

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 AUGUST 31, 2015**

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 August 31, 2015*, for the above-referenced receivership estate. The Financial Report and Summary of Statement of Expense covers the period of June 1, 2015 through August 31, 2015.

Respectfully submitted,

Wisener Nunnally Roth, L.L.P

By: original signed by

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Receiver of Universal HMO of Texas, Inc.*

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 15th day of September, 2015.

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by serving his Docket Clerk
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FINANCIAL REPORT
Relating to
Universal HMO of Texas, Inc.
For the Quarter Ending August 31, 2015

R-555

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

**For the Period Ending
08/31/15**

| Line | | 08/31/15 |
|-------------------------------|--|-------------------|
| Cash | | |
| 1 | Cash | |
| | Cash - Unrestricted | 12,734,332 |
| | APF Funds (Loan proceeds) | |
| Investments | | |
| 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 | |
| Restricted Assets | | |
| 10 | Statutory Deposits | |
| 11 | Funds held by or deposited with Reinsured Companies | |
| 12 | Restricted - Other | |
| Reinsurance Receivable | | |
| 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 | |
| Other Receivables | | |
| 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 | |
| Other Assets | | |
| 21 | FF&E | |
| 22 | Other Assets | |
| | Total Assets | 12,734,332 |

NOTES

Ref No.

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

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

**For the Period Ending
08/31/15**

| | |
|--|--------------------|
| Premium Receivable-MRA | \$ 5,005,246 |
| Premium Receivable-CMS | 166,586 |
| 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 | <u>(6,004,394)</u> |
| Net Amount | <u><u>\$0</u></u> |

Universal HMO of Texas
Changes in Net Assets for the Quarter Ending

08/31/15

| Line | | 05/31/15 | 08/31/15 | Change |
|-------------------------------|--|-------------------|-------------------|------------------|
| Cash | | | | |
| 1 | Cash | | | |
| | Cash - Unrestricted | 12,857,047 | 12,734,332 | (122,715) |
| | APF Funds (Loan proceeds) | 0 | 0 | 0 |
| Investments | | | | |
| 2 | Short-Term Investments | 0 | 0 | 0 |
| 3 | Bonds | 0 | 0 | 0 |
| 4 | Stocks - Preferred & Common | 0 | 0 | 0 |
| 5 | Investments in Subsidiaries, Controlled or Affiliated Entities | 0 | 0 | 0 |
| 6 | Mortgage Loans | 0 | 0 | 0 |
| 7 | Real Estate | 0 | 0 | 0 |
| 8 | Policy Loans | 0 | 0 | 0 |
| 9 | Other Invested Assets | 0 | 0 | 0 |
| Restricted Assets | | | | |
| 10 | Statutory Deposits | 0 | 0 | 0 |
| 11 | Funds held by or deposited with Reinsured Companies | 0 | 0 | 0 |
| 12 | Restricted - Other | 0 | 0 | 0 |
| Reinsurance Receivable | | | | |
| 13 | Reinsurance Recoverables on Paid Losses & LAE (net of allowance) | 0 | 0 | 0 |
| 14 | Reinsurance Recoverables on Unpaid Losses & LAE (net of allowance) | 0 | 0 | 0 |
| 15 | Reinsurance Recoverables on UEP & Contingent Commissions | 0 | 0 | 0 |
| Other Receivables | | | | |
| 16 | Salvage & Subrogation Recoveries | 0 | 0 | 0 |
| 17 | Premiums Due from Agents & Policyholders | 0 | 0 | 0 |
| 18 | Receivable from Parents, Subsidiaries & Affiliates | 0 | 0 | 0 |
| 19 | Receivable from Guaranty Associations - Early Access Payments | 0 | 0 | 0 |
| 20 | Other Receivables | 0 | 0 | 0 |
| Other Assets | | | | |
| 21 | FF&E | 0 | 0 | 0 |
| 22 | Other Assets | 0 | 0 | 0 |
| Total Assets | | 12,857,047 | 12,734,332 | (122,715) |

