

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation**  
**Sunshine State Insurance Company in Liquidation**  
**Statement of Affairs**  
**As of September 30, 2017**

	<u>Estimated Realizable Value</u>
<b>ASSETS</b>	
Pooled Cash in SPIA Due from the Admin Fund	\$8,123,190.23
Accrued Interest Receivable	12,174.46
Reinsurance Recoverable	267,286.32
Fixed Assets	300.00
Advance to Guaranty Associations	28,113,906.83
	28,113,906.83
Total Assets	\$36,516,857.84

<b>LIABILITIES</b>	
Administrative Claims (Class 1)	
- Guaranty Associations	6,174,915.78
Loss Claims (Class 2)	
- Guaranty Associations	11,850,192.69
- Other	269,753.02
Unearned Premium Claims under Non-assessable Policies (Class 3)	
- Guaranty Associations	23,334,657.16
- Other	145,381.97
Federal Government Claims (Class 4)	1.00
General Creditor Claims (Class 6)	
- Other	8,224,234.23
State & Local Government Claims (Class 7)	2,565.22
Late Filed Claims (Class 8)	1,000.00
Surplus Notes/Unearned Premium Claims under Assessable Policies (Class 9)	
- Other	3,000,000.00
Shareholder Claims	206,464.00
	206,464.00
Total Liabilities	\$53,209,165.07

<b>EQUITY</b>	
Contributed Equity - State of Florida	50,032.17
Estate Equity	(16,742,339.40)
	(16,742,339.40)
Excess (Deficiency) of Assets over Liabilities	(\$16,692,307.23)
	(\$16,692,307.23)
Total Liabilities and Equity	\$36,516,857.84

**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, 2017**

	Fiscal Year to Date	Since Date of Liquidation
<b>CASH RECEIPTS</b>		
Premium Collections	\$0.00	\$1,889,555.37
Reinsurance Recoveries	331,329.73	14,371,928.18
Agents' Balances Recoveries	0.00	133,388.76
Subrogation and Salvage Recoveries	14,000.00	446,791.76
Tax Recoveries	0.00	297,802.00
Other Collections / Recoveries	1,669.85	3,646,137.24
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	346,999.58	26,926,950.97
Interest and Dividend Receipts	48,652.78	995,565.39
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	48,652.78	9,593,423.71
<b>Total Cash Receipts</b>	<b>395,652.36</b>	<b>36,520,374.68</b>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Professional Fees and Expenses	71,891.45	1,479,036.55
Salaries and Fringe Benefits	153,359.08	2,459,453.17
Employee Welfare	725.98	6,766.33
Travel Expenses	809.31	21,427.43
Admin Expenses	852.18	19,085.13
Equipment and Furniture Expenses	613.60	51,762.22
Rent, Building and Equipment	15,873.98	107,809.47
Taxes	98.71	225.06
Disbursements	244,224.29	4,145,565.36
Distributions		
Claims-Other	0.00	750.00
Early Access-Guaranty Associations	3,000,000.00	27,000,000.00
Total Distributed	3,000,000.00	27,000,750.00
Disbursements & Distributions Before Investment Activities	3,244,224.29	31,146,315.36
Financial Expenses	3,058.66	78,764.43
Purchase Short Term Investment	0.00	2,491,599.54
Disbursements for Investment Activities	3,058.66	2,570,363.97
<b>Total Cash Disbursements &amp; Distributions</b>	<b>3,247,282.95</b>	<b>33,716,679.33</b>
<b>Net Increase (Decrease) in Cash</b>	<b>(2,851,630.59)</b>	<b>2,803,695.35</b>
<b>Beginning Cash Balance:</b>		
Beginning Cash	10,974,820.82	4,155,919.87
Adjustments to Beginning Cash	0.00	1,163,575.01
<b>Adjusted Beginning Cash Balance</b>	<b>10,974,820.82</b>	<b>5,319,494.88</b>
<b>Ending Cash Balance</b>	<b>8,123,190.23</b>	<b>8,123,190.23</b>

**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, 2017**

**Accrued Interest Receivable**

<u>Description</u>		<u>Balance 7/1/17</u>	<u>Accrued</u>	<u>Received</u>	<u>Balance 9/30/17</u>
State Treasury	SPIA, 4-20-0-010000-00000	12,654.87	45,046.94	(45,527.35)	12,174.46
Totals:		<u>12,654.87</u>	<u>45,046.94</u>	<u>(45,527.35)</u>	<u>12,174.46</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, 2017**

**Reinsurance Recoverables**

<b>Recovery Agent</b>	<b>Balance 7/1/2017</b>	<b>Billed</b>	<b>Recovered</b>	<b>Adjustments</b>	<b>Balance 09/30/2017</b>
Receiver	267,286.32	331,329.73	(331,329.73)	0.00	267,286.32
Total	<u>267,286.32</u>	<u>331,329.73</u>	<u>(331,329.73)</u>	<u>0.00</u>	<u>267,286.32</u>

**Allowance Reinsurance**

<b>Recovery Agent</b>	<b>Balance 7/1/2017</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 09/30/2017</b>
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**

**267,286.32**

**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, 2017**

**Computer Equipment**

<b>Description</b>	<b>Balance 7/1/17</b>	<b>Adjustments</b>	<b>Sold</b>	<b>Balance 9/30/17</b>
Various electronic equipment	300.00	0.00	0.00	300.00
Total:	<u>300.00</u>	<u>0.00</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, 2017

**Advance To Guaranty Association**

<b>Description</b>	<b>Balance 7/1/17</b>	<b>Advanced</b>	<b>Recovered</b>	<b>Balance 9/30/17</b>
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	24,000,000.00	3,000,000.00	0.00	27,000,000.00
Totals:	<u>25,113,906.83</u>	<u>3,000,000.00</u>	<u>0.00</u>	<u>28,113,906.83</u>

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

**Dated September 30, 2017**

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, 2017 through June 30, 2018. 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 Wells Fargo 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.
  - The Second Interim Claims Report was approved on July 31, 2017. Claims in Class 2 and Class 3 were reported to Court. The deadline to file an objection is October 16, 2017. One objection was filed and resolved.
9. **Interest Distributions.** For companies placed into receivership on or after July 1, 2012, Section 631.271, Florida Statutes authorizes the payment of interest on claims in Classes 1-9 prior to making any payment on shareholder claims.
10. **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).

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

**Dated September 30, 2017**

11. **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.
12. **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.