

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company in Liquidation
Statement of Affairs
As of March 31, 2018

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Company Operating	\$1,881,208.89
SPIA-Restricted	2,675,351.98
Pooled Cash in SPIA Due from the Admin Fund	11,128,829.82
Short Term Investments	5,581.55
Short Term Investments-Restricted	38,114,184.35
Accrued Interest Receivable	12,501.68
Reinsurance Recoverable	365,248.67
Accounts Receivable	21,408,954.89
Allowance - Accounts Receivables	(21,408,954.89)
Marshaled Inventory	2,960,000.00
Long Term Investments	11,700.00
Other Assets	3,422,685.63
Total Assets	<u><u>\$60,577,292.57</u></u>
LIABILITIES	
Secured Claims	508,738.64
Claims Not Prioritized	315,652,230.41
Total Liabilities	<u>\$316,160,969.05</u>
EQUITY	
Contributed Equity - State of Florida Estate Equity	32,952.71 <u>(255,616,629.19)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$255,583,676.48)</u>
Total Liabilities and Equity	<u><u>\$60,577,292.57</u></u>

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through March 31, 2018

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$7,957,632.30	\$7,957,632.30
Reinsurance Recoveries	670,484.41	670,484.41
Subrogation and Salvage Recoveries	1,149,234.88	1,149,234.88
Other Collections / Recoveries	4,065,736.08	4,065,736.08
Mortgage Interest Income	8,875.00	8,875.00
Receipts Before Investment Activities	13,851,962.67	13,851,962.67
Interest and Dividend Receipts	1,038,791.71	1,038,791.71
Sale of Short Term Investment	540.41	540.41
Receipts From Investment Activities	1,039,332.12	1,039,332.12
Total Cash Receipts	14,891,294.79	14,891,294.79
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	888,927.52	888,927.52
Salaries and Fringe Benefits	1,558,226.69	1,558,226.69
Employee Welfare	106.49	106.49
Travel Expenses	46,237.99	46,237.99
Admin Expenses	67,141.28	67,141.28
Equipment and Furniture Expenses	297.40	297.40
Rent, Building and Equipment	63,782.28	63,782.28
Taxes	52,337.85	52,337.85
Disbursements	2,677,057.50	2,677,057.50
Disbursements & Distributions Before Investment Activities	2,677,057.50	2,677,057.50
Financial Expenses	13,348.78	13,348.78
Purchase Short Term Investment	9,141.55	9,141.55
Disbursements for Investment Activities	22,490.33	22,490.33
Total Cash Disbursements & Distributions	2,699,547.83	2,699,547.83
Net Increase (Decrease) in Cash	12,191,746.96	12,191,746.96
Beginning Cash Balance:		
Beginning Cash	0.00	0.00
Adjustments to Beginning Cash	31,028,372.67	31,028,372.67
Cash from New Estates	(27,534,728.94)	(27,534,728.94)
Adjusted Beginning Cash Balance	3,493,643.73	3,493,643.73
Ending Cash Balance	15,685,390.69	15,685,390.69

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Cash - Company
For the Nine Months Ended March 31, 2018

Cash - Company

Description	Balance		Deposits	Checks/Fees	Transfers	Voids/Stop		Balance
	11/27/17	Interest				Pays/Adjustments	3/31/18	
Fifth Third Bank - Premium	4,968,675.98	0.00	8,163,962.35	(421,375.33)	(11,677,031.00)	0.00	1,034,232.00	
Fifth Third - Operating	(8,250.35)	0.00	0.00	0.00	0.00	8,250.35	0.00	
Fifth Third - Premium Refund	(174,895.73)	0.00	0.00	0.00	73,474.00	101,421.73	0.00	
Bank of America - UW	1,290,143.84	3,340.27	411,836.50	(9,102.16)	233,394.36	0.00	1,929,612.81	
Bank of America - Claims	(32,066,663.33)	0.00	0.00	(5,914,290.10)	6,201,710.52	30,696,606.99	(1,082,635.92)	
Bank of America - Operating	(39,524.45)	0.00	0.00	0.00	0.00	39,524.45	0.00	
Bank of America - Premium	(1,544,773.90)	0.00	0.00	0.00	0.00	1,544,773.90	0.00	
Totals:	(27,575,287.94)	3,340.27	8,575,798.85		(5,168,452.12)	32,390,577.42	1,881,208.89	

