

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company in Liquidation
Statement of Affairs
As of June 30, 2020

	<u>Estimated Realizable Value</u>
ASSETS	
SPIA-Restricted	\$458,699.85
Pooled Cash in SPIA Due from the Admin Fund	32,419,085.04
Short Term Investments-Restricted	10,403,037.00
Allowance - Short Term Investments	(10,403,037.00)
Accrued Interest Receivable	56,441.94
Reinsurance Recoverable	11,907,108.66
Allowance Reinsurance Recoverable	(9,139,676.58)
Accounts Receivable	20,908,954.89
Allowance - Accounts Receivables	(20,908,954.89)
Long Term Investments	2,117.89
Allowance - Long Term Investments	(2,117.89)
Other Assets	2,086,668.24
Advance to Guaranty Associations	1,599,699.05
Total Assets	<u><u>\$39,388,026.20</u></u>

LIABILITIES	
Secured Claims	1,450,833.34
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	94,092,953.52
Class 2 Loss Claims	
Class 2 - Guaranty Associations	525,730,691.38
Class 2 - Other	12,749,515.16
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	14,626,150.61
Class 3 - Other	21,846,085.60
Class 4 Federal Government Claims	18,053.11
Class 5 Employee Claims	27,804.05
Class 6 General Creditor Claims	
Class 6 - Other	357,935,964.90
Class 7 State & Local Government Claims	858,382.75
Class 8 Late Filed Claims	1,625,041.24
Class 9 Surplus Notes/Unearned Premium Claims under Assessable Policies	
Class 9 - Other	28,601,000.00
Class 11 Shareholder Claims	401,270.39
Total Liabilities	<u><u>\$1,059,963,746.05</u></u>

EQUITY	
Contributed Equity - State of Florida	366,058.40
Estate Equity	(1,020,941,778.25)
Excess (Deficiency) of Assets over Liabilities	<u>(\$1,020,575,719.85)</u>
Total Liabilities and Equity	<u><u>\$39,388,026.20</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 June 30, 2020

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	\$966,382.94	\$16,822,030.70
Reinsurance Recoveries	647,531.70	2,566,260.09
Subrogation and Salvage Recoveries	1,833,817.77	6,301,352.26
Litigation Recoveries	125,000.00	284,718.94
Tax Recoveries	182,882.39	945,251.60
Other Collections / Recoveries	942,828.44	9,846,241.70
Sale of Personal Property Inventory	33.27	8,344.80
Sale of Real Property Inventory	0.00	2,175,000.00
Mortgage Interest Income	0.00	9,812.50
Receipts Before Investment Activities	4,698,476.51	38,959,012.59
Interest and Dividend Receipts	1,064,687.66	2,812,431.81
Sale of Short Term Investment	854.47	40,466.78
Sale of Long Term Investment	0.00	296,389.26
Receipts From Investment Activities	1,065,542.13	3,149,287.85
Total Cash Receipts	5,764,018.64	42,108,300.44
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	1,203,599.92	5,407,541.62
Salaries and Fringe Benefits	1,196,059.73	6,169,516.09
Employee Welfare	6,114.90	15,611.11
Travel Expenses	5,102.42	59,415.52
Admin Expenses	8,564.30	236,388.96
Equipment and Furniture Expenses	8,268.28	49,492.18
Rent, Building and Equipment	52,043.40	222,550.74
Taxes	0.35	86,888.37
Disbursements	2,479,753.30	12,247,404.59
Distributions		
Early Access-Guaranty Associations	90,750.00	1,303,351.30
Payments to Other Receivers	0.00	104,864.66
Total Distributed	90,750.00	1,408,215.96
Disbursements & Distributions Before Investment Activities	2,570,503.30	13,655,620.55
Financial Expenses	54,134.64	144,546.07
Purchase Short Term Investment	2.90	14,647.64
Purchase Long Term Investment	0.00	908.45
Disbursements for Investment Activities	54,137.54	160,102.16
Total Cash Disbursements & Distributions	2,624,640.84	13,815,722.71
Net Increase (Decrease) in Cash	3,139,377.80	28,292,577.73
Beginning Cash Balance:		
Beginning Cash	29,738,407.09	(27,534,728.94)
Adjustments to Beginning Cash	0.00	32,119,936.10
Adjusted Beginning Cash Balance	29,738,407.09	4,585,207.16
Ending Cash Balance	32,877,784.89	32,877,784.89

