

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidations
Statement of Affairs
As of September 30, 2014

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Restricted	\$1,059.19
Pooled Cash Due from the Admin Fund	22,878,985.07
Short Term Investments	31.52
Accrued Interest Receivable	23,339.55
Reinsurance Recoverable	4,500,000.00
Long Term Investments	5,749,022.70
Other Assets	125,127.19
Allowance for Impaired Assets	<u>(773,475.75)</u>
Total Assets	<u><u>\$32,504,089.47</u></u>

LIABILITIES	
Secured Claims	5,946,178.00
Administrative Claims (Class 1)	
- Guaranty Associations	427,059.36
Loss Claims (Class 2)	
- Guaranty Associations	2,743,647.15
Claims Not Prioritized	<u>13,691,744.49</u>
Total Liabilities	<u>\$22,808,629.00</u>

EQUITY	
Contributed Equity - State of Florida	8,469.27
Estate Equity	<u>9,686,991.20</u>
Excess (Deficiency) of Assets over Liabilities	<u>\$9,695,460.47</u>
Total Liabilities and Equity	<u><u>\$32,504,089.47</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through September 30, 2014

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	(\$283,924.07)	\$1,843,697.63
Agents' Balances Recoveries	6,495.48	6,495.48
Subrogation and Salvage Recoveries	11,500.00	11,500.00
Other Collections / Recoveries	3,457,462.95	3,510,149.77
Sale of Personal Property Inventory	2,447,203.04	2,459,928.04
Sale of Other Assets	0.00	10,000,000.00
Receipts Before Investment Activities	5,638,737.40	17,831,770.92
Interest and Dividend Receipts	92,134.43	139,934.88
Sale of Short Term Investment	2,402,426.41	3,109,716.81
Receipts From Investment Activities	2,494,560.84	3,249,651.69
Total Cash Receipts	8,133,298.24	21,081,422.61
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	245,289.78	256,412.58
Salaries and Fringe Benefits	399,530.63	686,237.14
Employee Welfare	2,191.78	2,257.08
Travel Expenses	12,041.15	16,220.04
Admin Expenses	6,861.59	7,467.61
Equipment and Furniture Expenses	29,115.23	30,318.29
Rent, Building and Equipment	4,598.05	18,972.64
Disbursements	699,628.21	1,017,885.38
Disbursements & Distributions Before Investment Activities	699,628.21	1,017,885.38
Financial Expenses	9,342.47	12,329.79
Purchase Short Term Investment	2,444,330.10	2,491,599.54
Disbursements for Investment Activities	2,453,672.57	2,503,929.33
Total Cash Disbursements & Distributions	3,153,300.78	3,521,814.71
Net Increase (Decrease) in Cash	4,979,997.46	17,559,607.90
Beginning Cash Balance:		
Beginning Cash	16,735,530.31	4,155,919.87
Adjustments to Beginning Cash	1,164,516.49	1,164,516.49
Adjusted Beginning Cash Balance	17,900,046.80	5,320,436.36
Ending Cash Balance	22,880,044.26	22,880,044.26

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Cash -Restricted
 For the Three Months Ended September 30, 2014

Cash - Restricted

<u>Description</u>	<u>Balance</u> <u>7/1/14</u>	<u>Deposits</u>	<u>Disbursements</u>	<u>Balance</u> <u>9/30/14</u>
Wells Fargo	117.71	0.00	0.00	117.71
US Bank	941.48	0.00	0.00	941.48
Totals:	<u>1,059.19</u>	<u>0.00</u>	<u>0.00</u>	<u>1,059.19</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Short Term Investments
For the Three Months Ended September 30, 2014

Money Market Accounts

Description	Balance 7/1/14	Transfers In	Transfers Out	Interest/ Dividends	Balance 9/30/14
Wells Fargo Bank - Money Market	2,904.46	2,402,336.41	(2,450,107.50)	44,898.15	31.52
	<u>2,904.46</u>	<u>2,402,336.41</u>	<u>(2,450,107.50)</u>	<u>44,898.15</u>	<u>31.52</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Accrued Interest Receivable
For the Three Months Ended September 30, 2014

