

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Statement of Affairs
As of June 30, 2016

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash Due from the Admin Fund	\$12,652,802.73
Accrued Interest Receivable	17,792.84
Reinsurance Recoverable	1,732,173.37
Advance to Guaranty Associations	<u>21,113,906.83</u>
Total Assets	<u><u>\$35,516,675.77</u></u>

LIABILITIES	
Administrative Claims (Class 1)	
- Guaranty Associations	4,622,690.36
Loss Claims (Class 2)	
- Guaranty Associations	13,131,093.61
- Other	15,400.00
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	23,328,676.56
- Other	152,200.00
Federal Government Claims (Class 4)	1.00
General Creditor Claims (Class 6)	
- Other	8,225,120.63
State & Local Government Claims (Class 7)	2,565.22
Late Filed Claims (Class 8)	900.00
Shareholder Claims	<u>206,464.00</u>
Total Liabilities	<u>\$49,685,111.38</u>

EQUITY	
Contributed Equity - State of Florida	28,336.53
Estate Equity	<u>(14,196,772.14)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$14,168,435.61)</u>
Total Liabilities and Equity	<u><u>\$35,516,675.77</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, 2016

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$0.00	\$1,889,555.37
Reinsurance Recoveries	11,020,048.37	11,442,193.45
Agents' Balances Recoveries	2,792.52	133,388.76
Subrogation and Salvage Recoveries	80,866.46	201,522.42
Tax Recoveries	297,802.00	297,802.00
Other Collections / Recoveries	4,011.19	3,642,861.62
Sale of Personal Property Inventory	0.00	2,459,928.04
Sale of Other Assets	(318,580.38)	3,681,419.62
Receipts Before Investment Activities	11,086,940.16	23,748,671.28
Interest and Dividend Receipts	317,607.82	744,902.34
Sale of Short Term Investment	0.00	8,097,858.32
Sale of Long Term Investment	500,000.00	500,000.00
Receipts From Investment Activities	817,607.82	9,342,760.66
Total Cash Receipts	11,904,547.98	33,091,431.94
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	347,162.38	1,154,590.08
Salaries and Fringe Benefits	515,039.96	1,908,046.93
Employee Welfare	1,174.36	4,361.62
Travel Expenses	405.53	17,532.06
Admin Expenses	1,908.50	16,934.33
Equipment and Furniture Expenses	11,129.47	43,440.92
Rent, Building and Equipment	27,508.58	60,753.50
Taxes	0.07	15.68
Disbursements	904,328.85	3,205,675.12
Distributions		
Claims-Other	750.00	750.00
Early Access-Guaranty Associations	20,000,000.00	20,000,000.00
Total Distributed	20,000,750.00	20,000,750.00
Disbursements & Distributions Before Investment Activities	20,905,078.85	23,206,425.12
Financial Expenses	25,799.01	60,099.43
Purchase Short Term Investment	0.00	2,491,599.54
Disbursements for Investment Activities	25,799.01	2,551,698.97
Total Cash Disbursements & Distributions	20,930,877.86	25,758,124.09
Net Increase (Decrease) in Cash	(9,026,329.88)	7,333,307.85
Beginning Cash Balance:		
Beginning Cash	21,679,132.61	4,155,919.87
Adjustments to Beginning Cash	0.00	1,163,575.01
Adjusted Beginning Cash Balance	21,679,132.61	5,319,494.88
Ending Cash Balance	12,652,802.73	12,652,802.73

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, 2016

Accrued Interest Receivable

Description		Balance 7/1/15	Accrued	Received	Balance 6/30/16
State Treasury	SPIA, 4-20-0-010000-00000	18,027.11	312,271.56	(312,505.83)	17,792.84
Totals:		<u>18,027.11</u>	<u>312,271.56</u>	<u>(312,505.83)</u>	<u>17,792.84</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, 2016

Reinsurance Recoverables

Recovery Agen	Balance 7/1/2015	Billed	Recovered	Adjustments	Balance 6/30/16
Receiver	1,367,032.79	1,732,173.37	(1,367,032.79)	0.00	1,732,173.37
Total	1,367,032.79	1,732,173.37	(1,367,032.79)	0.00	1,732,173.37

Allowance Reinsurance

Recovery Agen	Balance 7/1/2015	Increases	Decreases	Balance 6/30/16
Receiver	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Reinsurance Recoverables - Net of Allowance 1,732,173.37

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, 2016

Advance To Guaranty Association

Description	Balance 7/1/15	Advanced	Recovered	Balance 6/30/16
Florida Insurance Guaranty Association (company checks allowed to clear post-liquidation)	1,113,906.83	0.00	0.00	1,113,906.83
Florida Insurance Guaranty Association	0.00	20,000,000.00	0.00	20,000,000.00
Totals:	1,113,906.83	20,000,000.00	0.00	21,113,906.83

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

Sunshine State Insurance Co. in Liquidation Notes to Financial Statements

Dated June 30, 2016

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, 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 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. **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. This item includes checks that the Receiver allowed to clear post-liquidation in the amount of \$1,113,906.83 that were court approved as early access by order entered May 21, 2015.
7. **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.
8. **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).
9. **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.
10. **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.