

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company in Liquidation
Statement of Affairs .
As of September 30, 2018

**Estimated
Realizable
Value**

ASSETS

Cash-Company Operating	\$94,499.15
SPIA-Restricted	369,470.62
Pooled Cash in SPIA Due from the Admin Fund	23,805,835.07
Short Term Investments	3,134.29
Short Term Investments-Restricted	36,050,278.74
Allowance - Short Term Investments	(36,050,278.74)
Accrued Interest Receivable	37,497.05
Reinsurance Recoverable	9,139,676.58
Allowance Reinsurance Recoverable	(9,139,676.58)
Accounts Receivable	21,358,954.89
Allowance - Accounts Receivables	(21,358,954.89)
Marshaled Inventory	1,170,000.00
Long Term Investments	328,188.41
Allowance - Long Term Investments	(6,353.69)
Other Assets	3,396,199.47
Total Assets	\$29,198,470.37

LIABILITIES

Secured Claims	461,727.12
Administrative Claims (Class 1)	
Class 1 - Guaranty Associations	62,085,865.06
Loss Claims (Class 2)	
Class 2 - Guaranty Associations	424,025,331.15
Class 2 - Other	12,716,518.81
Unearned Premium Claims	
under Non-assessable Policies (Class 3)	
Class 3 - Guaranty Associations	1,566,364.86
Class 3 - Other	15,230,947.28
Employee Claims (Class 5)	27,804.05
General Creditor Claims (Class 6)	
Class 6 - Other	285,697,769.53
State & Local Government Claims (Class 7)	553,515.75
Surplus Notes/Unearned Premium Claims	
under Assessable Policies (Class 9)	
Class 9 - Other	28,601,000.00
Shareholder Claims	401,269.39
Total Liabilities	\$831,368,113.00

EQUITY

Contributed Equity - State of Florida	116,415.82
Estate Equity	(802,286,058.45)
Excess (Deficiency) of Assets over Liabilities	(\$802,169,642.63)
Total Liabilities and Equity	\$29,198,470.37

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 September 30, 2018

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$2,104,495.88	\$12,957,878.15
Reinsurance Recoveries	425,588.00	1,096,072.41
Subrogation and Salvage Recoveries	393,839.84	1,856,596.26
Litigation Recoveries	258.99	258.99
Tax Recoveries	326,303.30	738,264.21
Other Collections / Recoveries	1,312,290.08	6,229,901.50
Sale of Personal Property Inventory	504.28	7,966.03
Sale of Real Property Inventory	0.00	1,255,000.00
Mortgage Interest Income	0.00	9,812.50
Receipts Before Investment Activities	4,563,280.37	24,151,750.05
Interest and Dividend Receipts	128,981.06	1,237,857.43
Sale of Short Term Investment	0.00	6,102.54
Receipts From Investment Activities	128,981.06	1,243,959.97
Total Cash Receipts	4,692,261.43	25,395,710.02
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	714,932.41	2,164,696.75
Salaries and Fringe Benefits	731,950.82	2,984,148.22
Employee Welfare	360.38	5,425.38
Travel Expenses	1,516.88	50,072.39
Admin Expenses	58,043.79	167,584.66
Equipment and Furniture Expenses	972.02	3,900.36
Rent, Building and Equipment	14,846.85	108,861.78
Taxes	5.54	68,341.03
Disbursements	1,522,628.69	5,553,030.57
Distributions		
Payments to Other Receivers	0.00	104,864.66
Total Distributed	0.00	104,864.66
Disbursements & Distributions Before Investment Activities	1,522,628.69	5,657,895.23
Financial Expenses	22,088.94	40,948.58
Purchase Short Term Investment	3,126.98	12,268.53
Disbursements for Investment Activities	25,215.92	53,217.11
Total Cash Disbursements & Distributions	1,547,844.61	5,711,112.34
Net Increase (Decrease) in Cash	3,144,416.82	19,684,597.68
Beginning Cash Balance:		
Beginning Cash	21,125,388.02	(27,534,728.94)
Adjustments to Beginning Cash	0.00	32,119,936.10
Adjusted Beginning Cash Balance	21,125,388.02	4,585,207.16
Ending Cash Balance	24,269,804.84	24,269,804.84

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Cash - Company
For the Three Months Ended September 30, 2018

