u>22,736,191.89</u>
Net Increase (Decrease) in Cash	<u>(9,619,832.41)</u>	<u>2,461,983.38</u>
Beginning Cash Balance:		
Beginning Cash	16,678,281.51	2,905,891.01
Adjustments to Beginning Cash	<u>0.00</u>	<u>1,690,574.71</u>
Adjusted Beginning Cash Balance	<u>16,678,281.51</u>	<u>4,596,465.72</u>
Ending Cash Balance	<u>7,058,449.10</u>	<u>7,058,449.10</u>

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, 2009

Accrued Interest Receivable

Description		Balance 7/1/08	Accrued	Received	Balance 6/30/09
State Treasury	SPIA, 4-20-0-010000-00000	51,448.93	429,955.23	(462,340.23)	19,063.93
Totals:		<u>51,448.93</u>	<u>429,955.23</u>	<u>(462,340.23)</u>	<u>19,063.93</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire & Casualty Company
Schedule of Reinsurance Recoverables - Net of Allowance
For the Twelve Months Ended June 30, 2009

Reinsurance Recoverables

Recovery Agent	Balance 07/01/2008	Billed	Recovered	Adjustments	Balance 06/30/2009
Chiltington	6,915,097.09	6,127,272.59	(7,090,741.47)	387,055.98	6,338,684.19
Total	<u>6,915,097.09</u>	<u>6,127,272.59</u>	<u>(7,090,741.47)</u>	<u>387,055.98</u>	<u>6,338,684.19</u>

Allowance Reinsurance

Recovery Agent	Balance 07/01/2008	Increases	Decreases	Balance 06/30/2009
Chiltington	0.00	(1,728,945.00)		(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

4,609,739.19

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Vanguard Fire & Casualty, Inc. in Liquidation
Schedule of Accounts Receivable
For the Twelve Months Ended June 30, 2009

Other Receivable

Description	Balance 7/1/08	Adjustments	Balance 6/30/09
AmSouth LOC - residual cash	9,222.89	0.00	9,222.89
Totals:	<u>9,222.89</u>	<u>0.00</u>	<u>9,222.89</u>

Allowance for Other Receivable

Description	Balance 7/1/08	Adjustments	Balance 6/30/09
AmSouth LOC - residual cash	(9,222.89)	0.00	(9,222.89)
Totals:	<u>(9,222.89)</u>	<u>0.00</u>	<u>(9,222.89)</u>

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, 2009

Fixed Assets

<u>Description</u>	<u>Balance 7/1/08</u>	<u>Acquired</u>	<u>Disposed</u>	<u>Balance 6/30/09</u>
Computer Equipment - Server at Qwest	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, 2009

Advance To Guaranty Associations

Description	Balance 7/1/08	Advanced	Recovered	Balance 6/30/09
Florida Insurance Guaranty Association	2,000,000.00	17,000,000.00	0.00	19,000,000.00
Totals:	<u>2,000,000.00</u>	<u>17,000,000.00</u>	<u>0.00</u>	<u>19,000,000.00</u>

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

Dated June 30, 2009

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, 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. **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 amount of interest accrued on certificates of deposit that the bank charged back as early withdrawal penalties. This receivable is offset by a 100% allowance as the timing and the certainty of their collectability are currently indeterminate.
8. **Fixed Assets.** Server equipment located at the Qwest facility in Tampa.
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. **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, 2009.

- The claims filing deadline was March 26, 2008.
11. **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.
12. **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.