

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Insurance Co. of Florida in Liquidation
Statement of Affairs
As of June 30, 2012**

| | Estimated Realizable Value |
|-------------------------------------|---|
| ASSETS | |
| Pooled Cash Due from the Admin Fund | \$16,078,709.86 |
| Accrued Interest Receivable | 31,437.46 |
| Reinsurance Recoverable | 8,936.22 |
| Advance to Guaranty Associations | 11,958,196.87 |
| Total Assets | \$28,077,280.41 |

| LIABILITIES | |
|--|-----------------|
| Administrative Claims (Class 1) | |
| - Guaranty Associations | 5,280,265.41 |
| Loss Claims (Class 2) | |
| - Guaranty Associations | 15,226,625.26 |
| - Other | 11,923,303.08 |
| Unearned Premium Claims under Non-assessable Policies (Class 3) | |
| - Guaranty Associations | 85,802.94 |
| - Other | 128,185.24 |
| Federal Government Claims (Class 4) | 969.75 |
| General Creditor Claims (Class 6) | |
| - Guaranty Associations | 505,834.92 |
| - Other | 1,843,677.97 |
| Late Filed Claims (Class 8) | 14,870,966.24 |
| Total Liabilities | \$49,865,630.81 |

| EQUITY | |
|--|-------------------|
| Contributed Equity - State of Florida | 702,208.44 |
| Estate Equity | (22,490,558.84) |
| Excess (Deficiency) of Assets over Liabilities | (\$21,788,350.40) |
| Total Liabilities and Equity | \$28,077,280.41 |

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Insurance Co. of Florida in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through June 30, 2012**

| | <u>Fiscal Year to Date</u> | <u>Since Date of Liquidation</u> |
|--|--------------------------------|--|
| CASH RECEIPTS | | |
| Reinsurance Recoveries | \$0.00 | \$11,092,893.48 |
| Agents' Balances Recoveries | 0.00 | 84,003.43 |
| Subrogation and Salvage Recoveries | 0.00 | 37,799.40 |
| Litigation Recoveries | 0.00 | 848,156.58 |
| Tax Recoveries | 34,129.00 | 190,027.20 |
| Other Collections / Recoveries | 375.80 | 1,353,141.39 |
| Sale of Personal Property Inventory | 0.00 | 67,241.50 |
| Receipts Before Investment Activities | 34,504.80 | 13,673,262.98 |
| Interest and Dividend Receipts | 392,603.69 | 12,452,791.31 |
| Sale of Short Term Investment | 0.00 | 106,798.12 |
| Sale of Long Term Investment | 0.00 | 3,006,541.30 |
| Receipts From Investment Activities | 392,603.69 | 15,566,130.73 |
| Total Cash Receipts | <u>427,108.49</u> | <u>29,239,393.71</u> |
| CASH DISBURSEMENTS & DISTRIBUTIONS | | |
| Professional Fees and Expenses | 4,271.60 | 1,071,863.75 |
| Salaries and Fringe Benefits | 40,104.70 | 1,035,411.71 |
| Employee Welfare | 605.62 | 34,652.75 |
| Travel Expenses | 485.86 | 37,145.96 |
| Admin Expenses | 3,811.67 | 181,307.37 |
| Equipment and Furniture Expenses | 4,367.09 | 214,123.86 |
| Rent, Building and Equipment | 18,430.43 | 373,474.02 |
| Taxes | 0.00 | 363,740.91 |
| Disbursements | 72,076.97 | 3,311,720.33 |
| Distributions | | |
| Administrative Claims (Class 1) | 0.00 | 69,279.84 |
| Employee Claims (Class 5) | 0.00 | 6,430.54 |
| Claims-Other | 0.00 | 136.08 |
| Early Access-Guaranty Associations | 0.00 | 10,683,341.14 |
| Total Distributed | 0.00 | 10,759,187.60 |
| Disbursements & Distributions Before Investment Activities | 72,076.97 | 14,070,907.93 |
| Financial Expenses | 20,002.82 | 251,422.00 |
| Disbursements for Investment Activities | 20,002.82 | 251,422.00 |
| Total Cash Disbursements & Distributions | <u>92,079.79</u> | <u>14,322,329.93</u> |
| Net Increase (Decrease) in Cash | <u>335,028.70</u> | <u>14,917,063.78</u> |
| Beginning Cash Balance: | | |
| Beginning Cash | 15,743,681.16 | 1,161,646.08 |
| Adjustments to Beginning Cash | 0.00 | 0.00 |
| Adjusted Beginning Cash Balance | <u>15,743,681.16</u> | <u>1,161,646.08</u> |
| Ending Cash Balance | <u>16,078,709.86</u> | <u>16,078,709.86</u> |

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

UNAUDITED

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Insurance Co. Of Florida in Liquidation
Schedule of Accrued Interest Receivable
For the Twelve Months Ended June 30, 2012

Accrued Interest Receivable

| Due from | Account | Balance 7/1/11 | Accrued | Received | Balance 6/30/12 |
|-----------------|---------------------------|---------------------------|-------------------|---------------------|----------------------------|
| State Treasury | SPIA, 4-20-0-010000-00000 | 31,551.62 | 399,324.78 | (399,438.94) | 31,437.46 |
| Totals: | | <u>31,551.62</u> | <u>399,324.78</u> | <u>(399,438.94)</u> | <u>31,437.46</u> |

