

**Florida Department of Financial Services, Division of Rehabilitation and
Liquidation
Florida Specialty Insurance Company in Liquidation
Statement of Affairs
9/30/2021**

	<u>Estimated Realizable Value</u>
ASSETS	
Pooled Cash in SPIA Due from the Admin Fund	\$10,471,540.25
Pooled Cash in SPIA Reserved for Unclaimed Property	1,257,988.23
Short Term Investments	345,907.03
Accrued Interest Receivable	11,230.79
Reinsurance Recoverable	1,943,553.93
Advance to Guaranty Associations	49,000,000.00
FI Hurricane Cat Fund Payments to Guaranty Assoc.	1,706,170.10
Total Assets	<u><u>\$64,736,390.33</u></u>

LIABILITIES	
Unclaimed Property	1,257,988.23
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	11,215,049.12
Class 2 Loss Claims	
Class 2 - Guaranty Associations	39,898,400.30
Class 2 - Other	84,264.23
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	33,450,564.66
Class 3 - Other	8,997,200.00
Class 6 General Creditor Claims	
Class 6 - Other	5,149,240.78
Class 8 Late Filed Claims	158,131.01
Class 11 Shareholder Claims	28,527,575.50
Total Liabilities	<u><u>\$128,738,413.83</u></u>

EQUITY	
Contributed Equity - State of Florida	259,492.08
Estate Equity	(64,261,515.58)
Excess (Deficiency) of Assets over Liabilities	<u>(\$64,002,023.50)</u>
Total Liabilities and Equity	<u><u>\$64,736,390.33</u></u>

**Florida Department of Financial Services, Division of Rehabilitation and
Liquidation**

**Florida Specialty Insurance Company in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through 9/30/2021**

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	\$256.34	\$1,080,202.25
Assessment Recoveries	0.00	0.00
Reinsurance Recoveries	3,235,619.28	38,153,982.87
Agents' Balances Recoveries	7,454.54	3,818,078.01
Subrogation and Salvage Recoveries	0.00	7,925.50
Tax Recoveries	0.00	288,263.44
Other Collections / Recoveries	<u>5,727.11</u>	<u>345,077.89</u>
Receipts Before Investment Activities	3,249,057.27	43,693,529.96
Interest and Dividend Receipts	45,846.82	949,669.43
Sale of Short Term Investment	<u>0.00</u>	<u>3,790,206.29</u>
Receipts From Investment Activities	45,846.82	4,739,875.72
Total Cash Receipts	<u><u>3,294,904.09</u></u>	<u><u>48,433,405.68</u></u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	53,861.56	1,231,532.47
Salaries and Fringe Benefits	80,134.44	1,976,230.91
Employee Welfare	924.28	12,207.88
Travel Expenses	0.00	38,387.99
Admin Expenses	681.80	189,742.65
Equipment and Furniture Expenses	8,060.13	26,400.38
Rent, Building and Equipment	1,273.61	5,708.51
Taxes	<u>0.00</u>	<u>(181.05)</u>
Disbursements	144,935.82	3,480,029.74
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
General Creditors Claims (Class 6)	0.00	0.00
Late Filed Claims (Class 8)	0.00	0.00
Shareholder Claims	0.00	0.00
Claims-Other	0.00	0.00
Early Access-Guaranty Associations	<u>15,000,000.00</u>	<u>49,000,000.00</u>
Total Distributed	15,000,000.00	49,000,000.00
Disbursements & Distributions Before Investment Activities	15,144,935.82	52,480,029.74
Financial Expenses	<u>4,208.01</u>	<u>177,424.55</u>
Disbursements for Investment Activities	4,208.01	177,424.55
Total Cash Disbursements & Distributions	<u><u>15,149,143.83</u></u>	<u><u>52,657,454.29</u></u>
Net Increase (Decrease) in Cash	<u><u>(11,854,239.74)</u></u>	<u><u>(4,224,048.61)</u></u>
Beginning Cash Balance:		
Beginning Cash	23,583,768.22	10,369,243.04
Adjustments to Beginning Cash	<u>0.00</u>	<u>5,584,334.05</u>
Adjusted Beginning Cash Balance	<u><u>23,583,768.22</u></u>	<u><u>15,953,577.09</u></u>
Ending Cash Balance	<u><u>11,729,528.48</u></u>	<u><u>11,729,528.48</u></u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Short Term Investments
For the Three Months Ended September 30, 2021

