

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Statement of Affairs
As of September 30, 2010

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Company Operating	\$22,889.04
Pooled Cash Due from the Admin Fund	7,067,898.90
Short Term Investments-Restricted	4,045,522.19
Accrued Interest Receivable	12,401.48
Marshaled Inventory	15,686,500.00
Fixed Assets	20,000.00
Other Assets	692,036.88
Allowance for Impaired Assets	<u>(4,737,559.07)</u>
Total Assets	<u><u>\$22,809,689.42</u></u>

LIABILITIES	
Accounts Payable	4,787.83
Mortgage Payable	13,173,692.93
Secured Claims	395,673.49
Administrative Claims (Class 1)	
- Guaranty Associations	12,266,883.13
Loss Claims (Class 2)	
- Guaranty Associations	70,607,393.10
- Other	30,200.00
Unearned Premium Claims	
under Non-assessable Policies (Class 3)	
- Guaranty Associations	8,423,050.01
- Other	36,000.00
Federal Government Claims (Class 4)	1.00
Employee Claims (Class 5)	8,236.48
General Creditor Claims (Class 6)	
- Other	1,702,066.64
Late Filed Claims (Class 8)	<u>1,002,212.55</u>
Total Liabilities	<u>\$107,650,197.16</u>

EQUITY	
Contributed Equity - State of Florida	77,893.05
Estate Equity	<u>(84,918,400.79)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$84,840,507.74)</u>
Total Liabilities and Equity	<u><u>\$22,809,689.42</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through September 30, 2010

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$238,979.86	\$802,157.42
Reinsurance Recoveries	0.00	204,567.84
Agents' Balances Recoveries	10,144.70	20,910.94
Subrogation and Salvage Recoveries	(1,916.16)	238,549.26
Litigation Recoveries	0.00	75.00
Other Collections / Recoveries	6,952.56	357,810.04
Sale of Personal Property Inventory	0.00	92,223.49
Rental Income	0.00	322,373.00
Mortgage Principal Recovery	825.70	4,437.19
Mortgage Interest Income	1,904.78	4,043.52
Receipts Before Investment Activities	256,891.44	2,047,147.70
Interest and Dividend Receipts	57,637.87	240,500.09
Sale of Short Term Investment	35,233.51	3,412,871.87
Receipts From Investment Activities	92,871.38	3,653,371.96
Total Cash Receipts	<u>349,762.82</u>	<u>5,700,519.66</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	90,856.48	832,991.40
Salaries and Fringe Benefits	301,204.29	2,295,672.56
Employee Welfare	68.10	358.51
Travel Expenses	98.33	32,241.07
Admin Expenses	67,972.41	455,681.96
Equipment and Furniture Expenses	583.21	9,985.85
Rent, Building and Equipment	4,666.15	20,970.37
Taxes	2,302.17	11,570.88
Disbursements	467,751.14	3,659,472.60
Disbursements & Distributions Before Investment Activities	467,751.14	3,659,472.60
Financial Expenses	3,214.26	60,401.04
Disbursements for Investment Activities	3,214.26	60,401.04
Total Cash Disbursements & Distributions	<u>470,965.40</u>	<u>3,719,873.64</u>
Net Increase (Decrease) in Cash	<u>(121,202.58)</u>	<u>1,980,646.02</u>
Beginning Cash Balance:		
Beginning Cash	7,211,990.52	3,737,835.26
Adjustments to Beginning Cash	0.00	1,372,306.66
Adjusted Beginning Cash Balance	<u>7,211,990.52</u>	<u>5,110,141.92</u>
Ending Cash Balance	<u>7,090,787.94</u>	<u>7,090,787.94</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Cash - Company Operating
For the Three Months Ended September 30, 2010

Cash - Company Operating

Description	Balance 7/1/10	Adjustments	Balance 9/30/10
BB&T (formerly Colonial) andWachovia New Prem Acct #8032897657	23,762.06	(873.02)	22,889.04
Totals:	<u>23,762.06</u>	<u>(873.02)</u>	<u>22,889.04</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation**