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of SPIA - Restricted
For the Nine Months Ended March 31, 2018

SPIA - Company Investment

Description		Balance 11/27/18	Adjustments/Deposits	Interest	Trransfers/Distributions	Balance 3/31/18
NCIGF Prefunding	SPIA 42009000	0.00	4,302,546.77	6,680.54	(2,000,000.00)	2,309,227.31
TigerRisk Re	SPIA 42008000	0.00	365,248.69	875.98	0.00	366,124.67
	Total:	0.00	4,667,795.46	7,556.52	(2,000,000.00)	2,675,351.98

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Short Term Investments
 For the Nine Months Ended March 31, 2018

Money Market Accounts

Description		Balance 11/27/17	Adjustments/ Fees	Interest	Distributions	Balance 3/31/18
UBS Financial Services	UBS Select Govt. Capital Fund	5,562.13	0.00	19.42	0.00	5,581.55
Morgan Stanley	MS Active Assets Govt. Trust	6,932.70	(75.00)	13.47	(6,871.17)	0.00
Morgan Stanley	MS Active Assets Govt. Trust	1,357.83	(25.00)	0.06	(1,332.89)	0.00
		13,852.66	(100.00)	32.95	(8,204.06)	5,581.55

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Short Term Investments- Restricted
For the Nine Months Ended March 31, 2018

Investments - Restricted

Description		Balance 11/27/17	Adjustments	Balance 3/31/18
NCCI Inc. Pool Admin. FBO GIC	US Bank	10,024,643.21	(15,846.65)	10,008,796.56
The Peoples Ins. Co. of China/GIC & Victoria Ins. Co. of Canada	US Bank	70,609.34	0.00	70,609.34
IAT Reinsurance Co. Ltd. FBO GIC	US Bank	1,823,090.43	31,031.05	1,854,121.48
Custodial Account under Agreement Dated 12/31/03 with GIC - Pledged to M&T	Wilmington Trust	1,131,063.01	2,166.85	1,133,229.86
GIC/Zurich American Ins. Co. Reinsurance Trust	Wells Fargo	7,296,020.02	11,015.42	7,307,035.44
GIC/Ancora Re Reinsurance Trust	Wells Fargo	581.77	1.24	583.01
GIC/Scottsdale Ins. Co. Reinsurance Trust	Wells Fargo	17,701,950.17	37,858.49	17,739,808.66
		<u>38,047,957.95</u>	<u>66,226.40</u>	<u>38,114,184.35</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Accrued Interest Receivable
For the Nine Months Ended March 31, 2018

Accrued Interest Receivable

Description		Balance 11/27/17	Accrued	Received	Balance 3/31/18
State Treasury	SPIA, 4-20-0-010000-00000	0.00	28,039.69	(15,538.01)	12,501.68
Totals:		0.00	28,039.69	(15,538.01)	12,501.68

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company in Liquidation
Schedule of Reinsurance Recoverables - Net of Allowance
For the Nine Months Ended March 31, 2018

Reinsurance Recoverables

Recovery	Balance 11/27/2017	Billed	Recovered	Adjustments	Balance 03/31/2018
Receiver	0.00	963,279.66	(232,782.28)	(365,248.69)	365,248.69
Total	0.00	963,279.66	(232,782.28)	(365,248.69)	365,248.69

Allowance Reinsurance

Recovery	Balance 11/27/2017	Increases	Decreases	Balance 03/31/2018
Receiver	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Reinsurance Recoverables - Net of Allowance

365,248.69

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Accounts Receivable
For the Nine Months Ended March 31, 2018

Other Collections - Recovery/Receivable

Description	Balance 11/27/17	Adjustments	Payments Received	Balance 3/31/18
Note Receivable - Ancora Re	3,708,954.89	0.00	0.00	3,708,954.89
Note Receivable - Steve Mariano	13,000,000.00	0.00	0.00	13,000,000.00
Note Receivable - Quadra Capital	1,200,000.00	0.00	0.00	1,200,000.00
Note Receivable - Steele Investment Partners	3,000,000.00	0.00	0.00	3,000,000.00
Funds Held Falls Lake National Ins. Co. (fka Stonewood Ins. Co.)	500,000.00	0.00	0.00	500,000.00
Totals:	<u>21,408,954.89</u>	<u>0.00</u>		<u>21,408,954.89</u>