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

**For Period Ending
08/31/15**

Line

08/31/15

| | | |
|--|---|--------------|
| | | |
| 1 | Secured Claims | |
| 2 | APF Loan | |
| 3 | Special Deposit Claims | |
| Administrative Claims - Class 1 | | |
| 4 | Administrative Claims - State/Receiver | |
| | Special Deputy Receiver, Subcontractors Fees & Expenses | 44,588 |
| | Liquidation Oversight | 4,055 |
| | Special Master's Fees | |
| 5 | Administrative Claims - Guaranty Assns | |
| | Administrative Expense Paid | |
| | Administrative Expense Reserves | |
| 6 | LAE - Guaranty Assns | |
| | LAE Paid | |
| | LAE Reserves | |
| Policy Claims - Class 2 | | |
| 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 | |
| Other Liabilities | | |
| 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 | 59,260 |
| 19 | Class 9 Claims | |
| 20 | Class 10 Interest | |
| 21 | Class 11 Claims | 37,205,711 |
| 22 | Other Liabilities | |
| | | |
| | | |
| | Total Liabilities | 52,017,162 |
| 23 | Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities | (39,282,830) |
| | | |
| | Total Liabilities & Equity | 12,734,332 |

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

**For Period Ending
08/31/15**

NOTES

All amounts recorded based on adjudicated claims unless otherwise specified

Ref. No.

⁸ 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.

⁹ 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.

²¹ Represents claims from minority shareholders in the parent company and claims of the secured creditor of the parent company.

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

08/31/15

| Line | | 05/31/15 | 08/31/15 | Change |
|--|---|-------------------|-------------------|------------------|
| 1 | Secured Claims | 0 | 0 | 0 |
| 2 | APF Loan | 0 | 0 | 0 |
| 3 | Special Deposit Claims | 0 | 0 | 0 |
| Administrative Claims - Class 1 | | | | |
| 4 | Administrative Claims - State/Receiver | 0 | 0 | 0 |
| | Special Deputy Receiver, Subcontractors Fees & Expenses | 27,505 | 44,588 | 17,083 |
| | Liquidation Oversight | 4,659 | 4,055 | (604) |
| | 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 |
| Policy Claims - Class 2 | | | | |
| 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 |
| Other Liabilities | | | | |
| 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 | 59,260 | 59,260 | 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 |
| | Total Liabilities | 52,000,683 | 52,017,162 | 16,479 |
| 23 | Total Equity/(Deficit) Excess (Deficiency) of Assets over Liabilities | (39,143,636) | (39,282,830) | (139,194) |
| | Total Liabilities & Equity | 12,857,047 | 12,734,332 | (122,715) |

Universal HMO of Texas
Sources & Uses of Cash

For Period Ending
08/31/15

| | Qtr Ending Aug-15 |
|---|----------------------|
| Income | |
| Premium Receipts | 0 |
| Agents' Balances Received | 0 |
| Reinsurance Recoveries | 0 |
| Salvage & Subrogation Recoveries | 0 |
| Affiliates Recovery | 0 |
| Settlement/Litigation Recovery | 0 |
| Other Receipts | 1,089 |
| Sale of Real & Personal Property | 0 |
| Investment Sales/Receipts | 0 |
| Other Asset Receipts | 0 |
| Total Receipts from Assets/Receivables | 1,089 |
| Interest & Dividend Receipts, EA Interest | 0 |
| Cash Deposit Interest | 2,073 |
| Total Cash Receipts | 3,162 |
| Disbursements | |
| SDR Fees & Expenses | 19,775 |
| Subcontractor Legal Fees & Expenses | 12,596 |
| Subcontractor Other Fees & Expenses | 74,900 |
| Non-Subcontractor Fees & Expenses | 5,950 |
| Other Expenses | 725 |
| RLO Fees & Expenses | 11,931 |
| Total Disbursements for Operations | 125,877 |
| Loss Claims & LAE Expense Payments | 0 |
| Early Access Payments - GA | 0 |
| Refunds & Other Distributions | 0 |
| Total Cash Distributions | 0 |
| Total Cash Disbursements & Distributions | 125,877 |
| Net Increase(Decrease) in Cash | (122,715) |
| <i>Cash at Beginning of Period</i> | 12,857,047 |
| <i>Cash at End of Period</i> | 12,734,332 |

SUMMARY OF STATEMENT OF EXPENSE
Relating to
Universal HMO of Texas, Inc.
For the Quarter Ending August 31, 2015

