

Cause No. D-1-GV-13-000384

THE STATE OF TEXAS,	§	IN THE DISTRICT COURT OF
Plaintiff	§	
	§	
v.	§	TRAVIS COUNTY, TEXAS
	§	
UNIVERSAL HMO OF TEXAS, INC.,	§	
Defendant	§	345th JUDICIAL DISTRICT

**SPECIAL DEPUTY RECEIVER’S QUARTERLY FINANCIAL REPORT  
AND SUMMARY OF STATEMENT OF EXPENSE  
FOR THE QUARTER ENDING FEBRUARY 29, 2016**

**TO THE HONORABLE JUDGE OF THIS COURT:**

COMES NOW, Jean Johnson, Special Deputy Receiver of Universal HMO of Texas, Inc., and presents to this Court her *Quarterly Financial Report and Summary of Statement of Expense for the Quarter Ending February 29, 2016*, for the above-referenced receivership estate. The Financial Report and Summary of Statement of Expense covers the period of December 1, 2015 through February 29, 2016.

Respectfully submitted,

**Wisener Nunnally Roth, L.L.P.**

By: Original  
signed by

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## Certificate of Service

I hereby certify that a true and correct copy of the foregoing document has been served on the following interested parties in accordance with Tex. Ins. Code §443.007(d) and the Rehabilitation Order this the 15<sup>th</sup> day of March, 2016.

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*/s/Michael C. Roth*  
Michael C. Roth

**FINANCIAL REPORT**  
**Relating to**  
**Universal HMO of Texas, Inc.**  
**For the Quarter Ending February 29, 2016**

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**Universal HMO of Texas  
Statement of Net Assets**

**For the Period Ending  
02/29/16**

Line		2/29/2016
<b>Cash</b>		
1	Cash	
	Cash - Unrestricted	18,469,661
	APF Funds (Loan proceeds)	
<b>Investments</b>		
2	Short-Term Investments	
3	Bonds	
4	Stocks - Preferred & Common	
5	Investments in Subsidiaries, Controlled or Affiliated Entities	
6	Mortgage Loans	
7	Real Estate	
8	Policy Loans	
9	Other Invested Assets	
<b>Restricted Assets</b>		
10	Statutory Deposits	
11	Funds held by or deposited with Reinsured Companies	
12	Restricted - Other	
<b>Reinsurance Receivable</b>		
13	Reinsurance Recoverables on Paid Losses & LAE (net of allowance)	
14	Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance)	
15	Reinsurance Recoverables on UEP & Contingent Commissions	
<b>Other Receivables</b>		
16	Salvage & Subrogation Recoveries	
17	Premiums Due from Agents & Policyholders	
18	Receivable from Parents, Subsidiaries & Affiliates	
19	Receivable from Guaranty Associations - Early Access Payments	
20	Other Receivables	
<b>Other Assets</b>		
21	FF&E	
22	Other Assets	
	<b>Total Assets</b>	<b>18,469,661</b>

**NOTES**

Ref No.

**Universal HMO of Texas  
Statement of Net Assets****For the Period Ending  
02/29/16**

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The following assets have been identified on the Company books and records but due to uncertainty, the amounts have been fully reserved.  
20 The SDR will perform additional work to determine the collectible amounts for each item and the amounts and reserve will be adjusted accordingly.

Premium Receivable-Members	\$1,820
Pharmacy Rebates Receivable	214,918
Prepaid Claims to Third Party Administrators	9,642
Deferred Commission Expense	299,495
Deferred Tax Asset	306,687
Reserve for Uncollectible Amounts	(832,562)
Net Amount	<u><u>\$0</u></u>



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**Universal HMO of Texas  
Statement of Net Liabilities**

**For Period Ending  
02/29/16**

Line

2/29/2016

1	Secured Claims	
2	APF Loan	
3	Special Deposit Claims	
<b>Administrative Claims - Class 1</b>		
4	Administrative Claims - State/Receiver	
	Special Deputy Receiver, Subcontractors Fees & Expenses	37,042
	Liquidation Oversight	2,715
	Special Master's Fees	
5	Administrative Claims - Guaranty Assns	
	Administrative Expense Paid	
	Administrative Expense Reserves	
6	LAE - Guaranty Assns	
	LAE Paid	
	LAE Reserves	
<b>Policy Claims - Class 2</b>		
7	Loss Claims - Guaranty Assns	
	Loss Claims Paid	
	Loss Claims Reserves	
8	Loss Claims - Other	
	Other Loss Claims Paid	
	Other Loss Claims Reserves	13,762,046
9	LAE - Other	62,875
10	Unearned & Advance Premium Claims - GA	
11	Unearned & Advance Premium Claims - Other	
<b>Other Liabilities</b>		
12	Class 3 Claims	
13	Class 4 Claims	
14	Class 5 General Unsecured Creditor Claims	878,627
15	Class 5 Reinsurance Related Unsecured Claims	
16	Class 6 Claims	
17	Class 7 Claims	
18	Class 8 Claims	9,082,267
19	Class 9 Claims	
20	Class 10 Interest	
21	Class 11 Claims	37,205,711
22	Other Liabilities	
	<b>Total Liabilities</b>	61,031,283
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(42,561,622)
	<b>Total Liabilities &amp; Equity</b>	18,469,661