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Insurance Co. of Florida in Liquidation
Schedule of Reinsurance Recoverables - Net of Allowance
 For the Twelve Months Ended June 30, 2012

Reinsurance Recoverables

| Recovery Agent | Balance 07/01/2011 | Billed | Recovered | Adjustments | Balance 06/30/2012 |
|-----------------------|-------------------------------|---------------|------------------|--------------------|-------------------------------|
| Ormond | 8,936.22 | 0.00 | 0.00 | 0.00 | 8,936.22 |
| Total | <u>8,936.22</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>8,936.22</u> |

Allowance Reinsurance

| Recovery Agent | Balance 07/01/2011 | Increases | Decreases | Balance 06/30/2012 |
|-----------------------|-------------------------------|------------------|------------------|-------------------------------|
| Ormond | 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

8,936.22

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Insurance Co. of Florida in Liquidation
Schedule of Advance to Guaranty Associations
For the Twelve Months Ended June 30, 2012

Advance To Guaranty Associations

| Description | Balance 7/1/11 | Advanced | Recovered | Adjustments | Balance 6/30/12 |
|---|----------------------|-------------|-------------|-------------|----------------------|
| Florida Insurance Guaranty Association | 6,396,258.39 | 0.00 | 0.00 | 0.00 | 6,396,258.39 |
| Michigan Property & Casualty Guaranty Association (1) | 214,010.06 | 0.00 | 0.00 | 0.00 | 214,010.06 |
| Western Guaranty Fund - Colorado | 10,894.94 | 0.00 | 0.00 | 0.00 | 10,894.94 |
| Western Guaranty Fund - Montana | 190.00 | 0.00 | 0.00 | 0.00 | 190.00 |
| Utah Property & Casualty | 195.48 | 0.00 | 0.00 | 0.00 | 195.48 |
| Arizona Insurance Guaranty Association | 308,789.71 | 0.00 | 0.00 | 0.00 | 308,789.71 |
| Georgia Insurers Insolvency Pool | 286,387.56 | 0.00 | 0.00 | 0.00 | 286,387.56 |
| Mississippi Insurance Guaranty Association | 51,879.51 | 0.00 | 0.00 | 0.00 | 51,879.51 |
| Illinois Insurance Guaranty Fund | 303,201.81 | 0.00 | 0.00 | 0.00 | 303,201.81 |
| Puerto Rico P & C Insurance Guaranty Corporation (2) | 4,208,729.46 | 0.00 | 0.00 | 0.00 | 4,208,729.46 |
| Nevada Insurance Guaranty Association | 87,871.62 | 0.00 | 0.00 | 0.00 | 87,871.62 |
| Maryland Guaranty Fund | 82,782.80 | 0.00 | 0.00 | 0.00 | 82,782.80 |
| Tennessee Insurance Guaranty Association (3) | 7,005.53 | 0.00 | 0.00 | 0.00 | 7,005.53 |
| Totals: | <u>11,958,196.87</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>11,958,196.87</u> |

(1) Michigan has received two early access distributions from the Receiver: \$69,031.66 by court order dated 10/15/04 and \$4,100.97 by court order dated 4/27/05. They also received \$140,877.43 from a special deposit under their control that was not a disbursement of funds from the Receiver.

(2) Puerto Rico has received two early access distributions from the Receiver: \$2,882,883.51 by court order dated 10/26/04 and \$191,867.65 by court order dated 4/27/05. They also retained \$1,133,978.30 that is treated as early access per court order dated 10/28/04.

(3) A court ordered early access agreement dated 8/5/04 allowed the TDOL to release \$7,005.53 of a statutory deposit to the TIGA for admin expenses. The remainder of the statutory deposit (\$62,655.70) was released to the Receiver as a general asset of the estate.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

Insurance Co. of Florida in Liquidation

Notes to Financial Statements

Dated June 30, 2012

1. **Estate Information.** Insurance Company of Florida was a property and casualty company domiciled in Florida and placed in liquidation on December 29, 1992.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting using a fiscal year of July 1, 2011 through June 30, 2012. 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 March 31, 2012.
 - The Guaranty Association Class 1 Administrative Claims, Class 2 Loss Claims and Class 3 Unearned Premium Claims have not been reduced by any early access payments from the Florida Receiver.
 - The Class 5 Employee Claims are adjudicated and net of distributions.
 - A claims distribution in the amount of \$6,430.54 for Class 5 Employee Claims was authorized in September of 1993.
 - 100% was authorized for Class 5 Employee Claims.
 - All Class I and Class II claims have been evaluated and reported to the court except for Puerto Rico. The Second Interim Claims Report has been filed with the court and the Notices of Determination have been mailed. The claims report was filed with the courts on February 7, 2011 with a 45 day objection deadline past the entry of the court order.
 - The guaranty fund and the claimants residing in states of New Mexico, North Carolina, South Carolina and Virginia were evaluated and re-classified to Class VI. The guaranty funds "self-helped" to their statutory deposit.
 - No objections have been filed.
 - Sufficient assets appear to be available to make a distribution to Class III claimants. Class III return premium claims have been evaluated along with the claims filed by citizens of Puerto Rico.

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

Dated June 30, 2012

- A Third Interim Claims Report was filed with the court on September 26, 2011 with a 45 day objection deadline. The claims filed by the Puerto Rico Guaranty Fund and the claim filed by Maderas Tradaeas, Inc. in the amount of \$8,700,000 are not included in the third interim claims report. They will be reported at a later date upon the legal conclusion of the Maderas 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.