

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company in Liquidation
Statement of Affairs
As of December 31, 2019

	<u>Estimated Realizable Value</u>
ASSETS	
Cash-Company Operating	\$9,630,628.33
Pooled Cash in SPIA Due from the Admin Fund	9,430,913.40
Short Term Investments	1,581,622.64
Accrued Interest Receivable	52,668.08
Reinsurance Recoverable	6,779,313.00
Long Term Investments	3,240,418.91
Other Assets	<u>520,410.84</u>
Total Assets	<u><u>\$31,235,975.20</u></u>
LIABILITIES	
Claims Not Prioritized	43,962,030.20
Total Liabilities	<u>\$43,962,030.20</u>
EQUITY	
Contributed Equity - State of Florida	34,277.40
Estate Equity	<u>(12,760,332.40)</u>
Excess (Deficiency) of Assets over Liabilities	<u>(\$12,726,055.00)</u>
Total Liabilities and Equity	<u><u>\$31,235,975.20</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 December 31, 2019

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
CASH RECEIPTS		
Premium Collections	\$64,795.66	\$64,795.66
Reinsurance Recoveries	10,511,017.72	10,511,017.72
Agents' Balances Recoveries	3,031.20	3,031.20
Subrogation and Salvage Recoveries	2,000.00	2,000.00
Other Collections / Recoveries	<u>366,553.81</u>	<u>366,553.81</u>
Receipts Before Investment Activities	10,947,398.39	10,947,398.39
Interest and Dividend Receipts	<u>25,150.98</u>	<u>25,150.98</u>
Receipts From Investment Activities	<u>25,150.98</u>	<u>25,150.98</u>
Total Cash Receipts	<u>10,972,549.37</u>	<u>10,972,549.37</u>
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	687,339.25	687,339.25
Salaries and Fringe Benefits	662,419.12	662,419.12
Employee Welfare	309.32	309.32
Travel Expenses	28,788.86	28,788.86
Admin Expenses	171,359.50	171,359.50
Equipment and Furniture Expenses	395.77	395.77
Rent, Building and Equipment	<u>(398.79)</u>	<u>(398.79)</u>
Disbursements	1,550,213.03	1,550,213.03
Disbursements & Distributions Before Investment Activities	1,550,213.03	1,550,213.03
Financial Expenses	<u>49,969.31</u>	<u>49,969.31</u>
Disbursements for Investment Activities	<u>49,969.31</u>	<u>49,969.31</u>
Total Cash Disbursements & Distributions	<u>1,600,182.34</u>	<u>1,600,182.34</u>
Net Increase (Decrease) in Cash	<u>9,372,367.03</u>	<u>9,372,367.03</u>
Beginning Cash Balance:		
Beginning Cash	0.00	0.00
Adjustments to Beginning Cash	(680,068.34)	(680,068.34)
Cash from New Estates	<u>10,369,243.04</u>	<u>10,369,243.04</u>
Adjusted Beginning Cash Balance	<u>9,689,174.70</u>	<u>9,689,174.70</u>
Ending Cash Balance	<u>19,061,541.73</u>	<u>19,061,541.73</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Cash - Company
For the Six Months Ended December 31, 2019

Cash - Company

Description	Balance						Balance
	10/2/19	Interest	Deposits	Checks/Fees	Transfers	VOIDS/STOP Pays/Adjustments	12/31/19
Fifth Third Bank	8,653,951.20	0.00	25,664,749.18	(25,844,956.82)	0.00	(666,608.40)	7,807,135.16
SunTrust Bank	1,715,291.84	0.00	227,117.49	0.00	0.00	(118,916.16)	1,823,493.17
Totals:	10,369,243.04	0.00	25,891,866.67	(25,844,956.82)	0.00	(785,524.56)	9,630,628.33

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Short Term Investments
For the Six Months Ended December 31, 2019

Money Market Accounts

Description	Balance 10/2/19	Adjustments/ Fees	Interest	Distributions	Balance 12/31/19
Fifth Third Bank	374,391.50	0.00	0.00	0.00	374,391.50
SunTrust Bank - Oakwood Insurance Company	1,207,231.14	0.00	0.00	0.00	1,207,231.14
	<u>1,581,622.64</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>1,581,622.64</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Accrued Interest Receivable
For the Six Months Ended December 31, 2019

Accrued Interest Receivable

Description		Balance 10/2/19	Accrued	Received	Balance 12/31/19
State Treasury	SPIA, 4-20-0-010000-00000	27,540.08	48,169.44	(23,041.44)	52,668.08
Totals:		<u>27,540.08</u>	<u>48,169.44</u>	<u>(23,041.44)</u>	<u>52,668.08</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Reinsurance Recoverables - Net of Allowance
For Six Months Ended December 31, 2019

Reinsurance Recoverables

Recovery Agent	Balance 10/02/2019	Billed	Recovered	Adjustments	Balance 12/31/2019
Receiver	17,090,734.46	10,511,017.72	(10,511,017.72)	(10,311,421.46)	6,779,313.00
Total	<u>17,090,734.46</u>	<u>10,511,017.72</u>	<u>(10,511,017.72)</u>	<u>(10,311,421.46)</u>	<u>6,779,313.00</u>

Allowance Reinsurance

Recovery Agent	Balance 10/02/2019	Increases	Decreases	Balance 12/31/2019
Receiver	0.00	0.00	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>

Reinsurance Recoverables - Net of Allowance

6,779,313.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Long Term Investments
For the Six Months Ended December 31, 2019

Bonds

Description	Balance 10/2/19	Adjustments	Interest	Balance 12/31/19
Fifth Third Bank	2,880,714.80	359,704.11	0.00	3,240,418.91
	<u>2,880,714.80</u>	<u>359,704.11</u>	<u>0.00</u>	<u>3,240,418.91</u>

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Florida Specialty Insurance Company
Schedule of Other Assets
For the Six Months Ended December 31, 2019

Statutory Deposits

Description	Balance 10/2/19	Adjustments	Recovered	Balance 12/31/19
Florida	351,955.08	0.00	(351,955.08)	0.00
Arizona	526,232.42	(5,821.58)	0.00	520,410.84
	<u>878,187.50</u>	<u>(5,821.58)</u>	<u>(351,955.08)</u>	<u>520,410.84</u>

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

Dated December 31, 2019

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, 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.** 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".
5. **Cash – Company Operating.** This asset consists of accounts at Fifth Third Bank and Suntrust Bank kept open by the Receiver to allow for collection of premium. The account balance on this statement is as of December 31, 2019.
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 Fifth Third Bank and Suntrust Bank that are restricted pursuant to reinsurance trust agreements that will be resolved as the receivership proceeds.
7. **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.
8. **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 bonds at Fifth Third Bank as valued on the account statement at December 31, 2019.
9. **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 December 31, 2019 or latest available, those that have been collected by the Receiver and those where the state has taken its deposit.
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.
 - Claim liabilities are based upon company estimates.
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.

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Florida Specialty Insurance Company in Liquidation
Notes to Financial Statements

Dated December 31, 2019

12. **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 request a federal release from the U.S. Department of Justice (DOJ).
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.