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COMPANY IN LIQUIDATION
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Attorney for Liquidator

IN THE THIRD JUDICIAL DISTRICT COURT,
SALT LAKE COUNTY, STATE OF UTAH, SALT LAKE DEPARTMENT

In re)	
)	
SOUTHERN AMERICAN INSURANCE)	QUARTERLY REPORT ON
COMPANY IN LIQUIDATION,)	STATUS OF LIQUIDATION
)	ESTATE FOR PERIOD ENDING
)	MARCH 31, 2010, AND
)	REQUEST FOR ORDER OF
)	APPROVAL
Respondent.)	
)	Civil No. 920901617
)	
)	Judge Glenn K. Iwasaki

The Court appointed Liquidator of Southern American Insurance Company in Liquidation ("SAIC"), Acting Utah Insurance Commissioner, Neal T. Gooch, ("Liquidator"), by and through Special Deputy Liquidator, Rheta Beach, herein files this Quarterly Report On Status Of Liquidation Estate For Period Ending March 31, 2010, And Request For Order Of Approval pursuant to the Liquidation Order issued March 26, 1992, and pursuant to Utah Code Annotated, Section 31A-27-314 (2006).

The Liquidator sets forth herein a Report on the status of the liquidation estate

and a Financial Report of assets, liabilities and expenses of the liquidation estate of SAIC, including the current assessment of liabilities from all claims filed against the liquidation estate. The attached Exhibit "A" Financial Report, was prepared by accountant, Elizabeth A. Biaett, Chief Financial Officer for SAIC, under the direction of the Court appointed Special Deputy Liquidator, Rheta Beach. The statements of assets and liabilities are for the period ending March 31, 2010, and the statements of receipts and disbursements are for the period beginning with the date of the Liquidation Order and ending March 31, 2010. The report utilizes the reporting format for receiverships established by the National Association of Insurance Commissioners, (" NAIC") which does not address valuation methods. This format will continue to be used in future reports to the Court unless the Court orders otherwise.

The Liquidator further requests the Court to issue an Order approving this Quarterly Report, including estate expenditures for the first quarter of 2010. The Liquidator will provide a proposed order pursuant to Rule 7, *Utah Code Annotated*.

The Liquidator reports to the Court regarding significant and/or ongoing events and activities in the liquidation of SAIC since the Liquidator' s last Quarterly Report to the Court, as follows:

1. Prior to the first quarter of 2010, SAIC completed the claim determination process on all claims. The Liquidator previously moved the Court for approval of the claim determinations, and moved the Court for approval of a third distribution. The Court approved the Liquidators motions, approved all claim distributions, and authorized the third distribution which was completed in the fourth quarter, 2009. After the third distribution the total distribution to claimants on Court approved Class 2 claims,

Class 3 claims, and Class 5 claims equals one-hundred percent (100%). Distributions thus far have exceeded \$100,000,000. The Liquidator is preparing for a Class 6 distribution to be made in the second quarter, 2010.

2. During the first quarter of 2010 the Special Deputy Liquidator collected some remaining reinsurance, collecting approximately \$26,365. As previously reported, the downsizing of the SAIC estate offices has decreased SAICs office space square footage and rent by about two-thirds (2/3rds).

3. Remaining funds of the estate are currently invested in a money market account.

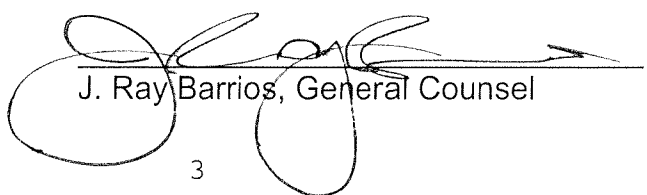
4. The Liquidator and Special Deputy Liquidator evaluate on a continuous basis the costs/benefits of estate activities and functions. Detailed analysis, or additional information, regarding any estate function is available to the Court upon the Court's request. Ongoing issues affecting the SAIC Estate are brought to the Court's attention on an as needed basis in scheduled Court hearings and scheduled status conferences with the Court. The Liquidator will continue to keep the Court informed as to significant issues affecting the SAIC Estate by those means.

Dated this 17th of May, 2010.

