


Statutory Basis Financial Statements

Superior Insurance Company

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

Thomas Howell
 Ferguson P.A.

Superior Insurance Company
Statutory Basis Financial Statements

For the nine months ended September 30, 2011

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Accountants' Compilation Report

The Receiver
Superior Insurance Company

We have compiled the statement of admitted assets, liabilities, and capital and surplus for Superior 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 Insurance Company.

Thomas Howell Ferguson, C.P.A.

November 14, 2011

Superior Insurance Company
(in Receivership)

Statement of Admitted Assets, Liabilities, and Capital and Surplus

September 30, 2011

Admitted assets

Cash and invested assets:

Cash and short-term investments	\$ 4,604,121
Total cash and invested assets	<u>4,604,121</u>

Investment income due and accrued	10,340
Receivable from parent, subsidiaries, and affiliates	11,793
Other assets	24,010
Total admitted assets	<u>\$ 4,650,264</u>

Liabilities and capital and surplus

Liabilities:

Litigation claim payable	6,732,000
Other liabilities	1,844,928
Total liabilities	<u>8,576,928</u>

Capital and surplus:

Common capital stock	3,000,000
Gross paid-in and contributed surplus	58,332,679
Unassigned surplus	<u>(65,259,343)</u>
Total capital and surplus	<u>(3,926,664)</u>

Total liabilities and capital and surplus	<u>\$ 4,650,264</u>
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See accountants' compilation report.

Superior Insurance Company
(in Receivership)

Statement of Operations and Changes in Capital and Surplus

For the nine months ended September 30, 2011

Underwriting income:	
Premiums earned:	
Direct	\$ -
Assumed	-
Ceded	-
	<u>-</u>
Underwriting expenses:	
Losses incurred:	
Direct	(4,384)
Assumed	-
Ceded	-
	<u>(4,384)</u>
Loss expenses incurred	-
Other underwriting expenses incurred	230,446
Total underwriting expenses	<u>226,062</u>
Net underwriting (loss)	<u>(226,062)</u>
Investment income:	
Net investment income earned	68,491
Net realized capital gains	59,925
Total investment income	<u>128,416</u>
Other income (loss):	
Miscellaneous recoveries	221,267
Other income	900
Total other income	<u>222,167</u>
Net income before federal income taxes	124,521
Federal income taxes incurred	-
Net income	<u>124,521</u>
Other changes in capital and surplus:	
Change in unrealized capital gains and losses	-
Change in net deferred income tax	-
Change in provision for reinsurance	-
Change in nonadmitted assets	(73,812)
Stockholder dividends	-
Change in surplus as regards to policyholders	<u>50,709</u>
Capital and surplus at beginning of period	<u>(3,977,373)</u>
Capital and surplus at end of period	<u>\$ (3,926,664)</u>

See accountants' compilation report.