

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Statement of Affairs
As of September 30, 2019

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Distribution	\$682,421.26
SPIA-Restricted	1,321,375.34
Pooled Cash in SPIA Due from the Admin Fund	37,437,570.09
Pooled Cash in SPIA Reserved for Distributions	690,913.92
Accrued Interest Receivable	103,609.21
Advance to Guaranty Associations	8,582,216.00
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Total Assets	<u>\$48,818,105.82</u>
LIABILITIES	
Secured Claims	1,321,375.34
Distribution Liability	690,913.92
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	2,104,405.00
Class 2 Loss Claims	
Class 2 - Guaranty Associations	6,483,173.00
Class 2 - Other	309,623.21
Class 9 Surplus Notes/Unearned Premium Claims under Assessable Policies	
Class 9 - Other	13,450,309.00
Class 10 Interest Claims	7,498,975.40
Class 11 Shareholder Claims	16,529,730.00
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Total Liabilities	\$48,388,504.87
EQUITY	
Contributed Equity - State of Florida	429,600.95
Estate Equity	0.00
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Excess (Deficiency) of Assets over Liabilities	\$429,600.95
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Total Liabilities and Equity	<u>\$48,818,105.82</u>

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 September 30, 2019

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$0.00	\$42,649,590.37
Reinsurance Recoveries	0.00	221,077.88
Subrogation and Salvage Recoveries	0.00	1,179,409.76
Litigation Recoveries	0.00	2,598,946.72
Tax Recoveries	0.00	50,552.89
Other Collections / Recoveries	33,966.16	7,247,529.64
Receipts Before Investment Activities	33,966.16	53,947,107.26
Interest and Dividend Receipts	355,362.04	5,472,461.20
Sale of Short Term Investment	0.00	1,243,185.00
Sale of Long Term Investment	0.00	26,836,690.42
Receipts From Investment Activities	355,362.04	33,552,336.62
Total Cash Receipts	389,328.20	87,499,443.88
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	20,539.16	2,831,110.45
Salaries and Fringe Benefits	77,812.72	4,228,559.46
Employee Welfare	2,676.47	27,955.77
Travel Expenses	993.65	64,565.50
Admin Expenses	542.99	1,210,868.80
Equipment and Furniture Expenses	8,076.24	119,891.09
Rent, Building and Equipment	40,324.82	679,237.91
Taxes	0.00	24,007.27
Litigation Settlement Payments	0.00	11,375.00
Disbursements	150,966.05	9,197,571.25
Distributions		
Secured Claims	0.00	17,399.11
Administrative Claims (Class 1)	0.00	144,465.42
Loss Claims (Class 2)	202,427.67	19,702,737.25
Employee Claims (Class 5)	0.00	841,000.00
General Creditors Claims (Class 6)	0.00	2,667,356.76
Government Claims (Class 7)	0.00	46,744.57
Late Filed Claims (Class 8)	0.00	3,617,660.70
Early Access-Guaranty Associations	0.00	7,569,003.72
Total Distributed	202,427.67	34,606,367.53
Disbursements & Distributions Before Investment Activities	353,393.72	43,803,938.78
Financial Expenses	11,814.03	421,398.37
Purchase Short Term Investment	0.00	141,080.47
Purchase Long Term Investment	0.00	196,729.59
Disbursements for Investment Activities	11,814.03	759,208.43
Total Cash Disbursements & Distributions	365,207.75	44,563,147.21
Net Increase (Decrease) in Cash	24,120.45	42,936,296.67
Beginning Cash Balance:		
Beginning Cash	40,108,160.16	1,955,083.62
Adjustments to Beginning Cash	0.00	(4,759,099.68)
Adjusted Beginning Cash Balance	40,108,160.16	(2,804,016.06)

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 September 30, 2019**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
Ending Cash Balance	<u>\$40,132,280.61</u>	<u>\$40,132,280.61</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Cash Distribution
For the Three Months Ended September 30, 2019

Cash Distribution

Description	Balance 7/1/19	Funding/Voids	Distributions /Reissues	Balance 9/30/19
Distribution per Court Order Wells Fargo	699,232.95	185,850.33	(202,662.02)	682,421.26
	<u>699,232.95</u>	<u>185,850.33</u>	<u>(202,662.02)</u>	<u>682,421.26</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Investments - Restricted
For the Three Months Ended September 30, 2019