**Schedule of Short Term Investments
For the Three Months Ended September 30, 2010**

Short Term Investments - Restricted

Certificates of Deposit

Description	Balance 7/1/10	Interest Reinvested	Transfers/Fees	Balance 9/30/10
BB &T (formerly Colonial Bank) #8051885633	2,028,286.50	0.00	0.00	2,028,286.50
BB &T (formerly Colonial Bank) #8051886136	2,017,235.69	0.00	0.00	2,017,235.69
	<u>2,028,286.50</u>	<u>0.00</u>	<u>0.00</u>	<u>4,045,522.19</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Accrued Interest Receivable
For the Three Months Ended September 30, 2010

Accrued Interest Receivable

Description		Balance 7/1/10	Accrued	Received	Balance 9/30/10
State Treasury	SPIA, 4-20-0-010000-00000	14,443.22	53,391.26	(55,433.00)	12,401.48
Totals:		<u>14,443.22</u>	<u>53,391.26</u>	<u>(55,433.00)</u>	<u>12,401.48</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Fixed Assets
For the Three Months Ended September 30, 2010

Marshaled Inventory

Description	Balance 7/1/10	Adjustments	Balance 9/30/10
608 S Ocean Drive, Ft. Pierce	450,000.00	0.00	450,000.00
8090 W 23rd Ave Unit 2, Hialeah	386,200.00	0.00	386,200.00
8090 W 23rd Ave Unit 3, Hialeah	327,000.00	0.00	327,000.00
8090 W 23rd Ave Unit 4, Hialeah	327,000.00	0.00	327,000.00
8090 W 23rd Ave Unit 5, Hialeah	341,600.00	0.00	341,600.00
8090 W 23rd Ave Unit 6, Hialeah	329,700.00	0.00	329,700.00
1215 SW 7th St & 626, 646 12th Ave	1,525,000.00	0.00	1,525,000.00
2300 84th St, Hialeah	12,000,000.00	0.00	12,000,000.00
	<u>15,686,500.00</u>	<u>0.00</u>	<u>15,686,500.00</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Fixed Assets
For the Three Months Ended September 30, 2010

Fixed Assets

Description	Balance 7/1/10	Adjustments	Balance 9/30/10
Furniture and Equipment	20,000.00	0.00	20,000.00
	<u>20,000.00</u>	<u>0.00</u>	<u>20,000.00</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Other Assets
For the Three Months Ended September 30, 2010

Mortgage Receivable

<u>Description</u>	<u>Balance 7/1/10</u>	<u>Adjustments/ Payments</u>	<u>Balance 9/30/10</u>
Preferred Insurance Capital Consultants, LLC (PIC) - 15 yr, 6.75%, \$545,305.50 dated 4/1/2005 monthly \$4,825.46	439,451.77	0.00	439,451.77
Vicente Suarez - 30 yr, 6.25%, \$264,000.00 dated 8/1/2007 monthly \$1,625.49 or bi-weekly \$812.75	252,585.11	0.00	252,585.11
Totals	<u>692,036.88</u>	<u>0.00</u>	<u>692,036.88</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Short Term Investments
For the Three Months Ended September 30, 2010

Allowance for Impaired Assets

Investments

Description	Balance 7/1/10	Increases	Decreases	Balance 9/30/10
Ameritrade Fixed Income AZ ARS bond	(50,000.00)	50,000.00	0.00	0.00
Colonial Bank #8051885633	(2,028,286.50)	0.00	0.00	(2,028,286.50)
Colonial Bank #8051886136	(2,017,235.69)	0.00	0.00	(2,017,235.69)
	<u>(4,095,522.19)</u>	<u>50,000.00</u>	<u>0.00</u>	<u>(4,045,522.19)</u>

Mortgage Receivable

Description	Balance 7/1/10	Adjustments/ Payments	Balance 9/30/10
Preferred Insurance Capital Consultants, LLC (PIC) - 15 yr, 6.75%, \$545,305.50 dated 4/1/2005 monthly \$4,825.46	(439,451.77)	0.00	(439,451.77)
Vicente Suarez - 30 yr, 6.25%, \$264,000.00 dated 8/1/2007 monthly \$1,625.49 or bi-weekly \$812.75	(252,585.11)	0.00	(252,585.11)
Totals	<u>(692,036.88)</u>	<u>0.00</u>	<u>(692,036.88)</u>

Total Allowance for Impaired Assets (4,737,559.07)

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Accounts Payable
For the Three Months Ended September 30, 2010