Allowance - Other Receivables

Description	Balance 11/27/17	Adjustments	Payments Received	Balance 3/31/18
Note Receivable - Ancora Re	(3,708,954.89)	0.00	0.00	(3,708,954.89)
Note Receivable - Steve Mariano	(13,000,000.00)	0.00	0.00	(13,000,000.00)
Note Receivable - Quadra Capital	(1,200,000.00)	0.00	0.00	(1,200,000.00)
Note Receivable - Steele Investment Partners	(3,000,000.00)	0.00	0.00	(3,000,000.00)
Funds Held Falls Lake National Ins. Co. (fka Stonewood Ins. Co.)	(500,000.00)	0.00	0.00	(500,000.00)
Totals:	<u>(21,408,954.89)</u>	<u>0.00</u>		<u>(21,408,954.89)</u>

Total Accounts Receivable - Net of Allowances

0.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Marshaled Inventory
For the Nine Months Ended March 31, 2018

Inventory - Real Property

Description	Balance 11/27/17	Adjustments	Sales Proceeds	Balance 3/31/18
Residential Properties Located at: 7500 Peppertree Circle N. in Davie and 404 NE 8th Avenue in Ft. Lauderdale	2,428,856.00	531,144.00	0.00	2,960,000.00
Totals:	<u>2,428,856.00</u>	<u>531,144.00</u>	<u>0.00</u>	<u>2,960,000.00</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Investments
For the Nine Months Ended March 31, 2018

Long Term Investments

Description	Balance 11/27/17	Adjustments	Interest	Balance 3/31/18
Shares of Patriot National Inc. - UBS Financial Services Acct.	54,000.00	(42,300.00)	0.00	11,700.00
Totals:	<u>54,000.00</u>	<u>(42,300.00)</u>	<u>0.00</u>	<u>11,700.00</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Other Assets
For the Nine Months Ended March 31, 2018

Statutory Deposits

Description	Balance 11/27/17	Adjustments	Recovered	Balance 3/31/18
California - Citibank	27,796.44	(8.68)	0.00	27,787.76
Delaware - Wilmington Trust	109,931.80	(103.67)	(109,828.13)	0.00
Florida - US Bank	2,302,196.50	0.00	(2,302,196.50)	0.00
Georgia - US Bank	84,943.96	615.01	(85,521.02)	37.95
Indiana - Bank of New York Mellon	98,422.00	(1,199.00)	0.00	97,223.00
Massachusetts - Conduent	99,348.00	175.08	0.00	99,523.08
Missouri - Central Bank	1,199,549.45	(7,148.80)	0.00	1,192,400.65
Nevada - Bank of New York Mellon (Special Dep)	198,992.00	(1,452.00)	0.00	197,540.00
Nevada - Bank of New York Mellon (Work Comp)	99,496.00	(726.00)	0.00	98,770.00
Capital Surplus Acct. for IN, NV, TN Deposits	336,829.62	230,982.15	(452,514.44)	115,297.33
New Mexico - Century Trust	198,777.39	0.00	0.00	198,777.39
Oregon - US Bank	1,074,671.40	(2,985.93)	0.00	1,071,685.47
South Carolina - US Bank	323,643.00	0.00	0.00	323,643.00
Tennessee - Bank of New York Mellon	120,675.60	(120,675.60)	0.00	0.00
Texas - Texas Treasury	1,997,260.00	2,740.00	(2,000,000.00)	0.00
Idaho - US Bank (1)	245,206.87	396.07	(245,602.94)	0.00
Montana - US Bank (1)	50,030.54	291.46	(50,322.00)	0.00
North Carolina - US Bank (1)	301,583.77	0.00	(301,583.77)	0.00
Totals:	8,869,354.34	100,900.09	(5,547,568.80)	3,422,685.63

(1) These deposits were taken by their respective states and the Receiver will be pursuing early access agreements for them.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Secured Claims
For the Nine Months Ended March 31, 2018

Secured Claims Other Reinsurance

Description	Account	Balance 11/27/17	Received	Interest	Distributions	Balance 3/31/18
TigerRisk Re	State Treasury - SPIA Account	0.00	365,248.69	875.98	0.00	366,124.67
Totals:		0.00	365,248.69	875.98	0.00	366,124.67

Secured Claims Against Estate

Description	Account	Balance 11/27/17	Deposits	Interest	Checks/ Adjustments	Balance 3/31/18
NCIGF Prefund Agreement	State Treasury - SPIA Account	0.00	4,960,866.72	6,680.54	(4,824,933.29)	142,613.97
Totals:		0.00	4,960,866.72	6,680.54	(4,824,933.29)	142,613.97

Funds from NCIGF deposited in separate Special Purpose Investment Accounts pursuant to prefunding agreement and subject to final reconciliation.

