

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation  
Insurance Co. of Florida in Liquidation  
Statement of Affairs  
As of June 30, 2011**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Pooled Cash Due from the Admin Fund	\$15,743,681.16
Accrued Interest Receivable	31,551.62
Reinsurance Recoverable	8,936.22
Advance to Guaranty Associations	<u>11,958,196.87</u>
Total Assets	<u><u>\$27,742,365.87</u></u>

<b>LIABILITIES</b>	
Administrative Claims (Class 1)	
- Guaranty Associations	5,274,665.69
Loss Claims (Class 2)	
- Guaranty Associations	15,226,625.26
- Other	3,221,694.09
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	32,532.33
- Other	776,560.72
	969.75
Federal Government Claims (Class 4)	
General Creditor Claims (Class 6)	
- Guaranty Associations	505,834.92
- Other	1,836,819.91
Late Filed Claims (Class 8)	<u>9,409,351.68</u>
Total Liabilities	<u>\$36,285,054.35</u>

<b>EQUITY</b>	
Contributed Equity - State of Florida	666,385.50
Estate Equity	<u>(9,209,073.98)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$8,542,688.48)</u>
Total Liabilities and Equity	<u><u>\$27,742,365.87</u></u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation  
Insurance Co. of Florida in Liquidation  
Statement of Cash Receipts and Disbursements  
From the Date of Liquidation through June 30, 2011**

	Fiscal Year to Date	Since Date of Liquidation
<b>CASH RECEIPTS</b>		
Reinsurance Recoveries	\$478.71	\$11,092,893.48
Agents' Balances Recoveries	0.00	84,003.43
Subrogation and Salvage Recoveries	0.00	37,799.40
Litigation Recoveries	0.00	848,156.58
Tax Recoveries	154,128.00	155,898.20
Other Collections / Recoveries	126.94	1,352,765.59
Sale of Personal Property Inventory	0.00	67,241.50
Receipts Before Investment Activities	154,733.65	13,638,758.18
Interest and Dividend Receipts	397,305.78	12,060,187.62
Sale of Short Term Investment	0.00	106,798.12
Sale of Long Term Investment	0.00	3,006,541.30
Receipts From Investment Activities	397,305.78	15,173,527.04
<b>Total Cash Receipts</b>	<b>552,039.43</b>	<b>28,812,285.22</b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	2,205.02	1,067,592.15
Salaries and Fringe Benefits	67,467.53	995,307.01
Employee Welfare	834.69	34,047.13
Travel Expenses	1,209.98	36,660.10
Admin Expenses	2,288.09	177,495.70
Equipment and Furniture Expenses	4,727.48	209,756.77
Rent, Building and Equipment	16,972.09	355,043.59
Taxes	105,002.16	363,740.91
Disbursements	200,707.04	3,239,643.36
Distributions		
Administrative Claims (Class 1)	0.00	69,279.84
Employee Claims (Class 5)	0.00	6,430.54
Claims-Other	0.00	136.08
Early Access-Guaranty Associations	0.00	10,683,341.14
Total Distributed	0.00	10,759,187.60
Disbursements & Distributions Before Investment Activities	200,707.04	13,998,830.96
Financial Expenses	19,291.18	231,419.18
Disbursements for Investment Activities	19,291.18	231,419.18
<b>Total Cash Disbursements &amp; Distributions</b>	<b>219,998.22</b>	<b>14,230,250.14</b>
<b>Net Increase (Decrease) in Cash</b>	<b>332,041.21</b>	<b>14,582,035.08</b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	15,411,639.95	1,161,646.08
Adjustments to Beginning Cash	0.00	0.00
<b>Adjusted Beginning Cash Balance</b>	<b>15,411,639.95</b>	<b>1,161,646.08</b>
<b>Ending Cash Balance</b>	<b>15,743,681.16</b>	<b>15,743,681.16</b>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Insurance Co. Of Florida in Liquidation**  
**Schedule of Accrued Interest Receivable**  
**For the Twelve Months Ended June 30, 2011**

**Accrued Interest Receivable**

<b>Due from</b>	<b>Account</b>	<b>Balance 7/1/10</b>	<b>Accrued</b>	<b>Received</b>	<b>Balance 6/30/11</b>
State Treasury	SPIA, 4-20-0-010000-00000	30,789.82	391,904.79	(391,142.99)	31,551.62
<b>Totals:</b>		<u>30,789.82</u>	<u>391,904.79</u>	<u>(391,142.99)</u>	<u>31,551.62</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Insurance Co. of Florida in Liquidation**  
**Schedule of Reinsurance Recoverables - Net of Allowance**  
For the Twelve Months Ended June 30, 2011

