

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Statement of Affairs**  
**As of June 30, 2015**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Cash-Company Operating	\$19,308.36
Pooled Cash Due from the Admin Fund	3,817,819.90
Accrued Interest Receivable	3,197.34
Reinsurance Recoverable	37,315.05
Accounts Receivable	19,176.66
Fixed Assets	20,000.00
Other Assets	239,344.11
Advance to Guaranty Associations	16,425,000.00
Allowance for Impaired Assets	<u>(239,344.11)</u>
<b>Total Assets</b>	<u><u>\$20,341,817.31</u></u>

<b>LIABILITIES</b>	
Secured Claims	873,929.26
Administrative Claims (Class 1)	
- Guaranty Associations	14,494,754.14
Loss Claims (Class 2)	
- Guaranty Associations	67,879,997.51
- 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)	<u>62,923.42</u>
<b>Total Liabilities</b>	<u>\$99,219,645.27</u>

<b>EQUITY</b>	
Contributed Equity - State of Florida	152,136.69
Estate Equity	<u>(79,029,964.65)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$78,877,827.96)</u>
<b>Total Liabilities and Equity</b>	<u><u>\$20,341,817.31</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 June 30, 2015**

	Fiscal Year to Date	Since Date of Liquidation
<b>CASH RECEIPTS</b>		
Premium Collections	\$377,698.11	\$3,644,406.08
Assessment Recoveries	0.00	2,246.27
Reinsurance Recoveries	221,376.18	4,398,502.95
Agents' Balances Recoveries	669.84	710,309.24
Subrogation and Salvage Recoveries	0.00	378,009.28
Litigation Recoveries	0.00	4,813,597.19
Tax Recoveries	0.00	3,232,572.00
Loan Proceeds	0.00	254,090.83
Other Collections / Recoveries	25,732.46	503,472.40
Sale of Personal Property Inventory	0.00	92,223.49
Sale of Real Property Inventory	400,000.00	1,478,000.00
Rental Income	0.00	581,254.21
Mortgage Principal Recovery	6,062.75	17,929.20
Mortgage Interest Income	5,730.49	27,246.22
Sale of Other Assets	1,502.00	1,502.00
	<b>1,038,771.83</b>	<b>20,135,361.36</b>
Receipts Before Investment Activities		
Interest and Dividend Receipts	101,069.56	1,835,038.90
Sale of Short Term Investment	0.00	3,416,339.84
	<b>101,069.56</b>	<b>5,251,378.74</b>
Receipts From Investment Activities		
<b>Total Cash Receipts</b>	<b>1,139,841.39</b>	<b>25,386,740.10</b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	154,372.04	3,383,952.03
Salaries and Fringe Benefits	377,711.24	5,269,760.36
Employee Welfare	831.87	2,922.29
Travel Expenses	335.61	38,847.89
Admin Expenses	41,434.81	939,667.00
Equipment and Furniture Expenses	3,190.22	27,663.76
Rent, Building and Equipment	42,824.31	175,359.53
Taxes	478.80	289,797.33
	<b>621,178.90</b>	<b>10,127,970.19</b>
Disbursements		
Distributions		
Early Access-Guaranty Associations	2,500,000.00	16,425,000.00
Total Distributed	<b>2,500,000.00</b>	<b>16,425,000.00</b>
Disbursements & Distributions Before Investment Activities		
Financial Expenses	6,006.65	106,783.57
Disbursements for Investment Activities	<b>6,006.65</b>	<b>106,783.57</b>
<b>Total Cash Disbursements &amp; Distributions</b>	<b>3,127,185.55</b>	<b>26,659,753.76</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(1,987,344.16)</b>	<b>(1,273,013.66)</b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	5,824,472.42	3,737,835.26
Adjustments to Beginning Cash	0.00	1,372,306.66
<b>Adjusted Beginning Cash Balance</b>	<b>5,824,472.42</b>	<b>5,110,141.92</b>
<b>Ending Cash Balance</b>	<b>3,837,128.26</b>	<b>3,837,128.26</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 Twelve Months Ended June 30, 2015**

**Cash - Company Operating**

<u>Description</u>		<u>Balance</u> <u>7/1/14</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/15</u>
BB&T (formerly Colonial Bank)	New Prem Acct #8032897657	19,450.36	(142.00)	19,308.36
Totals:		<u>19,450.36</u>	<u>(142.00)</u>	<u>19,308.36</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Accrued Interest Receivable**  
**For the Twelve Months Ended June 30, 2015**

**Accrued Interest Receivable**

<b>Description</b>		<b>Balance 7/1/14</b>	<b>Accrued</b>	<b>Received</b>	<b>Balance 6/30/15</b>
State Treasury	SPIA, 4-20-0-010000-00000	6,983.05	63,980.90	(67,766.61)	3,197.34
Totals:		6,983.05	63,980.90	(67,766.61)	3,197.34

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Reinsurance Recoverables - Net of Allowance**  
**For Twelve Months Ended June 30, 2015**

