

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Statement of Affairs
As of June 30, 2016

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$70,231,461.43
Accrued Interest Receivable	98,607.89
Accounts Receivable	1,949,563.25
Allowance - Accounts Receivables	(1,949,563.25)
Other Assets	431,088.17
Advance to Guaranty Associations	1,012,775.28
Total Assets	<u><u>\$71,773,932.77</u></u>

LIABILITIES	
Secured Claims	17,399.11
Administrative Claims (Class 1)	
- Guaranty Associations	1,907,857.00
Loss Claims (Class 2)	
- Guaranty Associations	6,439,971.00
- Other	16,694,561.33
Employee Claims (Class 5)	841,000.00
General Creditor Claims (Class 6)	
- Other	3,913,219.93
State & Local Government Claims (Class 7)	46,744.57
Late Filed Claims (Class 8)	2,251,083.75
Surplus Notes/Unearned Premium Claims under Assessable Policies (Class 9)	
- Other	11,150,209.00
Shareholder Claims	23,928,651.00
Total Liabilities	<u>\$67,190,696.69</u>

EQUITY	
Contributed Equity - State of Florida	135,538.27
Estate Equity	4,447,697.81
Excess (Deficiency) of Assets over Liabilities	<u>\$4,583,236.08</u>
Total Liabilities and Equity	<u><u>\$71,773,932.77</u></u>

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company Inc in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through June 30, 2016

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	\$42,279,554.47	\$42,361,998.34
Subrogation and Salvage Recoveries	141,256.32	1,076,014.23
Litigation Recoveries	0.00	25,000.00
Tax Recoveries	0.00	50,552.89
Other Collections / Recoveries	<u>135,437.35</u>	<u>6,805,541.98</u>
Receipts Before Investment Activities	42,556,248.14	50,319,107.44
Interest and Dividend Receipts	773,098.71	1,771,095.00
Sale of Short Term Investment	0.00	1,243,185.00
Sale of Long Term Investment	<u>0.00</u>	<u>26,836,690.42</u>
Receipts From Investment Activities	<u>773,098.71</u>	<u>29,850,970.42</u>
Total Cash Receipts	<u>43,329,346.85</u>	<u>80,170,077.86</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	140,950.15	2,261,731.51
Salaries and Fringe Benefits	555,072.18	2,719,921.59
Employee Welfare	2,129.52	5,474.82
Travel Expenses	1,395.49	54,679.05
Admin Expenses	9,929.91	1,189,955.27
Equipment and Furniture Expenses	10,155.21	41,432.00
Rent, Building and Equipment	67,084.64	191,347.86
Taxes	<u>0.07</u>	<u>318.49</u>
Disbursements	786,717.17	6,464,860.59
Distributions		
Administrative Claims (Class 1)	<u>0.00</u>	<u>144,465.42</u>
Total Distributed	0.00	144,465.42
Disbursements & Distributions Before Investment Activities	786,717.17	6,609,326.01
Financial Expenses	67,489.09	187,464.30
Purchase Short Term Investment	0.00	141,080.47
Purchase Long Term Investment	<u>0.00</u>	<u>196,729.59</u>
Disbursements for Investment Activities	<u>67,489.09</u>	<u>525,274.36</u>
Total Cash Disbursements & Distributions	<u>854,206.26</u>	<u>7,134,600.37</u>
Net Increase (Decrease) in Cash	<u>42,475,140.59</u>	<u>73,035,477.49</u>
Beginning Cash Balance:		
Beginning Cash	27,756,320.84	1,955,083.62
Adjustments to Beginning Cash	<u>0.00</u>	<u>(4,759,099.68)</u>
Adjusted Beginning Cash Balance	<u>27,756,320.84</u>	<u>(2,804,016.06)</u>
Ending Cash Balance	<u>70,231,461.43</u>	<u>70,231,461.43</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Accrued Interest Receivable
For the Twelve Months Ended June 30, 2016

Accrued Interest Receivable

Description		Balance 7/1/15	Accrued	Received	Balance 6/30/16
State Treasury	SPIA, 4-20-0-010000-00000	23,201.75	848,760.82	(773,354.68)	98,607.89
Totals:		<u>23,201.75</u>	<u>848,760.82</u>	<u>(773,354.68)</u>	<u>98,607.89</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Accounts Receivable
For the Twelve Months Ended June 30, 2016

Premium Receivable

<u>Description</u>	<u>Balance 7/1/15</u>	<u>Recoveries</u>	<u>Balance 6/30/16</u>
Accrued CMS Retro Premium	44,219,289.58	(42,279,554.47)	1,939,735.11
Totals:	<u>44,219,289.58</u>	<u>(42,279,554.47)</u>	<u>1,939,735.11</u>