Money Market Accounts

<u>Description</u>	<u>Balance 7/1/21</u>	<u>Adjustments/ Fees</u>	<u>Interest</u>	<u>Distributions</u>	<u>Balance 9/30/21</u>
SunTrust Bank - Oakwood Insurance Company	345,776.28	130.75	0.00	0.00	345,907.03
	<u>345,776.28</u>	<u>130.75</u>	<u>0.00</u>	<u>0.00</u>	<u>345,907.03</u>

Total Short Term Investments 345,907.03

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Accrued Interest Receivable
For the Three Months Ended September 30, 2021

Accrued Interest Receivable

Description		Balance 7/1/21	Accrued	Received	Balance 9/30/21
State Treasury	SPIA, 4-20-0-010000-00000	19,643.71	35,303.47	(43,716.39)	11,230.79
Totals:		<u>19,643.71</u>	<u>35,303.47</u>	<u>(43,716.39)</u>	<u>11,230.79</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Reinsurance Recoverables - Net of Allowance
For Three Months Ended September 30, 2021

Reinsurance Recoverables

Recovery Agent	Balance 7/1/21	Billed	Recovered	Adjustments	9/30/21
Receiver	11,504,057.27	454,428.94	(3,235,619.28)	(6,779,313.00)	1,943,553.93
Total	11,504,057.27	454,428.94	(3,235,619.28)	(6,779,313.00)	1,943,553.93
					0.00

Allowance Reinsurance

Recovery Agent	Balance 7/1/21	Increases	Decreases	9/30/2021
Receiver	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00

Reinsurance Recoverables - Net of Allowance 1,943,553.93

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Advance to Guaranty Association
For the Three Months Ended September 30, 2021

Advance to Guaranty Associations

<u>Description</u>	<u>Balance 7/1/21</u>	<u>Advanced</u>	<u>Recovered</u>	<u>Balance 9/30/21</u>
Florida Insurance Guaranty Association	34,000,000.00	15,000,000.00	0.00	49,000,000.00
Florida Hurricane Catastrophe Fund	0.00	1,706,170.10	0.00	1,706,170.10
Totals:	<u>34,000,000.00</u>	<u>16,706,170.10</u>	<u>0.00</u>	<u>50,706,170.10</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Unclaimed Property
For the Three Months Ended September 30, 2021

Unclaimed Property

Description	Balance 7/1/21	Adjustments	Balance 9/30/21
Suspended and/or voided return premium checks	1,257,731.89	256.34	1,257,988.23
Totals:	<u>1,257,731.89</u>	<u>256.34</u>	<u>1,257,988.23</u>

**Florida Department of Financial Services, Division of Rehabilitation
and Liquidation**
Florida Specialty Insurance Company in Liquidation
Notes to Financial Statements

Dated September 30, 2021

1. **Estate Information.** Florida Specialty Insurance Company was a property and casualty organization domiciled in Florida placed in liquidation on October 2, 2019.
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".

"Pooled Cash Reserved for Unclaimed Property" is a segregated amount of Pooled Cash that represents the remaining amount of Pooled Cash reserved for voided checks after a distribution account is closed and reconciled for outstanding checks. These amounts will be sent to the Bureau of Unclaimed Property upon court authorization
5. **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 at the balance sheet date. These investments consist of various accounts Suntrust Bank that are restricted pursuant to reinsurance trust agreements that will be resolved as the receivership proceeds.
6. **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.
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.
8. **Florida Hurricane Catastrophe Fund (FHCF) Advance to Guaranty Association (FIGA).** Represents funds advanced directly from FHCF to FIGA for the payment of covered claims and expenses pursuant to Chapter 215, Florida Statutes. 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.
9. **Unclaimed Property.** Consists of funds that are considered unclaimed pursuant to Chapter 717, Florida Statutes, and are due to the Unclaimed Property section of the State of Florida. For this estate this amount represents the final reconciled amount of voided return premium checks after the account is closed.
10. **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 forms are currently being processed and the liability numbers are subject to change.

**Florida Department of Financial Services, Division of Rehabilitation
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Florida Specialty Insurance Company in Liquidation
Notes to Financial Statements

Dated September 30, 2021

11. **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.
12. **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.
13. **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.
14. **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.