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**Universal HMO of Texas  
Statement of Net Liabilities**

**For Period Ending  
02/29/16**

**NOTES**

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

<sup>8</sup> Represents amounts reserved based on review of company books and records. To date, all proof of claims (POC) have not been formally adjudicated and the reserve amount will be updated as warranted throughout the POC process.

<sup>9</sup> Represents amounts reserved based on review of company books and records. To date, all proof of claims (POC) have not been formally adjudicated and the reserve amount will be updated as warranted throughout the POC process.

<sup>21</sup> Represents claims from minority shareholders in the parent company and claims of the secured creditor of the parent company.

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**Universal HMO of Texas**  
**Changes in Net Liabilities for the Quarter Ending**

02/29/16

Line		11/30/15	02/29/16	Change
1	Secured Claims	0	0	0
2	APF Loan	0	0	0
3	Special Deposit Claims	0	0	0
<b>Administrative Claims - Class 1</b>				
4	Administrative Claims - State/Receiver	0	0	0
	Special Deputy Receiver, Subcontractors Fees & Expenses	46,459	37,042	(9,417)
	Liquidation Oversight	4,302	2,715	(1,587)
	Special Master's Fees	0	0	0
5	Administrative Claims - Guaranty Assns	0	0	0
	Administrative Expense Paid	0	0	0
	Administrative Expense Reserves	0	0	0
6	LAE - Guaranty Assns	0	0	0
	LAE Paid	0	0	0
	LAE Reserves	0	0	0
<b>Policy Claims - Class 2</b>				
7	Loss Claims - Guaranty Assns	0	0	0
	Loss Claims Paid	0	0	0
	Loss Claims Reserves	0	0	0
8	Loss Claims - Other	0	0	0
	Other Loss Claims Paid	0	0	0
	Other Loss Claims Reserves	13,762,046	13,762,046	0
9	LAE - Other	62,875	62,875	0
10	Unearned & Advance Premium Claims - GA	0	0	0
11	Unearned & Advance Premium Claims - Other	0	0	0
<b>Other Liabilities</b>				
12	Class 3 Claims	0	0	0
13	Class 4 Claims	0	0	0
14	Class 5 General Unsecured Creditor Claims	878,627	878,627	0
15	Class 5 Reinsurance Related Unsecured Claims	0	0	0
16	Class 6 Claims	0	0	0
17	Class 7 Claims	0	0	0
18	Class 8 Claims	9,082,267	9,082,267	0
19	Class 9 Claims	0	0	0
20	Class 10 Interest	0	0	0
21	Class 11 Claims	37,205,711	37,205,711	0
22	Other Liabilities	0	0	0
	Detail Item if any	0	0	0
	Detail Item if any	0	0	0
	<b>Total Liabilities</b>	61,042,287	61,031,283	(11,004)
23	Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities	(42,459,150)	(42,561,622)	(102,472)
	<b>Total Liabilities &amp; Equity</b>	18,583,137	18,469,661	(113,476)

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**Universal HMO of Texas  
Sources & Uses of Cash**

**For Period Ending  
02/29/16**

	<b>Qtr Ending Feb-16</b>
<b>Income</b>	
Premium Receipts	0
Agents' Balances Received	0
Reinsurance Recoveries	0
Salvage & Subrogation Recoveries	0
Affiliates Recovery	0
Settlement/Litigation Recovery	0
Other Receipts	390
Sale of Real & Personal Property	0
Investment Sales/Receipts	0
Other Asset Receipts	0
<b>Total Receipts from Assets/Receivables</b>	<b>390</b>
Interest & Dividend Receipts, EA Interest	0
Cash Deposit Interest	9,122
<b>Total Cash Receipts</b>	<b>9,512</b>
<b>Disbursements</b>	
SDR Fees & Expenses	10,964
Subcontractor Legal Fees & Expenses	18,945
Subcontractor Other Fees & Expenses	77,958
Non-Subcontractor Fees & Expenses	4,246
Other Expenses	1,589
RLO Fees & Expenses	9,286
<b>Total Disbursements for Operations</b>	<b>122,988</b>
Loss Claims & LAE Expense Payments	0
Early Access Payments - GA	0
Refunds & Other Distributions	0
<b>Total Cash Distributions</b>	<b>0</b>
<b>Total Cash Disbursements &amp; Distributions</b>	<b>122,988</b>
<b>Net Increase(Decrease) in Cash</b>	<b>(113,476)</b>
<b>Cash at Beginning of Period</b>	<b>18,583,137</b>
<b>Cash at End of Period</b>	<b>18,469,661</b>