**Reinsurance Recoverables**

<b>Recovery Agent</b>	<b>Balance 07/01/14</b>	<b>Billed</b>	<b>Recovered</b>	<b>Adjustments</b>	<b>Balance 06/30/15</b>
Receiver	37,315.05	221,376.18	(221,376.18)	0.00	37,315.05
<b>Total</b>	<u>37,315.05</u>	<u>221,376.18</u>	<u>(221,376.18)</u>	<u>0.00</u>	<u>37,315.05</u>

**Allowance Reinsurance**

<b>Recovery Agent</b>	<b>Balance 07/01/14</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 06/30/15</b>
Receiver	0.00	0.00	0.00	0.00
<b>Total</b>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

**Reinsurance Recoverables - Net of Allowance**

37,315.05

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Accounts Receivable**  
For the Twelve Months Ended June 30, 2015

**Notes Receivable**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Adjustments</b>	<b>Received</b>	<b>Balance 6/30/15</b>
Agent Balance Notes Receivable	3,546.19	(1,949.37)	0.00	1,596.82
Premium Notes Receivable	10,414.64	17,627.76	(10,462.56)	17,579.84
	<u>3,546.19</u>	<u>(1,949.37)</u>	<u>(10,462.56)</u>	<u>19,176.66</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Fixed Assets**  
**For the Twelve Months Ended June 30, 2015**

**Fixed Assets**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Adjustments</b>	<b>Balance 6/30/15</b>
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 Twelve Months Ended June 30, 2015**

**Mortgage Receivable**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Payments</b>	<b>Adjustments</b>	<b>Balance 6/30/15</b>
40 yr, 3.00%, \$264,000.00 dated 8/1/2007 monthly \$910.16 (modified)	245,406.86	(6,062.75)	0.00	239,344.11
5671 W 21st Court, Hialeah, FL 33016				
<b>Totals</b>	<u>245,406.86</u>	<u>(6,062.75)</u>	<u>0.00</u>	<u>239,344.11</u>



**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Advance to Guaranty Associations**  
**For the Twelve Months Ended June 30, 2015**

**Advance To Guaranty Associations**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Advanced</b>	<b>Recovered</b>	<b>Balance 6/30/15</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 Twelve Months Ended June 30, 2015**

**Allowance for Impaired Assets**

**Mortgage Receivable**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Payments</b>	<b>Adjustments</b>	<b>Balance 6/30/15</b>
40 yr, 3.00%, \$264,000.00 dated 8/1/2007 monthly \$910.16	(245,406.86)	6,062.75	0.00	(239,344.11)
5671 W 21st Court, Hialeah, FL 33016	(245,406.86)	6,062.75	0.00	(239,344.11)
<b>Total Allowance for Impaired Assets</b>				<b>(239,344.11)</b>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**First Commercial Insurance Company in Liquidation**  
**Schedule of Secured Claims Against Estate**  
**For the Twelve Months Ended June 30, 2015**

**Secured Claims Against Estate**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Adjustment</b>	<b>Balance 6/30/15</b>
National Auction Co (automobiles)	92,223.49	0.00	0.00	0.00	92,223.49
Totals:	<u>92,223.49</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>92,223.49</u>

**Secured Claims - Other**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Adjustment</b>	<b>Balance 6/30/15</b>
Duque School Bus, Inc. - parking lot	1,665.00	0.00	0.00	0.00	1,665.00
CDM Landscaping Corp - parking lot	(190.00)	0.00	0.00	0.00	(190.00)
Totals:	<u>1,475.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,475.00</u>

**Secured Claims - Other Main Office**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Adjustment</b>	<b>Balance 6/30/15</b>
Main Office	712,718.64	0.00	0.00	0.00	712,718.64
Totals:	<u>712,718.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>712,718.64</u>

**Secured Claims - Other Fort Pierce**

<b>Description</b>	<b>Balance 7/1/14</b>	<b>Receipts</b>	<b>Disbursements</b>	<b>Adjustment</b>	<b>Balance 6/30/15</b>
Fort Pierce	67,512.13	0.00	0.00	0.00	67,512.13
Totals:	<u>67,512.13</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>67,512.13</u>

**Total Secured Claims:**

**873,929.26**

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation**  
**First Commercial Insurance Co. in Liquidation**  
**Notes to Financial Statements**  
**Dated June 30, 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, 2014 through June 30, 2015. 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. **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 or the Receiver's staff.
7. **Accounts Receivable.** This accounts receivable represents funds due to the estate and for which we have promissory notes.
8. **Fixed Assets.** Estimated value of personal property such as office furniture and equipment.
9. **Other Assets.** Consists of a mortgage receivable that is recorded with a 100% allowance.
10. **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.
11. **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.
12. **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.
13. **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.

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation  
First Commercial Insurance Co. in Liquidation  
Notes to Financial Statements  
Dated June 30, 2015**

14. **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).
15. **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.
16. **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.