Special Purpose Investment Account - Restricted

Description		Balance 7/1/19	Judgment	Interest	Distribution	Balance 9/30/19
Desai Summary Final Judgment SPIA 42001000		1,310,119.50	0.00	11,255.84	0.00	1,321,375.34
Totals:		<u>1,310,119.50</u>	<u>0.00</u>	<u>11,255.84</u>	<u>0.00</u>	<u>1,321,375.34</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 Three Months Ended September 30, 2019

Accrued Interest Receivable

Description		Balance 7/1/19	Accrued	Received	Balance 9/30/19
State Treasury	SPIA, 4-20-0-010000-00000	86,485.81	349,375.04	(332,251.64)	103,609.21
Totals:		<u>86,485.81</u>	<u>349,375.04</u>	<u>(332,251.64)</u>	<u>103,609.21</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Other Assets
For the Three Months Ended September 30, 2019

Advance To Guaranty Association

Description	Balance 7/1/19	Advanced	Recovered/Adjusted	Balance 9/30/19
North Carolina Life & Health Ins. Guaranty Association (1)	1,013,212.28	0.00	0.00	1,013,212.28
National Organization of Life & Health Guaranty Assoc.(2)	7,569,003.72	0.00	0.00	7,569,003.72
	<u>8,582,216.00</u>	<u>0.00</u>	<u>0.00</u>	<u>8,582,216.00</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 distributions to NOLHGA pursuant to court orders dated 11/15/16 and 10/19/18. Adjustment due to South Carolina withdrawing from the NOLHGA omnibus claim and returning their allocation.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Secured Claims
For the Three Months Ended September 30, 2019

Secured Claims Against the Estate

Description	Balance 7/1/19	Judgments	Interest	Distributions	Balance 9/30/19
Desai Summary Final Judgment	1,310,119.50	0.00	11,255.84	0.00	1,321,375.34
Totals:	1,310,119.50	0.00	11,255.84	0.00	1,321,375.34

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Universal Health Care Insurance Company in Liquidation
Schedule of Distribution Liability
For the Three Months Ended September 30, 2019

Distribution Liability

Description	Balance 7/1/19	Adjustments	Balance 9/30/19
Unreleased/unissued distribution amounts	893,456.34	(202,542.42)	690,913.92
Totals:	<u>893,456.34</u>	<u>(202,542.42)</u>	<u>690,913.92</u>

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

Dated September 30, 2019

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, 2019 through June 30, 2020. 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".

"Pooled Cash Reserved for Distributions" is a segregated amount of Pooled Cash that represents the remaining amount of Pooled Cash reserved for a court authorized distribution(s) that has not been released or reissued.
5. **Cash – Distribution.** Represents voided checks and interest earned on the distribution account.
6. **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.
7. **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
8. **Secured Claim.** 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.
9. **Distribution Liability.** Represents the remaining liability for a court authorized distribution(s) that has not been released because the Receiver does not have a good mailing address for the claimant or does not have a completed W9 from the claimant.
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 was July 11, 2016. One hundred fifty-seven objections were filed; 156 have been resolved and 1 remains pending on appeal with the First District Court of Appeals of Florida with an allowed value of \$139,344.04.
 - The Second Interim Claims Report was approved on May 24, 2018. The deadline to file an objection was August 10, 2018. Nine objections were filed; 7 were resolved and 2 remain pending with an estimated value of \$12,640,800.35.
 - The Third Interim Claims Report was approved on September 5, 2018. The deadline to file an objection was October 31, 2018. One objection was filed and resolved.
 - The Fourth Interim Claims Report was approved on January 7, 2019. The deadline to file an objection was March 20, 2019. No objections were filed.

**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 September 30, 2019

- A 100% claims distribution for certain Class 2 through 8 was authorized on December 13, 2017.

 - A second 100% Claims distribution for certain Class 2 claims and all Class 8 claims was authorized on January 3, 2019.
11. **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. As of 12/31/18, the Receiver projects having sufficient assets to pay partial interest on allowed claims in Classes 1-9. Accordingly, the Receiver has estimated and recorded an interest reserve for the Class 1-9 claims approved to date for distribution. An interest reserve for other allowed claims in Classes 1-9 will be estimated and recorded after these claims have been adjudicated and approved for distribution by the receivership court.
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 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.
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.