Other Collections - Recovery Receivable

<u>Description</u>	<u>Balance 7/1/15</u>	<u>Adjustments</u>	<u>Balance 6/30/16</u>
Due from UHC HMO Texas	9,828.14	0.00	9,828.14
New Mexico - closing expenses	1,500.00	(1,500.00)	0.00
Totals:	<u>11,328.14</u>	<u>(1,500.00)</u>	<u>9,828.14</u>

Total Receivables: 1,949,563.25

Allowance - Premium Receivable

<u>Description</u>	<u>Balance 7/1/15</u>	<u>Recoveries</u>	<u>Balance 6/30/16</u>
100% Reserve for CMS Retro Premium	(44,219,289.58)	42,279,554.47	(1,939,735.11)
Totals:	<u>(44,219,289.58)</u>	<u>42,279,554.47</u>	<u>(1,939,735.11)</u>

Allowance - Other Collections - Recovery Receivable

<u>Description</u>	<u>Balance 7/1/15</u>	<u>Adjustments</u>	<u>Balance 6/30/16</u>
100% Reserve for Parents, Affiliates	(21,817,009.44)	21,807,181.30	(9,828.14)
	<u>(21,817,009.44)</u>	<u>21,807,181.30</u>	<u>(9,828.14)</u>

Total Allowances: (1,949,563.25)

Net Receivables: 0.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Other Assets
For the Twelve Months Ended June 30, 2016

Statutory Deposits

Description	Balance 7/1/15	Interest	Market Value Adjustments	Recovered	Balance 6/30/16
South Carolina	126,085.46	0.00	(15.49)	0.00	126,069.97
Virginia	305,010.85	0.00	7.35	0.00	305,018.20
Totals:	431,096.31	0.00	(8.14)	0.00	431,088.17

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Other Assets
For the Twelve Months Ended June 30, 2016

Advance To Guaranty Association

<u>Description</u>	<u>Balance</u> <u>7/1/15</u>	<u>Advanced</u>	<u>Recovered/Adjusted</u>	<u>Balance</u> <u>6/30/16</u>
North Carolina Life & Health Ins. Guaranty Association (1)	1,010,671.78	0.00	2,103.50	1,012,775.28
	<u>1,010,671.78</u>	<u>0.00</u>	<u>2,103.50</u>	<u>1,012,775.28</u>

(1) This deposit was held at US Bank for the North Carolina Department of Insurance (NCDOI). The bank was notified of the UHCIC Florida receivership on 3/26/13. US Bank was instructed to change ownership of the account to the Florida Receiver. Subsequently, US Bank per instructions from the NCDOI released the deposit to the North Carolina Life & Health Insurance Guaranty Association (NCLHGA). The National Organization of Life and Health Guaranty Associations (NOLHGA) entered into an early access agreement with the Receiver on behalf of NCLHGA on December 8, 2014 that was filed with the Receivership court February 16, 2015.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Secured Claims
For the Twelve Months Ended June 30, 2016

Secured Claims Against the Estate

Description	Balance 7/1/15	Adjustments/ Payments	Balance 6/30/16
Spring Branch Ind School District	0.00	9,088.70	9,088.70
Harris County Texas	0.00	8,310.41	8,310.41
Totals:	<u>0.00</u>	<u>17,399.11</u>	<u>17,399.11</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

Universal Health Care Insurance Company, Inc in Liquidation Notes to Financial Statements

Dated June 30, 2016

1. **Estate Information.** Universal Health Care Insurance Company, Inc. is a health insurer, based in Tampa, FL and was placed in rehabilitation on March 22, 2013. It was subsequently placed in liquidation on April 1, 2013.
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. **Accounts Receivable.** Receivables are shown with allowance provisions for uncollectible amounts unless otherwise indicated. These consist of premium Receivable and other collections – recovery receivable.
6. **Allowance – Accounts Receivable.** An estimate of uncollectible or impaired amounts for certain assets.
7. **Other Assets.** Represents assets such as statutory deposits, and are based on the realizable value plus any accrued interest. Where practicable, the existence and amount of such deposits is disclosed in footnotes to specific estate's schedules.
8. **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
9. **Secured Claim.** Consists of claims from the Spring Branch Ind School District and Harris County Texas.
10. **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.
 - The First Interim Claims Report was approved on May 6, 2016. The deadline to file an objection is July 11, 2016.
11. **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).
12. **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.
13. **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.