Universal HMO of Texas
Statement of Expenses

For Period Ending
08/31/15

| | Total Jun | Total Jul | Total Aug | Total Quarter |
|---|------------------|------------------|------------------|-------------------|
| SDR | | | | |
| SDR | | | | |
| SDR | 8,430.00 | 5,625.00 | 4,890.00 | 18,945.00 |
| SDR Travel | 0.00 | 300.00 | 0.00 | 300.00 |
| Expenses | 0.00 | 470.46 | 0.00 | 470.46 |
| Total SDR Billing | 8,430.00 | 6,395.46 | 4,890.00 | 19,715.46 |
| SDR Subcontractors - Legal | | | | |
| Wisener Nunnally Roth, LLP | | | | |
| Attorney-Partner | 1,200.00 | 3,492.00 | 1,992.00 | 6,684.00 |
| Attorney-Partner Travel | 0.00 | 240.00 | 0.00 | 240.00 |
| Attorney-Associate | 738.00 | 1,242.00 | 90.00 | 2,070.00 |
| Expenses | 319.99 | 30.44 | 44.29 | 394.72 |
| Total Billing | 2,257.99 | 5,004.44 | 2,126.29 | 9,388.72 |
| Thompson Coe | | | | |
| Associate | 1,306.50 | 0.00 | 0.00 | 1,306.50 |
| Expenses | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Billing | 1,306.50 | 0.00 | 0.00 | 1,306.50 |
| Total Legal Subcontractors | 3,564.49 | 5,004.44 | 2,126.29 | 10,695.22 |
| SDR Subcontractors - Other | | | | |
| Administrative Insurance Management (AIMS) | | | | |
| Specialist | 0.00 | 3,950.00 | 6,150.00 | 10,100.00 |
| Specialist-Travel | 0.00 | 200.00 | 0.00 | 200.00 |
| Specialist | 6,948.00 | 8,271.00 | 12,627.00 | 27,846.00 |
| Claims Specialist | 3,390.00 | 7,132.50 | 4,005.00 | 14,527.50 |
| Claims Manager | 11,632.50 | 12,307.50 | 11,940.00 | 35,880.00 |
| Expenses | 0.00 | 405.67 | 0.00 | 405.67 |
| Total Billing | 21,970.50 | 32,266.67 | 34,722.00 | 88,959.17 |
| Petrosewicz & Company, Inc. | | | | |
| Accounting Manager/ | 437.50 | 245.00 | 227.50 | 910.00 |
| Accountant/ | 731.50 | 636.50 | 788.50 | 2,156.50 |
| Expenses | 16.25 | 67.52 | 9.50 | 93.27 |
| Total Billing | 1,185.25 | 949.02 | 1,025.50 | 3,159.77 |
| Total Other SDR Subcontractors | 23,155.75 | 33,215.69 | 35,747.50 | 92,118.94 |
| Receivership Service Providers | | | | |
| Gorman Health Group (MRA Receivable Collection Expense) | 3,550.00 | 2,400.00 | 0.00 | 5,950.00 |
| MedSave USA (Chart Retrieval of RAPS Reports) | 0.00 | 0.00 | 1,824.00 | 1,824.00 |
| Chase Operating Account Charges | 30.00 | 0.00 | 20.00 | 50.00 |
| Texas Treasury | 228.08 | 220.30 | 226.91 | 675.29 |
| Total Other | 3,808.08 | 2,620.30 | 2,070.91 | 8,499.29 |
| Sub-Total SDR, Subcontractor & Provider Expenses | | | | |
| Sub-Total SDR, Subcontractor & Provider Expenses | 38,958.32 | 47,235.89 | 44,834.70 | 131,028.91 |
| Liquidation Oversight Allocation | | | | |
| RLO Allocation | 4,657.93 | 2,613.69 | 3,521.14 | 10,792.76 |
| Special Master's Fees | 0.00 | 0.00 | 534.10 | 534.10 |
| Total RLO & SM Expense | 4,657.93 | 2,613.69 | 4,055.24 | 11,326.86 |
| Total Expenses | 43,616.25 | 49,849.58 | 48,889.94 | 142,355.77 |