Cash - Company

Description	Balance		Deposits	Checks/Fees	Transfers	Voids/Stop Pays/Adjustments	Balance
	7/1/18	Interest					9/30/18
Fifth Third Bank - Premium	14,705.93	0.00	2,110,433.63	0.00	(2,030,640.41)		94,499.15
Totals:	14,705.93	0.00	2,110,433.63		(2,030,640.41)	0.00	94,499.15

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of SPIA - Restricted
For the Three Months Ended September 30, 2018

SPIA - Restricted

Description		Balance 7/1/18	Adjustments/Deposits	Interest	Transfers/Distributions	Balance 9/30/18
NCIGF Prefunding	SPIA 42009000	131,340.34	0.00	3,142.19	(134,363.28)	119.25
TigerRisk Re	SPIA 42008000	367,612.19	0.00	1,739.18	0.00	369,351.37
Total:		498,952.53	0.00	4,881.37	(134,363.28)	369,470.62

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Short Term Investments
For the Three Months Ended September 30, 2018

Money Market Accounts

Description		Balance 7/1/18	Adjustments/ Fees	Interest	Distributions	Balance 9/30/18
BNY Mellon	Fidelity Investment MMKT Gov	0.00	2,446.51	0.00	0.00	2,446.51
Raymond James	RJ Deposit Program	0.00	0.00	687.78	0.00	687.78
		<u>0.00</u>	<u>2,446.51</u>	<u>687.78</u>	<u>0.00</u>	<u>3,134.29</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Short Term Investments- Restricted
For the Three Months Ended September 30, 2018

Short Term Investments - Restricted

Description		Balance 7/1/18	Adjustments	Balance 9/30/18
NCCI Inc. Pool Admin. FBO GIC	US Bank	10,024,655.14	13,813.74	10,038,468.88
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	1,744,513.09	(49,259.49)	1,695,253.60
GIC/Zurich American Ins. Co. Reinsurance Trust	Wells Fargo	7,215,948.65	(778,907.04)	6,437,041.61
GIC/Ancora Re Reinsurance Trust	Wells Fargo	583.84	1.42	585.26
GIC/Scottsdale Ins. Co. Reinsurance Trust	Wells Fargo	17,765,065.75	43,254.30	17,808,320.05
		<u>36,821,375.81</u>	<u>(771,097.07)</u>	<u>36,050,278.74</u>

Allowance - Short Term Investments - Restricted

Description		Balance 7/1/18	Adjustments	Balance 9/30/18
NCCI Inc. Pool Admin. FBO GIC	US Bank	(10,024,655.14)	(13,813.74)	(10,038,468.88)
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	(1,744,513.09)	49,259.49	(1,695,253.60)
GIC/Zurich American Ins. Co. Reinsurance Trust	Wells Fargo	(7,215,948.65)	778,907.04	(6,437,041.61)
GIC/Ancora Re Reinsurance Trust	Wells Fargo	(583.84)	(1.42)	(585.26)
GIC/Scottsdale Ins. Co. Reinsurance Trust	Wells Fargo	(17,765,065.75)	(43,254.30)	(17,808,320.05)
		<u>(36,821,375.81)</u>	<u>771,097.07</u>	<u>(36,050,278.74)</u>

Total Short Term Investments - Net of Allowances

0.00

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation
 Guarantee Insurance Company
 Schedule of Accrued Interest Receivable
 For the Three Months Ended September 30, 2018**

Accrued Interest Receivable

Description		Balance 7/1/18	Accrued	Received	Balance 9/30/18
State Treasury	SPIA, 4-20-0-010000-00000	24,034.22	110,016.59	(96,553.76)	37,497.05
Totals:		<u>24,034.22</u>	<u>110,016.59</u>	<u>(96,553.76)</u>	<u>37,497.05</u>

**Florida Department of Financial Services, Division of Rehabilitation and Liquidation
 Guarantee Insurance Company in Liquidation
 Schedule of Reinsurance Recoverables - Net of Allowance
 For Three Months Ended September 30, 2018**

Reinsurance Recoverables

Recovery Agent	Balance 7/1/2018	Billed	Recovered	Adjustments	Balance 09/30/2018
Receiver	9,565,264.58	0.00	(425,588.00)	0.00	9,139,676.58
Total	<u>9,565,264.58</u>	<u>0.00</u>	<u>(425,588.00)</u>	<u>0.00</u>	<u>9,139,676.58</u>

Allowance Reinsurance

Recovery Agent	Balance 7/1/2018	Increases	Decreases	Balance 09/30/2018
Receiver	(9,565,264.58)	0.00	425,588.00	(9,139,676.58)
Total	<u>(9,565,264.58)</u>	<u>0.00</u>	<u>0.00</u>	<u>(9,139,676.58)</u>