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
Schedule of SPIA - Restricted
For the Twelve Months Ended June 30, 2020

SPIA - Restricted

Description		Balance 7/1/19	Adjustments/Deposits	Interest	Transfers/Distributions	Balance 6/30/20
TigerRisk Re	SPIA 42008000	375,747.61	0.00	12,452.06	0.00	388,199.67
Captive Cell Owner Southern Waste	SPIA 42007000	0.00	0.00	1,030.61	69,469.57	70,500.18
Total:		<u>375,747.61</u>	<u>0.00</u>	<u>12,452.06</u>	<u>69,469.57</u>	<u>458,699.85</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Short Term Investments- Restricted
For the Twelve Months Ended June 30, 2020

Short Term Investments - Restricted

Description		Balance 7/1/19	Adjustments	Balance 6/30/20
NCCI Inc. Pool Admin. FBO GIC	US Bank	247,646.74	3,507.26	251,154.00
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	1,685,633.89	(45,090.50)	1,640,543.39
GIC/Zurich American Ins. Co. Reinsurance Trust	Wells Fargo	295.20	(295.20)	0.00
GIC/Scottsdale Ins. Co. Reinsurance Trust	Wells Fargo	8,394,724.27	46,006.00	8,440,730.27
		<u>10,398,909.44</u>	<u>4,127.56</u>	<u>10,403,037.00</u>

Allowance - Short Term Investments - Restricted

Description		Balance 7/1/19	Adjustments	Balance 6/30/20
NCCI Inc. Pool Admin. FBO GIC	US Bank	(247,646.74)	(3,507.26)	(251,154.00)
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	(1,685,633.89)	45,090.50	(1,640,543.39)
GIC/Zurich American Ins. Co. Reinsurance Trust	Wells Fargo	(295.20)	295.20	0.00
GIC/Scottsdale Ins. Co. Reinsurance Trust	Wells Fargo	(8,394,724.27)	(46,006.00)	(8,440,730.27)
	Totals:	<u>(10,398,909.44)</u>	<u>(4,127.56)</u>	<u>(10,403,037.00)</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 Twelve Months Ended June 30, 2020

Accrued Interest Receivable

Description		Balance 7/1/19	Accrued	Received	Balance 6/30/20
State Treasury	SPIA, 4-20-0-010000-00000	66,000.60	1,002,917.12	(1,012,475.78)	56,441.94
Totals:		<u>66,000.60</u>	<u>1,002,917.12</u>	<u>(1,012,475.78)</u>	<u>56,441.94</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company in Liquidation
Schedule of Reinsurance Recoverables - Net of Allowance
For Twelve Months Ended June 30, 2020

Reinsurance Recoverables

Recovery Agent	Balance 7/1/2019	Billed	Recovered	Adjustments	6/30/20
Receiver	11,907,108.66	578,062.13	(578,062.13)	0.00	11,907,108.66
Total	<u>11,907,108.66</u>	<u>578,062.13</u>	<u>(578,062.13)</u>	<u>0.00</u>	<u>11,907,108.66</u>

Allowance Reinsurance

Recovery Agent	Balance 7/1/2019	Increases	Decreases	6/30/2020
Receiver	(9,139,676.58)	0.00	0.00	(9,139,676.58)
Total	<u>(9,139,676.58)</u>	<u>0.00</u>	<u>0.00</u>	<u>(9,139,676.58)</u>

