Florida Department of Financial Services, Division of Rehabilitation and Liquidation

Southern Fidelity Insurance Co in Liquidation

Statement of Affairs

3/31/2024

	Estimated Realizable Value
ASSETS	
SPIA-Restricted	$17,278,184.76
Pooled Cash in SPIA Due from the Admin Fund	140,868,901.28
Accrued Interest Receivable	363,188.09
Reinsurance Recoverable	1,250.00
Accounts Receivable	16,446,421.65
Allowance - Accounts Receivables	(16,446,421.65)
Marshaled Inventory	39,024.00
Other Assets	2,202,390.00
Advance to Guaranty Associations	101,775,350.00
Total Assets	$262,528,288.13
LIABILITIES	
Secured Claims	17,278,184.76
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	47,312,711.01
Class 2 Loss Claims	
Class 2 - Guaranty Associations	216,417,256.41
Class 2 - Other	162,836.07
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	142,473,566.22
Class 3 - Other	2,466,256.47
Class 6 General Creditor Claims	
Class 6 - Other	5,147,242.83
Class 7 State & Local Government Claims	737,266.86
Class 8 Late Filed Claims	460,079.24
Class 11 Shareholder Claims	2,761.22
Total Liabilities	$432,458,161.09
EQUITY	
Contributed Equity - State of Florida	282,052.88
Estate Equity	(170,211,925.84)
Excess (Deficiency) of Assets over Liabilities	($169,929,872.96)
Total Liabilities and Equity	$262,528,288.13

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 3/31/2024

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	$0.00	($243,047.02)
Reinsurance Recoveries	6,704,675.88	49,967,918.99
Agents' Balances Recoveries	4,770,405.10	4,926,764.94
Subrogation and Salvage Recoveries	686,935.17	923,680.70
Tax Recoveries	0.00	100.00
Other Collections / Recoveries	26,859,333.87	27,642,504.66
Sale of Personal Property Inventory	0.00	1,312.47
Sale of Real Property Inventory	5,210,245.00	13,560,245.00
Receipts Before Investment Activities	44,231,595.02	96,779,479.74
Interest and Dividend Receipts	3,281,537.72	5,212,403.10
Sale of Short Term Investment	60,463.39	38,470,537.62
Receipts From Investment Activities	3,342,001.11	43,682,940.72
Total Cash Receipts	47,573,596.13	140,462,420.46
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	647,920.92	1,849,659.55
Salaries and Fringe Benefits	594,467.94	2,141,913.79
Employee Welfare	2,097.39	4,447.96
Travel Expenses	2,978.36	41,596.27
Admin Expenses	81,627.30	2,340,968.80
Equipment and Furniture Expenses	345,058.30	646,093.15
Rent, Building and Equipment	4,326.92	10,441.81
Taxes	68,683.61	81,691.21
Purchase Other Assets	0.00	12,500.00
Disbursements	1,747,160.74	7,129,312.54
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	54,372,715.00	101,775,350.00
Total Distributed	54,372,715.00	101,775,350.00
Disbursements & Distributions Before Investment Activities	56,119,875.74	108,904,662.54
Financial Expenses	158,900.53	326,511.20
Disbursements for Investment Activities	158,900.53	326,511.20
Total Cash Disbursements & Distributions	**56,278,776.27**	**109,231,173.74**
Net Increase (Decrease) in Cash	**(8,705,180.14)**	**31,231,246.72**
Beginning Cash Balance:		
Beginning Cash	142,940,020.39	102,992,557.53
Adjustments to Beginning Cash	23,912,245.79	23,923,281.79
Adjusted Beginning Cash Balance	**166,852,266.18**	**126,915,839.32**
Ending Cash Balance	**158,147,086.04**	**158,147,086.04**

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 Company
Schedule of SPIA - Restricted
For the Nine Months Ended March 31, 2024

SPIA - Reinsurance LOCs

Description	LOC No.	Balance 7/1/23	Adjustments/Deposits	Interest	Trransfers/Distributions	Balance 3/31/24
Argo Reinsurance Ltd	30907231	0.00	953,980.44	0.00	0.00	953,980.44
Ariel Re Bda/Argo Re Ltd	30907280	0.00	1,590,467.17	0.00	0.00	1,590,467.17
Chubb Tempest Reinsurance Ltd	30906302	0.00	706,946.48	0.00	0.00	706,946.48
Chubb Tempest Reinsurance Ltd	30905674	0.00	295,405.30	0.00	0.00	295,405.30
Fidelis Insurance Bermuda Ltd	30905759	0.00	3,382,291.73	0.00	0.00	3,382,291.73
Fidelis Insurance Bermuda Ltd	30905604	0.00	5,304,242.47	0.00	0.00	5,304,242.47
Fidelis Insurance Bermuda Ltd	30905609	0.00	4,389,288.23	0.00	0.00	4,389,288.23
Fidelis Underwriting Ltd	LBCMNY2019021	0.00	183,592.74	0.00	0.00	183,592.74
Interest		0.00	128,326.56	343,643.64	0.00	471,970.20
	Total:	0.00	16,934,541.12	343,643.64	0.00	17,278,184.76

