

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Statement of Affairs
As of June 30, 2018

	<u>Estimated Realizable Value</u>
ASSETS	
SPIA-Restricted	\$1,281,753.75
Pooled Cash in SPIA Due from the Admin Fund	67,126,011.50
Accrued Interest Receivable	90,761.10
Accounts Receivable	9,828.14
Allowance - Accounts Receivables	(9,828.14)
Other Assets	432,461.01
Advance to Guaranty Associations	6,013,212.28
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Total Assets	<u>\$74,944,199.64</u>
LIABILITIES	
Secured Claims	1,299,152.86
Administrative Claims (Class 1)	
Class 1 - Guaranty Associations	2,104,394.00
Loss Claims (Class 2)	
Class 2 - Guaranty Associations	6,461,549.00
Class 2 - Other	20,522,844.76
Employee Claims (Class 5)	841,000.00
General Creditor Claims (Class 6)	
Class 6 - Other	2,667,356.76
State & Local Government Claims (Class 7)	46,744.57
Late Filed Claims (Class 8)	3,637,139.56
Surplus Notes/Unearned Premium Claims under Assessable Policies (Class 9)	
Class 9 - Other	13,450,309.00
Shareholder Claims	16,529,730.00
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Total Liabilities	\$67,560,220.51
EQUITY	
Contributed Equity - State of Florida	252,599.52
Estate Equity	7,131,379.61
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Excess (Deficiency) of Assets over Liabilities	\$7,383,979.13
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Total Liabilities and Equity	<u>\$74,944,199.64</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, 2018**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	\$0.00	\$42,649,590.37
Subrogation and Salvage Recoveries	19,557.92	1,179,409.76
Litigation Recoveries	1,322,415.00	2,598,946.72
Tax Recoveries	0.00	50,552.89
Other Collections / Recoveries	<u>23,397.74</u>	<u>6,830,474.13</u>
Receipts Before Investment Activities	1,365,370.66	53,308,973.87
Interest and Dividend Receipts	1,203,787.81	4,061,564.27
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>1,203,787.81</u>	<u>32,141,439.69</u>
Total Cash Receipts	<u>2,569,158.47</u>	<u>85,450,413.56</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	112,962.57	2,753,201.22
Salaries and Fringe Benefits	370,536.18	3,791,817.10
Employee Welfare	9,814.13	18,608.99
Travel Expenses	3,865.51	59,438.13
Admin Expenses	8,126.47	1,200,840.87
Equipment and Furniture Expenses	7,665.53	53,291.83
Rent, Building and Equipment	205,916.07	486,695.84
Taxes	22,630.47	23,168.35
Litigation Settlement Payments	<u>11,375.00</u>	<u>11,375.00</u>
Disbursements	752,891.93	8,398,437.33
Distributions		
Administrative Claims (Class 1)	0.00	144,465.42
Early Access-Guaranty Associations	<u>0.00</u>	<u>5,000,000.00</u>
Total Distributed	0.00	5,144,465.42
Disbursements & Distributions Before Investment Activities	752,891.93	13,542,902.75
Financial Expenses	83,252.97	357,919.44
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>83,252.97</u>	<u>695,729.50</u>
Total Cash Disbursements & Distributions	<u>836,144.90</u>	<u>14,238,632.25</u>
Net Increase (Decrease) in Cash	<u>1,733,013.57</u>	<u>71,211,781.31</u>
Beginning Cash Balance:		
Beginning Cash	66,674,751.68	1,955,083.62
Adjustments to Beginning Cash	<u>0.00</u>	<u>(4,759,099.68)</u>
Adjusted Beginning Cash Balance	<u>66,674,751.68</u>	<u>(2,804,016.06)</u>
Ending Cash Balance	<u>68,407,765.25</u>	<u>68,407,765.25</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Investments - Restricted
For the Twelve Months Ended June 30, 2018

Special Purpose Investment Account - Restricted

Description		Balance 7/1/17	Judgment	Interest	Distribution	Balance 6/30/18
Desai Summary Final Judgment	SPIA 42001000	0.00	1,268,790.00	12,963.75	0.00	1,281,753.75
Totals:		0.00	1,268,790.00	12,963.75	0.00	1,281,753.75