Reinsurance Recoverables - Net of Allowance

2,767,432.08

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
Schedule of Accounts Receivable
For the Twelve Months Ended June 30, 2020

Other Collections - Recovery/Receivable

Description	Balance 7/1/19	Adjustments	Payments Received	Balance 6/30/20
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.)	50,000.00	(1,208.50)	(48,791.50)	0.00
Note Receivable - Tobacco Road	0.00	0.00	0.00	0.00
Weber Forbearance Agreement on Judgment	0.00	0.00	0.00	0.00
M&T Bank Cash Collateral on LOC	0.00	0.00	0.00	0.00
Totals:	<u>20,958,954.89</u>	<u>(1,208.50)</u>	<u>(48,791.50)</u>	<u>20,908,954.89</u>

Allowance - Other Receivables

Description	Balance 7/1/19	Adjustments	Payments Received	Balance 6/30/20
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.)	(50,000.00)	1,208.50	48,791.50	0.00
Note Receivable - Tobacco Road	0.00	0.00	0.00	0.00
Weber Forbearance Agreement on Judgment	0.00	0.00	0.00	0.00
Totals:	<u>(20,958,954.89)</u>	<u>1,208.50</u>	<u>48,791.50</u>	<u>(20,908,954.89)</u>

Total Accounts Receivable - Net of Allowances

0.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Long Term Investments
For the Twelve Months Ended June 30, 2020

Stocks

Description	Balance 7/1/19	Adjustments	Interest	Balance 6/30/20
Shares of Patriot National Inc. - UBS Financial Services Acct.	0.00	0.00	0.00	0.00
Shares of Liquid Holdings Group Inc. - UBS Financial Services Acct.	4,235.79	(2,117.90)	0.00	2,117.89
Totals:	<u>4,235.79</u>	<u>(2,117.90)</u>	<u>0.00</u>	<u>2,117.89</u>

Total Long Term Investments 2,117.89

Allowance - Long Term Investments

Description	Balance 7/1/19	Adjustments	Recoveries	Balance 6/30/20
Shares of Patriot National Inc. - UBS Financial Services Acct.	0.00	0.00	0.00	0.00
Shares of Liquid Holdings Group Inc. - UBS Financial Services Acct.	(4,235.79)	2,117.90	0.00	(2,117.89)
Totals:	<u>(4,235.79)</u>	<u>2,117.90</u>	<u>0.00</u>	<u>(2,117.89)</u>

Total Allowance - Long Term Investments 0.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Other Assets
For the Twelve Months Ended June 30, 2020

Statutory Deposits

Description	Balance 7/1/19	Adjustments	Recovered	Balance 6/30/20
Nevada - Bank of New York Mellon (Work Comp) (2)	99,742.00	(99,742.00)	0.00	0.00
New Mexico - Century Trust	98,998.62	(3,998.62)	0.00	95,000.00
Oregon - US Bank	1,108,019.46	22,287.66	0.00	1,130,307.12
South Carolina - US Bank	340,434.58	10,902.05	0.00	351,336.63
Virginia - Bureau of Insurance	510,937.70	(913.21)	0.00	510,024.49
North Carolina - Us Bank (1)	0.00	0.00	0.00	0.00
Totals:	<u>2,158,132.36</u>	<u>(71,464.12)</u>	<u>0.00</u>	<u>2,086,668.24</u>

(1) This deposit was transferred to the North Carolina Insurance Guaranty Association and the Receiver will be pursuing an early access

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Advance To Guaranty Association
For the Twelve Months Ended June 30, 2020

Advance To Guaranty Association

Description	Balance 7/1/19	Advanced	Recovered	Balance 6/30/20
Idaho	246,229.50	0.00	0.00	246,229.50
Montana	50,118.25	0.00	0.00	50,118.25
Missouri	1,212,601.30	0.00	0.00	1,212,601.30
Nevada	0.00	90,750.00	0.00	90,750.00
Totals:	<u>1,508,949.05</u>	<u>90,750.00</u>	<u>0.00</u>	<u>1,599,699.05</u>

