

IN THE CIRCUIT COURT OF THE
SECOND JUDICIAL CIRCUIT IN AND
FOR LEON COUNTY, FLORIDA

In Re: The Receivership of
Weston Property and Casualty
Insurance Company,
a Florida corporation.

CASE NO.: 2022-CA-001378

**THE FLORIDA DEPARTMENT OF FINANCIAL SERVICES, DIVISION OF
REHABILITATION AND LIQUIDATION, RECEIVER FOR
WESTON PROPERTY AND CASUALTY INSURANCE COMPANY'S
2023 FIRST QUARTER STATUS REPORT**

The Florida Department of Financial Services, Division of Rehabilitation and Liquidation, as Receiver of Weston Property and Casualty Insurance Company, hereinafter the “Department” or “WPCIC,” files this 2023 First Quarter Status Report in accordance with Chapter 631, Part I, Florida Statutes, and states:

1. On August 8, 2022, this Court entered a *Consent Order Appointing the Florida Department of Financial Services as Receiver of Weston Property and Casualty Insurance Company for Purposes of Liquidation, Injunction, and Notice of Automatic Stay* (the “Liquidation Order”). The Court’s order appointed the Department of Financial Services (“DFS”) of the State of Florida as Receiver, and approved the engagement of CANTILO & BENNETT, L.L.P. as Special Deputy Receiver (“SDR”). Together, the Receiver and the SDR administer the company in receivership.

2. A true and correct copy of WPCIC’s unaudited Statement of Affairs dated March 31, 2023, is attached as **Exhibit A**.

3. Apart from paying the costs of administration, since the commencement of this receivership no distributions have been made to any class of creditors as outlined in Fla. Stat. § 631.271(1)(b)-(k).

4. The claims filing deadline is **August 8, 2023**.

5. The Department continues its efforts to collect assets of WPCIC, such efforts include the collection of monies due to WPCIC. The SDR has not determined as of this time that WPCIC owned any real or material personal property.

6. The Department will continue to file quarterly reports with the Court as the unaudited financial statements are published for this estate.

Respectfully submitted this __21st__ day of _____ June _____ 2023.

/signed/

Miriam Victorian, Chief Attorney

Florida Bar No. 355471

Miriam.Victorian@myfloridacfo.com

Florida Department of Financial Services

Division of Rehabilitation and Liquidation

325 John Knox Road

Atrium Building, Suite 101

Tallahassee, Florida 32303

(850) 413-4408 Telephone

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served all parties who have entered an appearance on the ECF system with a copy of this Pleading.

/signed/

Miriam Victorian, Chief Attorney

Florida Bar No. 355471

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Weston Property & Casualty Insurance Company in Liquidation
Statement of Affairs
3/31/2023

ASSETS

| | |
|--|-----------------|
| Cash Company Operating | 15,311,138.36 |
| SPIA Restricted | 31,377,113.67 |
| Bonds | 654,184.16 |
| Short-Term Investments | 1,346,819.15 |
| Allowance Short Term Investments | - |
| Common Stocks | 443.64 |
| Investment Income Due & Accrued | 12,712.25 |
| Reinsurance Recoverable | 42,825,586.68 |
| Allowance for Reinsurance Recoverable | (31,611,717.19) |
| Net Deferred Tax Asset | 46,244,380.44 |
| Allowance for Net Deferred Tax Asset | (46,244,380.44) |
| 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 | 59,916,280.72 |

LIABILITIES

| | |
|--|----------------|
| Accrued Expenses | 2,081,999.40 |
| Class 1 Administrative Claims | |
| Class 1 - Guaranty Associations | 6,280,099.52 |
| Class 2 Loss Claims | |
| Class 2 - Guaranty Associations | 62,332,120.17 |
| Class 2 - Other | - |
| Class 3 Unearned Premium Claims under Non-assessable Policies | |
| Class 3 - Guaranty Associations | 77,379,183.64 |
| 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 | 149,313,069.87 |

EQUITY

| | |
|--|-----------------|
| Contributed Equity - State of Florida | - |
| Estate Equity | (89,396,789.15) |
| Excess (Deficiency) of Assets over Liabilities | (89,396,789.15) |
| Total Liabilities & Equity | 59,916,280.72 |

