

**Florida Department of Financial Services, Division of Rehabilitation and
Liquidation
Southern Fidelity Insurance Co in Liquidation
Statement of Affairs
12/31/2025**

**Estimated
Realizable
Value**

ASSETS

SPIA-Restricted	\$18,470,692.84
Pooled Cash in SPIA Due from the Admin Fund	77,741,446.27
Accrued Interest Receivable	329,547.01
Reinsurance Recoverable	35,811,975.67
Accounts Receivable	16,446,421.65
Allowance - Accounts Receivables	(16,446,421.65)
Marshaled Inventory	39,024.00
Other Assets	2,000,699.52
Advance to Guaranty Associations	222,872,493.00
Total Assets	\$357,265,878.31

LIABILITIES

Secured Claims	18,470,692.84
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	88,484,964.22
Class 2 Loss Claims	
Class 2 - Guaranty Associations	258,112,507.12
Class 2 - Other	81,800.00
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	142,473,560.67
Class 3 - Other	2,483,352.47
Class 6 General Creditor Claims	
Class 6 - Other	9,458,684.96
Class 7 State & Local Government Claims	737,266.86
Class 8 Late Filed Claims	716,262.62
Class 11 Shareholder Claims	1.00
Total Liabilities	\$521,019,092.76

EQUITY

Contributed Equity - State of Florida	520,025.20
Estate Equity	(164,273,239.65)
Excess (Deficiency) of Assets over Liabilities	(\$163,753,214.45)
Total Liabilities and Equity	\$357,265,878.31

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

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

**Southern Fidelity Insurance Co in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through 12/31/2025**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	\$0.00	(\$243,047.02)
Assessment Recoveries	0.00	285.20
Reinsurance Recoveries	18,320,405.22	96,908,374.39
Agents' Balances Recoveries	503,012.95	9,688,810.45
Subrogation and Salvage Recoveries	350.00	1,013,324.27
Tax Recoveries	0.00	6,590.98
Other Collections / Recoveries	23,567.48	30,357,974.66
Sale of Personal Property Inventory	0.00	1,332.47
Sale of Real Property Inventory	0.00	13,560,245.00
Receipts Before Investment Activities	<u>18,847,335.65</u>	<u>151,293,890.40</u>
Interest and Dividend Receipts	2,390,072.15	13,562,272.13
Sale of Short Term Investment	0.00	38,470,537.62
Receipts From Investment Activities	<u>2,390,072.15</u>	<u>52,032,809.75</u>
Total Cash Receipts	<u>21,237,407.80</u>	<u>203,326,700.15</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	258,537.24	3,462,095.98
Salaries and Fringe Benefits	365,000.99	3,519,302.79
Employee Welfare	1,957.95	8,912.54
Travel Expenses	2,223.78	50,307.80
Admin Expenses	5,128.78	2,397,352.78
Equipment and Furniture Expenses	147,242.43	1,081,287.04
Rent, Building and Equipment	11,889.57	37,402.03
Taxes	198.44	82,423.55
Purchase Other Assets	0.00	12,500.00
Disbursements	<u>792,179.18</u>	<u>10,651,584.51</u>
Distributions		
Administrative Claims (Class 1)	0.00	0.00
Loss Claims (Class 2)	0.00	0.00
Unearned Premium-Non-Assessable Policies Claims (Class 3)	0.00	0.00
General Creditors Claims (Class 6)	0.00	0.00
Government Claims (Class 7)	0.00	0.00
Late Filed Claims (Class 8)	0.00	0.00
Shareholder Claims	0.00	0.00
Early Access-Guaranty Associations	25,444,117.00	222,872,493.00
Total Distributed	<u>25,444,117.00</u>	<u>222,872,493.00</u>
Disbursements & Distributions Before Investment Activities	26,236,296.18	233,524,077.51
Financial Expenses	59,651.47	608,259.85
Disbursements for Investment Activities	<u>59,651.47</u>	<u>608,259.85</u>
Total Cash Disbursements & Distributions	<u>26,295,947.65</u>	<u>234,132,337.36</u>
Net Increase (Decrease) in Cash	<u>(5,058,539.85)</u>	<u>(30,805,637.21)</u>
Beginning Cash Balance:		
Beginning Cash	101,270,678.96	102,992,557.53
Adjustments to Beginning Cash	0.00	24,025,218.79
Adjusted Beginning Cash Balance	<u>101,270,678.96</u>	<u>127,017,776.32</u>
Ending Cash Balance	<u>96,212,139.11</u>	<u>96,212,139.11</u>

