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SOUTHERN AMERICAN INSURANCE
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
)	SEPTEMBER 30, 2011, AND
)	REQUEST FOR ORDER OF
Respondent.)	APPROVAL
)	
)	Civil No. 920901617
)	
)	Judge Glenn K. Iwasaki

The Court appointed Liquidator of Southern American Insurance Company in Liquidation ("SAIC"), 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 September 30, 2011, 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 September 30, 2011, and the statements of receipts and disbursements are for the period beginning with the date of the Liquidation Order and ending September 30, 2011. 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 third quarter of 2011. 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 third quarter of 2011, SAIC completed the claim determination process on all claims. Distributions to allowed and Court approved claimants from Class 2 through Class 5 were paid at 100% of the allowed and Court approved claim amounts. The Liquidator also previously moved the Court for approval of Class 6 claim determinations, and moved the Court for authorization to make a distribution to Class 6 Claimants. The Court approved the Liquidator' s motion for approval of claims and

authorized a Class 6 claim distribution not to exceed \$2,500,000. An initial Class 6 distribution was completed in the second quarter, 2010 of approximately \$2,140,000. An additional final Class 6 distribution in the amount of about \$260,000, pursuant to the above referenced approved and authorized amount (not to exceed \$2,500,000), was completed during the third quarter, 2011.

2. Prior to the third quarter of 2011 the Liquidator continued to monitor the clearance of payments of the Class 3 claim distributions distributed in prior years. The Class 3 claim distributions that remained unpaid due to un-cashed or returned checks amounted to approximately \$116,000. The Liquidator moved the Court for an Order approving and authorizing the Liquidator to escheat those unclaimed funds to the Utah State Treasurer pursuant to Utah Code Annotated, Section 31A-27-338 (2006). The Court ordered that such unclaimed funds be escheated to the Utah State Treasurer, and the Liquidator forwarded the unclaimed funds to the Utah State Treasurer during the third quarter, 2011.

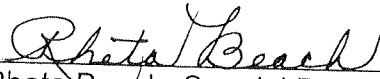
3. During the third quarter of 2011 the Special Deputy Liquidator collected reinsurance in the amount of approximately \$1,600, and another \$300 was collected on an old preferential transfer case.

4. The Liquidator previously moved the Court, and the Court issued an order approving the ongoing destruction of any and all SAIC records not needed for the winding up of the SAIC estate. The Special Deputy Liquidator continued review of all SAIC liquidation estate records to determine the need for retention or destruction of SAIC estate records in preparation for closing of the SAIC liquidation estate, which is anticipated to occur in the third or fourth quarter, 2012.

5. 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.

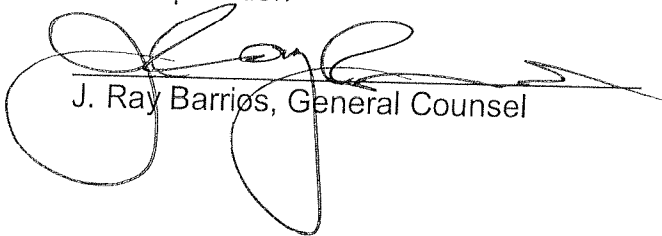
Dated this 4th of November, 2011.

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 September 30, 2011 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 14th day of November, 2011:

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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36 South State Street, Suite 1400
Salt Lake City, Utah 84111

Marialuisa Gallozzi, Esq.
COVINGTON & BURLING, LLP
1201 Pennsylvania Ave. NW
Washington, D.C. 20004-2401

Michael Marchman, Director
Georgia Insurers Insolvency Pool
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
Basking Ridge, New Jersey 07920

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1600 Division Street, Suite 680
Nashville, TN 37203

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Utah Property & Casualty Guaranty Association
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Sandy, Utah 84091-1626

Ms. Jennifer A. Brennan, Esq.
Gilbert, Heintz & Randolph LLP
1100 New York Avenue NW, Suite 700
Washington, D.C. 20009

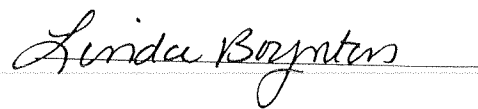
A handwritten signature in cursive script, reading "Linda Boynton", positioned above a horizontal line.