Southern American Insurance Company
In Liquidation


Rheta Beach, Special Deputy Liquidator

Southern American Insurance Company
In Liquidation


J. Ray Barrios, General Counsel

CERTIFICATE OF MAILING

I hereby certify that I mailed a true and correct copy of the foregoing Quarterly Report On Status Of Liquidation Estate For Period Ending March 31, 2010 And Request For Order Of Approval, to the following claimants or parties who have requested general notice in this case, first class postage prepaid, this 17th day of May, 2010:

Acting Utah Insurance Commissioner
Neal T. Gooch, in his capacity as Liquidator of SAIC
Utah Insurance Department
3110 State Office Building
Salt Lake City, Utah 84112

Rheta Beach, Special Deputy Liquidator
Southern American Insurance Company in Liq.
215 South State Street, Suite 300
Salt Lake City, Utah 84111

Mr. Craig Carlile, Esq.
Mr. Douglas Monson, Esq.
Mr. Brent D. Wride, Esq.
Ms. Elaine Monson, Esq.
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Marialouisa Gallozzi, Esq.
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2177 Firestone Drive, Suite R
Tucker, GA 30084

John C. Wells, Director
Louisiana Insurance Guaranty Association
2142 Quail Run Drive
Baton Rouge, LA 70808-4126

Arthur Russell, Executive Director
Mississippi Insurance Guaranty Association
713 S. Pear Orchard Road, Suite 200
Ridgeland, MS 39157

Joseph DellaFera, Executive Director
New Jersey Surplus Lines Insurance Guaranty Association
222 Mt. Airy Road
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1600 Division Street, Suite 680
Nashville, TN 37203

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Utah Property & Casualty Guaranty Association
P. O. Box 1626
Sandy, Utah 84091-1626

Ms. Jennifer A. Brennan, Esq.
Gilbert, Heintz & Randolph LLP
1100 New York Avenue NW, Suite 700
Washington, D.C. 20005-3987

Lurida Boynton

EXHIBIT "A"

SOUTHERN AMERICAN INSURANCE COMPANY IN LIQUIDATION

Balance Sheet
March 31, 2010

Date of Liquidation - March 25, 1992

ASSETS

(1)	Cash and Cash Equivalents	\$3,019,554 (1)
(2)	Short-Term Investments	\$0
(3)	Bonds	\$0
(4)	Stocks	
	(a) Preferred	\$0
	(b) Common	\$0
		\$0
(5)	Mortgage Loans	\$0
(6)	Real Estate	\$0
(7)	Policy Loans	\$0
(8)	Other Invested Assets	\$0
(9)	Advances to Guaranty Associations	\$0
(10)	Recoverable from Reinsurers	
	(a) Paid Losses	\$0
	(b) Unpaid Losses	\$0
		\$0
(11)	Salvage and Subrogation Recoverables	\$0
(12)	Premiums Due and Accrued	\$0
(13)	Agent's Balances	\$0
(14)	Receivable from Affiliates	\$0
(15)	Accrued Investment Income	\$0
(16)	Other Assets - Lease deposit & Fed. tax receivable	\$5,000
		\$5,000
	(17) Total Unrestricted Assets	\$3,024,554
(18)	Restricted Assets	\$0
		\$0
	(19) Total Assets	\$3,024,554

Note: This report utilizes the reporting format for Receiverships established by the National Association of Insurance Commissioners, which does not address valuation methods. The values utilized may vary significantly from Statutory Accounting Principles.

The information contained in this report is prepared by the liquidator from information available to or known by the liquidator as of the date of the report. The liquidator makes no warranty as to the accuracy of the information or of the opinions or evaluations contained in this report and expressly disclaims any liability arising from the statements of fact, evaluation or opinion contained in this report. Amounts from prior periods may be reclassified to be consistent with current year classifications.

Note 1: All funds have been placed in Money Market accounts.

SOUTHERN AMERICAN INSURANCE COMPANY IN LIQUIDATION

Balance Sheet
March 31, 2010

Date of Liquidation - March 25, 1992

LIABILITIES

(1)	Secured Claims	\$0
(2)	Class 1	\$1,400,000 (1)
(3)	Class 2	\$0 (2)
(4)	Class 3	\$116,645 (2)
(5)	Class 4	\$0 (2)
(6)	Class 5	\$0 (2)
(7)	Class 6	\$10,364,709
(8)	Class 7 and 8	\$0
(9)	Class 9	\$0
		<hr/>
(10)	Total Liabilities	\$11,881,354
	Claim Determinations Currently Subject to Appeal	\$0
(11)	Excess (Deficiency) of Assets over Liabilities	<hr/> -\$8,856,800
(12)	TOTAL	<hr/> <hr/> \$3,024,554

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Note 1: Class 1 claims represent estimated liabilities for current and future administrative expenses of the estate. This estimated liability will be adjusted annually, as appropriate.

