Florida Department of Financial Services, Division of Rehabilitation and Liquidation

Sunshine State Insurance Company in Liquidation

Statement of Affairs

12/31/2021

	Estimated Realizable Value
ASSETS	
Pooled Cash in SPIA Due from the Admin Fund	$2,171,978.40
Accrued Interest Receivable	1,425.43
Reinsurance Recoverable	32,286.32
Fixed Assets	300.00
Advance to Guaranty Associations	40,413,906.83
Total Assets	$42,619,896.98
LIABILITIES	
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	5,534,999.66
Class 2 Loss Claims	
Class 2 - Guaranty Associations	11,649,036.81
Class 2 - Other	269,753.02
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	23,334,657.16
Class 3 - Other	145,281.97
Class 6 General Creditor Claims	
Class 6 - Other	505,066.91
Class 7 State & Local Government Claims	2,565.22
Class 8 Late Filed Claims	600.00
Class 9 Surplus Notes/Unearned Premium Claims under Assessable Policies	
Class 9 - Other	3,000,000.00
Total Liabilities	$44,441,960.75
EQUITY	
Contributed Equity - State of Florida	419,320.98
Estate Equity	(2,241,384.75)
Excess (Deficiency) of Assets over Liabilities	($1,822,063.77)
Total Liabilities and Equity	$42,619,896.98

The accompanying notes & schedules are an integral part of these financial statements

UNAUDITED

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 12/31/2021

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	$0.00	$1,889,555.37
Reinsurance Recoveries	0.00	14,648,606.47
Agents' Balances Recoveries	0.00	133,388.76
Subrogation and Salvage Recoveries	0.00	585,553.06
Litigation Recoveries	0.00	6,150,000.00
Tax Recoveries	0.00	297,802.00
Other Collections / Recoveries	15,429.09	3,839,468.80
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	15,429.09	33,685,722.12
Interest and Dividend Receipts	22,958.07	1,896,151.19
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	22,958.07	10,494,009.51
Total Cash Receipts	38,387.16	44,179,731.63
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	3,358.99	1,980,007.26
Salaries and Fringe Benefits	27,947.30	2,895,381.52
Employee Welfare	977.85	30,033.20
Travel Expenses	0.00	27,139.06
Admin Expenses	492.42	39,135.78
Equipment and Furniture Expenses	6,943.15	132,978.35
Rent, Building and Equipment	3,302.42	304,545.34
Taxes	0.00	1,268.67
Disbursements	43,022.13	5,410,489.18
Distributions		
Administrative Claims (Class 1)	0.00	0.00
Loss Claims (Class 2)	0.00	0.00
Unearned Premium-Non-Assessable Policies Claims (Class 3)	0.00	0.00
Federal Government Claims (Class 4)	0.00	0.00
General Creditors Claims (Class 6)	0.00	0.00
Government Claims (Class 7)	0.00	0.00
Late Filed Claims (Class 8)	0.00	0.00
Surplus Notes/Unearned Premium-Assessable Policies Claims (Class 9)	0.00	0.00
Shareholder Claims	0.00	0.00
Claims-Other	0.00	0.00
Early Access-Guaranty Associations	6,300,000.00	39,300,000.00
Total Distributed	6,300,000.00	39,300,000.00
Disbursements & Distributions Before Investment Activities	6,343,022.13	44,710,489.18
Financial Expenses	2,129.36	125,159.39
Purchase Short Term Investment	0.00	2,491,599.54
Disbursements for Investment Activities	2,129.36	2,616,758.93
Total Cash Disbursements & Distributions	**6,345,151.49**	**47,327,248.11**
Net Increase (Decrease) in Cash	**(6,306,764.33)**	**(3,147,516.48)**
Beginning Cash Balance:		
Beginning Cash	8,478,742.73	4,155,919.87

The accompanying notes & schedules are an integral part of these financial statements

UNAUDITED

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 12/31/2021

	Fiscal Year to Date	Since Date of Liquidation
Adjustments to Beginning Cash	0.00	1,163,575.01
Adjusted Beginning Cash Balance	**8,478,742.73**	**5,319,494.88**
Ending Cash Balance	**2,171,978.40**	**2,171,978.40**

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UNAUDITED

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Accrued Interest Receivable
For the Six Months Ended December 31, 2021

Accrued Interest Receivable

Description		Balance 7/1/21	Accrued	Received	Balance 12/31/21
State Treasury	SPIA, 4-20-0-010000-00000	7,068.06	16,337.20	(21,979.83)	1,425.43
	Totals:	7,068.06	16,337.20	(21,979.83)	1,425.43

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company
Schedule of Reinsurance Recoverables - Net of Allowance
For Six Months Ended December 31, 2021

Reinsurance Recoverables

Recovery Agent	Balance 7/1/21	Billed	Recovered	Adjustments	Balance 12/31/21
Receiver	32,286.32	0.00	0.00	0.00	32,286.32
Total	32,286.32	0.00	0.00	0.00	32,286.32

Allowance Reinsurance

Recovery Agent	Balance 7/1/21	Increases	Decreases	Balance 12/31/2021
Receiver	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Reinsurance Recoverables - Net of Allowance	**32,286.32**

The accompanying notes & schedules are an integral part of these financial statements

UNAUDITED

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Fixed Assets
For the Six Months Ended December 31, 2021

Computer Equipment

Description	Balance 7/1/21	Adjustments	Sold	Balance 12/31/21
Various electronic equipment	300.00	0.00	0.00	300.00
Totals	300.00	0.00	0.00	300.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Company in Liquidation
Schedule of Advance To Guaranty Association
For the Six Months Ended December 31, 2021

Advance To Guaranty Association

Description	Balance 7/1/21	Advanced	Recovered	Balance 12/31/21
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	33,000,000.00	6,300,000.00	0.00	39,300,000.00
Totals:	34,113,906.83	6,300,000.00	0.00	40,413,906.83

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Sunshine State Insurance Co. in Liquidation
Notes to Financial Statements
Dated December 31, 2021

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, 2021 through June 30, 2022. 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.

    - 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 was October 16, 2017. Three objections were filed and resolved.
    - The Third Interim Claims report was approved on September 16, 2020. Remaining Claims in Class 2 through 11 were reported to Court. One objection was filled 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. At this time, the Receiver does not anticipate having sufficient assets in this estate to pay all claims for Classes 1-9. Accordingly, this statement does not reflect an interest reserve for Classes 1-9 allowed claims.

10. **Federal Priority.** The federal government has taken the position that 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

also taken the position that it is not subject to state insurance liquidation claim's proceedings deadlines. To establish finality, shield itself from potential liability, and ultimately discharge the estate, the Receiver will request a federal release from the U.S. Department of Justice.

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.