

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Weston Property & Casualty Insurance Company in Liquidation
Statement of Affairs
9/30/2023

ASSETS

Cash Company Operating	3,186,238.07
SPIA Restricted	49,891,057.89
Bonds	857,515.25
Short-Term Investments	1,307,142.10
Allowance Short Term Investments	-
Common Stocks	443.64
Investment Income Due & Accrued	11,388.46
Reinsurance Recoverable	38,829,640.03
Allowance for Reinsurance Recoverable	(29,663,187.55)
Net Deferred Tax Asset	46,244,380.43
Allowance for Net Deferred Tax Asset	(46,244,380.43)
Receivables from parent, subsidiaries and affiliates	3,725,580.53
Allowance for Receivables from parent, subsidiaries and affiliates	(3,725,580.53)
Miscellaneous Receivables	51,384.95
Allowance for Miscellaneous Receivable	(51,384.95)
Total Assets	64,420,237.89

LIABILITIES

Accrued Expenses	2,052,950.66
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	7,739,310.18
Class 2 Loss Claims	
Class 2 - Guaranty Associations	65,901,035.43
Class 2 - Other	-
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	77,684,333.81
Class 3 - Other	-
Class 6 General Creditor Claims	
Class 6 - Other	1,239,667.14
Class 8 Late Filed Claims	
Class 9 Surplus Notes/Unearned Premium Claims under Assessable Policies	
Class 9 - Other	-
Total Liabilities	154,617,297.22

EQUITY

Contributed Equity - State of Florida	-
Estate Equity	(90,197,059.33)
Excess (Deficiency) of Assets over Liabilities	(90,197,059.33)
Total Liabilities & Equity	64,420,237.89

The accompanying notes are an integral part of these financial statements.

UNAUDITED

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through 09/30/2023

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	\$ 26,002.59	\$ 3,268,711.47
Reinsurance Recoveries	\$ 4,497,540.74	\$ 8,593,493.17
Subrogation and Salvage Recoveries	\$ 195,000.00	\$ 195,837.00
Tax Recoveries	\$ 305,623.36	\$ 305,623.36
Other Collections/Recoveries	\$ 8,489.45	\$ 8,489.45
Return Commission Recoveries	\$ 4,457,491.59	\$ 4,457,491.59
Receipts Before Investment Activities	<u>\$ 9,490,147.73</u>	<u>\$ 16,829,646.04</u>
Interest and Dividends Receipts	\$ 658,239.99	\$ 734,141.37
Receipts from Investment Activities	<u>\$ 658,239.99</u>	<u>\$ 734,141.37</u>
Total Cash Receipts	<u><u>\$ 10,148,387.72</u></u>	<u><u>\$ 17,563,787.41</u></u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Admin Expenses	\$ 37,246.76	\$ 612,740.02
Bank Fees	\$ 18,278.63	\$ 56,132.33
Consulting Fees	\$ -	\$ 30,727.13
Dues, Fees and Subscriptions	\$ 293,065.41	\$ 611,091.51
Postage and Delivery	\$ 63,816.88	\$ 96,532.26
Commission Overpayment Refunds	\$ 28,005.40	\$ 28,005.40
Premium Overpayment Refunds	\$ 18,749.74	\$ 298,345.86
Professional Fees and Expenses	\$ 1,403,145.87	\$ 2,399,191.72
Salaries and Contractor Fees	\$ 1,450,531.54	\$ 2,294,912.01
Telephones and Computer Services	<u>\$ 1,091,364.09</u>	<u>\$ 1,352,919.15</u>
Disbursements	\$ 4,404,204.32	\$ 7,780,597.39
Distributions	\$ -	\$ -
Total Distributed	<u>\$ -</u>	<u>\$ -</u>
Disbursements & Distributions Before Investment Activities	\$ 4,404,204.32	\$ 7,780,597.39
Total Cash Disbursements & Distributions	<u><u>\$ 4,404,204.32</u></u>	<u><u>\$ 7,780,597.39</u></u>
Net Increase (Decrease) in Cash	<u><u>\$ 5,744,183.40</u></u>	<u><u>\$ 9,783,190.02</u></u>
Beginning Cash Balance:		
Beginning Cash	\$ 47,958,204.51	\$ 44,676,070.47
Adjustments to Beginning Cash	\$ 1,539,565.40	\$ 782,692.82
Adjusted Beginning Cash Balance	<u><u>\$ 49,497,769.91</u></u>	<u><u>\$ 45,458,763.29</u></u>
Ending Cash Balance	<u><u>\$ 55,241,953.31</u></u>	<u><u>\$ 55,241,953.31</u></u>