Note 2: Class 2 - Class 5 claims have been paid at 100%. The amount of Class 3 claims reflected above represents those amounts payable to claimants that the Liquidator has been unable to locate and will be escheated.

SOUTHERN AMERICAN INSURANCE COMPANY IN LIQUIDATION

Statement of Receipts and Disbursements
Three Months Ended March 31, 2010

Date of Liquidation - March 25, 1992

	Current Quarter <u>Jan. 1 - March 31, 2010</u>	Liquidation Period to Date <u>03/25/92-3/31/10</u>
<u>RECEIPTS</u>		
Marshaling of Estate Assets:		
(1) Premium Receipts		
(2) Rental Receipts	\$0	\$36,623
(3) Mortgages Receivable:		
(a) Principle	\$0	\$1,895,540
(b) Interest		
(4) Policy Loan Receipts:		
(a) Principle		
(b) Interest		
(5) Proceeds from Sales:		
(a) Real Estate	\$0	\$8,758,079
(b) PP&E	\$0	\$490,237
(6) Reinsurance Recoveries	\$26,365	\$80,068,734
(7) Agents Balances Received	\$0	\$235,672
(8) Collection of Affiliate Receivables	\$0	\$3,172,330
(9) Salvage and Subrogation Recoveries	\$0	\$1,204,866
(10) Recovery of Taxes previously Paid	\$0	\$0
(11) Other Receipts	\$0	\$16,078,977
(12) Receipts before Investment Activities	<u>\$26,365</u>	<u>\$111,941,058</u>
(13) Interest and Dividend Receipts	\$536	\$29,487,258
(14) Proceeds from Sales and Maturities of:		
(a) Short-Term Investments		
(b) Bonds	\$0	\$217,976,904
(c) Stocks	\$0	\$34,534
(15) Receipts from Investment Activities	<u>\$536</u>	<u>\$247,498,696</u>
(16) Total Cash Receipts	<u><u>\$26,901</u></u>	<u><u>\$359,439,754</u></u>

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SOUTHERN AMERICAN INSURANCE COMPANY IN LIQUIDATION

Statement of Receipts and Disbursements

Three Months Ended March 31, 2010

Date of Liquidation - March 25, 1992

	Current Quarter Jan. 1 - March 31, 2010	Liquidation Period to Date <u>03/25/92-3/31/10</u>
<u>DISBURSEMENTS & DISTRIBUTIONS</u>		
(1) Losses/Benefit Payments	\$0	\$142,933
(2) LAE Payments		
(3) Reinsurance Payments		
(4) Legal Fees	\$2,655	\$10,694,712
(5) Audit/Accounting Fees	\$0	\$1,266,289
(6) Receiver Fees	\$31,219	\$2,799,718
(7) Consulting Fees	\$27,664	\$13,056,289
(8) Salaries	\$0	\$6,586,777
(9) Employee Benefits	\$0	\$516,866
(10) Payroll and Other Taxes	-\$208,294	\$952,269
(11) Rent and Related Expenses	\$12,141	\$1,960,546
(12) Office Expenses	\$5,767	\$1,229,576
(13) Other Disbursements	\$0	\$715,121
	<u>-\$128,848</u>	<u>\$39,921,096</u>
(14) Disbursements		
(15) Distributions:		
(a) Distributions of Assets	-\$25,240 (1)	\$97,835,061 (1)
(b) Early Access Distribution	\$0	\$0
(16) Distributions	<u>-\$25,240</u>	<u>\$97,835,061</u>
(17) Disbursements & Distributions before Investment Activities	<u>-\$154,088</u>	<u>\$137,756,157</u>
(18) Investment Expenses		\$89,463
(19) Purchases of:		
(a) Short-Term Investments		
(b) Bonds	\$0	\$218,493,992
(c) Stocks	\$0	\$14,663
(d) Other Investments	\$0	\$1,541,171
(20) Disbursements for Investment Activities	<u>\$0</u>	<u>\$220,139,289</u>
(21) Total Cash Disbursements & Distributions	<u>-\$154,088</u>	<u>\$357,895,445</u>
(22) Net Increase (Decrease) in Cash	\$180,989	\$1,544,309
(23) Cash at Beginning of Period	<u>\$2,838,564</u>	<u>\$1,475,244</u>
(24) Cash at End of Period	<u><u>\$3,019,553</u></u>	<u><u>\$3,019,553</u></u>

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Note 1: A distribution of 100% was made on all Class 2-Class 5 claims as finally determined.