Reinsurance Recoverables - Net of Allowance

0.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Accounts Receivable
For the Three Months Ended September 30, 2018

Other Collections - Recovery/Receivable

Description	Balance 7/1/18	Adjustments	Payments Received	Balance 9/30/18
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	(450,000.00)	50,000.00
Note Receivable - Tobacco Road	450,000.00	0.00	(450,000.00)	0.00
Weber Forbearance Agreement on Judgment	800,000.00	0.00	(400,000.00)	400,000.00
M&T Bank Cash Collateral on LOC	25,000.00	0.00	(25,000.00)	0.00
Totals:	22,683,954.89	0.00	(1,325,000.00)	21,358,954.89

Allowance - Other Receivables

Description	Balance 7/1/18	Adjustments	Payments Received	Balance 9/30/18
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	450,000.00	(50,000.00)
Note Receivable - Tobacco Road	(450,000.00)	0.00	450,000.00	0.00
Weber Forbearance Agreement on Judgment	(800,000.00)	0.00	400,000.00	(400,000.00)
Totals:	(22,658,954.89)	0.00	1,300,000.00	(21,358,954.89)

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 Three Months Ended September 30, 2018

Inventory - Real Property

Description	Balance 7/1/18	Adjustments	Sales Proceeds	Balance 9/30/18
Residential Property Located at: 404 NE 8th Avenue in Ft. Lauderdale	2,428,856.00	531,144.00	(1,790,000.00)	1,170,000.00
Totals:	<u>2,428,856.00</u>	<u>531,144.00</u>	<u>(1,790,000.00)</u>	<u>1,170,000.00</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Investments
For the Three Months Ended September 30, 2018

Bonds - U.S. Treasury Bonds

Description	Maturity Date	Interest Rate	Balance 7/1/18	Adjustments	Interest	Balance 9/30/18
Raymond James:						
US Treasury Note (Nevada)	11/30/19	1.500%	0.00	197,258.00		197,258.00
US Treasury Note (California)	01/15/19	1.250%	0.00	27,908.72		27,908.72
US Treasury Note (Indiana)	01/31/21	1.375%	0.00	96,668.00		96,668.00
Total:			<u>0.00</u>	<u>321,834.72</u>		<u>321,834.72</u>

Long Term Investments

Description	Balance 7/1/18	Adjustments	Interest	Balance 9/30/18
Shares of Patriot National Inc. - UBS Financial Services Acct.	29,700.00	(29,700.00)	0.00	0.00
Shares of Liquid Holdings Group Inc. - UBS Financial Services Acct.	19,061.07	(12,707.38)	0.00	6,353.69
Totals:	<u>48,761.07</u>	<u>(42,407.38)</u>	0.00	<u>6,353.69</u>

Total Long Term Investments

328,188.41

Allowance - Long Term Investments

Description	Balance 7/1/18	Adjustments	Recoveries	Balance 9/30/18
Shares of Patriot National Inc. - UBS Financial Services Acct.	(29,700.00)	29,700.00	0.00	0.00
Shares of Liquid Holdings Group Inc. - UBS Financial Services Acct.	(19,061.07)	12,707.38	0.00	(6,353.69)
Totals:	<u>(48,761.07)</u>	<u>42,407.38</u>	0.00	<u>(6,353.69)</u>

Total Allowance - Long Term Investments

(6,353.69)

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Other Assets
For the Three Months Ended September 30, 2018

Statutory Deposits

Description	Balance 7/1/18	Adjustments	Recovered	Balance 9/30/18
California - Citibank	27,820.52	0.00	(27,820.52)	0.00
Indiana - Bank of New York Mellon	97,094.00	0.00	(97,094.00)	0.00
Massachusetts - Conduent	99,438.00	236.00	0.00	99,674.00
Missouri - Central Bank	1,192,844.15	3,832.68	0.00	1,196,676.83
Nevada - Bank of New York Mellon (Special Dep)	197,438.00	0.00	(197,438.00)	0.00
Nevada - Bank of New York Mellon (Work Comp)	98,719.00	(90.00)	0	98,629.00
Capital Surplus Acct. for IN, NV, TN Deposits	115,297.33	0.00	(115,297.33)	0.00
New Mexico - Century Trust	92,309.60	(731.12)	0.00	91,578.48
Oregon - US Bank	1,071,685.47	4,710.99	0.00	1,076,396.46
South Carolina - US Bank	323,227.00	3,725.70	0.00	326,952.70
Virginia - Bureau of Insurance	506,292.00	0.00	0.00	506,292.00
Idaho - US Bank (1)	0.00	0.00	0.00	0.00
Montana - US Bank (1)	0.00	0.00	0.00	0.00
North Carolina - Us Bank (1)	0.00	0.00	0.00	0.00
Totals:	3,822,165.07	11,684.25	(437,649.85)	3,396,199.47

