

NORTH CAROLINA

IN THE GENERAL COURT OF JUSTICE

SUPERIOR COURT DIVISION

WAKE COUNTY

04 CVS 13509

2010 MAR -1 P 3 50

STATE OF NORTH CAROLINA,
COMMISSIONER OF INSURANCE
OF NORTH CAROLINA,

Petitioner,

v.

AMERICAN YARN SPINNERS
SELF-INSURERS FUND,

Respondent.

REGULATORY ACTIONS DIVISION
GROUP MASTER TRUST QUARTERLY
REPORT

[AOC Cover Sheet Code OTHER – Report]

NOW COMES the Commissioner of Insurance of North Carolina and Raymond Martinez, Senior Deputy Insurance Commissioner as Trustee of the Regulatory Actions Division Group Master Trust (RAD Trust), pursuant to North Carolina General Statute § 58-30-105, the Order of this Court dated June 30, 1995, and the Declaration of Trust for the Regulatory Actions Division Group Master Trust dated July 5, 1995, and revised June 6, 2006, and makes a quarterly report of receipts and disbursements of trust property. Attached hereto as Exhibit A are the statement of financial position as of December 31, 2009, and December 31, 2008, and the statement of receipts and disbursements of the RAD Trust for the three months ending December 31, 2009.

For administrative convenience, this Quarterly Report is being filed only in this recent Court File relating to one of the estates being administered by the Commissioner of Insurance, even though the RAD Trust pertains to several estates being administered by the Commissioner.

This the 1st day of March, 2010.

ROY COOPER
Attorney General

David W. Boone
Assistant Attorney General
N. C. State Bar No. 8648
N. C. Department of Justice
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RAD TRUST

NORTH CAROLINA COMMISSIONER OF INSURANCE AS TRUSTEE

STATEMENT OF FINANCIAL POSITION

AS OF DECEMBER 31, 2009, AND DECEMBER 31, 2008

STATEMENT OF RECEIPTS AND DISBURSEMENTS

FOR THE THREE MONTHS ENDING DECEMBER 31, 2009

**INTRODUCTION TO RAD TRUST
FINANCIAL STATEMENTS**

DECEMBER 31, 2009

Introduction and Basis of Presentation: The Commissioner of Insurance of the State of North Carolina, under Article 30 of Chapter 58 of the N. C. General Statutes, is responsible for delinquency proceedings for insurance entities licensed to transact business in North Carolina. The Regulatory Actions Division Group Master Trust (RAD Trust) was created as a central purchasing unit and professional labor pool to help administer and manage these delinquent insurance entities (the Estates). On July 5, 1995, the Superior Court of Wake County, North Carolina approved the establishment of RAD Trust naming the Commissioner of Insurance as the Grantor.

RAD Trust is managed by the employees of the North Carolina Department of Insurance. All expenses of RAD Trust are incurred for the benefit of the Estates. These costs are recouped through assessments to the Estates based on various allocation factors such as labor hours incurred, space occupied, and actual use.

The accompanying statement of financial position reflects general ledger balances of RAD Trust as of December 31, 2009, and December 31, 2008. The accompanying statement of receipts and disbursements presents all actual cash receipts and disbursements for the three months ending December 31, 2009.

RAD Trust
Statement of Financial Position

	<u>As of</u> <u>December 31, 2009</u>	<u>As of</u> <u>December 31, 2008</u>
Assets		
Cash on Hand and Deposit (Note A)	\$ 226,291	334,532
Accounts Receivable (Note B, C)	70,836	70,708
Fixed Assets (Note D)	<u>0</u>	<u>4,187</u>
Total Assets	297,127	409,427
Liabilities		
Short Term Liabilities (Note E)	93,127	205,427
Deposits (Note F)	<u>204,000</u>	<u>204,000</u>
Total Liabilities	297,127	409,427
Assets In Excess of Liabilities	<u>\$ 0</u>	<u>0</u>

The financial statements should be read together with the notes to the financial statements which are an integral part of this statement.

RAD Trust
Statement of Receipts and Disbursements

	October 1, 2009 through <u>December 31, 2009</u>	January 1, 2009 through <u>December 31, 2009</u>
OPERATING ACTIVITIES		
Receipts		
Estate Reimbursements (Note G) \$	221,727	865,210
Miscellaneous Receipts	181	181
Total Operating Receipts	221,908	865,391
Disbursements		
Personnel Expense	109,981	401,690
Rent and Occupancy	98,330	416,894
Accounting Fees	0	6,945
Office Expenses	5,294	23,138
Furniture, EDP and Equipment	2,938	11,050
Travel	102	360
Miscellaneous Expense	0	2
Total Operating Disbursements	216,645	860,079
Net Cash Provided by Operating Activities	5,263	5,312
INVESTING ACTIVITIES		
Net Investment Income	51	26
Net Cash Provided by Investing Activities	51	26
OTHER ACTIVITIES		
Foreign Receivership Disbursements (Note H)	0	(113,579)
Net Cash Provided by Other Activities	0	(113,579)
Net Change in Cash and Cash Equivalents	5,314	(108,241)
Cash on Hand at Beginning of Period	220,977	334,532
Cash on Hand at End of Period	\$ 226,291	226,291

The financial statements should be read together with the notes to the financial statements which are an integral part of this statement.

