

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Workers Compensation Fund in Liquidation
Statement of Affairs
As of September 30, 2009

| | <u>Estimated Realizable Value</u> |
|-------------------------------------|---|
| ASSETS | |
| Pooled Cash Due from the Admin Fund | \$1,246,146.22 |
| Accrued Interest Receivable | 2,606.23 |
| Reinsurance Recoverable | 1,743,893.34 |
| Allowance Reinsurance Recoverable | (313,587.29) |
| Advance to Guaranty Associations | <u>34,300,000.00</u> |
| Total Assets | <u><u>\$36,979,058.50</u></u> |

| | |
|-------------------------------------|------------------------|
| LIABILITIES | |
| Administrative Claims (Class 1) | |
| - Guaranty Associations | 5,903,964.37 |
| Loss Claims (Class 2) | |
| - Guaranty Associations | 59,908,816.60 |
| Federal Government Claims (Class 4) | <u>9,564.88</u> |
| Total Liabilities | <u>\$65,822,345.85</u> |

| | |
|--|-------------------------------|
| EQUITY | |
| Contributed Equity - State of Florida | 276,764.06 |
| Estate Equity | <u>(29,120,051.41)</u> |
| Excess (Deficiency) of Assets over Liabilities | <u>(\$28,843,287.35)</u> |
| Total Liabilities and Equity | <u><u>\$36,979,058.50</u></u> |

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Workers Compensation Fund in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through September 30, 2009

| | <u>Fiscal Year to Date</u> | <u>Since Date of Liquidation</u> |
|--|--------------------------------|--|
| CASH RECEIPTS | | |
| Premium Collections | \$0.00 | \$62,206.66 |
| Assessment Recoveries | 0.00 | 931,484.72 |
| Reinsurance Recoveries | 0.00 | 20,663,592.50 |
| Subrogation and Salvage Recoveries | 0.00 | 121,007.09 |
| SDTF Reimbursements | 0.00 | 19,431,790.73 |
| Tax Recoveries | 0.00 | 20,689.02 |
| Other Collections / Recoveries | 44.71 | 680,179.80 |
| Receipts Before Investment Activities | 44.71 | 41,910,950.52 |
| Interest and Dividend Receipts | 12,037.82 | 2,192,543.67 |
| Receipts From Investment Activities | 12,037.82 | 2,192,543.67 |
| Total Cash Receipts | <u>12,082.53</u> | <u>44,103,494.19</u> |
| CASH DISBURSEMENTS & DISTRIBUTIONS | | |
| Professional Fees and Expenses | 422.87 | 5,339,271.81 |
| Salaries and Fringe Benefits | 17,409.40 | 1,304,455.99 |
| Employee Welfare | 244.09 | 17,542.19 |
| Travel Expenses | 39.18 | 17,219.37 |
| Admin Expenses | 643.80 | 80,753.81 |
| Equipment and Furniture Expenses | 1,305.40 | 104,307.26 |
| Rent, Building and Equipment | 5,732.53 | 250,473.53 |
| Taxes | (254.11) | 39,991.37 |
| Disbursements | 25,543.16 | 7,154,015.33 |
| Distributions | | |
| Claims-Other | 0.00 | 3,057,141.14 |
| Early Access-Guaranty Associations | 1,000,000.00 | 34,300,000.00 |
| Total Distributed | 1,000,000.00 | 37,357,141.14 |
| Disbursements & Distributions Before Investment Activities | 1,025,543.16 | 44,511,156.47 |
| Financial Expenses | 544.31 | 59,312.03 |
| Disbursements for Investment Activities | 544.31 | 59,312.03 |
| Total Cash Disbursements & Distributions | <u>1,026,087.47</u> | <u>44,570,468.50</u> |
| Net Increase (Decrease) in Cash | <u>(1,014,004.94)</u> | <u>(466,974.31)</u> |
| Beginning Cash Balance: | | |
| Beginning Cash | 2,260,151.16 | 1,713,120.53 |
| Adjustments to Beginning Cash | 0.00 | 0.00 |
| Adjusted Beginning Cash Balance | <u>2,260,151.16</u> | <u>1,713,120.53</u> |
| Ending Cash Balance | <u>1,246,146.22</u> | <u>1,246,146.22</u> |

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Workers Compensation Fund in Liquidation
Schedule of Accrued Interest Receivable
For the Three Months Ended September 30, 2009

Accrued Interest Receivable

| Due from | Account | Balance 7/1/09 | Accrued | Received | Balance 9/30/09 |
|-----------------|---------------------------|---------------------------|------------------|--------------------|----------------------------|
| State Treasury | SPIA, 4-20-0-010000-00000 | 4,556.49 | 14,118.04 | (16,068.30) | 2,606.23 |
| Totals: | | <u>4,556.49</u> | <u>14,118.04</u> | <u>(16,068.30)</u> | <u>2,606.23</u> |

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Workers Compensation Fund in Liquidation
Schedule of Reinsurance Recoverables - Net of Allowance
For the Three Months Ended September 30, 2009

Reinsurance Recoverables

| Recovery Agent | Balance 07/01/2009 | Billed | Recovered | Adjustments | Balance 09/30/2009 |
|---|-------------------------------|---------------|------------------|--------------------|-------------------------------|
| Neff and Associates Financial Services | 1,743,893.34 | 0.00 | 0.00 | 0.00 | 1,743,893.34 |
| Total | 1,743,893.34 | 0.00 | 0.00 | 0.00 | 1,743,893.34 |

Allowance Reinsurance

| Recovery Agent | Balance 07/01/2009 | Increases | Decreases | Balance 09/30/2009 |
|---|-------------------------------|------------------|------------------|-------------------------------|
| Neff and Associates Financial Services | (313,587.29) | 0.00 | 0.00 | (313,587.29) |
| Total | (313,587.29) | 0.00 | 0.00 | (313,587.29) |

Reinsurance Recoverables - Net of Allowance

1,430,306.05

Note: The Receiver began inhouse billing and collections as of March 30, 2005

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Workers Compensation Fund in Liquidation
Schedule of Advance to Guaranty Associations
For the Three Months Ended September 30, 2009

Advance To Guaranty Associations

| Description | Balance 7/1/09 | Advanced | Recovered | Balance 9/30/09 |
|--------------------------------|---------------------------|---------------------|------------------|----------------------------|
| Florida Workers Compensation | 33,300,000.00 | 1,000,000.00 | 0.00 | 34,300,000.00 |
| Insurance Guaranty Association | | | | |
| Totals: | <u>33,300,000.00</u> | <u>1,000,000.00</u> | <u>0.00</u> | <u>34,300,000.00</u> |

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
Florida Workers Compensation Fund in Liquidation
Notes to Financial Statements

Dated September 30, 2009

1. **Estate Information.** Florida Workers Compensation Fund was a worker compensation self-insurance fund domiciled in Florida and placed in liquidation on May 13, 1999.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting using a fiscal year of July 1, 2009 through June 30, 2010. 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 June 30, 2009.
 - Class 1 and Class 2 Claims have been evaluated. All other Classes of Claims are being reported as gross filed.
 - The LPT agreement between AIG & the Florida Workers Compensation Insurance Guaranty Association (FWCIGA) was negated, thus the estimated reinsurance exposure at the attachment point is no longer valid. FWCIGA is now responsible for all losses.
 - The 1st Interim Claims Report was filed with the court on January 24, 2008.
 - The March 16, 2008 objection deadline has passed and no objections have been filed.
 - The claims distribution is pending.
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.
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.