**SUMMARY OF STATEMENT OF EXPENSE**  
**Relating to**  
**Universal HMO of Texas, Inc.**  
**For the Quarter Ending February 29, 2016**

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**Universal HMO of Texas  
Statement of Expenses**

**For Period Ending  
02/29/16**

	Total Dec	Total Jan	Total Feb	Total Quarter
<b>SDR</b>				
<b>SDR</b>				
SDR	2,872.50	2,895.00	4,642.50	10,410.00
SDR Travel	0.00	300.00	0.00	300.00
Expenses	0.00	352.18	0.00	352.18
<b>Total SDR Billing</b>	<b>2,872.50</b>	<b>3,547.18</b>	<b>4,642.50</b>	<b>11,062.18</b>
<b>SDR Subcontractors - Legal</b>				
Wisener Nunnally Roth, LLP				
Attorney-Partner	1,128.00	1,944.00	1,224.00	4,296.00
Attorney-Partner Travel	0.00	240.00	0.00	240.00
Attorney-Associate	3,924.00	0.00	0.00	3,924.00
Attorney-Partner	1,062.00	1,836.00	468.00	3,366.00
Expenses	21.07	271.56	78.04	370.67
<b>Total Billing</b>	<b>6,135.07</b>	<b>4,291.56</b>	<b>1,770.04</b>	<b>12,196.67</b>
<b>Total Legal Subcontractors</b>	<b>6,135.07</b>	<b>4,291.56</b>	<b>1,770.04</b>	<b>12,196.67</b>
<b>SDR Subcontractors - Other</b>				
Administrative Insurance Management (AIMS)				
Specialist	4,210.00	4,390.00	6,010.00	14,610.00
Specialist-Travel	0.00	200.00	0.00	200.00
Specialist	531.00	6,444.00	11,052.00	18,027.00
Claims Specialist	6,195.00	1,432.50	1,290.00	8,917.50
Claims Manager	11,482.50	11,355.00	11,407.50	34,245.00
Expenses	0.00	394.92	0.00	394.92
<b>Total Billing</b>	<b>22,418.50</b>	<b>24,216.42</b>	<b>29,759.50</b>	<b>76,394.42</b>
Petrosewicz & Company, Inc.				
Accounting Manager/ Accountant/ Expenses	367.50	175.00	210.00	752.50
	807.50	779.00	646.00	2,232.50
	11.90	33.34	13.74	58.98
<b>Total Billing</b>	<b>1,186.90</b>	<b>987.34</b>	<b>869.74</b>	<b>3,043.98</b>
<b>Total Other SDR Subcontractors</b>	<b>23,605.40</b>	<b>25,203.76</b>	<b>30,629.24</b>	<b>79,438.40</b>
<b>Receivership Service Providers</b>				
Computer Creations-Late Claim Notice Mailout	0.00	837.86	0.00	837.86
Texas Treasury	216.69	209.87	323.66	750.22
<b>Total Other</b>	<b>216.69</b>	<b>1,047.73</b>	<b>323.66</b>	<b>1,588.08</b>
<b>Sub-Total SDR, Subcontractor &amp; Provider Expenses</b>				
Sub-Total SDR, Subcontractor & Provider Expenses	<b>32,829.66</b>	<b>34,090.23</b>	<b>37,365.44</b>	<b>104,285.33</b>

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Universal HMO of Texas  
Statement of Expenses

For Period Ending  
02/29/16

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	Total Dec	Total Jan	Total Feb	Total Quarter
<b>Liquidation Oversight Allocation</b>				
RLO Allocation	3,597.06	1,386.99	2,563.90	7,547.95
Special Master's Fees	0.00	0.00	151.12	151.12
<b>Total RLO &amp; SM Expense</b>	<b>3,597.06</b>	<b>1,386.99</b>	<b>2,715.02</b>	<b>7,699.07</b>
<b>Total Expenses</b>	<b>36,426.72</b>	<b>35,477.22</b>	<b>40,080.46</b>	<b>111,984.40</b>