


Statutory Basis Financial Statements

Superior Guaranty Insurance Company

*For the nine months ended September 30, 2011
with Accountants' Compilation Report*

Thomas Howell
 Ferguson P.A.

Superior Guaranty Insurance Company

Statutory Basis Financial Statements

For the nine months ended September 30, 2011

Contents

Accountants' Compilation Report 1

Compiled Financial Statements

Statement of Admitted Assets, Liabilities, and Capital and Surplus..... 2

Statement of Operations and Changes in Capital and Surplus 3

Accountants' Compilation Report

The Receiver
Superior Guaranty Insurance Company

We have compiled the statement of admitted assets, liabilities, and capital and surplus for Superior Guaranty Insurance Company (the Company) as of September 30, 2011, and the related statement of operations and changes in capital and surplus for the nine months then ended. We have not audited or reviewed the statutory basis financial statements and, accordingly, do not express an opinion or any other form of assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices prescribed or permitted by the Florida Office of Insurance Regulation (the Office), and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the statutory basis financial statements.

Our responsibility is to conduct the compilation in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of statutory basis financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the statutory basis financial statements.

These financial statements are presented in accordance with accounting practices prescribed or permitted by the Office, which differ from accounting principles generally accepted in the United States of America. Accordingly, these financial statements are not designed for those who are not informed about such differences.

Management has elected to omit substantially all of the disclosures and statement of cash flows ordinarily included in statutory basis financial statements prepared in conformity with accounting practices prescribed or permitted by the Office. If the omitted disclosures and statement of cash flows were included in the statutory basis financial statements, they might influence the user's conclusions about the Company's statutory basis financial statements. Accordingly, these statutory basis financial statements are not designed for those who are not informed about such matters.

We are not independent with respect to Superior Guaranty Insurance Company.

Thomas Howell Ferguson P.A.

November 14, 2011

Superior Guaranty Insurance Company

Statement of Admitted Assets, Liabilities, and Capital and Surplus

September 30, 2011

Admitted assets

Cash and invested assets:

Cash and short-term investments	\$ 7,162,819
Total cash and invested assets	<u>7,162,819</u>

Investment income due and accrued	16,141
Total admitted assets	<u>\$ 7,178,960</u>

Liabilities and capital and surplus

Liabilities:

Payable to parent, subsidiaries, and affiliates	\$ 516,357
Other liabilities	112,179
Total liabilities	<u>628,536</u>

Capital and surplus:

Common capital stock	5,000,000
Gross paid-in and contributed surplus	6,000,000
Unassigned surplus	(4,449,576)
Total capital and surplus	<u>6,550,424</u>

Total liabilities and capital and surplus	<u>\$ 7,178,960</u>
---	---------------------

See accountants' compilation report.

Superior Guaranty Insurance Company

Statement of Operations and Changes in Capital and Surplus

For the nine months ended September 30, 2011

Underwriting income:	
Premiums earned:	
Direct	\$ -
Ceded	-
	<u>-</u>
Underwriting expenses:	
Losses incurred:	
Direct	-
Ceded	-
	<u>-</u>
Loss expenses incurred	-
Other underwriting expenses incurred	85,681
Total underwriting expenses	<u>85,681</u>
Net underwriting (loss)	(85,681)
Investment income:	
Net investment income earned	129,283
Net realized capital gains (losses)	-
Net investment gain	<u>129,283</u>
Other income	5,771
Net income before federal income taxes	<u>49,373</u>
Federal income taxes incurred	-
Net income (loss)	<u>49,373</u>
Other changes in capital and surplus:	
Change in deferred income tax	(16,197)
Change in nonadmitted assets	16,197
Change in provision for reinsurance	-
Dividends paid to stockholder	-
Bond valuation charge	-
Change in surplus as regards to policyholders	<u>49,373</u>
Capital and surplus at beginning of period	<u>6,501,051</u>
Capital and surplus at end of period	<u><u>\$ 6,550,424</u></u>

See accountants' compilation report.