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Co in Liquidation
Schedule of SPIA - Restricted
For the Six Months Ended December 31, 2025

SPIA - Reinsurance LOCs

Description	LOC No.	Balance 7/1/25	Adjustments/Deposits	Interest	Trransfers/Distributions	Balance 12/31/25
Argo Reinsurance Ltd	30907231	953,980.44	0.00	0.00	0.00	953,980.44
Ariel Re Bda/Argo Re Ltd	30907280	1,590,467.17	0.00	0.00	0.00	1,590,467.17
Chubb Tempest Reinsurance Ltd	30906302	706,946.48	0.00	0.00	0.00	706,946.48
Chubb Tempest Reinsurance Ltd	30905674	295,405.30	0.00	0.00	0.00	295,405.30
Fidelis Insurance Bermuda Ltd	30905759	3,382,291.73	0.00	0.00	0.00	3,382,291.73
Fidelis Insurance Bermuda Ltd	30905604	5,304,242.47	0.00	0.00	0.00	5,304,242.47
Fidelis Insurance Bermuda Ltd	30905609	4,389,288.23	0.00	0.00	0.00	4,389,288.23
Fidelis Underwriting Ltd	LBCMNY2019021	183,592.74	0.00	0.00	0.00	183,592.74
Interest		1,278,405.17	0.00	386,073.11	0.00	1,664,478.28
Total:		18,084,619.73	0.00	386,073.11	0.00	18,470,692.84

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Co in Liquidation
Schedule of Accrued Interest Receivable
For the Six Months Ended December 31, 2025

Accrued Interest Receivable

<u>Description</u>		<u>Balance 7/1/25</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance 12/31/25</u>
State Treasury	SPIA, 4-20-0-010000-00000	309,335.94	1,964,116.15	(1,943,905.08)	329,547.01
Totals:		<u>309,335.94</u>	<u>1,964,116.15</u>	<u>(1,943,905.08)</u>	<u>329,547.01</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Co in Liquidation
Schedule of Other Assets
For the Six Months Ended December 31, 2025

Statutory Deposits

Description	Balance 7/1/25	Adjustments	Recovered	Balance 12/31/25
South Carolina - Regions	132,666.37	33.15	0.00	132,699.52
South Carolina - US Bank	1,613,000.00	0.00	0.00	1,613,000.00
South Carolina - US Bank	255,000.00	0.00	0.00	255,000.00
Totals:	2,000,666.37	33.15	0.00	2,000,699.52

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Co in Liquidation
Schedule of Advance to Guaranty Associations
For the Six Months Ended December 31, 2025

Advance to Guaranty Associations

Description	Balance 7/1/25	Advanced	Recovered	Balance 12/31/25
Florida (FIGA)	72,915,761.00	8,013,964.00	0.00	80,929,725.00
Louisiana	115,986,274.00	17,164,855.00	0.00	133,151,129.00
South Carolina	8,150,929.00	265,298.00	0.00	8,416,227.00
Mississippi	375,412.00	0.00	0.00	375,412.00
Total:	197,428,376.00	25,444,117.00	0.00	222,872,493.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Co in Liquidation
Schedule of Secured Claims
For the Six Months Ended December 31, 2025

