

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company in Liquidation**  
**Statement of Affairs**  
**As of December 31, 2015**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Pooled Cash Due from the Admin Fund	\$5,465,632.80
Accrued Interest Receivable	5,145.63
Advance to Guaranty Associations	<u>68,194,147.43</u>
Total Assets	<u><u>\$73,664,925.86</u></u>
<b>LIABILITIES</b>	
Administrative Claims (Class 1)	
- Guaranty Associations	9,799,568.82
Loss Claims (Class 2)	
- Guaranty Associations	35,609,126.90
- Other	44,577.53
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	34,245,281.28
- Other	5,104,020.34
Federal Government Claims (Class 4)	1,596.74
Employee Claims (Class 5)	19,008.07
General Creditor Claims (Class 6)	
- Other	6,062,632.71
State & Local Government Claims (Class 7)	10,758.00
Late Filed Claims (Class 8)	2,175,261.02
Shareholder Claims	<u>3,317,027.42</u>
Total Liabilities	<u>\$96,388,858.83</u>
<b>EQUITY</b>	
Contributed Equity - State of Florida	145,676.52
Estate Equity	<u>(22,869,609.49)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$22,723,932.97)</u>
Total Liabilities and Equity	<u><u>\$73,664,925.86</u></u>

The accompanying notes & schedules are an integral part of these financial statements  
**UNAUDITED**

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company in Liquidation**  
**Statement of Cash Receipts and Disbursements**  
**From the Date of Liquidation through December 31, 2015**

	Fiscal Year to Date	Since Date of Liquidation
<b>CASH RECEIPTS</b>		
Premium Collections	\$0.00	\$20,550.69
Agents' Balances Recoveries	2,000.00	1,970,778.43
Subrogation and Salvage Recoveries	3,477.80	54,011.40
Tax Recoveries	0.00	3,930,260.65
Other Collections / Recoveries	8,702.84	1,586,469.15
Sale of Personal Property Inventory	0.00	72,362.60
Sale of Real Property Inventory	0.00	2,485,000.00
Rental Income	0.00	79,495.00
Sale of Other Assets	0.00	140.00
Receipts Before Investment Activities	14,180.64	10,199,067.92
Interest and Dividend Receipts	37,696.14	2,447,758.75
Sale of Short Term Investment	0.00	52,946,750.97
Receipts From Investment Activities	37,696.14	55,394,509.72
<b>Total Cash Receipts</b>	<b>51,876.78</b>	<b>65,593,577.64</b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	48,393.76	1,673,993.35
Salaries and Fringe Benefits	48,519.91	2,282,831.93
Employee Welfare	1,078.14	13,217.08
Travel Expenses	515.80	36,543.25
Admin Expenses	695.08	644,578.84
Equipment and Furniture Expenses	8,980.02	103,172.73
Rent, Building and Equipment	24,923.30	320,568.13
Taxes	0.17	66,285.02
Disbursements	133,106.18	5,141,190.33
Distributions		
Early Access-Guaranty Associations	0.00	68,194,147.43
Total Distributed	0.00	68,194,147.43
Disbursements & Distributions Before Investment Activities	133,106.18	73,335,337.76
Financial Expenses	3,449.90	253,382.50
Disbursements for Investment Activities	3,449.90	253,382.50
<b>Total Cash Disbursements &amp; Distributions</b>	<b>136,556.08</b>	<b>73,588,720.26</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(84,679.30)</b>	<b>(7,995,142.62)</b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	5,550,312.10	9,045,312.14
Adjustments to Beginning Cash	0.00	4,415,463.28
<b>Adjusted Beginning Cash Balance</b>	<b>5,550,312.10</b>	<b>13,460,775.42</b>
<b>Ending Cash Balance</b>	<b>5,465,632.80</b>	<b>5,465,632.80</b>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company**  
**Schedule of Accrued Interest Receivable**  
**For the Six Months Ended December 31, 2015**

**Accrued Interest Receivable**

<b>Description</b>		<b>Balance 7/1/15</b>	<b>Accrued</b>	<b>Received</b>	<b>Balance 12/31/15</b>
State Treasury	SPIA, 4-20-0-010000-00000	4,627.73	34,856.88	(34,338.98)	5,145.63
<b>Totals:</b>		<u>4,627.73</u>	<u>34,856.88</u>	<u>(34,338.98)</u>	<u>5,145.63</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Northern Capital Insurance Company**  
**Schedule of Advance to Guaranty Association**  
**For the Six Months Ended December 31, 2015**