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Company
Schedule of Accrued Interest Receivable
For the Nine Months Ended March 31, 2024

Accrued Interest Receivable

Description		Balance 7/1/23	Accrued	Received	Balance 3/31/24
State Treasury	SPIA, 4-20-0-010000-00000	204,991.76	2,945,575.63	(2,787,379.30)	363,188.09
	Totals:	204,991.76	2,945,575.63	(2,787,379.30)	363,188.09

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Property & Casualty Ins Co in Liquidation
Schedule of Reinsurance Recoverables - Net of Allowance
For Nine Months Ended March 31, 2024

Reinsurance Recoverables

Recovery Agent	Balance 7/1/23	Billed	Recovered	Adjustments	Balance 3/31/24
Receiver	1,250.00	26,850,636.64	(26,850,636.64)		1,250.00
Total	1,250.00	26,850,636.64	(26,850,636.64)	0.00	1,250.00

Allowance Reinsurance

Recovery Agent	Balance 7/1/23	Increases	Decreases	Balance 3/31/2024
Receiver	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Reinsurance Recoverables - Net of Allowance	**1,250.00**

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 Company
Schedule of Accounts Receivable
For the Nine Months Ended March 31, 2024

Other Collections - Recovery/Receivable

Description	Balance 7/1/23	Adjustments	Payments Received	Balance 3/31/24
Federal Income Tax Refund Receivable	13,546,421.65	0.00	0.00	13,546,421.65
Deferred Tax Asset Guaranty	29,000,000.00	0.00	(26,100,000.00)	2,900,000.00
Totals:	42,546,421.65	0.00	(26,100,000.00)	16,446,421.65

Allowance - Other Receivables

Description	Balance 7/1/23	Adjustments	Payments Received	Balance 3/31/24
Federal Income Tax Refund Receivable	(13,546,421.65)	0.00	0.00	(13,546,421.65)
Deferred Tax Asset Guaranty	(29,000,000.00)	0.00	26,100,000.00	(2,900,000.00)
Totals:	(42,546,421.65)	0.00	26,100,000.00	(16,446,421.65)

Total Accounts Receivable - Net of Allowances	**0.00**

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Company
Schedule of Marshaled Inventory
For the Nine Months Ended March 31, 2024

Inventory - Personal Property

Description	Balance 7/1/23	Adjustments	Sales Proceeds	Balance 3/31/24
Home Office Equipment IT	39,024.00	0.00	0.00	39,024.00
Totals:	39,024.00	0.00	0.00	39,024.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Company
Schedule of Other Assets
For the Nine Months Ended March 31, 2024

Statutory Deposits

Description	Balance 7/1/23	Adjustments	Recovered	Balance 3/31/24
Georgia - US Bank	100,006.00	0.00	0.00	100,006.00
Louisiana (1)	101,937.00	0.00	0.00	101,937.00
South Carolina - Regions	132,447.00	0.00	0.00	132,447.00
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:	2,202,390.00	0.00	0.00	2,202,390.00

(1) Per letter from LA DOI, this was released to the Company 10/20/2021.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Company
Schedule of Advance to Guaranty Associations
For the Nine Months Ended March 31, 2024

Advance to Guaranty Associations

Description	Balance 7/1/23	Advanced	Recovered	Balance 3/31/24
Florida (FIGA)	0.00	44,841,233.00	0.00	44,841,233.00
Louisiana	0.00	49,832,362.00	0.00	49,832,362.00
South Carolina	0.00	6,797,330.00	0.00	6,797,330.00
Mississippi	0.00	304,425.00	0.00	304,425.00
Total:	0.00	101,775,350.00	0.00	101,775,350.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Company
Schedule of Secured Claims
For the Nine Months Ended March 31, 2024

Secured Claims - Reinsurance LOCs

Description	LOC No.	Balance 7/1/23	Adjustments/Deposits	Interest	Trransfers/Distributions	Balance 3/31/24
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		128,326.56	0.00	343,643.64	0.00	471,970.20
	Total:	16,806,214.56	0.00	343,643.64	0.00	17,278,184.76

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Co in Liquidation
Notes to Financial Statements
Dated March 31, 2024

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, 2023 through June 30, 2024. 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**. 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 June 30, 2022 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.
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.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Southern Fidelity Insurance Co in Liquidation
Notes to Financial Statements
Dated March 31, 2024

- Class 1, Class 2 & Class 3 claim liabilities are based upon 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 will request a federal release from the U.S. Department of Justice.
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.