Secured Claims - Reinsurance LOCs

Description	LOC No.	Balance 7/1/25	Adjustments/Deposits	Interest	Trransfers/Distributions	Balance 12/31/25
Argo Reinsurance Ltd	30907231	953,980.44	0.00	0.00	0.00	953,980.44
Ariel Re Bda/Argo Re Ltd	30907280	1,590,467.17	0.00	0.00	0.00	1,590,467.17
Chubb Tempest Reinsurance Ltd	30906302	706,946.48	0.00	0.00	0.00	706,946.48
Chubb Tempest Reinsurance Ltd	30905674	295,405.30	0.00	0.00	0.00	295,405.30
Fidelis Insurance Bermuda Ltd	30905759	3,382,291.73	0.00	0.00	0.00	3,382,291.73
Fidelis Insurance Bermuda Ltd	30905604	5,304,242.47	0.00	0.00	0.00	5,304,242.47
Fidelis Insurance Bermuda Ltd	30905609	4,389,288.23	0.00	0.00	0.00	4,389,288.23
Fidelis Underwriting Ltd	LBCMNY2019021	183,592.74	0.00	0.00	0.00	183,592.74
Interest		1,278,405.17	0.00	386,073.11	0.00	1,664,478.28
Total:		18,084,619.73	0.00	386,073.11	0.00	18,470,692.84

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

Southern Fidelity Insurance Co in Liquidation

Notes to Financial Statements

Dated December 31, 2025

- 1. Estate Information.** Southern Fidelity Insurance Company was a property and casualty organization domiciled in Florida placed in liquidation on June 15, 2022.
- 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, 2025 through June 30, 2026. 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. Future developments in accounting, business, contract, legal, tax and other matters may result in subsequent updates to one or more categories of this insolvent insurer's assets and/or liabilities that differs from the calculations presented in these unaudited financial statements.
- 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 Wells Fargo 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. Special Purpose Investment Account (SPIA) – Restricted.** Represents funds wired to the Receiver by issuers of Letters of Credit for the purpose of collateralizing Reinsurance Receivables.
- 6. Reinsurance.** Reinsurance receivables have resulted from losses that have been paid and billed to the reinsurer(s). The financial statements reflect the estimated gross amount of the billed losses less an allowance for any receivable(s) where there is an uncertainty regarding collectability. 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.** These account receivables consist of a Federal Income Tax Refund and a Deferred Tax Asset Guaranty.
- 8. Allowance – Accounts Receivable.** An estimate of uncollectible amounts for certain assets.
- 9. Marshaled Inventory – Real Property/Personal Property.** Assets of a durable nature such as buildings, furniture, computer equipment, and machinery. The property in this estate consists of the home office IT equipment.
- 10. Other Assets.** These assets consist of states' statutory deposits held at various financial institutions. The Schedule of Other Assets reflects the value of these deposits at December 31 2025 or latest available, those that have been collected by the Receiver and those where the state has taken its deposit.
- 11. 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 of these funds if the Receiver determines that repayment of claims of equal or superior priority is necessary.
- 12. Secured Claims.** Secured claims represent liabilities for such items as collateral for Reinsurance Receivables. This secured claim represents funds wired to the Receiver by issuers of Letters of Credit on behalf of several companies that were deposited to a segregated account until disposition of the funds can be resolved for amounts related to Reinsurance Receivables.

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

**Southern Fidelity Insurance Co in Liquidation
Notes to Financial Statements**

Dated December 31, 2025

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.
- Class 1, Class 2, and Class 3 claims liabilities are based on Guaranty Association payments, estimates, and Filed Proof of Claims forms.
 - Classes 4 - 11 are based on Filed Proof of Claims forms.
 - Filed Proof of Claims forms are currently being processed and all liabilities are subject to change.
14. **Interest Distributions.** For companies placed into receivership on or after July 1, 2012, Section 631.271, Florida Statutes authorizes the payment of interest on claims in Classes 1-9 prior to making any payment on shareholder claims. At this time, the Receiver does not anticipate having sufficient assets in this estate to pay all claims for Classes 1-9. Accordingly, this statement does not reflect an interest reserve for Classes 1-9 allowed claims.
15. **Federal Priority.** The federal government has taken the position that 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 also taken the position that it is not subject to state insurance liquidation claim's proceedings deadlines. To establish finality, shield itself from potential liability, and ultimately discharge the estate, the Receiver requested a federal release from the U.S. Department of Justice (DOJ) on July 29, 2025. The federal release is subject to the approval of the receivership court.
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.