

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

**Estimated
Realizable
Value**

ASSETS

Pooled Cash in SPIA Due from the Admin Fund	\$14,376,254.67
Accrued Interest Receivable	18,736.17
Reinsurance Recoverable	1,629,653.87
Fixed Assets	300.00
Advance to Guaranty Associations	<u>21,113,906.83</u>
Total Assets	<u><u>\$37,138,851.54</u></u>

LIABILITIES

Administrative Claims (Class 1)	
- Guaranty Associations	6,843,573.79
Loss Claims (Class 2)	
- Guaranty Associations	13,004,504.88
- Other	15,400.00
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	23,332,692.20
- Other	152,200.00
Federal Government Claims (Class 4)	1.00
General Creditor Claims (Class 6)	
- Other	8,223,514.23
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>\$51,781,815.32</u>

EQUITY

Contributed Equity - State of Florida	29,569.24
Estate Equity	<u>(14,672,533.02)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$14,642,963.78)</u>
Total Liabilities and Equity	<u><u>\$37,138,851.54</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, 2016

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$0.00	\$1,889,555.37
Reinsurance Recoveries	1,732,173.37	13,174,366.82
Agents' Balances Recoveries	0.00	133,388.76
Subrogation and Salvage Recoveries	55,824.13	257,346.55
Tax Recoveries	0.00	297,802.00
Other Collections / Recoveries	566.92	3,643,428.54
Sale of Personal Property Inventory	0.00	2,459,928.04
Sale of Other Assets	0.00	3,681,419.62
Receipts Before Investment Activities	1,788,564.42	25,537,235.70
Interest and Dividend Receipts	69,547.65	814,449.99
Sale of Short Term Investment	0.00	8,097,858.32
Sale of Long Term Investment	0.00	500,000.00
Receipts From Investment Activities	69,547.65	9,412,308.31
Total Cash Receipts	1,858,112.07	34,949,544.01
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	27,931.43	1,182,521.51
Salaries and Fringe Benefits	87,191.41	1,995,238.34
Employee Welfare	479.49	4,841.11
Travel Expenses	89.03	17,621.09
Admin Expenses	294.64	17,228.97
Equipment and Furniture Expenses	6,546.35	49,987.27
Rent, Building and Equipment	7,768.69	68,522.19
Taxes	0.00	15.68
Disbursements	130,301.04	3,335,976.16
Distributions		
Claims-Other	0.00	750.00
Early Access-Guaranty Associations	0.00	20,000,000.00
Total Distributed	0.00	20,000,750.00
Disbursements & Distributions Before Investment Activities	130,301.04	23,336,726.16
Financial Expenses	4,359.09	64,458.52
Purchase Short Term Investment	0.00	2,491,599.54
Disbursements for Investment Activities	4,359.09	2,556,058.06
Total Cash Disbursements & Distributions	134,660.13	25,892,784.22
Net Increase (Decrease) in Cash	1,723,451.94	9,056,759.79
Beginning Cash Balance:		
Beginning Cash	12,652,802.73	4,155,919.87
Adjustments to Beginning Cash	0.00	1,163,575.01
Adjusted Beginning Cash Balance	12,652,802.73	5,319,494.88
Ending Cash Balance	14,376,254.67	14,376,254.67

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, 2016

Accrued Interest Receivable

Description		Balance 7/1/16	Accrued	Received	Balance 9/30/16
State Treasury	SPIA, 4-20-0-010000-00000	17,792.84	67,602.24	(66,658.91)	18,736.17
Totals:		<u>17,792.84</u>	<u>67,602.24</u>	<u>(66,658.91)</u>	<u>18,736.17</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, 2016

Reinsurance Recoverables

Recovery Agent	Balance 7/1/2016	Billed	Recovered	Adjustments	Balance 9/30/16
Receiver	1,732,173.37	1,629,653.87	(1,732,173.37)	0.00	1,629,653.87
Total	<u>1,732,173.37</u>	<u>1,629,653.87</u>	<u>(1,732,173.37)</u>	<u>0.00</u>	<u>1,629,653.87</u>

Allowance Reinsurance

Recovery Agent	Balance 7/1/2016	Increases	Decreases	Balance 9/30/16
Receiver	0.00	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Reinsurance Recoverables - Net of Allowance 1,629,653.87

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Fixed Assets
For the Three Months Ended September 30, 2016

Computer Equipment

Description	Balance 7/1/16	Adjustments	Sold	Balance 9/30/16
Various electronic equipment	0.00	300.00	0.00	300.00
Total:	<u>0.00</u>	<u>300.00</u>	<u>0.00</u>	<u>300.00</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 Three Months Ended September 30, 2016

Advance To Guaranty Association

Description	Balance 7/1/16	Advanced	Recovered	Balance 9/30/16
Florida Insurance Guaranty Association	1,113,906.83	0.00	0.00	1,113,906.83
(company checks allowed to clear post-liquidation)				
Florida Insurance Guaranty Association	20,000,000.00	0.00	0.00	20,000,000.00
Totals:	21,113,906.83	0.00	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 September 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, 2016 through June 30, 2017. 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. **Fixed Assets.** Assets of a durable nature such as buildings, furniture, computer equipment, and machinery. The property in this estate consists of electronic equipment such as computers, servers, phones, etc. and its' estimated value is based on prices of similar equipment from the State of Florida's Public Auction site.
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. 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.
8. **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.
9. **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).
10. **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**

**Sunshine State Insurance Co. in Liquidation
Notes to Financial Statements**

Dated September 30, 2016

11. **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.