

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Florida Preferred Property Insurance Company 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	\$7,339,282.37
Accrued Interest Receivable	14,905.06
Reinsurance Recoverable	2,013,746.64
Accounts Receivable	11,690,446.00
Allowance - Accounts Receivables	(11,690,446.00)
Advance to Guaranty Associations	131,129,586.02
FI Hurricane Cat Fund Payments to Guaranty Assoc.	75,221,293.56
Total Assets	<u><u>\$215,718,813.65</u></u>

<b>LIABILITIES</b>	
Administrative Claims (Class 1)	
- Guaranty Associations	23,101,379.01
Loss Claims (Class 2)	
- Guaranty Associations	194,358,230.48
- Other	107,800.00
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	88,936,698.91
- Other	445,800.00
General Creditor Claims (Class 6)	
- Other	861,260.89
Late Filed Claims (Class 8)	119,082.99
Total Liabilities	<u>\$307,930,252.28</u>

<b>EQUITY</b>	
Contributed Equity - State of Florida	342,116.43
Estate Equity	<u>(92,553,555.06)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$92,211,438.63)</u>
Total Liabilities and Equity	<u><u>\$215,718,813.65</u></u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Florida Preferred Property Insurance Company 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>		
Premium Collections	\$0.00	\$20,075,704.16
Reinsurance Recoveries	14,517.12	88,205,433.95
Agents' Balances Recoveries	0.00	11,719.87
Subrogation and Salvage Recoveries	9,500.00	909,128.96
Litigation Recoveries	312,560.28	312,815.78
SDTF Reimbursements	0.00	100,262.52
Tax Recoveries	0.00	7,937.30
Loan Repayment	0.00	20,000,000.00
Other Collections / Recoveries	1,086.50	8,835,357.41
Receipts Before Investment Activities	337,663.90	138,458,359.95
Interest and Dividend Receipts	309,076.79	4,299,218.99
Sale of Short Term Investment	0.00	10,585.78
Receipts From Investment Activities	309,076.79	4,309,804.77
<b>Total Cash Receipts</b>	<b>646,740.69</b>	<b>142,768,164.72</b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	1,019,211.95	7,496,573.49
Salaries and Fringe Benefits	155,120.00	1,829,107.37
Employee Welfare	6,562.29	33,064.35
Travel Expenses	5,968.25	52,438.51
Admin Expenses	15,526.73	2,045,075.67
Loan Disbursements	0.00	20,000,000.00
Equipment and Furniture Expenses	50,485.67	222,489.48
Rent, Building and Equipment	127,898.07	834,569.47
Taxes	16.94	68.55
Disbursements	1,380,789.90	32,513,386.89
Distributions		
Early Access-Guaranty Associations	6,000,000.00	131,129,586.02
Total Distributed	6,000,000.00	131,129,586.02
Disbursements & Distributions Before Investment Activities	7,380,789.90	163,642,972.91
Financial Expenses	13,919.82	192,263.43
Disbursements for Investment Activities	13,919.82	192,263.43
<b>Total Cash Disbursements &amp; Distributions</b>	<b>7,394,709.72</b>	<b>163,835,236.34</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(6,747,969.03)</b>	<b>(21,067,071.62)</b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	14,087,251.40	26,055,196.59
Adjustments to Beginning Cash	0.00	2,351,157.40
<b>Adjusted Beginning Cash Balance</b>	<b>14,087,251.40</b>	<b>28,406,353.99</b>
<b>Ending Cash Balance</b>	<b>7,339,282.37</b>	<b>7,339,282.37</b>

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

**Accrued Interest Receivable**

<b>Description</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	28,326.63	292,046.16	(305,467.73)	14,905.06
Totals:		<u>28,326.63</u>	<u>292,046.16</u>	<u>(305,467.73)</u>	<u>14,905.06</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Florida Preferred Property Insurance Company Inc. 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>
Financial Services	2,013,746.64	14,517.12	(14,517.12)	0.00	2,013,746.64
Total	<u>2,013,746.64</u>	<u>14,517.12</u>	<u>(14,517.12)</u>	<u>0.00</u>	<u>2,013,746.64</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>
Financial Services	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**

2,013,746.64

*\* Adjustments were made by the contract provider, Paragon, to bring the reinsurance recoverable current; and includes all collected balances pre & post liquidation.*

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Florida Preferred Property Insurance Co. in Liquidation**  
**Schedule of Accounts Receivable - Net of Allowances**  
For the Twelve Months Ended June 30, 2011

**Accounts Receivable**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Adjustments</b>	<b>Payments</b>	<b>Balance 6/30/11</b>
Poe and Associates U/E Commissions	743,833.00	0.00	0.00	743,833.00
Poe Insurance Managers U/E MGA fee	10,946,613.00	0.00	0.00	10,946,613.00
	<u>11,690,446.00</u>	<u>0.00</u>	<u>0.00</u>	<u>11,690,446.00</u>

**Total Accounts Receivable: 11,690,446.00**

**Allowance Accounts Receivable**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Adjustments</b>	<b>Payments</b>	<b>Balance 6/30/11</b>
Poe and Associates U/E Commissions	(743,833.00)	0.00	0.00	(743,833.00)
Poe Insurance Managers U/E MGA fee	(10,946,613.00)	0.00	0.00	(10,946,613.00)
<b>Totals:</b>	<u>(11,690,446.00)</u>	<u>0.00</u>	<u>0.00</u>	<u>(11,690,446.00)</u>

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

**Advance To Guaranty Association**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Advanced</b>	<b>Recovered</b>	<b>Balance 6/30/11</b>
Florida Insurance Guaranty Association	125,129,586.02	6,000,000.00	0.00	131,129,586.02
Totals:	<u>125,129,586.02</u>	<u>6,000,000.00</u>	<u>0.00</u>	<u>131,129,586.02</u>

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

**Florida Hurricane Catastrophe Fund**  
**Advance To Guaranty Association**

<b>Description</b>	<b>Balance 7/1/10</b>	<b>Advanced</b>	<b>Recovered</b>	<b>Balance 6/30/11</b>
Florida Insurance Guaranty Association	75,221,293.56	0.00	0.00	75,221,293.56
Totals:	75,221,293.56	0.00	0.00	75,221,293.56

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation**  
**Florida Preferred Property Insurance Co. in Liquidation**  
**Notes to Financial Statements**  
**Dated June 30, 2011**

1. **Estate Information.** Florida Preferred Property Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on June 1, 2006.
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. **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 to/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.** Represents the unearned commissions due from Poe and Associates and the unearned MGA fee due from Poe Insurance Managers at the date of liquidation. These receivables are offset by a 100% allowance as the timing and the certainty of their collectibility are currently indeterminate.
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. **Florida Hurricane Catastrophe Fund (FHCF) Advance to Guaranty Association (FIGA).** Represents funds advanced directly from FHCF to FIGA for the payment of covered claims and expenses pursuant to Chapter 215, Florida Statutes. 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..
9. **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, not adjudicated 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.
  - Claims classified as Class I, Class III and Class VIII others are being reported at the reserved amount. All other claims are being reported at the gross filed amount.
  - The claims filing deadline expired on June 1, 2007.
  - The return premium claims that were transitioned to Citizen Insurance Company were adjudicated "deemed filed". They have been added to OLCP as a filed claim.
10. **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.
11. **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.