Florida Department of Financial Services, Division of Rehabilitation and Liquidation

American Capital Assurance Corp. in Liquidation

Statement of Affairs

9/30/2022

	Estimated Realizable Value
ASSETS	
Pooled Cash in SPIA Due from the Admin Fund	$15,382,668.26
Accrued Interest Receivable	14,828.47
Reinsurance Recoverable	56,279.55
Accounts Receivable	2,767,404.50
Allowance - Accounts Receivables	(2,767,404.50)
Long Term Investments	412,166.87
Advance to Guaranty Associations	30,730,027.43
Total Assets	$46,595,970.58
LIABILITIES	
Class 1 Administrative Claims	
Class 1 - Guaranty Associations	12,374,898.56
Class 2 Loss Claims	
Class 2 - Guaranty Associations	384,125,491.31
Class 2 - Other	24,500.00
Class 3 Unearned Premium Claims under Non-assessable Policies	
Class 3 - Guaranty Associations	31,049,652.73
Class 3 - Other	5,157,739.31
Class 5 Employee Claims	14,003.00
Class 6 General Creditor Claims	
Class 6 - Other	95,372,710.60
Class 7 State & Local Government Claims	37,264.77
Class 8 Late Filed Claims	100.00
Class 9 Surplus Notes/Unearned Premium Claims under Assessable Policies	
Class 9 - Other	11,935,758.39
Total Liabilities	$540,092,118.67
EQUITY	
Contributed Equity - State of Florida	181,017.85
Estate Equity	(493,677,165.94)
Excess (Deficiency) of Assets over Liabilities	($493,496,148.09)
Total Liabilities and Equity	$46,595,970.58

The accompanying notes & schedules are an integral part of these financial statements

UNAUDITED

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Capital Assurance Corp. in Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through 9/30/2022

	Fiscal Year to Date	Since Date of Liquidation
CASH RECEIPTS		
Premium Collections	$0.00	$501,199.07
Reinsurance Recoveries	151,132.80	11,550,378.19
Agents' Balances Recoveries	0.00	3,231,842.14
Subrogation and Salvage Recoveries	0.00	138,429.71
Litigation Recoveries	0.00	75.08
Tax Recoveries	502,066.79	1,345,378.25
Other Collections / Recoveries	4.35	2,812,942.07
Receipts Before Investment Activities	653,203.94	19,580,244.51
Interest and Dividend Receipts	54,587.75	384,479.91
Sale of Short Term Investment	0.00	5,373,475.52
Sale of Long Term Investment	85,984.41	244,038.99
Receipts From Investment Activities	140,572.16	6,001,994.42
Total Cash Receipts	793,776.10	25,582,238.93
CASH DISBURSEMENTS & DISTRIBUTIONS		
Professional Fees and Expenses	51,088.64	543,378.29
Salaries and Fringe Benefits	34,923.70	1,235,186.60
Employee Welfare	344.05	4,797.97
Travel Expenses	361.03	9,201.29
Admin Expenses	272.14	422,365.98
Equipment and Furniture Expenses	7,669.60	191,816.07
Rent, Building and Equipment	1,088.21	4,353.25
Taxes	0.00	786.14
Disbursements	95,747.37	2,411,885.59
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
Employee Claims (Class 5)	0.00	0.00
General Creditors Claims (Class 6)	0.00	0.00
Government Claims (Class 7)	0.00	0.00
Late Filed Claims (Class 8)	0.00	0.00
Surplus Notes/Unearned Premium-Assessable Policies Claims (Class 9)	0.00	0.00
Early Access-Guaranty Associations	0.00	30,430,000.00
Total Distributed	0.00	30,430,000.00
Disbursements & Distributions Before Investment Activities	95,747.37	32,841,885.59
Financial Expenses	4,601.86	65,214.56
Disbursements for Investment Activities	4,601.86	65,214.56
Total Cash Disbursements & Distributions	**100,349.23**	**32,907,100.15**
Net Increase (Decrease) in Cash	**693,426.87**	**(7,324,861.22)**
Beginning Cash Balance:		
Beginning Cash	14,689,241.39	19,102,043.59
Adjustments to Beginning Cash	0.00	3,605,485.89
Adjusted Beginning Cash Balance	**14,689,241.39**	**22,707,529.48**
Ending Cash Balance	**15,382,668.26**	**15,382,668.26**

The accompanying notes & schedules are an integral part of these financial statements

UNAUDITED

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Capital Assurance Corp., in Liquidation
Schedule of Accrued Interest Receivable
For the Three Months Ended September 30, 2022

Accrued Interest Receivable

Description		Balance 7/1/22	Accrued	Received	Balance 9/30/22
State Treasury	SPIA, 4-20-0-010000-00000	6,356.81	47,981.44	(39,509.78)	14,828.47
	Totals:	6,356.81	47,981.44	(39,509.78)	14,828.47