**Advance to Guaranty Association**

<b>Description</b>	<b>Balance 7/1/15</b>	<b>Advanced</b>	<b>Recovered/Adjusted</b>	<b>Balance 12/31/15</b>
Florida Insurance Guaranty Association RP	34,194,147.43	0.00	0.00	34,194,147.43
Florida Insurance Guaranty Association EA	34,000,000.00	0.00	0.00	34,000,000.00
Totals:	68,194,147.43	0.00	0.00	68,194,147.43

# Florida Department of Financial Services, Division of Rehabilitation and Liquidation

## Northern Capital Insurance Co. in Liquidation Notes to Financial Statements

Dated December 31, 2015

1. **Estate Information.** Northern Capital Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on May 1, 2010.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on a modified cash basis of accounting using a fiscal year of July 1, 2015 through June 30, 2016. The assets are stated at their estimated realizable values, while the liabilities are stated at their gross filed amounts and are periodically adjusted as evaluated, adjudicated and/or paid. Interest is accrued and reinsurance receivables are only posted when billed to reinsurers. In addition, the statements do not provide accruals for all future administrative expenses to liquidate the estate or costs to pursue or litigate claims against others.
3. **Unaudited.** The accompanying financial statements have not been audited by an independent certified public accountant and no opinion is expressed on their compliance with generally accepted accounting principles.
4. **Pooled Investments.** The majority of the invested assets of the estates are combined into two main pooled accounts: the Receiver's operating account held at the Bank of America and the Special Purpose Investment Account held at the State of Florida Treasury. Each estate's share of the pooled investments is presented on the accompanying financial statements as "Pooled Cash Due to/from the Admin Fund".
5. **Advance to Guaranty Association(s).** Represents funds advanced to guaranty associations for the payment of covered claims and expenses. The guaranty association is obligated to promptly return any or all of these funds if the Receiver determines that repayment of claims of equal or superior priority is necessary. The return premium checks that the Receiver allowed to clear post-liquidation are considered early access and an order was entered on October 3, 2013.
6. **Claims.** . Unless otherwise noted, the Statement of Affairs contains claim liabilities by priority class pursuant to 631.271, Florida Statutes. Unless otherwise stated, the claim liabilities reported are gross filed, un-adjudicated, and have not been reduced by any early access payments from the Florida Receiver. Claim liability numbers are based upon the most current available information and documentation provided to the Receiver from both internal and external sources.
  - The First Interim Claims Report was approved on August 8, 2013; Class 2, Class 4, and Class 7 claims were reported. Seven objections were filed; one remain unresolved with an estimated claimed value of \$39,168.98.
  - The Second Interim Claims Report was approved on December 18, 2013; Class 3, Class 5, and Class 6 claims were reported. Sixty objections were filed and resolved.
  - The Third Interim Claims Report was approved on July 24, 2014; Class 2, Class 8 and Class 10 claims were reported. One objection was filed and resolved.
7. **Federal Priority.** Pursuant to 31 U.S.C.A. § 3713, a federal government claim must be paid first, when a debtor to the United States is insolvent. The federal government has taken the position that it is not subject to state insurance liquidation proceeding's claims filing deadlines. To establish finality, shield itself from potential liability, and ultimately discharge the estate, the Receiver requested a federal release from the U.S. Department of Justice (DOJ) on November 16, 2015.
8. **Contributed Equity – State of Florida.** The Receiver will, from time to time, expend public funds to carry out certain duties during the course of liquidating an insurance company. The Division accounts for these expenditures as a contribution of equity by the State.

**Florida Department of Financial Services, Division of Rehabilitation  
and Liquidation**

**Northern Capital Insurance Co. in Liquidation  
Notes to Financial Statements**

**Dated December 31, 2015**

9. **Excess (Deficiency) of Assets over Liabilities.** The excess or (deficiency) represents the estimated realizable value of assets after deducting the current estimate of liabilities. This excess or (deficiency) does not take into consideration any estimates for future administrative costs to liquidate the estate or costs to pursue or litigate claims against others.