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, 2018

Accrued Interest Receivable

<u>Description</u>		<u>Balance 7/1/17</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance 6/30/18</u>
State Treasury	SPIA, 4-20-0-010000-00000	76,869.44	1,123,486.51	(1,109,594.85)	90,761.10
Totals:		<u>76,869.44</u>	<u>1,123,486.51</u>	<u>(1,109,594.85)</u>	<u>90,761.10</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, 2018

Other Collections - Recovery/Receivable

Description	Balance 7/1/17	Adjustments	Balance 6/30/18
Claim in the UHC Texas Receivership Estate	9,828.14	0.00	9,828.14
Total:	<u>9,828.14</u>	<u>0.00</u>	<u>9,828.14</u>

Allowance - Other Receivables

Description	Balance 7/1/17	Adjustments	Balance 6/30/18
100% Reserve for Parents, Affiliates	(9,828.14)	0.00	(9,828.14)
Total:	<u>(9,828.14)</u>	<u>0.00</u>	<u>(9,828.14)</u>

Total Accounts Receivable - Net of Allowance 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, 2018

Statutory Deposits

<u>Description</u>	<u>Balance 7/1/17</u>	<u>Interest</u>	<u>Market Value Adjustments</u>	<u>Recovered</u>	<u>Balance 6/30/18</u>
South Carolina	126,297.93	0.00	1,163.08	0.00	127,461.01
Virginia	305,128.88	0.00	(128.88)	0.00	305,000.00
Totals:	431,426.81	0.00	1,034.20	0.00	432,461.01

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, 2018

Advance To Guaranty Association

Description	Balance 7/1/17	Advanced	Recovered/Adjusted	Balance 6/30/18
North Carolina Life & Health Ins. Guaranty Association (1)	1,012,775.28	0.00	437.00	1,013,212.28
National Organization of Life & Health Guaranty Assoc.(2)	5,000,000.00	0.00	0.00	5,000,000.00
	<u>6,012,775.28</u>	<u>0.00</u>	<u>437.00</u>	<u>6,013,212.28</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.
- (2) Early Access distribution pursuant to court order dated 11/15/16.

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, 2018

Secured Claims Against the Estate

Description	Balance 7/1/17	Judgments	Interest	Distributions	Balance 6/30/18
Spring Branch Ind School District	9,088.70	0.00	0.00	0.00	9,088.70
Harris County Texas	8,310.41	0.00	0.00	0.00	8,310.41
Desai Summary Final Judgment	0.00	1,268,790.00	12,963.75	0.00	1,281,753.75
Totals:	17,399.11	1,268,790.00	12,963.75	0.00	1,299,152.86

**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, 2018

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, 2017 through June 30, 2018. 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 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.** Consists of an amount resulting from orders in the Desai litigation to Preserve Receivership Funds dated June 29, 2017 and Summary Final Judgment dated July 6, 2017.
6. **Accounts Receivable.** Receivables are shown with allowance provisions for uncollectible amounts unless otherwise indicated. This receivable is a claim in the UHC Texas receivership.
7. **Allowance – Accounts Receivable.** An estimate of uncollectible amounts for certain assets.
8. **Other Assets.** Represents assets such as statutory deposits, and are based on the realizable value plus any accrued interest. These assets consist of the South Carolina and Virginia deposits that have not been released.
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 of these funds if the Receiver determines that repayment of claims of equal or superior priority is necessary
10. **Secured Claim.** Consists of claims from the Spring Branch Ind. School District and Harris County Texas and an amount resulting from orders in the Desai litigation to Preserve Receivership Funds dated June 29, 2017 and Summary Final Judgment dated July 6, 2017
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.
 - The First Interim Claims Report was approved on May 6, 2016. The deadline to file an objection was July 11, 2016. One hundred fifty-seven objections were filed; 156 have been resolved and 1 remains pending with an estimated claimed value of \$1,732,462.83.
 - The Second Interim Claims Report was approved on May 24, 2018. The deadline to file an objection is August 10, 2018
12. **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.

**Florida Department of Financial Services, Division of Rehabilitation
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Universal Health Care Insurance Company, Inc in Liquidation
Notes to Financial Statements
Dated June 30, 2018

13. **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 requested a federal release from the U.S. Department of Justice (DOJ) on September 12, 2016. The U.S. DOJ release for this estate was received and approved by the court order on January 9, 2017.
14. **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.
15. **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.