

FILED
03-22-2023
CIRCUIT COURT
DANE COUNTY, WI
2020CV001054

STATE OF WISCONSIN : CIRCUIT COURT : DANE COUNTY
BRANCH 15

In the Matter of the Rehabilitation of:

Case No. 2020-CV-1054

Time Insurance Company
c/o: Office of the Commissioner of Insurance
125 South Webster Street
Madison, WI 53703

Case Code: 30703

**TIME INSURANCE COMPANY'S FINANCIAL STATEMENTS
AS OF DECEMBER, 2022**

Dated at Madison, Wisconsin, this 22nd day of March 2023.

Respectfully submitted,

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By: Electronically signed by James A. Friedman
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Commissioner of Insurance of the State of
Wisconsin

Time Insurance Company
Statement of Assets, Liabilities & Policyholders' Surplus in Liquidation
December 31, 2022

ASSETS

December 31, 2022

CASH & INVESTMENTS:

Cash	2,152,795
^ State Deposits	3,773,946

Total Cash & Investments	\$ 5,926,741
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Accrued Investment Income	1,554
Premium Tax Receivable From Overpayments	971,348

TOTAL ASSETS	\$ 6,899,643
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LIABILITIES & POLICYHOLDERS' SURPLUS

* LIABILITIES:

Accounts Payable	2,912,720
Unpaid Loss and LAE Reserves	169,494
Taxes, Licenses, and Fees Payable	1,244,160
Unclaimed Property	4,066,085
Due to John Hancock and Talcott for 2022 premium tax true-up	41,589
Total Liabilities	\$ 8,434,048

SURPLUS:

Policyholders' Surplus (Deficit) - Beginning	(8,859,502)
Common capital stock	750,000
Preferred capital stock	1,750,500
Change in nonadmitted assets	(97,838)
Change due to reinsurance	(26,135,150)
Net Income (Loss)	31,057,585
Total Policyholders' Surplus (Deficit) - Ending	\$ (1,534,405)

TOTAL LIABILITIES & POLICYHOLDERS' SURPLUS (DEFICIT)	\$ 6,899,643
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* Liabilities will be updated and assigned a class based on valid proof of claims filed by the bar date, 3/1/2023.

^ A portion of the state deposits balance is held by various states that are not being released to the estate for claims paying resources

Time Insurance Company
Statement of Operations in Liquidation
December 31, 2022

	<u>For the Period ended December 31, 2022</u>
NET PREMIUMS EARNED:	<u>\$ 33,858</u>
NET LOSSES AND LAE INCURRED:	
Net Losses Paid - L&H	178,203
Change in Unpaid Losses	(854,050)
LAE Paid- AMR	40,000
Total Net Losses and LAE Incurred	<u>\$ (635,847)</u>
OPERATING EXPENSES:	
Premium Tax Expense	643,084
Class A and B Guaranty Fund Assessments/(Refunds)	(5,571,056)
Other Taxes, Licenses, and Fees	98,602
Legal and Consulting Fees	298,661
Commission Expense	1,124,534
Commission Income on Reinsurance Ceded	(27,259,684)
Return of Deposits with States	403,017
Total Operating Expenses (Income)	<u>\$ (30,262,842)</u>
OPERATING INCOME (LOSS)	<u>\$ 30,932,547</u>
INVESTMENT & OTHER INCOME:	
Interest Income	46,784
Bank Fees	(14,212)
Amorization of IMR	97,838
Other Income (Expenses)	(5,372)
Total Investment & Other Income (Loss)	<u>\$ 125,038</u>
NET INCOME (LOSS)	<u>\$ 31,057,585</u>

Time Insurance

Disclosures to the December 31, 2022 Liquidation Financial Statements

The Company was put into liquidation on 9/1/22. As a result, the Company changed its basis of accounting on 9/1/22 from a statutory basis of accounting to a liquidation basis of accounting. There is no comparable financial statements presented due to the change in basis of accounting on 9/1/22. A summary of changes in the carrying values of assets and liabilities to the liquidation basis is as follows:

- 1) In Q3 2022, removal of \$5.6M Guaranty Fund Assessments payable which was an estimate of potential future Class B GFA assessments anticipated (unbilled) based on Time's share of estimated NOLHGA liquidation losses. Since Time Insurance is in liquidation, they will not be assessed any Class A or Class B assessments in the future. Any assessments that were invoiced pre-liquidation are accrued for on the financial statements.
- 2) Interest Maintenance Reserve (IMR) asset (which was 100% non-admitted in Q2 2022 under statutory basis of accounting) was removed as this is not considered as an asset under the liquidation basis of accounting.
- 3) In Q4 2022, the Guaranty Fund Assessments (GFA) receivable for premium tax offsets of \$1,123,890 was removed as the final 2022 premium tax returns have been completed and recorded as of 12/31/22; therefore, there will be no further premium tax returns filed to use the remaining GFA premium tax offsets.

Other Notes:

- There are no NOLHGA pre or post-liquidation expenses recorded or accrued on these financial statements.
- The \$27M commission income on reinsurance ceded on the Statement of Operations, resulted from amortizing all the remaining Deferred Gain that resulted from transferring the Hancock and Talcott blocks of business. The full remaining amortization was brought into income in Q2 2022 due to the assumption agreements that occurred on 7/1/22. This was simply a reclassification to decrease Surplus and record Other Income – so no net impact on ending surplus – but creates significant income on the Statement of Operations.