

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Statement of Affairs**  
**As of December 31, 2015**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Cash-Company Operating	\$19,236.36
Pooled Cash Due from the Admin Fund	4,004,949.60
Accrued Interest Receivable	3,727.11
Accounts Receivable	12,027.00
Fixed Assets	20,000.00
Other Assets	239,344.11
Advance to Guaranty Associations	16,425,000.00
Allowance for Impaired Assets	(239,344.11)
	<u>\$20,484,940.07</u>

<b>LIABILITIES</b>	
Administrative Claims (Class 1)	
- Guaranty Associations	14,524,323.44
Loss Claims (Class 2)	
- Guaranty Associations	66,753,528.89
- Other	399,206.42
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	10,504,497.90
- Other	3,048,300.00
Federal Government Claims (Class 4)	1.00
Employee Claims (Class 5)	10,230.58
General Creditor Claims (Class 6)	
- Other	1,944,598.32
State & Local Government Claims (Class 7)	1,206.72
Late Filed Claims (Class 8)	63,023.42
	<u>\$97,248,916.69</u>

<b>EQUITY</b>	
Contributed Equity - State of Florida	157,412.96
Estate Equity	(76,921,389.58)
	<u>Excess (Deficiency) of Assets over Liabilities</u>
	(\$76,763,976.62)
Total Liabilities and Equity	<u>\$20,484,940.07</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 December 31, 2015**

	Fiscal Year to Date	Since Date of Liquidation
<b>CASH RECEIPTS</b>		
Premium Collections	\$172,007.66	\$3,816,413.74
Assessment Recoveries	0.00	2,246.27
Reinsurance Recoveries	180,839.90	4,579,342.85
Agents' Balances Recoveries	0.00	710,309.24
Subrogation and Salvage Recoveries	992.73	379,002.01
Litigation Recoveries	0.00	4,813,597.19
Tax Recoveries	140,000.00	3,372,572.00
Loan Proceeds	0.00	254,090.83
Other Collections / Recoveries	2,326.22	505,798.62
Sale of Personal Property Inventory	0.00	92,223.49
Sale of Real Property Inventory	0.00	1,478,000.00
Rental Income	0.00	581,254.21
Mortgage Principal Recovery	0.00	17,929.20
Mortgage Interest Income	0.00	27,246.22
Sale of Other Assets	0.00	1,502.00
Receipts Before Investment Activities	496,166.51	20,631,527.87
Interest and Dividend Receipts	43,813.19	1,878,852.09
Sale of Short Term Investment	0.00	3,416,339.84
Receipts From Investment Activities	43,813.19	5,295,191.93
<b>Total Cash Receipts</b>	<b>539,979.70</b>	<b>25,926,719.80</b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	65,798.47	3,449,750.50
Salaries and Fringe Benefits	261,587.74	5,531,348.10
Employee Welfare	289.29	3,211.58
Travel Expenses	199.31	39,047.20
Admin Expenses	533.04	940,200.04
Equipment and Furniture Expenses	2,802.69	30,466.45
Rent, Building and Equipment	19,164.79	194,524.32
Taxes	0.05	289,797.38
Disbursements	350,375.38	10,478,345.57
Distributions		
Early Access-Guaranty Associations	0.00	16,425,000.00
Total Distributed	0.00	16,425,000.00
Disbursements & Distributions Before Investment Activities	350,375.38	26,903,345.57
Financial Expenses	2,546.62	109,330.19
Disbursements for Investment Activities	2,546.62	109,330.19
<b>Total Cash Disbursements &amp; Distributions</b>	<b>352,922.00</b>	<b>27,012,675.76</b>
<b>Net Increase (Decrease) in Cash</b>	<b>187,057.70</b>	<b>(1,085,955.96)</b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	3,837,128.26	3,737,835.26
Adjustments to Beginning Cash	0.00	1,372,306.66
<b>Adjusted Beginning Cash Balance</b>	<b>3,837,128.26</b>	<b>5,110,141.92</b>
<b>Ending Cash Balance</b>	<b>4,024,185.96</b>	<b>4,024,185.96</b>

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

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Cash - Company Operating**  
**For the Six Months Ended December 31, 2015**

**Cash - Company Operating**

<u>Description</u>		<u>Balance</u> <u>7/1/15</u>	<u>Adjustments</u>	<u>Balance</u> <u>12/31/15</u>
BB&T (formerly Colonial Bank)	New Prem Acct #8032897657	19,308.36	(72.00)	19,236.36
Totals:		<u>19,308.36</u>	<u>(72.00)</u>	<u>19,236.36</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Accrued Interest Receivable**  
**For the Six Months Ended December 31, 2015**

**Accrued Interest Receivable**

<u>Description</u>		<u>Balance</u> <u>7/1/15</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance</u> <u>12/31/15</u>
State Treasury	SPIA, 4-20-0-010000-00000	3,197.34	24,997.60	(24,467.83)	3,727.11
Totals:		<u>3,197.34</u>	<u>24,997.60</u>	<u>(24,467.83)</u>	<u>3,727.11</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Accounts Receivable**  
For the Six Months Ended December 31, 2015