Accrued Interest Receivable

Description		Balance 7/1/14	Accrued	Received	Balance 9/30/14
State Treasury	SPIA, 4-20-0-010000-00000	6,427.59	58,772.60	(41,860.64)	23,339.55
Totals:		<u>6,427.59</u>	<u>58,772.60</u>	<u>(41,860.64)</u>	<u>23,339.55</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company
Schedule of Reinsurance Recoverables - Net of Allowance
For Three Months Ended September 30, 2014

Reinsurance Recoverables

Recovery Agen	Balance 07/01/14	Billed	Recovered	Adjustments	Balance 9/30/14
Receiver	4,500,000.00	0.00	0.00	0.00	4,500,000.00
Total	4,500,000.00	0.00	0.00	0.00	4,500,000.00

Allowance Reinsurance

Recovery Agen	Balance 07/01/14	Increases	Decreases	Balance 9/30/14
Receiver	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Reinsurance Recoverables - Net of Allowance
4,500,000.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Long Term Investments
For the Three Months Ended September 30, 2014

Bonds - U.S. Treasury Bonds

Description	Balance 7/1/14	Adjustments	Sales	Balance 9/30/14
Wells Fargo	1,019,093.30	(3,900.40)	(143,050.50)	872,142.40
	<u>1,019,093.30</u>	<u>(3,900.40)</u>	<u>(143,050.50)</u>	<u>872,142.40</u>

Bonds - Other U.S. Government

Description	Balance 7/1/14	Adjustments	Sales	Balance 9/30/14
Wells Fargo	3,009,347.22	(14,415.44)	(1,082,301.88)	1,912,629.90
	<u>3,009,347.22</u>	<u>(14,415.44)</u>	<u>(1,082,301.88)</u>	<u>1,912,629.90</u>

Bonds - Municipal

Description	Balance 7/1/14	Adjustments	Sales	Balance 9/30/14
Wells Fargo	1,019,513.20	(4,025.55)	0.00	1,015,487.65
	<u>1,019,513.20</u>	<u>(4,025.55)</u>	<u>0.00</u>	<u>1,015,487.65</u>

Bonds - Corporation

Description	Balance 7/1/14	Adjustments	Sales	Balance 9/30/14
Wells Fargo	1,260,619.00	(14,212.00)	(71,120.00)	1,175,287.00
	<u>1,260,619.00</u>	<u>(14,212.00)</u>	<u>(71,120.00)</u>	<u>1,175,287.00</u>

Bonds - Other

Description	Balance 7/1/14	Adjustments	Received	Balance 9/30/14
Wells Fargo	1,107,372.40	0.00	(1,107,372.40)	0.00
	<u>1,107,372.40</u>	<u>0.00</u>	<u>(1,107,372.40)</u>	<u>0.00</u>

Stocks - Common

Description	Balance 7/1/14	Adjustments	Received	Balance 9/30/14
Coastal American Insurance Company	773,475.75	0.00	0.00	773,475.75
	<u>773,475.75</u>	<u>0.00</u>	<u>0.00</u>	<u>773,475.75</u>

Total Long Term Investments 5,749,022.70

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Other Assets
For the Three Months Ended September 30, 2014

Statutory Deposits

Description	Maturity Date	Interest Rate	Balance 7/1/14	Adjustments/ Payments	Balance 9/30/14
Florida - Suntrust CD	Collected	0.0%	300,325.66	(300,325.66)	0.00
South Carolina - Suntrust CD	5/9/2015	0.1%	100,100.05	0.00	100,100.05
South Carolina - Suntrust CD	4/22/2015	0.1%	25,027.14	0.00	25,027.14
Totals			425,452.85	(300,325.66)	125,127.19