(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 Three Months Ended September 30, 2018

Secured Claims - Other Reinsurance

Description	Account	Balance 7/1/18	Received	Interest	Distributions	Balance 9/30/18
TigerRisk Re	State Treasury - SPIA Account	367,612.19	0.00	1,739.18	0.00	369,351.37
Totals:		367,612.19	0.00	1,739.18	0.00	369,351.37

Secured Claims Against Estate

Description	Account	Balance 7/1/18	Deposits	Interest	Checks/ Adjustments	Balance 9/30/18
NCIGF Prefund Agreement	State Treasury - SPIA Account	132,612.06	0.00	0.00	(132,612.06)	0.00
Totals:		132,612.06	0.00	0.00	(132,612.06)	0.00

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

Secured Claims - Large Deductible

Description	Account	Balance 7/1/18	Received	Interest	Distributions	Balance 9/30/18
Dockery Limited Partnership	State Treasury - SPIA Account	92,375.75	0.00	0.00	0.00	92,375.75
Totals:		92,375.75	0.00	0.00	0.00	92,375.75

Total Secured Claims 461,727.12

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation
Guarantee Insurance Co. in Liquidation
Notes to Financial Statements
Dated September 30, 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, 2018 through June 30, 2019. 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.** This asset consists of one account at Fifth Third Bank kept open by the Receiver to allow for collection of premium. The account balance on this statement is as of September 30, 2018.
6. **Special Purpose Investment Account (SPIA) – Restricted.** Represents remaining funds at September 30, 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 it has alleged were sent in error to GIC and have requested be returned. These funds will be held separately until disposition of the funds can be resolved.
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. These investments consist of money market accounts at BONY Mellon and Raymond James
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 and Wells Fargo that are restricted pursuant to reinsurance trust agreements that will be resolved as the receivership proceeds.

The collectability of some of these funds is dependent on factors beyond the control of the Receiver. Some of these funds may ultimately not be collectible or available for payment of GIC claims.
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 owed 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 consists of Captive Reinsurers' Negative Funds Held Balances for which the Receiver is pursuing collection and funds wired by Tiger Risk referenced in footnotes (6) and (15) that will be adjusted when the ultimate disposition of the funds is resolved.

The collectability of some of these funds is dependent on factors beyond the control of the Receiver. Some of these funds may ultimately not be collectible or available for payment of GIC claims.

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

Dated September 30, 2018

10. **Accounts Receivable.** These account receivables consist of various notes entered by GIC with the borrowers listed on the Schedule of Accounts Receivable, receivable due from a Forbearance Agreement in lieu of a judgment, and cash collateral held by Falls Lake National Ins. Co. for policy that GIC reinsured on a 50% quota share contract.

The collectability of some of these funds is dependent on the outcome of ongoing litigation and other factors. Due to the inherent uncertainty of litigation and factors beyond the control of the Receiver, some of these funds may ultimately not be collectible or available for payment of GIC claims.

11. **Allowance – Accounts Receivable.** 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 a residential property located in Ft. Lauderdale, FL at its initial appraised values.
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 certain states' statutory deposits (treasury notes) that were released to the Receiver's investment account at Raymond James and stock in Patriot National Inc. and Liquid Holdings Group, Inc. as valued on the GIC UBS Financial Services account statement at September 30, 2018.

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

14. **Other Assets.** These assets consist of states' statutory deposits held at various financial institutions. The Schedule of Other Assets reflects the value of these deposits at September 30, 2018, those that have been collected by the Receiver and 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 wired to the Receiver from Tiger Risk Re that were deposited to a segregated account until disposition of the funds can be resolved and an amount related to a large deductible policy some or all of which may be used to reimburse the guaranty funds as they pay losses.
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.

- Proof of Claims were mailed and are being processed; the claim-filing deadline is November 27, 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 shall be paid first, when a debtor to the United States is insolvent and other conditions apply. 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.