

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Fortune Insurance Co. in Liquidation
Statement of Affairs
As of September 30, 2009

**Estimated
Realizable
Value**

ASSETS

Pooled Cash Due from the Admin Fund	\$11,402,292.59
Accrued Interest Receivable	23,775.23
Reinsurance Recoverable	1,051,577.00
Allowance Reinsurance Recoverable	(1,051,477.00)
Accounts Receivable	9,339.93
Advance to Guaranty Associations	5,000,000.00
	\$16,435,507.75
Total Assets	\$16,435,507.75

LIABILITIES

Loss Claims (Class 2)	
- Other	57,394.35
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	15,019,819.71
- Other	3,418,409.89
Employee Claims (Class 5)	170,582.05
General Creditor Claims (Class 6)	
- Other	7,354,398.14
State & Local Government Claims (Class 7)	7,614.38
Late Filed Claims (Class 8)	186,233.09
Shareholder Claims (Class 10)	4,997,223.08
	\$31,211,674.69
Total Liabilities	\$31,211,674.69

EQUITY

Contributed Equity - State of Florida	526,182.81
Estate Equity	(15,302,349.75)
Excess (Deficiency) of Assets over Liabilities	(\$14,776,166.94)
Total Liabilities and Equity	\$16,435,507.75

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Fortune Insurance Co. in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through September 30, 2009

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$0.00	\$2,067,015.83
Assessment Recoveries	0.00	6,610.66
Reinsurance Recoveries	0.00	8,892,814.75
Agents' Balances Recoveries	3,492.98	2,254,403.06
Subrogation and Salvage Recoveries	1,150.00	485,716.51
Litigation Recoveries	0.00	4,596,446.63
Tax Recoveries	0.00	1,946,469.08
Other Collections / Recoveries	141.69	419,507.53
Sale of Personal Property Inventory	0.00	123,276.84
Sale of Real Property Inventory	31,800.00	41,765.99
	36,584.67	20,834,026.88
Receipts Before Investment Activities		
Interest and Dividend Receipts	94,560.27	5,208,449.64
Sale of Short Term Investment	0.00	16,050,302.19
Sale of Long Term Investment	0.00	679,090.47
	94,560.27	21,937,842.30
Receipts From Investment Activities		
Total Cash Receipts	131,144.94	42,771,869.18
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	531.64	3,868,286.37
Salaries and Fringe Benefits	28,911.76	4,014,403.17
Employee Welfare	107.97	20,681.97
Travel Expenses	17.35	69,638.35
Admin Expenses	1,228.10	311,170.27
Equipment and Furniture Expenses	578.85	154,660.40
Rent, Building and Equipment	6,203.26	573,950.03
Taxes	275.34	194,345.84
	37,854.27	9,207,136.40
Disbursements		
Distributions		
Administrative Claims (Class 1)	0.00	2,839,192.75
Loss Claims (Class 2)	(27,056.59)	13,764,360.79
Early Access-Guaranty Associations	5,000,000.00	5,000,000.00
	4,972,943.41	21,603,553.54
Total Distributed		
Disbursements & Distributions Before Investment Activities	5,010,797.68	30,810,689.94
Financial Expenses	4,938.73	173,898.80
	4,938.73	173,898.80
Disbursements for Investment Activities		
Total Cash Disbursements & Distributions	5,015,736.41	30,984,588.74
Net Increase (Decrease) in Cash	(4,884,591.47)	11,787,280.44
Beginning Cash Balance:		
Beginning Cash	16,286,884.06	(734,527.90)
Adjustments to Beginning Cash	0.00	349,540.05
Adjusted Beginning Cash Balance	16,286,884.06	(384,987.85)

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Fortune Insurance Co. in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through September 30, 2009

	Fiscal Year to Date	Since Date of Liquidation
Ending Cash Balance	<u>\$11,402,292.59</u>	<u>\$11,402,292.59</u>

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Fortune Insurance Co. 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	33,047.63	113,814.69	(123,087.09)	23,775.23
Totals:		<u>33,047.63</u>	<u>113,814.69</u>	<u>(123,087.09)</u>	<u>23,775.23</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Fortune Insurance Co. 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
Ormond	1,051,577.00	0.00	0.00	0.00	1,051,577.00
Total	<u>1,051,577.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,051,577.00</u>

Allowance Reinsurance

Recovery Agent	Balance 07/01/2009	Increases	Decreases	Balance 09/30/2009
Ormond	(1,051,477.00)	0.00	0.00	(1,051,477.00)
Total	<u>(1,051,477.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(1,051,477.00)</u>

Reinsurance Recoverables - Net of Allowance

100.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Fortune Insurance Co. in Liquidation
Schedule of Accounts Receivable - Net of Allowance
For the Three Months Ended September 30, 2009

Agent Balance Receivables - Unearned Commission

<u>Description</u>	<u>Balance 7/1/09</u>	<u>Adjustments</u>	<u>Payments Received</u>	<u>Balance 9/30/09</u>
Promissory Notes	11,047.76	0.00	(1,707.83)	9,339.93
Totals:	<u>11,047.76</u>	<u>0.00</u>	<u>(1,707.83)</u>	<u>9,339.93</u>

Accounts Receivable Total:

9,339.93

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Fortune Insurance Co. in Liquidation
Schedule of Advance to Guaranty Associations
For the Three Months Ended September 30, 2009

Advance To Guaranty Associations

<u>Description</u>	<u>Balance 7/1/09</u>	<u>Advanced</u>	<u>Recovered</u>	<u>Balance 9/30/09</u>
Florida Insurance Guaranty Association	0.00	5,000,000.00	0.00	5,000,000.00
Totals:	<u>0.00</u>	<u>5,000,000.00</u>	<u>0.00</u>	<u>5,000,000.00</u>

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

Dated September 30, 2009

1. **Estate Information.** Fortune Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on July 6, 2001.
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, 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. **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".
5. **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.
6. **Accounts Receivable.** All receivables are shown net of provisions for uncollectible amounts except for Agent Balances which are shown at the gross amount of promissory notes payable to the Receiver.
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. Claims liabilities are based on a preliminary reserve analysis of the claims filed in the receivership. Unless otherwise stated, the claim liabilities are reported 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 reported on an estimated value basis.
 - The 1st Interim Claims Report was filed with the court on May 23, 2008.
 - The claims objection deadline was July 11, 2008.
 - Seven objections were filed. All seven have been resolved.
 - A 100% distribution was authorized by the courts on January 16, 2009 to pay Class I and Class II claims. The total distributed was \$674,334.13. \$30,337.76 was suspended due to either a W-9 issue or incorrect address.
 - The class IV Federal Government claim was settled by the Receiver by payment of \$28,737.96 on July 8, 2008. The claim was construed to a post liquidation Class I un-paid payroll tax claim.
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.