

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Northern Capital Insurance Company in Liquidation
Statement of Affairs
As of December 31, 2010

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Company Operating	\$1,443,208.89
Pooled Cash Due from the Admin Fund	26,300,940.31
Accrued Interest Receivable	21,577.19
Accounts Receivable	45,744.37
Marshaled Inventory	2,160,000.00
Advance to Guaranty Associations	<u>36,813,657.32</u>
Total Assets	<u><u>\$66,785,128.08</u></u>

LIABILITIES	
Accounts Payable	97.63
Administrative Claims (Class 1)	
- Guaranty Associations	4,089,587.27
Loss Claims (Class 2)	
- Guaranty Associations	30,351,472.65
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	43,040.85
Claims Not Prioritized	<u>34,350,307.07</u>
Total Liabilities	\$68,834,505.47

EQUITY	
Contributed Equity - State of Florida	48,883.60
Estate Equity	<u>(2,098,260.99)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$2,049,377.39)</u>
Total Liabilities and Equity	<u><u>\$66,785,128.08</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Northern Capital Insurance Company in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through December 31, 2010

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	(\$117.21)	\$18,392.69
Agents' Balances Recoveries	934,141.79	950,359.87
Subrogation and Salvage Recoveries	1,581.36	1,651.61
Tax Recoveries	45.27	45.27
Other Collections / Recoveries	44,171.29	542,166.58
Sale of Personal Property Inventory	70,860.00	70,860.00
Sale of Real Property Inventory	475,000.00	475,000.00
Rental Income	34,977.00	46,636.00
Receipts Before Investment Activities	1,560,659.50	2,105,112.02
Interest and Dividend Receipts	418,250.44	932,724.59
Sale of Short Term Investment	0.00	52,946,750.97
Receipts From Investment Activities	418,250.44	53,879,475.56
Total Cash Receipts	1,978,909.94	55,984,587.58
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	184,006.90	408,762.99
Salaries and Fringe Benefits	548,739.32	986,473.89
Employee Welfare	1,236.39	1,373.11
Travel Expenses	1,900.47	28,620.37
Admin Expenses	70,160.38	510,370.61
Equipment and Furniture Expenses	20,912.84	28,924.38
Rent, Building and Equipment	21,087.20	86,557.70
Taxes	44,453.51	44,453.51
Disbursements	892,497.01	2,095,536.56
Distributions		
Early Access-Guaranty Associations	5,328,451.92	36,813,657.32
Total Distributed	5,328,451.92	36,813,657.32
Disbursements & Distributions Before Investment Activities	6,220,948.93	38,909,193.88
Financial Expenses	80,185.11	148,078.39
Disbursements for Investment Activities	80,185.11	148,078.39
Total Cash Disbursements & Distributions	6,301,134.04	39,057,272.27
Net Increase (Decrease) in Cash	(4,322,224.10)	16,927,315.31
Beginning Cash Balance:		
Beginning Cash	29,765,950.81	9,045,312.14
Adjustments to Beginning Cash	2,300,422.49	1,771,521.75
Adjusted Beginning Cash Balance	32,066,373.30	10,816,833.89
Ending Cash Balance	27,744,149.20	27,744,149.20

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Northern Capital Insurance Company
Schedule of Cash - Company Operating
For the Six Months Ended December 31, 2010

Cash - Company Operating

Description		Balance 7/1/10	Receipts/Adj	Disbursements/Adj	Balance 12/31/10
Regions	Prem Trust #8310526341	255,113.22	22,390,553.58	(22,374,389.74)	271,277.06
Regions	Ret Prem #8310526440	(2,946,897.23)	2,428,563.13	(559,734.07)	(1,078,068.17)
Regions	Overnight Sweep	5,725,000.00	17,900,000.60	(21,375,000.60)	2,250,000.00
Totals:		(2,691,784.01)	24,819,116.71	(22,934,123.81)	1,443,208.89

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Northern Capital Insurance Company
Schedule of Accrued Interest Receivable
For the Six Months Ended December 31, 2010

Accrued Interest Receivable

<u>Description</u>		<u>Balance 7/1/10</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance 12/31/10</u>
State Treasury	SPIA, 4-20-0-010000-00000	50,495.29	405,981.78	(434,899.88)	21,577.19
Totals:		<u>50,495.29</u>	<u>405,981.78</u>	<u>(434,899.88)</u>	<u>21,577.19</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Northern Capital Insurance Company
Schedule of Accounts Receivable - Net of Allowances
 For the Six Months Ended December 31, 2010

Accounts Receivable

Description	Balance 7/1/10	Adjustments	Recovered	Balance 12/31/10
Agent Balance - Notes Receivable	45,192.37	0.00	0.00	45,192.37
Totals:	<u>45,192.37</u>	<u>0.00</u>	<u>0.00</u>	<u>45,192.37</u>

Deposits Receivable

Description	Balance 7/1/10	Adjustments	Recovered	Balance 12/31/10
Deposits Receivable	1,451.00	(899.00)	0.00	552.00
Totals:	<u>1,451.00</u>	<u>(899.00)</u>	<u>0.00</u>	<u>552.00</u>

Total Accounts Receivable	<u><u>45,744.37</u></u>
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Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Northern Capital Insurance Company
Schedule of Fixed Assets
For the Six Months Ended December 31, 2010

Marshaled Inventory

Description	Balance 7/1/10	Proceeds	Balance 12/31/10
74 Hammond	270,000.00	0.00	270,000.00
Valencia Unit 202	500,000.00	0.00	500,000.00
Valencia Unit 204	445,000.00	0.00	445,000.00
Valencia Unit 206	445,000.00	0.00	445,000.00
Valencia Unit 402	500,000.00	0.00	500,000.00
Totals:	<u>2,160,000.00</u>	<u>0.00</u>	<u>2,160,000.00</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Northern Capital Insurance Company
Schedule of Other Assets
 For the Six Months Ended December 31, 2010

Advance to Guaranty Association

Description	Balance 7/1/10	Advanced	Recovered/Adjusted	Balance 12/31/10
Florida Insurance Guaranty Association	31,485,205.40	5,478,489.80	(150,037.88)	36,813,657.32
Totals:	31,485,205.40	5,478,489.80	(150,037.88)	36,813,657.32

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Northern Capital Insurance Company
Schedule of Accounts Payable
For the Six Months Ended December 31, 2010

Accounts Payable

Description	Balance 7/1/10	Accrued	Paid	Balance 12/31/10
Paychex	0.00	97.63	0.00	97.63
Totals:	<u>0.00</u>	<u>97.63</u>	<u>0.00</u>	<u>97.63</u>

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

Dated December 31, 2010

1. **Estate Information.** Northern Capital Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on May 1, 2010.
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 - Company Operating.** Represents the reconciled cash balances of all open estate bank accounts and petty cash as of December 31, 2010.
6. **Accounts Receivable.** Represents Agents Balances in process of collection and funds held as security deposits by Florida Power and Light Company.
7. **Marshaled Inventory.** Represents real property consisting of a single family home and residential condominium units and are valued based on appraisals.
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. In this instance FIGA has verbally agreed that Return Premium checks the Receiver allows to clear post-liquidation are early access. When the account is closed and the numbers are finalized our Legal and Clams sections will draft an early access agreement for their signature.
9. **Accounts Payable.** Represents funds received from Paychex that are due the company's 401K plan.
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. Claims liability numbers are based upon information and documentation provided to the Receiver as of September 30, 2010.
 - The estimated liability of this estate at its inception was \$68,834,497.84.
 - Proofs of claim forms have not been mailed.
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.