**Reinsurance Recoverables**

<b>Recovery Agent</b>	<b>Balance 07/01/2010</b>	<b>Billed</b>	<b>Recovered</b>	<b>Adjustments</b>	<b>Balance 06/30/2011</b>
Ormond	9,414.93	0.00	(478.71)	0.00	8,936.22
Total	<u>9,414.93</u>	<u>0.00</u>	<u>(478.71)</u>	<u>0.00</u>	<u>8,936.22</u>

**Allowance Reinsurance**

<b>Recovery Agent</b>	<b>Balance 07/01/2010</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 06/30/2011</b>
Ormond	0.00	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

**Reinsurance Recoverables - Net of Allowance**

8,936.22

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Insurance Co. of Florida in Liquidation**  
**Schedule of Advance to Guaranty Associations**  
For the Twelve Months Ended June 30, 2011

**Advance To Guaranty Associations**

Description	Balance 7/1/10	Advanced	Recovered	Adjustments	Balance 6/30/11
Florida Insurance Guaranty Association	6,396,258.39	0.00	0.00	0.00	6,396,258.39
Michigan Property & Casualty Guaranty Association (1)	214,010.06	0.00	0.00	0.00	214,010.06
Western Guaranty Fund - Colorado	10,894.94	0.00	0.00	0.00	10,894.94
Western Guaranty Fund - Montana	190.00	0.00	0.00	0.00	190.00
Utah Property & Casualty	195.48	0.00	0.00	0.00	195.48
Arizona Insurance Guaranty Association	308,789.71	0.00	0.00	0.00	308,789.71
Georgia Insurers Insolvency Pool	286,387.56	0.00	0.00	0.00	286,387.56
Mississippi Insurance Guaranty Association	51,879.51	0.00	0.00	0.00	51,879.51
Illinois Insurance Guaranty Fund	303,201.81	0.00	0.00	0.00	303,201.81
Puerto Rico P & C Insurance Guaranty Corporation (2)	4,208,729.46	0.00	0.00	0.00	4,208,729.46
Nevada Insurance Guaranty Association	87,871.62	0.00	0.00	0.00	87,871.62
Maryland Guaranty Fund	82,782.80	0.00	0.00	0.00	82,782.80
Tennessee Insurance Guaranty Association (3)	7,005.53	0.00	0.00	0.00	7,005.53
Totals:	11,958,196.87	0.00	0.00	0.00	11,958,196.87

- (1) Michigan has received two early access distributions from the Receiver: \$69,031.66 by court order dated 10/15/04 and \$4,100.97 by court order dated 4/27/05. They also received \$140,877.43 from a special deposit under their control that was not a disbursement of funds from the Receiver.
- (2) Puerto Rico has received two early access distributions from the Receiver: \$2,882,883.51 by court order dated 10/26/04 and \$191,867.65 by court order dated 4/27/05. They also retained \$1,133,978.30 that is treated as early access per court order dated 10/28/04.
- (3) A court ordered early access agreement dated 8/5/04 allowed the TDOI to release \$7,005.53 of a statutory deposit to the TIGA for admin expenses. The remainder of the statutory deposit (\$62,655.70) was released to the Receiver as a general asset of the estate.

# Florida Department of Financial Services, Division of Rehabilitation and Liquidation

## Insurance Co. of Florida in Liquidation

### Notes to Financial Statements

Dated June 30, 2011

1. **Estate Information.** Insurance Company of Florida was a property and casualty company domiciled in Florida and placed in liquidation on December 29, 1992.
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. **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 March 31, 2011.
  - The Guaranty Association Class 1 Administrative Claims, Class 2 Loss Claims and Class 3 Unearned Premium Claims have not been reduced by any early access payments from the Florida Receiver.
  - The Class 5 Employee Claims are adjudicated and net of distributions.
  - A claims distribution in the amount of \$6,430.54 for Class 5 Employee Claims was authorized in September of 1993.
  - 100% was authorized for Class 5 Employee Claims.
  - All Class I and Class II claims have been evaluated and reported to the court except for Puerto Rico. The Second Interim Claims Report has been filed with the court and the Notices of Determination have been mailed. The claims report was filed with the courts on February 7, 2011 with a 45 day objection deadline past the entry of the court order.
  - No objections have been filed.
  - Sufficient assets appear to be available to make a distribution to Class III claimants. Class III return premium claims have been evaluated along with the claims filed by citizens of Puerto Rico. A Third Interim Claims Report is pending. The only claim that has not been evaluated is the claim filed by the Puerto Rico Guaranty Fund.
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.

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation**

**Insurance Co. of Florida in Liquidation**

**Notes to Financial Statements**

**Dated June 30, 2011**

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.