Total Secured Claims Against Estate

508,738.64

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation
Guarantee Insurance Co. in Liquidation
Notes to Financial Statements
Dated March 31, 2018**

1. **Estate Information.** Guarantee Ins. Co (GIC) was a property and casualty insurance company that issued workers compensation policies and was domiciled in Florida. It was placed in liquidation on November 27, 2017.
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.** Most 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. **Cash – Company Operating.** These are company accounts balances as of March 31, 2018, that were in control of the Receiver. The company had accounts at Bank of America and Fifth Third Bank.
6. **Special Purpose Investment Account (SPIA) – Restricted.** Represents remaining funds at March 31, 2018 provided through the National Council of Insurance Guaranty Funds (NCIGF) that are tied to a prefunding agreement between the NCIGF and the Receiver dated November 28, 2017. The funds were provided so that the Receiver could continue workers' compensation indemnity and pharmacy benefit payments to claimants on behalf of the respective Guaranty Associations. There are also funds wired to the Receiver by Tiger Risk Re that they have indicated were sent in error to GIC and have requested be returned. These funds will be held separately until their request has been resolved.

Some or all of these funds may ultimately not be available for payment of GIC claims.

7. **Short 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. This investment is a money market account at UBS Financial Services.
8. **Short Term Investments - Restricted.** 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. These investments consist of various accounts at US Bank, Wilmington Trust and Wells Fargo that are restricted pursuant to reinsurance trust and/or pledge agreements that will be resolved as the receivership proceeds.
9. **Reinsurance.** Reinsurance receivables have resulted from losses that have been paid and billed to the reinsurer(s). These receivables have been determined to be collectible and are shown with allowance provisions for uncollectible amounts. The amount may include one or more reinsurance receivables being collected on behalf of the Receiver by an intermediary or the Receiver's staff. This receivable is tied to the funds wired by Tiger Risk referenced in footnote (6) and will be adjusted when the ultimate disposition of the funds is resolved.
10. **Accounts Receivables.** These account receivables consist of various notes entered by GIC with the borrowers listed on the Accounts Receivable schedule and cash collateral held by Falls Lake National Ins. Co. for policy that GIC reinsured on a 50% quota share contract. These receivables are offset by a 100% allowance as the timing and the certainty of their collectability are currently indeterminate.
11. **Allowance – Accounts Receivables.** An estimate of uncollectible amounts for certain assets.
12. **Marshaled Inventory – Real Property.** Assets of a durable nature such as buildings, furniture, computer equipment, and machinery. The property in this estate consists of two residential properties located in Davie, FL and Ft. Lauderdale, FL at their initial appraised values.

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation
Guarantee Insurance Co. in Liquidation
Notes to Financial Statements
Dated March 31, 2018**

13. **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. This investment consists of shares of stock in Patriot National Inc. as valued on the GIC UBS Financial Services account statement at March 31, 2018.
14. **Other Assets.** These assets consist of states' statutory deposits, those that are in control of the Receiver and as noted on the schedule those where the state has taken its deposit.
15. **Secured Claims.** Secured claims represent liabilities for such items as collateral for bonds or LOC's, amounts for which the ownership is in dispute with other entities, amounts subject to court ordered distribution and other such items. These secured claims represent funds that are from the National Council of Insurance Guaranty Funds deposited in a segregated account pursuant to the prefunding agreement and are subject to final reconciliation. Also included are the TigerRisk Re funds that were deposited to a segregated account.
16. **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.
- Claims Not Prioritized are based upon company estimates for total liabilities as of the month ending November 30, 2017 and will be adjusted to specific priority classes as Proof of Claims are filed, evaluated and adjudicated.
 - Claims Not Prioritized estimate does **not** include states' Guaranty Association claims or reserves.
 - The Proof of Claims filing deadline is May 29, 2018.
17. **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.
18. **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).
19. **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.
20. **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.