Notes to Financial Statements

Note A: All cash and cash equivalents have a maturity of less than 1 year and are carried at cost which equals market value.

Note B: Accounts receivable represent uncollected cost of administration billings by RAD Trust to the various estates and the Department of Insurance as follows:

	As of <u>December 31, 2009</u>	As of <u>December 31, 2008</u>
American Yarn Spinners	\$979	1,555
Beacon Insurance Company	233	775
Commercial Casualty Insurance Co. of NC	28,464	31,445
International Workers Guild	2,926	2,864
London Pacific Life & Annuity Co.	18,765	7,593
Phoenix Fund, Inc.	6,651	10,233
State Capital Insurance Co.	1,893	1,817
North Carolina Department of Insurance	10,741	13,477
Other	<u>184</u>	<u>949</u>
	<u>\$70,836</u>	<u>70,708</u>

Note C: As part of the original lease agreement for the 401 Glenwood Avenue Property, Blue Ridge Realty, Inc., the lessor, holds a \$15,000 security deposit for RAD Trust. The deposit was charged to the estates when it was originally paid and is, therefore, not reflected as a receivable on the Statement of Financial Position. Upon any return of the deposit at the end of the lease, the funds will be appropriately allocated to the open estates.

Note D: Fixed assets are carried at cost, net of accumulated depreciation.

Note E: Short term liabilities include accrued payroll related liabilities and the balance of the Amwest deposit after payment of North Carolina policyholders. See Note H.

Note F: The estates deposit funds with RAD Trust to provide the working capital needed to cover costs of administration and direct expenditures made on behalf of the estates. Interest earned is credited to the estates on a monthly basis. Deposits are as follows:

<u>DEPOSITS</u>	As of <u>December 31, 2009</u>	As of <u>December 31, 2008</u>
American Yarn Spinners SIF	\$10,000	10,000
Beacon Insurance Company	10,000	0
Commercial Casualty Insurance Co. of North Carolina	58,000	92,000
London Pacific Life & Annuity Co.	58,000	92,000
Phoenix Fund, Inc.	58,000	0
State Capital Insurance Co.	<u>10,000</u>	<u>10,000</u>
Total	<u>\$204,000</u>	<u>204,000</u>

Note G: The funds collected from estates under management and the Department of Insurance for the designated periods are as follows:

	January 1, 2009 Through <u>December 31, 2009</u>	January 1, 2008 Through <u>December 31, 2008</u>
American Yarn Spinners	\$26,361	24,639
Beacon Insurance Company	10,235	8,937
Commercial Casualty Insurance Co. of North Carolina	428,272	333,525
London Pacific Life & Annuity Co.	116,649	85,881
State Capital Insurance Co.	36,491	25,938
Phoenix Fund, Inc.	100,339	125,882
North Carolina Department of Insurance	146,863	162,925
Other	<u>0</u>	<u>(424)</u>
Total	<u>\$865,210</u>	<u>767,303</u>

Note H: The Amwest deposit was liquidated during the fourth quarter of 2008 and Court approved payments were made to the North Carolina policyholders who returned their verification of claim due. The balance has been set up as a payable (Note E). An additional six North Carolina policyholders received their distributions after returning their verification of claim due in June 2009. A final distribution will be made to North Carolina policyholders and then all remaining funds will be remitted to the domiciliary receiver in early 2010.

NORTH CAROLINA

WAKE COUNTY

VERIFICATION

RAYMOND MARTINEZ, being first duly sworn, deposes and says that he is a Senior Deputy Commissioner of Insurance for the North Carolina Department of Insurance and the Trustee of the RAD Trust, that he has examined and read the foregoing Statement of Financial Position and Statement of Receipts and Disbursements for the RAD Trust for the Fourth Quarter of 2009, and that the contents of same are true and correct to the best of his knowledge and belief.

This the 1st day of March, 2010.

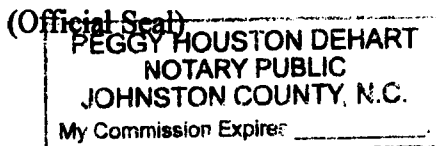
~~Senior Deputy Commissioner of Insurance and
Trustee for RAD Trust~~

NORTH CAROLINA

WAKE COUNTY

Sworn to and subscribed before me

this the 1st day of March, 2010.



Notary Public

My Commission Expires: 5-4-2013

CERTIFICATE OF SERVICE

This is to certify that a copy of the foregoing Regulatory Actions Divisions Group Master Quarterly Report was this date sent by first class United States mail to the following person:

Hon. Donald W. Stephens
Senior Resident Judge
Wake County Superior Court
P.O. Box 351
Raleigh, NC 27602-0351

This the 1st day of March, 2010.

ROY COOPER
Attorney General

David W. Boone
Assistant Attorney General
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