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

Weston Property and Casualty Insurance Company

Notes to the Financial Statements

Dated September 30, 2023

1. **Receivership Estate Information.** Weston Property and Casualty Insurance Company (“Weston” or the “Company”) was a property and casualty organization domiciled in Florida and placed in Liquidation on August 8, 2022.
2. **Basis of Presentation.** The accompanying financial statements have been prepared on a modified cash basis of accounting using a calendar year basis. The statements do not provide any material accruals for post-financial date expenses.
3. **Unaudited Financials.** The accompanying financial statements have not been audited by an independent certified public accountant and no opinion is expressed on their compliance with statutory insurance accounting principles.
4. **Reinsurance Recoverable and Allowance for Reinsurance Recoverable.** The Company’s pre-receivership reinsurance recoverable is included, which was based on pre-receivership data compiled by the Company. A material portion of the pre-receivership reinsurance was thereafter disallowed. After the disallowance of reinsurance amounts, the resulting net reinsurance recoverable on the financial statements is approximately \$9.2 million. Further, the Special Deputy Receiver terminated the year 2022 reinsurance coverage, resulting in a claimed reinsurance recovery of approximately \$13,809,916 for pre-receivership reinsurance premium payments, of which \$ 2,450,075 has been recovered as of September 30, 2023. The year 2022 reinsurance terminations also terminated the payment of any future reinsurance premium amounts, which were estimated to be approximately \$23,138,484.
5. **Deferred Tax Assets (“DTAs”).** All DTAs have been disallowed as an asset on the financial statements based on the uncertainty of whether the Company will ever accrue taxable income or gains to recapture the benefit of such DTAs.
6. **Receivables from Parent, Subsidiaries, and Affiliates.** All amounts due from parent, or affiliates, were disallowed due to the uncertainty of collection. The total shown on the Statement of Affairs is based on the available records of the Company and may be subject to revision. The Company’s books have not yet been reconciled with those of its affiliated entities, and the Receiver continues to evaluate these matters.
7. **Agent Commissions.** The Company has been receiving agent commission refunds since the outset of receivership and has evaluated the outstanding commissions due from all Weston agents. Weston Information Technology and Accounting department staff have developed documentation from all three of Weston’s existing policy systems regarding

both positive commission and negative commission summaries, which are the amounts owed by Weston and owed to Weston, respectively. Weston's agent and broker accounting records indicate a total owing the estate in return commissions of \$9,388,303.19, after offset, and the underlying amounts owed by each agency in return commissions present a matter currently under review and are being pursued for collection. The Company has received approximately \$4,457,491.59 in return commission payments as of September 30, 2023.

8. **Claim and Other Liabilities.** Unless otherwise noted, the Statement of Affairs contains estimated claim liabilities by priority class pursuant to section 631.271, Florida Statutes. Unless otherwise stated, the claim liabilities reported are gross filed and have only partially been reduced to final claim amounts. There have not been any early access payments made by the Florida Receiver to any state insurance guaranty associations. Claim liability numbers are based upon available information and documentation provided to the Receiver from both internal and external sources as of the end of the second quarter, and these claim amounts are subject to further adjustment as claims are finalized during the receivership process, which may include the submission of further claims against the receivership estate. These reinsurance balances and fund amounts are subject to further review by the Special Deputy Receiver.

The Company has received financial claims data from the Texas Property and Casualty Insurance Guaranty Association ("TPCIGA"), the Florida Insurance Guaranty Association ("FIGA"), the Louisiana Insurance Guaranty Association ("LIGA"), and the Mississippi Insurance Guaranty Association ("MIGA"). TPCIGA, FIGA, LIGA, and MIGA provided complete data sets through the end of the second quarter. This data was relied upon. The insurance guaranty associations are reviewing and paying the Company's claims and establishing reserves. The Company relies upon the claim and expense reserves established by the Company before receivership where there has been no appreciable adjustment activity on claims by the guaranty associations and, pending investigation, where claims were closed by the guaranty associations without payment or explanation. Otherwise, the Company relies upon the reserves established by the guaranty associations. The Company has also maintained the incurred, but not reported, claim reserve in place at inception of the receivership, which should be modified in the future based on further claim determinations and claim payments.

9. **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 material estimates for future administrative costs to liquidate the estate or costs to pursue or litigate claims, and the estimated deficiency is subject to further adjustment in the future as the liquidation of the Company continues.

The accompanying notes above are an integral part of these financial statements and unaudited.