

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Statement of Affairs
As of June 30, 2015

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$21,679,132.61
Accrued Interest Receivable	18,027.11
Reinsurance Recoverable	4,500,000.00
Long Term Investments	773,475.75
Advance to Guaranty Associations	1,113,906.83
Allowance for Impaired Assets	<u>(773,475.75)</u>
Total Assets	<u><u>\$27,311,066.55</u></u>

LIABILITIES	
Secured Claims	1,000,000.00
Administrative Claims (Class 1)	
- Guaranty Associations	3,275,234.45
Loss Claims (Class 2)	
- Guaranty Associations	12,421,321.05
- Other	398,400.00
Unearned Premium Claims	
under Non-assessable Policies (Class 3)	
- Guaranty Associations	22,040,157.20
- Other	100.00
General Creditor Claims (Class 6)	
- Other	3,476,630.70
State & Local Government Claims (Class 7)	2,565.22
Total Liabilities	<u>\$42,614,408.62</u>

EQUITY	
Contributed Equity - State of Florida	18,560.43
Estate Equity	<u>(15,321,902.50)</u>
Excess (Deficiency) of Assets over Liabilities	<u><u>(\$15,303,342.07)</u></u>
Total Liabilities and Equity	<u><u>\$27,311,066.55</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 June 30, 2015

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	(\$238,066.33)	\$1,889,555.37
Reinsurance Recoveries	422,145.08	422,145.08
Agents' Balances Recoveries	130,596.24	130,596.24
Subrogation and Salvage Recoveries	120,655.96	120,655.96
Other Collections / Recoveries	3,586,163.61	3,638,850.43
Sale of Personal Property Inventory	2,447,203.04	2,459,928.04
Sale of Other Assets	<u>(6,000,000.00)</u>	<u>4,000,000.00</u>
Receipts Before Investment Activities	468,697.60	12,661,731.12
Interest and Dividend Receipts	379,494.07	427,294.52
Sale of Short Term Investment	<u>7,390,567.92</u>	<u>8,097,858.32</u>
Receipts From Investment Activities	<u>7,770,061.99</u>	<u>8,525,152.84</u>
Total Cash Receipts	<u>8,238,759.59</u>	<u>21,186,883.96</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	796,304.90	807,427.70
Salaries and Fringe Benefits	1,106,300.46	1,393,006.97
Employee Welfare	3,121.96	3,187.26
Travel Expenses	12,947.64	17,126.53
Admin Expenses	14,419.81	15,025.83
Equipment and Furniture Expenses	31,108.39	32,311.45
Rent, Building and Equipment	18,870.33	33,244.92
Taxes	<u>15.61</u>	<u>15.61</u>
Disbursements	1,983,089.10	2,301,346.27
Disbursements & Distributions Before Investment Activities	1,983,089.10	2,301,346.27
Financial Expenses	31,313.10	34,300.42
Purchase Short Term Investment	<u>2,444,330.10</u>	<u>2,491,599.54</u>
Disbursements for Investment Activities	<u>2,475,643.20</u>	<u>2,525,899.96</u>
Total Cash Disbursements & Distributions	<u>4,458,732.30</u>	<u>4,827,246.23</u>
Net Increase (Decrease) In Cash	<u>3,780,027.29</u>	<u>16,359,637.73</u>
Beginning Cash Balance:		
Beginning Cash	16,735,530.31	4,155,919.87
Adjustments to Beginning Cash	<u>1,163,575.01</u>	<u>1,163,575.01</u>
Adjusted Beginning Cash Balance	<u>17,899,105.32</u>	<u>5,319,494.88</u>
Ending Cash Balance	<u>21,679,132.61</u>	<u>21,679,132.61</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Accrued Interest Receivable
For the Twelve Months Ended June 30, 2015

Accrued Interest Receivable

Description		Balance 7/1/14	Accrued	Received	Balance 6/30/15
State Treasury	SPIA, 4-20-0-010000-00000	6,427.59	317,762.74	(306,163.22)	18,027.11
Totals:		<u>6,427.59</u>	<u>317,762.74</u>	<u>(306,163.22)</u>	<u>18,027.11</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company
Schedule of Reinsurance Recoverables - Net of Allowance
For Twelve Months Ended June 30, 2015

Reinsurance Recoverables

Recovery Agen	Balance 07/01/14	Billed	Recovered	Adjustments	Balance 06/30/15
Receiver	4,500,000.00	422,145.08	(422,145.08)	0.00	4,500,000.00
Total	4,500,000.00	422,145.08	(422,145.08)	0.00	4,500,000.00

Allowance Reinsurance

Recovery Agen	Balance 07/01/14	Increases	Decreases	Balance 06/30/15
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 Twelve Months Ended June 30, 2015

Stocks - Common

<u>Description</u>	<u>Balance 7/1/14</u>	<u>Adjustments</u>	<u>Received</u>	<u>Balance 6/30/15</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 Long Term Investments				<u><u>773,475.75</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Advance To Guaranty Association
For the Twelve Months Ended June 30, 2015

Advance To Guaranty Association

Description	Balance 7/1/14	Advanced	Recovered	Balance 6/30/15
Florida Insurance Guaranty Association	0.00	1,113,906.83	0.00	1,113,906.83
Totals:	0.00	1,113,906.83	0.00	1,113,906.83

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Allowance of Impaired Assets
For the Twelve Months Ended June 30, 2015

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>6/30/15</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 Twelve Months Ended June 30, 2015

Secured Claims - Other

<u>Description</u>	<u>Balance</u> <u>7/1/14</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/15</u>
Heritage Insurance Company	7,000,000.00	(6,000,000.00)	1,000,000.00
Total:	<u>7,000,000.00</u>	<u>(6,000,000.00)</u>	<u>1,000,000.00</u>

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
Sunshine State Insurance Co. in Liquidation
Notes to Financial Statements
Dated June 30, 2015

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. **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".
5. **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.
6. **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.
7. **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.
8. **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.
9. **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 deposit of \$10 million by Heritage Property & Casualty Ins. Co. for policy acquisition and transition on 6/13/14, a portion of which is subject to final reconciliations that will be completed by 7/31/15.
10. **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.
 - Proof of claim forms were mailed and the claim-filing deadline was June 3, 2015
 - The First Interim Claims Report was approved on March 13, 2015. One Class 2 claim was reported to Court and no objection was filed.
11. **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).

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation
Sunshine State Insurance Co. in Liquidation
Notes to Financial Statements
Dated June 30, 2015**

12. **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.
13. **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.