Sales Tax Payable

Description	Balance 7/1/10	Accrued	Adjustments	Balance 9/30/10
Office Building - Ascendent Rent Payment	7,090.00	6,493.35	(8,795.52)	4,787.83
	7,090.00	6,493.35	(8,795.52)	4,787.83

Accrued Expense Pay - Receiver

Description	Balance 7/1/10	Accrued	Adjustments	Balance 9/30/10
Office Supplies - PO	0.00	206.99	(206.99)	0.00
	0.00	206.99	(206.99)	0.00

Total Accounts Payable: **4,787.83**

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Mortgage Payable
For the Three Months Ended September 30, 2010

Mortgage Payable

Description	Balance 7/1/10	Payments	Adjustments	Balance 9/30/10
608 S. Ocean Drive, Ft. Pierce \$1,355,959.00, 4/10/2006, \$9,508.30 monthly	1,350,507.15	0.00	0.00	1,350,507.15
Havana Village \$1,648,559.00 at 6%, 3/28/2008, \$14,764.76 monthly	1,115,587.65	0.00	0.00	1,115,587.65
2300 84th St, Hialeah \$10,785,788.00, 1/17/2006, \$78,990.27 monthly	10,707,598.13	0.00	0.00	10,707,598.13
	<u>13,173,692.93</u>	<u>0.00</u>	<u>0.00</u>	<u>13,173,692.93</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
First Commercial Insurance Company in Liquidation
Schedule of Secured Claims Against Estate
For the Three Months Ended September 30, 2010

Secured Claims Against Estate

Description	Balance 7/1/10	Receipts	Disbursements	Adjustment	Balance 9/30/10
Ascendant Rent	0.00	300,000.00	0.00	0.00	300,000.00
National Auction Co (automobiles)	0.00	92,223.49	0.00	0.00	92,223.49
Escrowed	0.00	3,250.00	0.00	0.00	3,250.00
Totals:	0.00	395,473.49	0.00	0.00	395,473.49

Secured Claims - Other

Description	Balance 7/1/10	Receipts	Disbursements	Adjustment	Balance 9/30/10
Duque School Bus, Inc. - parking lot	0.00	990.00	0.00	0.00	990.00
CDM Landscaping Corp - parking lot	0.00	0.00	(790.00)	0.00	(790.00)
Totals:	0.00	990.00	(790.00)	0.00	200.00

Total Secured Claims: 395,673.49

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

Dated September 30, 2010

1. **Estate Information.** First Commercial Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on August 24, 2009.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on the liquidation basis of accounting using a fiscal year of July 1 through June 30. This initial statement will reflect a shortened fiscal year from 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. **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. **Cash - Company Operating.** Consists of funds currently held in the Company's bank accounts that were used prior to liquidation and have not yet been closed.
7. **Short Term Investments – Restricted.** The investments are stated at fair value, which approximates market value. Market values are those provided by the depository trust institution or brokerage institution in possession of the securities at the balance sheet date. The certificates of deposit in this estate are subject to legal action involving the bank and the Receiver.
8. **Marshaled Inventory.** Represents real property and is valued pursuant to recent appraisals.
9. **Fixed Assets.** Estimated value of personal property such as office furniture and equipment.
10. **Other Assets.** Consists of two mortgage receivables.
11. **Allowance for Impaired Assets.** Generally an estimate of uncollectible amounts for certain assets. This allowance represents certificates of deposit held by Colonial Bank, currently unavailable, and the estimated uncollectible portion of the company's investment through Ameritrade in the Primary Reserve Fund and an auction rate security.
12. **Accounts Payable.** Consists of Sales & Use Taxes payable and unpaid Purchase Order for office supplies.
13. **Mortgage Payable.** Mortgages on real property that are part of legal actions between the Receiver and BB&T Bank (formerly Colonial Bank).
14. **Secured Claim.** Consists of rent payments collected from Ascendant pending resolution of mortgages on real property that are part of legal actions between the Receiver and BB&T Bank (formerly Colonial Bank), and revenues and expenses on other property where ownership is in question.
15. **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 has 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, 2010.
 - Proofs of claim forms have been mailed.

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation
First Commercial Insurance Co. in Liquidation
Notes to Financial Statements
Dated September 30, 2010**

- Claims classified as Class II and Class III others are being reported at their reserved amount. All other claims are being reported as gross filed.
16. **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.
17. **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.