Note: A multi-state Guaranty Association Early Access Agreement was approved by court order dated September 28, 2018.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Guarantee Insurance Company
Schedule of Secured Claims
For the Twelve Months Ended June 30, 2020

Secured Claims - Other Reinsurance

Description	Account	Balance 7/1/19	Received	Interest	Distributions	Balance 6/30/20
TigerRisk Re	State Treasury - SPIA Account	375,747.61	0.00	12,452.06	0.00	388,199.67
Totals:		375,747.61	0.00	12,452.06	0.00	388,199.67

Secured Claims Against Estate

Description	Balance 7/1/19	Deposits	Interest	Claim Filed	Balance 6/30/20
Law Firm Professional Services POC	11,863.45	0.00	0.00	0.00	11,863.45
CoAmerica Bank-International Trade Services	0.00	69,469.57	1,030.61	0.00	70,500.18
Totals:		11,863.45	69,469.57	1,030.61	82,363.63

Secured Claims - Large Deductible

Description	Account	Balance 7/1/19	Received	Adjustments	Distributions	Balance 6/30/20
Dockery Limited Partnership **		92,375.75	0.00	(92,375.75)	0.00	0.00
Quality Business Services, Inc.		147,931.25	6,027.56	10,670.96	(109,058.25)	55,571.52
Sundowner Trailers Inc.		66,372.15	165,943.50	8,918.46	(112,507.43)	128,726.68
Century Employer Organization		4,863.58	302,963.41	104,491.10	(308,318.09)	104,000.00
Trion Solutions Inc		0.00	676,225.74	0.00	0.00	676,225.74
Insource Employer Solutions/Lydecker		0.00	15,746.10	0.00	0.00	15,746.10
Totals:		311,542.73	1,166,906.31	31,704.77	(529,883.77)	980,270.04

** Dockery combined w/Century

Total Secured Claims 1,450,833.34

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

Dated June 30, 2020

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, 2019 through June 30, 2020. 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. **Special Purpose Investment Account (SPIA) – Restricted.** Represents funds wired to the Receiver by Tiger Risk Re and CoAmerica Bank. Tiger Risk claims the funds were sent to GIC in error and have requested their return. Captive Cell owners claim the funds belong to them. The Receiver will hold these funds in a segregated account until a final disposition is determined.
6. **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.
7. **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.
8. **Accounts Receivable.** These account receivables consist of various notes entered by GIC with the borrowers listed on the Schedule of Accounts Receivable, a receivable due from a forbearance agreement in lieu of a judgment, and cash collateral held by Falls Lake National Ins. Co. for a 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.
9. **Allowance – Accounts Receivable.** An estimate of uncollectible amounts for certain assets.
10. **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 stock in Patriot National Inc. and Liquid Holdings Group, Inc. as valued on the GIC UBS Financial Services account statement at December 31, 2019.

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

Dated June 30, 2020

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

11. **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 June 30, 2020 or latest available, those that have been collected by the Receiver and those where the state has taken its deposit.
12. **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 of these funds if the Receiver determines that repayment of claims of equal or superior priority is necessary.
13. **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 and CoAmerica Bank that were deposited to a segregated account until disposition of the funds can be resolved and amounts related to large deductible policies some or all of which may be used to reimburse the guaranty funds as they pay losses.
14. **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 December 4, 2018. The deadline to file an objection was February 19, 2019. Ten objections were filed and resolved.
 - The Second Interim Claims Report was approved on January 28, 2020. The deadline to file an objection was March 27, 2020. Three objections were filed and remain pending.
15. **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.
16. **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 requested a federal release from the U.S. Department of Justice (DOJ) on July 24, 2019.
17. **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.
18. **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.