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Capital Assurance Corporation in Liquidation
Schedule of Reinsurance Recoverables - Net of Allowance
For Three Months Ended September 30, 2022

Reinsurance Recoverables

Recovery Agent	7/1/22	Billed	Recovered	Adjustments	9/30/22
Receiver	56,279.55	151,132.80	(151,132.80)		56,279.55
Total	56,279.55	151,132.80	(151,132.80)	0.00	56,279.55

Allowance Reinsurance

Recovery Agent	7/1/22	Increases	Decreases	9/30/2022
Receiver	0.00	0.00		0.00
Total	0.00	0.00	0.00	0.00

Reinsurance Recoverables - Net of Allowance	**56,279.55**

The accompanying notes & schedules are an integral part of these financial statements

UNAUDITED

Florida Department of Financial Services, Division of Rehabilation and Liquidation
American Capital Assurance Corp., in Liquidation
Schedule of Accounts Receivable
For the Three Months Ended September 30, 2022

Other Collection, Recovery Receivable

Description	Balance 7/1/22	Adjustments/ Payments	Balance 9/30/22
Federal Income Tax Refunds 2016 & 2017 Amended Returns	2,767,404.50	0.00	2,767,404.50
	2,767,404.50	0.00	2,767,404.50

Allowance - Other Collection, Recovery Receivable

Description	Balance 7/1/22	Adjustments/ Payments	Balance 9/30/22
Federal Income Tax Refunds 2016 & 2017 Amended Returns	(2,767,404.50)	0.00	(2,767,404.50)
	(2,767,404.50)	0.00	(2,767,404.50)

Total Other Collection, Recovery Receivable - Net of Allowances	0.00

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Capital Assurance Corp., in Liquidation
Schedule of Long Term Investments
For the Three Months Ended September 30, 2022

Bonds

Description	Balance 7/1/22	Adjustments Deposits/Transfers	Interest	Distributions/Fees	Balance 9/30/22
Raymond James	330,935.05	(4,561.18)	0.00	0.00	326,373.87
	330,935.05	(4,561.18)	0.00	0.00	326,373.87

Real Estate Investments

Description	Balance 7/1/22	Adjustments/ Fees	Interest	Distributions	Balance 9/30/22
DCR VII Investments	139,309.00	32,468.41	0.00	(85,984.41)	85,793.00
	139,309.00	32,468.41	0.00	(85,984.41)	85,793.00

Total Long Term Investments	**412,166.87**

Florida Department of Financial Services, Division of Rehabilitation and Liquidation

American Capital Assurance Corp., in Liquidation

Schedule of Advance to Guaranty Associations

For the Three Months Ended September 30, 2022

Advance to Guaranty Associations

Description	Balance 7/1/22	Advanced	Recovered	Balance 9/30/22
North Carolina (1)	300,027.43	0.00	0.00	300,027.43
Florida (FIGA)	26,600,000.00	0.00	0.00	26,600,000.00
Texas	2,800,000.00	0.00	0.00	2,800,000.00
South Carolina	670,000.00	0.00	0.00	670,000.00
Louisiana	350,000.00	0.00	0.00	350,000.00
Georgia	10,000.00	0.00	0.00	10,000.00
Totals:	30,730,027.43	0.00	0.00	30,730,027.43

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

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Capital Assurance Corporation in Liquidation
Notes to Financial Statements
Dated September 30, 2022

1. **Estate Information**. American Capital Assurance Corporation was a property and casualty organization domiciled in Florida placed in liquidation on April 14, 2021.
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, 2022 through June 30, 2023. 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. **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) where there is an uncertainty regarding collectability. 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.
6. **Accounts Receivable.** These account receivables consist of an agreement with the Holding Company for amended tax returns for 2016 & 2017 resulting in a potential tax recovery. The financial statements reflect the gross amount of the potential tax recovery less an allowance for where there is an uncertainty regarding collectability.
7. **Long Term Investments.** The investments are state 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 non-taxable municipal bonds and real estate investments.
8. **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.
9. **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. Due to the complexities in evaluating commercial property claims, statutory caps on coverage per building, net worth provisions of commercial policyholders and a future claims filing deadline, estimated claim values are expected to fluctuate.

    - Class 1, Class 2 and Class 3 claim liabilities are based upon Guaranty Association payments, estimates & Filed Claims.
    - Filed Proof of Claims forms continue to be processed and all liabilities are subject to change.

10. **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.

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
American Capital Assurance Corporation in Liquidation
Notes to Financial Statements
Dated September 30, 2022

11. **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.

12. **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.

13. **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.