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

UNAUDITED

Exhibit A

Florida Department of Financial Services, Division of Rehabilitation and Liquidation
Statement of Cash Receipts and Disbursements
From the Date of Liquidation through 03/31/2023

| | <u>Fiscal Year to Date</u> | <u>Since Date of Liquidation</u> |
|---|--------------------------------|--------------------------------------|
| CASH RECEIPTS | | |
| Premium Collections | \$ 1,854.31 | \$ 3,244,563.19 |
| Reinsurance Recoveries | \$ 283,000.00 | \$ 4,378,952.43 |
| Subrogation and Salvage Recoveries | \$ - | \$ 837.00 |
| Return Commission Recoveries | \$ 571,898.08 | \$ 571,898.08 |
| Receipts Before Investment Activities | <u>\$ 856,752.39</u> | <u>\$ 8,196,250.70</u> |
| Interest and Dividends Receipts | <u>\$ 161,849.09</u> | <u>\$ 237,750.47</u> |
| Receipts from Investment Activities | <u>\$ 161,849.09</u> | <u>\$ 237,750.47</u> |
| Total Cash Receipts | <u><u>\$ 1,018,601.48</u></u> | <u><u>\$ 8,434,001.17</u></u> |
| CASH DISBURSEMENTS & DISTRIBUTIONS | | |
| Admin Expenses | \$ 13,924.13 | \$ 589,417.39 |
| Bank Fees | \$ 4,986.00 | \$ 42,839.70 |
| Consulting Fees | \$ - | \$ 30,727.13 |
| Dues, Fees and Subscriptions | \$ 293,065.41 | \$ 611,091.51 |
| Postage and Delivery | \$ 63,814.33 | \$ 96,529.71 |
| Premium Overpayment Refunds | \$ 2,393.00 | \$ 281,989.12 |
| Professional Fees and Expenses | \$ 108,313.59 | \$ 1,104,359.44 |
| Salaries Contractor Fees | \$ 596,401.08 | \$ 1,440,781.55 |
| Telephones and Computer Services | <u>\$ 265,791.46</u> | <u>\$ 527,346.52</u> |
| Disbursements | \$ 1,348,689.00 | \$ 4,725,082.07 |
| Distributions | <u>\$ -</u> | <u>\$ -</u> |
| Total Distributed | <u>\$ -</u> | <u>\$ -</u> |
| Disbursements & Distributions Before Investment Activates | \$ 1,348,689.00 | \$ 4,725,082.07 |
| Total Cash Disbursements & Distributions | <u><u>\$ 1,348,689.00</u></u> | <u><u>\$ 4,725,082.07</u></u> |
| Net Increase (Decrease) in Cash | <u><u>\$ (330,087.52)</u></u> | <u><u>\$ 3,708,919.10</u></u> |
| Beginning Cash Balance: | | |
| Beginning Cash | \$ 47,958,204.51 | \$ 44,676,070.47 |
| Adjustments to Beginning Cash | <u>\$ 1,061,138.35</u> | <u>\$ 304,265.77</u> |
| Adjusted Beginning Cash Balance | <u><u>\$ 49,019,342.86</u></u> | <u><u>\$ 44,980,336.24</u></u> |
| Ending Cash Balance | <u><u>\$ 48,689,255.34</u></u> | <u><u>\$ 48,689,255.34</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 March 31, 2023

1. **Receivership Estate Information.** Weston Property and Casualty Insurance Company (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. **Uncollected Premiums and Agents’ Balances in the Course of Collection.** The amounts are included on the financial statements based on the Company’s data prior to liquidation with immaterial adjustments after liquidation occurred.
5. **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 \$11.2 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 March 31, 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.
6. **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.
7. **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.

8. **Unearned Premium Reserve – Ceded.** Ceded Premium Balances have been non-admitted due to the aging of the balances.
9. **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, though this amount likely overstates the actual amount owing to Weston, both in respect of certain duplicative data entries in estate policy systems, and in the settlement of pending disputes for less than the amount originally invoiced in the initial return commission demand letter. The Company has received approximately \$571,898.08 in return commission payments as of March 31, 2023.
10. **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 the most current available information and documentation provided to the Receiver from both internal and external sources, 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. Unverified reinsurance balances of the Company, including unverified funds held for reinsurance, were not accrued on this financial. 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, and MIGA provided complete data sets through the end of the quarter. LIGA has not yet provided overhead expense information through the end of the quarter. Accordingly, available year-end overhead expense information is relied upon for LIGA. 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 association. 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.

11. **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.