**Notes Receivable**

<b>Description</b>	<b>Balance 7/1/15</b>	<b>Adjustments</b>	<b>Received</b>	<b>Balance 12/31/15</b>
Miami Report	17,579.84	(300.00)	(5,252.84)	12,027.00
	<u>17,579.84</u>	<u>(300.00)</u>	<u>(5,252.84)</u>	<u>12,027.00</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Fixed Assets**  
For the Six Months Ended December 31, 2015

**Fixed Assets**

<u>Description</u>	<u>Balance</u> <u>7/1/15</u>	<u>Adjustments</u>	<u>Balance</u> <u>12/31/15</u>
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 Six Months Ended December 31, 2015**

**Mortgage Receivable**

<b>Description</b>	<b>Balance 7/1/15</b>	<b>Payments</b>	<b>Adjustments</b>	<b>Balance 12/31/15</b>
40 yr, 3.00%, \$264,000.00 dated 8/1/2007 monthly \$910.16 (modified)	239,344.11	0.00	0.00	239,344.11
5671 W 21st Court, Hialeah, FL 33016				
<b>Totals</b>	<b>239,344.11</b>	<b>0.00</b>	<b>0.00</b>	<b>239,344.11</b>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Advance to Guaranty Associations**  
**For the Six Months Ended December 31, 2015**

**Advance To Guaranty Associations**

<b>Description</b>	<b>Balance 7/1/15</b>	<b>Advanced</b>	<b>Recovered</b>	<b>Balance 12/31/15</b>
Florida Insurance Guaranty Association	5,125,000.00	500,000.00	0.00	5,625,000.00
Florida Workers Comp. Ins. Guaranty Association	8,800,000.00	2,000,000.00	0.00	10,800,000.00
Totals:	<u>13,925,000.00</u>	<u>2,500,000.00</u>	<u>0.00</u>	<u>16,425,000.00</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Allowance of Impaired Assets**  
**For the Six Months Ended December 31, 2015**

**Allowance for Impaired Assets**

**Mortgage Receivable**

<u>Description</u>	<u>Balance 7/1/15</u>	<u>Payments</u>	<u>Adjustments</u>	<u>Balance 12/31/15</u>
40 yr, 3.00%, \$264,000.00 dated 8/1/2007 monthly \$910.16	(239,344.11)	0.00	0.00	(239,344.11)
5671 W 21st Court, Hialeah, FL 33016	(239,344.11)	0.00	0.00	(239,344.11)

		<u>(239,344.11)</u>
Total Allowance for Impaired Assets		<u>(239,344.11)</u>

# Florida Department of Financial Services, Division of Rehabilitation and Liquidation

## First Commercial Insurance Co. in Liquidation Notes to Financial Statements

Dated December 31, 2015

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 a modified cash basis of accounting using a fiscal year of July 1, 2015 through June 30, 2016. The assets are stated at their estimated realizable values, while the liabilities are stated at their gross filed amounts and are periodically adjusted as evaluated, adjudicated and/or paid. Interest is accrued and reinsurance receivables are only posted when billed to reinsurers. In addition, the statements do not provide accruals for all future administrative expenses 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 from the Admin Fund".
5. **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.
6. **Accounts Receivable.** This accounts receivable represents funds due to the estate and for which we have promissory notes.
7. **Fixed Assets.** Estimated value of personal property such as office furniture and equipment.
8. **Other Assets.** Consists of a mortgage receivable that is recorded with a 100% allowance. On December 11, 2015 the Receiver was awarded a Final Judgment of Foreclosure for Attorneys' Fees and Costs in the amount of \$269,962.29 with per diem interest at 4.75%. If total sum plus interest is not paid there will be a public sale of the property on February 11, 2016.
9. **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.
10. **Allowance for Impaired Assets.** Generally an estimate of uncollectible amounts for certain assets. This allowance represents certificates of deposit held by BB&T (formerly Colonial Bank), currently unavailable, and the estimated uncollectible portion of the company's investment in a mortgage receivable.
11. **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, un-adjudicated, and have not been reduced by any early access payments from the Florida Receiver. Claim liability numbers are based upon the most current available information and documentation provided to the Receiver from both internal and external sources.
  - Claims are being evaluated and are reported net of authorized distributions.
  - The First Interim Claims Report was approved on March 8, 2013; twenty-one objections were filed and one remains pending with an estimated claimed value of \$2,454.59.
  - The Second Interim Claims Report was approved on December 5, 2013 and Notices of Determination to two additional claimants were sent; no objections were filed.
  - The Third Interim Claims Report was approved on August 10, 2015. The objection filing deadline is September 28, 2015; no objections were filed.

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation**

**First Commercial Insurance Co. in Liquidation  
Notes to Financial Statements**

**Dated December 31, 2015**

- The Fourth Interim Claims Report was approved on November 9, 2015. The objection filing deadline is January 6, 2016.

12. **Federal Priority.** Pursuant to 31 U.S.C.A. § 3713, a federal government claim must be paid first, when a debtor to the United States is insolvent. The federal government has taken the position that it is not subject to state insurance liquidation proceeding's claims filing deadlines. To establish finality, shield itself from potential liability, and ultimately discharge the estate, the Receiver will file a federal release request with the U.S. Department of Justice (DOJ).
13. **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.
14. **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.