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Allowance of Impaired Assets
For the Three Months Ended September 30, 2014

Allowance for Impaired Assets

Stocks - Common

<u>Description</u>	<u>Balance</u> <u>7/1/14</u>	<u>Payments</u>	<u>Adjustments</u>	<u>Balance</u> <u>9/30/14</u>
Coastal American Insurance Company	(773,475.75)	0.00	0.00	(773,475.75)
	<u>(773,475.75)</u>	<u>0.00</u>	<u>0.00</u>	<u>(773,475.75)</u>

Total Allowance for Impaired Assets (773,475.75)

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Secured Claim Against the Estate
For the Three Months Ended September 30, 2014

Secured Claims - Other

Description	Balance 7/1/14	Adjustments	Balance 9/30/14
Heritage Insurance Company	7,000,000.00	(1,053,822.00)	5,946,178.00
Total:	<u>7,000,000.00</u>	<u>(1,053,822.00)</u>	<u>5,946,178.00</u>

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation
Sunshine State Insurance Co. in Liquidation
Notes to Financial Statements**

Dated September 30, 2014

1. **Estate Information.** Sunshine State Insurance Co. was a property and casualty company domiciled in Florida and placed in liquidation on June 3, 2014.
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, 2014 through June 30, 2015. 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. **Statement Format Changes.** On July 1, 2001, the Receiver converted accounting systems, which resulted in the historical accounting data being presented differently in this set of financial statements than the previously prepared statements for this estate. Because the new system uses a more detailed chart-of-accounts and summarizes data into categories different than previously used, the 'Since Date of Liquidation' column of historical data on the 'Statement of Cash Receipts and Disbursements' may not correspond directly to previous statement presentations. Users of this "Liquidation to-date" information should solicit additional information from the Receiver before making assumptions about the data.
5. **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 from the Admin Fund".
6. **Cash – Restricted.** Consists of funds held in Company accounts the use of which is restricted at June 30, 2014. These funds are held at Wells Fargo and US Bank and are restricted due to reinsurance contracts.
7. **Short Term Investments.** The investments are stated at fair value, which approximates market value. Market values are those provided by the depository trust institution or brokerage institution in possession of the securities at the balance sheet date.
8. **Reinsurance.** Reinsurance receivables have resulted from losses that have been paid and billed to the reinsurer(s). The financial statements reflect the gross amount of the billed losses less an allowance for any receivable(s) currently considered to be uncollectible. The receivable amount may include paid losses that are ceded to one or more reinsurance contracts being collected on behalf of the Receiver by an intermediary or the Receiver's staff.
9. **Long Term Investments.** The investments are stated at fair value, which approximates market value. Market values are those provided by the depository trust institution or brokerage institution in possession of the securities at the balance sheet date. SSIC's investment includes bonds and a 25% share of the common stock of Coastal American Ins. Co.
10. **Other Assets.** Represents assets such as statutory deposits, mortgage receivables and prepaid expenses and are based plus any accrued interest. This item consists of the remaining FL and SC statutory deposits held as certificates of deposit at SunTrust Bank.
11. **Allowance for Impaired Assets.** Generally an estimate of uncollectible amounts for certain assets. This allowance represents SSIC's 25% share of common stock in Coastal American Ins. Co.
12. **Secured Claim.** The secured claims represent liabilities for such items as cash bond collateral, amounts for which the ownership is in dispute with other entities, amounts subject to court ordered distribution and other such items. This secured claim represents a portion of the \$10 million transfer of SSIC policies to Heritage Property & Casualty Ins. Co. on 6/13/14, a portion of which is subject to final reconciliations the will be completed by 7/31/15.

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation
Sunshine State Insurance Co. in Liquidation
Notes to Financial Statements**

Dated September 30, 2014

13. **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.
- Claims liabilities are based upon company estimates as of liquidation June 3rd, 2014.
14. **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 will file a federal release request with the U.S. Department of Justice (DOJ).
15. **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.
16. **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.