

Florida Department of Financial Services, Division of Rehabilitation and Liquidation  
Weston Property & Casualty Insurance Company in Liquidation  
Statement of Affairs  
9/30/2024

### ASSETS

Cash Company Operating	\$	5,922,430.85
SPIA Restricted		68,260,171.05
Bonds		-
Short-Term Investments		1,608,248.28
Investment Income Due & Accrued		60,037.72
FHCF Advance to FIGA		4,429,457.86
Reinsurance Recoverable		21,746,071.73
Allowance for Reinsurance Recoverable		(13,407,550.24)
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		\$ 88,618,867.25

### LIABILITIES

Accrued Expenses		1,023,482.21
Class 1 Administrative Claims		
Class 1 - Guaranty Associations		9,832,646.64
Class 2 Loss Claims		
Class 2 - Guaranty Associations		40,753,513.74
Class 2 - Other		27,623,520.01
Class 3 Unearned Premium Claims under Non-assessable Policies		
Class 3 - Guaranty Associations		77,301,475.09
Class 3 - Other		379,823.44
Class 6 General Creditor Claims		
Class 6 - Other		2,661,516.50
Class 8 Late Filed Claims		
Class 9 Surplus Notes/Unearned Premium Claims under Assessable Policies		
Class 9 - Other		-
Total Liabilities		\$ 159,575,977.63

### EQUITY

Contributed Equity - State of Florida		-
Estate Equity		(70,957,110.38)
Excess (Deficiency) of Assets over Liabilities		(70,957,110.38)
Total Liabilities & Equity		\$ 88,618,867.25

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 09/30/2024

	<u>Fiscal Year to Date</u>	<u>Since Date of Liquidation</u>
<b>CASH RECEIPTS</b>		
Premium Collections	\$ 6,871.01	\$ 3,287,261.89
Reinsurance Recoveries	\$ 6,314,417.26	\$ 15,619,375.94
Subrogation and Salvage Recoveries	\$ 1,005.50	\$ 196,842.50
Litigation Recoveries (Settlement Income)	\$ 10,037,262.00	\$ 10,037,262.00
Tax Recoveries	\$ 16.76	\$ 305,640.12
Other Collections/Recoveries	\$ 259.90	\$ 8,749.35
Return Commission Recoveries	<u>\$ 918,019.60</u>	<u>\$ 6,476,138.72</u>
Receipts Before Investment Activities	\$ 17,277,852.03	\$ 35,931,270.52
Interest and Dividends Receipts	\$ 1,600,590.00	\$ 2,657,293.45
Gain/(Loss) Sale of Investments	<u>\$ 78,816.45</u>	<u>\$ 125,455.30</u>
Receipts from Investment Activities	\$ 1,679,406.45	\$ 2,782,748.75
<b>Total Cash Receipts</b>	<u><u>\$ 18,957,258.48</u></u>	<u><u>\$ 38,714,019.27</u></u>
<b>CASH DISBURSEMENTS &amp; DISTRIBUTIONS</b>		
Admin Expenses	\$ 50,224.89	\$ 678,126.29
Bank Fees	\$ 36,646.04	\$ 101,301.12
Consulting Fees	\$ -	\$ 30,727.13
Dues, Fees and Subscriptions	\$ 150.00	\$ 611,241.51
Postage and Delivery	\$ 2.91	\$ 96,867.17
Commission Overpayment Refunds	\$ 27,896.45	\$ 55,901.85
Premium Overpayment Refunds	\$ (25,485.82)	\$ 271,933.78
Professional Fees and Expenses	\$ 3,670,168.30	\$ 6,400,006.36
Salaries and Contractor Fees	\$ 1,155,180.75	\$ 3,777,891.91
Telephones and Computer Services	<u>\$ 1,184,902.41</u>	<u>\$ 2,941,657.53</u>
Disbursements	\$ 6,099,685.93	\$ 14,965,654.65
Distributions	<u>\$ -</u>	<u>\$ -</u>
Total Distributed	\$ -	\$ -
Disbursements & Distributions Before Investment Activities	\$ 6,099,685.93	\$ 14,965,654.65
<b>Total Cash Disbursements &amp; Distributions</b>	<u><u>\$ 6,099,685.93</u></u>	<u><u>\$ 14,965,654.65</u></u>
<b>Net Increase (Decrease) in Cash</b>	<u><u>\$ 12,857,572.55</u></u>	<u><u>\$ 23,748,364.62</u></u>
<b>Beginning Cash Balance:</b>		
Beginning Cash	\$ 56,430,963.54	\$ 44,676,070.47
Adjustments to Beginning Cash	6,502,314.09	\$ 7,366,415.09
<b>Adjusted Beginning Cash Balance</b>	<u><u>\$ 62,933,277.63</u></u>	<u><u>\$ 52,042,485.56</u></u>
<b>Ending Cash Balance</b>	<u><u>\$ 75,790,850.18</u></u>	<u><u>\$ 75,790,850.18</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, 2024

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 \$8.3 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, 2024. The year 2022 reinsurance terminations also terminated the payment of any future reinsurance premium amounts, which were estimated to be approximately \$23,138,484. Three 2018 reinsurance contracts were commuted, effective December 31, 2023. As a result of these commutations, the Company received \$136,236.09, its share of the remaining assets from the underlying collateral trust account. A 2019 reinsurance contract was commuted, effective January 18, 2024. As a result of this commutation, the Company received \$796,676.12, its share of the remaining assets from the underlying collateral trust account. These amounts are reflected in the attached financial statements.
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 net return commissions of \$9,388,303.19 due the receivership estate. The Company has received approximately \$6,420,236.87 in return commission payments as of September 30, 2024.
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. The claim liabilities reported are generally gross filed and have only partially been reduced to final claim amounts. There have not been any early access payments made by the Receiver to any state insurance guaranty associations. Claim liability numbers for the insurance guaranty associations are based upon available information and documentation provided to the Receiver from both internal and external sources as of the end of the first quarter of 2024. 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.

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 of 2024. This data was relied upon in preparing the Company's financials. The insurance guaranty associations are reviewing and paying the Company's claims and establishing reserves. In prior financial statements, the Company had maintained claims reserves in place at the inception of the receivership in some circumstances. Now, however, with the benefit of additional time and further claims reviews having been made by insurance guaranty associations, the Company has relied upon the claim reserves established by such associations. In prior financial statements, the Company had also maintained the incurred but not reported claim reserve in place at the inception of the receivership. Now, however, the Company does not report an incurred but not reported claim reserve because insurance guaranty associations have been resolving and reserving for Weston's claims, and the scope and amount of claims are better quantified with the passing of the receivership estate's claims filing deadline.

A reserve is included in the Statement of Affairs for certain Proofs of Claim ("POCs") filed with the estate by policyholders for loss amounts that exceed \$300,000. The gross filed amounts have been reserved for these claims as a conservative estimate of potential liability for these POCs. The reserve amount is subject to further adjustment as POCs are

adjudicated during the receivership process. It is anticipated that the actual allowed amount for these claims may be lower than the reserve amount.

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.**