EXHIBIT "A"

SOUTHERN AMERICAN INSURANCE COMPANY IN LIQUIDATION

Balance Sheet
September 30, 2011

Date of Liquidation - March 25, 1992

ASSETS

(1)	Cash and Cash Equivalents		\$229,505
(2)	Short-Term Investments		\$0
(3)	Bonds		\$0
(4)	Stocks		\$0
	(a) Preferred	\$0	
	(b) Common	\$0	
(5)	Mortgage Loans	\$0	\$0
(6)	Real Estate		\$0
(7)	Policy Loans		\$0
(8)	Other Invested Assets		\$0
(9)	Advances to Guaranty Associations		\$0
(10)	Recoverable from Reinsurers		\$0
	(a) Paid Losses	\$0	
	(b) Unpaid Losses	\$0	
(11)	Salvage and Subrogation Recoverables	\$0	\$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		\$0
			\$5,000
	(17) Total Unrestricted Assets		\$234,505
(18)	Restricted Assets		\$0
	(19) Total Assets		\$234,505

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.

SOUTHERN AMERICAN INSURANCE COMPANY IN LIQUIDATION

Balance Sheet
September 30, 2011

Date of Liquidation - March 25, 1992

LIABILITIES

(1)	Secured Claims	
(2)	Class 1	\$0
(3)	Class 2	\$310,000 (1)
(4)	Class 3	\$0 (2)
(5)	Class 4	\$0 (2)
(6)	Class 5	\$0 (2)
(7)	Class 6	\$0 (2)
(8)	Class 7 and 8	\$7,958,733 (3)
(9)	Class 9	\$0
		<hr/>
(10)	Total Liabilities	\$8,268,733
	Claim Determinations Currently Subject to Appeal	\$0
(11)	Excess (Deficiency) of Assets over Liabilities	<hr/> -\$8,034,227
(12)	TOTAL	<hr/> <hr/> \$234,505

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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%.

Note 3: Class 6 claims represents amounts finally approved by the court less a 33.5% distribution.

SOUTHERN AMERICAN INSURANCE COMPANY IN LIQUIDATION

Statement of Receipts and Disbursements
Three Months Ended September 30, 2011

Date of Liquidation - March 25, 1992

<u>RECEIPTS</u>	<u>Current Quarter</u> <u>July 1-Sept 30, 2011</u>	<u>Liquidation</u> <u>Period to Date</u> <u>03/25/92-9/30/11</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	\$1,586	\$80,097,263
(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	\$300	\$16,079,277
(12) Receipts before Investment Activities	\$1,886	\$111,969,887
(13) Interest and Dividend Receipts	\$16	\$29,487,851
(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	\$16	\$247,499,289
(16) Total Cash Receipts	\$1,902	\$359,469,176

Note: This report utilizes the reporting format for Receiverships established by the National Association of Insurance Commissioners.

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SOUTHERN AMERICAN INSURANCE COMPANY IN LIQUIDATION

Statement of Receipts and Disbursements

Three Months Ended September 30, 2011

Date of Liquidation - March 25, 1992

	Current Quarter July 1-Sept 30, 2011	Liquidation Period to Date 03/25/92-9/30/11
<u>DISBURSEMENTS & DISTRIBUTIONS</u>		
(1) Losses/Benefit Payments	\$0	\$142,933
(2) LAE Payments		
(3) Reinsurance Payments		
(4) Legal Fees	\$2,404	\$10,714,142
(5) Audit/Accounting Fees	\$0	\$1,266,289
(6) Receiver Fees	\$27,304	\$2,975,342
(7) Consulting Fees	\$11,899	\$13,189,920
(8) Salaries	\$0	\$6,586,777
(9) Employee Benefits	\$0	\$516,866
(10) Payroll and Other Taxes	\$0	\$860,149
(11) Rent and Related Expenses	\$9,373	\$2,021,020
(12) Office Expenses	\$4,891	\$1,255,109
(13) Other Disbursements	\$0	\$715,121
(14) Disbursements	<u>\$55,871</u>	<u>\$40,243,668</u>
(15) Distributions:		
(a) Distributions of Assets	\$349,967 (1)	\$100,331,959 (1)
(b) Early Access Distribution	\$0	\$0
(16) Distributions	<u>\$349,967</u>	<u>\$100,331,959</u>
(17) Disbursements & Distributions before Investment Activities	<u>\$405,838</u>	<u>\$140,575,627</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>\$405,838</u>	<u>\$360,714,915</u>
(22) Net Increase (Decrease) in Cash	-\$403,936	-\$1,245,739
(23) Cash at Beginning of Period	<u>\$633,441</u>	<u>\$1,475,244</u>
(24) Cash at End of Period	<u>\$229,505</u>	<u>\$229,505</u>

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Note 1: A distribution of 100% was made on all Class 2-Class 5 claims as finally determined.
A distribution of 33.5% was made on all Class 6 claims as finally determined.